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# 12<sup>TH</sup> Report **ANNUAL REPORT** 2005-2006

**PRRANETA INDUSTRIES LIMITED**

**REGD. OFF.:**

**5574/57 BELGIUM**

**PRRANETA SURA**

## **PRRANETA INDUSTRIES LIMITED**

REGD. OFF. : S 574/577 BELGIUM SQUARE RING ROAD SURAT 395 002.

### **BOARD OF DIRECTORS**

SHRI O. P. KHANDELWAL	(CHAIRMAN & MANAGING DIRECTOR)
SHRI VIJAY NARAYAN JOSHI	DIRECTOR
SMT. RAJSHREE KHANDELWAL	DIRECTOR
SHRI R. S. SHARMA	DIRECTOR
SHRI GOVIND PRASAD SHARMA	DIRECTOR

### **REGISTERED OFFICE**

S-574/77, 5th FLOOR, BELGIUM SQUARE,  
RING ROAD, SURAT-395 002.

### **AUDITORS**

RAJENDRA SHARMA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
3032, JASH TEXTILE AND YARN MARKET,  
RING ROAD, SURAT-395 002.

### **BANKERS**

THE KARUR VYSYA BANK LTD. (MUMBAI & SURAT)  
THE INDUSIND BANK LTD. (SURAT)  
HDFC BANK LTD. (SURAT)

### **COMPLIANCE OFFICER**

SHRI O. P. KHANDELWAL  
MANAGING DIRECTOR  
S-574/77, 5th FLOOR, BELGIUM SQUARE,  
RING ROAD, SURAT-395 002.

### **REGISTRAR AND SHARE TRANSFER AGENT**

MCS LTD.  
NEELAM APT.,  
88, SAMPATRAO COLONY,  
BEHIND FEDERATION BULD.,  
ALKAPURI, BARODA-390 007.

## PRRANETA INDUSTRIES LIMITED

REGD. OFF. : S 574/577 BELGIUM SQUARE RING ROAD SURAT 395 002.

Notice :-

NOTICE IS HEREBY GIVEN THAT 12th ANNUAL GENERAL MEETING OF MEMBER OF PRRANETA INDUSTRIES LTD. shall be held on Saturday, 30th September 2006 at 4 :00 P.M at Registered office of the company at S-574/77, 5th Floor, Belgium Square, Ring Road Surat TO TRANSACT FOLLOWING BUSINESS:-  
ORDINARY BUSINESS

1. To review, consider and adopt Balance Sheet as at 31st March 2006 and Profit and Loss Account for the year ended on that date and Report of Directors and Auditors thereon.
2. To appoint director in place of Shri. Govind prasad Sharma who retires by rotation and being eligible offers herself for reappointment.
3. To appoint Auditors to hold office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Place :Surat

Date : 05.08.2006

By Order of the Board of Directors

O.P.Khandelwal

Chairman & Managing Director

### NOTES

1. A member entitled to vote at the meeting is entitled to appoint a proxy to attend and on poll to vote instead of himself. A proxy in order to be effective should be deposited at Registered office of the Company not less than 48 hours before the time fixed for the meeting
2. The members desiring of any information on account are requested to intimate the company details required 10 days in advance So that same can be made readily available at time of meeting.
3. The share transfer books and register of members shall remain closed from 16.09.2006 to 30.09.2006 both days inclusive.
4. Members/Proxies attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance the meeting place.

Place :Surat

Date : 05.08.2006

By Order of the Board of Directors

O.P.Khandelwal

Chairman & Managing Director

### DETAILS OF DIRECTORS SEEKING REAPPOINTMENT IN THE FORTECOMING ANNUAL GENERAL MEETING

(In pursuance of Clause 49 of the Listing Agreement)

1) Name of Director	Vijay Narayan Joshi
2) Date of Birth	01.05.1959
3) Qualification	Graduate
4) Date of Appointment	10.07.2005
5) Experience	25 year
6) Others Directorship as on 31.03.2006	No
7) Chairman/member of the Committee as on 31.03.2006	Remuneration committee

## DIRECTORS REPORT

REGD. OFF. : S 574/577 BELGIUM SQUARE RING ROAD SURAT 395 002.

