

*Think Positive,  
Rest will  
follow.....sahab*

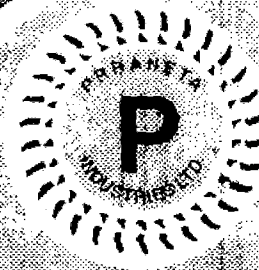
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# **ANNUAL REPORT** **2007-2008**

**PRRANETA INDUSTRIES LIMITED**

**REGD. OFF. :**

**S 574/577 BELGIUM SQUARE,  
RING ROAD SURAT 395 002, GUJARAT.**



## **PRRANETA INDUSTRIES LIMITED**

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

### **BOARD OF DIRECTORS**

Shri Om Prakash Khandelwal

Shri Vijay Narayan Joshi

Smt. Rajshree Khandelwal

Shri R. S. Sharma

Shri Govind Prasad Sharma

(CHAIRMAN & MANAGING DIRECTOR)

(NON-EXECUTIVE DIRECTOR

(NON-EXECUTIVE DIRECTOR

(NON-EXECUTIVE DIRECTOR

(NON-EXECUTIVE DIRECTOR

### **BOARD COMMITTEES**

Audit Committee

Remuneration Committee

Shareholders and Investor Grievance Committee

### **BANKERS**

The Karur Vysya Bank Ltd. (Mumbai & Surat)

The Indusind Bank Ltd. (Surat)

HDFC Bank Ltd. (Surat)

### **AUDITORS**

SBMG & Co.

Chartered Accountants

B-1209, Kohinoor Market

Ring Road, Surat 395002 (Guj.)

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

Adroit Corporate Services Pvt. Ltd.

19/20, Jaferbhoy Industrial Estate,

1st Floor, Makwana Road,

Marol Naka, Andheri (E)

Mumbai 400 059

### **COMPLAINEE OFFICER**

Shri Om Prakash Khandelwal

### **REGISTERED OFFICE**

S-574/577, Belgium Square,

Ring Road, Surat 395002 (Guj.)

## PRRANETA INDUSTRIES LIMITED

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

### NOTICE :-

NOTICE IS HEREBY GIVEN THAT 14th ANNUAL GENERAL MEETING OF MEMBER OF PRRANETA INDUSTRIES LTD. shall be held on Saturday, 30th September 2008 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 2008 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 and Shri Narayan Joshi who retires by rotation and being eligible offers themselves 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 : 08.08.2008

By Order of the Board of Directors

Sd/-

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 24-09-2008 to 30-09-2008 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 : 08.08.2008

By Order of the Board of Directors

Sd/-

O. P. Khandelwal

Chairman & Managing Director

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

(In pursuance of Clause 49 of the Listing Agreement)

1) Name of Director	Shri Govind Prasad Sharma
2) Date of Birth	22/12/1961
3) Qualification	Graduate
4) Date of Appointment	
5) Experience	09 years
6) Others Directorship as on 31.03.2008	No
7) Chairman/member of the Committee as on 31.03.2008	Shareholder & Investor Grievance, Remuneration and Audit Committee

1) Name of Director	Shri Vijay Narayan Joshi
2) Date of Birth	01-05-1959
3) Qualification	Graduate
4) Date of Appointment	10-07-2005
5) Experience	15 years
6) Others Directorship as on 31.03.2008	No
7) Chairman/member of the Committee as on 31.03.2008	Shareholder & Investor Grievance and Audit Committee

## DIRECTORS REPORT

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

To,  
Members  
Praneta Industries Limited

Your directors have pleasure in presenting Fourteenth Annual Report and Audited statement of Accounts for the year ending 31st March 2008.

### Financial Results :

(Rs. in '000)

Particulars	Current year 31.03.2008	Previous year 31.03.2007
Sales/Business income	39911.15	70973.42
Operating Income	2110.26	1368.89
Other Income	0.02	90.76
<b>TOTAL INCOME</b>	<b>42021.43</b>	<b>72433.