To,  
Members  
Prraneta Industries Limited

Your directors have pleasure in presenting Twelfth Annual Report and Audited statement of Accounts for the year ending 31st March 2006.

### Financial Results :

(Rs. in '000)

Particulars	Current year 31.03.2006	Previous year 31.03.2005
Sales/Business income	87750.11	21170.11
Operating Income	1264.87	1671.10
Other Income	63.01	.09
<b>TOTAL INCOME</b>	<b>89077.99</b>	<b>22841.30</b>
Profit before depreciation & Tax	714.35	656.33
Less : Depreciation	387.34	284.60
Provision for tax	64.00	114.00
<b>Profit after Depareciation &amp; Tax</b>	<b>263.01</b>	<b>257.73</b>

### OPERATIONS :

The company concentrated on trading in Art Silk, sarees, and dress material business and achieved sales of Rs. 877.50 lacs as against Rs. 211.12 lacs in previous year. The profits before taxation was Rs. 3.27 lacs after providing depreciation Rs. 3.87 Lacs. The company proposes to install manufacturing facilities in textiles to take advantage of textile demands in global markets.

### DIVIDEND :

In View of inadequacy of profits the directors do not recommend dividend for the year ended 31.03.2006.

## **MANAGEMENT DISCUSION AND ANALYSIS**

- (a) **Industry Structure and Developments:-** Company is a Textile Company, and NBFC
- (b) **Opportunities and Threats:-** The textile industry provides ample opportunities in domestic and as well as export market. However, the uncertainty of raw material price and government policies are detrimental to growth and profitability.
- (c) **Segmentwise or Productwise Performance:-** Company operates in one segment.
- (d) **Risks & Concerns:-** Company does not foresee any such risk in near future, which will hamper the activities.
- (e) **Internal control system and their adequacy:-** Company is in the process of hampering the activities.
- (f) **Discussion on financial performance with respect to operational performance:-** Company is doing well in textile business and financial health is good.
- (g) **Human Resources Management Initiatives:-** The management is keenly interested in this field. All the efforts are made to rationalize its manpower and make effective use of the same.

### **DIRECTORS:**

There was no change in constitution of Board of directors. Shri Vijay Narayan Joshi retired by rotation at ensuing Annual General Meeting and they are eligible for reappointment.

### **AUDITORS:**

M/s. M/s. Rajendra Sharma and Associates, Chartered Accountants retired at this Annual General Meeting and being eligible offer themselves for reappointment. Your Company has received a letter from them to the effect that their reappointment, if made, will be in accordance with the provision of Section 224(1B) of the Companies Act 1956.

### **DEPOSITS:**

The Company has not accepted any fixed deposits as per section 58A of the Companies Act 1956.

### **LISTING:**

The shares of the company are listed at Vadodra, Mumbai and Ahmedabad Stock Exchanges and are freely traded. The shares have been dematerialized and members can avail the benefit of demat Trading in shares of the company.

### **SPLIT OF SHARES:**

During the year Shares have been Split from Rs. 10 to Re.1. Now the face value of Shares is Re.1.

### **NON BANKING FINANCE COMPANY:**

The company continues to be registered as Non Banking Finance Company during the year. The company shall now be authorised to carry on Non Banking Financial Business and to hold financial assets.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to section 217(2AA) of the Companies (Amendment) Act 2000. Your directors conform that

- (a) In preparation of the accounts the applicable accounting standards have been followed.
- b) Appropriate accounting policies have been selected and applied consistently directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the affairs of the company for the period ended 31st March 2006.
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act 1956 for safeguarding the assets of the company and for preventing and detecting the fraud and other irregularities.
- (d) The accounts have been prepared on a going concern basis.

### **PERSONNELS:**

Relations between Employees and Management remained cordial during the year.

No employee is in receipt of remuneration in excess of limits prescribed in accordance with section 217(2A) of the Companies Act 1956 read with Companies (particulars of Employees) Rules 1975 and details thereunder should be treated as nil.

### **Conversion of energy, technology absorption & foreign exchanged earning & outgo. :**

- (a) Conservation of Energy :- The company is not having any manufacturing activity.
- (b) Technology Absorption :- The company has no activity in relation to technology absorption
- (c) Foreign Exchange Earning and outgo:- Foreign Exchange earning Nil ,Outgo Rs. 73438.65.

### **Corporate Governance:**

Report on corporate governance as per revised listing agreement along is enclosed.

### **Appreciation:**

Your directors place on record sincere gratitude to shareholders, financial institutions, bankers, business associates, collaborators, government agencies for co-operation. Directors are also happy to place on record appreciation for co-operation and support of staff members.

Place: Surat

Date: 05.08.06

For and on behalf of Board of Directors

O.P Khandelwal  
Chairman&Managing Directore

**REPORT ON COPRORATE GOVERNANCE****Company's Philosophy:**

The company has always been committed to the principal of good corporate governance which interalia includes transparency, integrity and accountability of management. The company is also aware of its responsibilities towards shareholders and to protect their rights and to enhance value of their investments. The company has system of disclosing detailed information on working of the company from time to time.

**Board of Directors:**

The Board of Directors comprises of Chairman and managing Director and four other directors. Shri Omprakash Khandelwal is Executive Director. All others are Non executive Directors. Shri Radheshyam Sharma , Shri Govind Prasad and Vijay narayan Joshi are independent Directors. During the year five Board meeting were held on 31.04.2006, 30.07.2006, 10.08.2006, 31.10.2006, 1.01.2006, 30.3.2006 respectively. Directors attended all board meetings. The director are not directors of any other public limited companies. All directors attended last Annual General meeting. The details of sitting fees and remuneration paid to directors is given under the head Remuneration committee

**Audit Committee:**

The Audit Committee constituted by company consists of Shri Govind Prasad Sharma as chairman and Shri Radheshyam Sharma and Smt.Rajshree khandelwal as members. The four meetings of audit committee were held during the year. The audit committee meetings were attended by all members. The role of Committee is as laid down in relevant clause of listing agreement and section 292(A) of the Companies Act 1956.

**Shareholders and Investors Grievance Committee:**

The shareholders and investors grievance committee is headed Shri Radhyshyam sharma. The terms of reference of committee are

1. Review of reports submitted by Share Transfer Agents.
2. Periodic interaction with Share Transfer Agents to ensure that the work is carried within time limits.
3. Supervision of share transfer department for physical transfer.



**Remuneration Committee:**

The remuneration committee comprises of two independent directors Shri. Vijay Narayan Joshi and Shri Radhayshyam Sharma. During the year remuneration of Rs. 1,80,000 was paid to Shri O.P. Khandelwal Chairman and Managing Directors. The sitting fees paid to directors is as under:

	Total
Smt. Rajshree Khandelwal	12000/-
Shri Radheshyam Sharma	12000/-
Shri Govindprasad Sharma	12000/-

The term of reference of remuneration committee is to review remuneration payable to directors. The company's policy is to remunerate directors in line with remuneration package in industry in similar size of company.

**General Body Meetings:**

The details of General Body Meetings for last three years are as under.

Year: 2005 Date: 30.9.2005 Place: Registered office

Year: 2004 Date: 30.9.2004 Place: Registered office

Year: 2003 Date: 29.9.2003 Place: Registered office

No resolution requiring postal ballot was proposed at above Annual General Meetings.

**Disclosures:**

There are no materially significant related party transactions that should have potential conflict with company at large.

No penalties have been imposed on company by stock exchange or Securities and Exchange Board of India or any statutory authority on any matter relating to capital markets during the period under review.

**Means of Communication:**

Quarterly results are sent to Stock Exchange and also published in Vernacular and English News papers. The quarterly results are not sent to each shareholder. The annual accounts are sent to each shareholder. The company has not made any official press release.

**General Shareholders information:**

Categories of Shareholding as 31.03.06

Category	No. of shares	Percentage
Promoters	4433000	5.45
Bank and Mutual Funds	-----	-----
NRI's and OCB's	-----	-----
Domestic Companies	16499842	20.23
General Public	60588158	74.32
	-----	-----
	81521000	100.00
	-----	-----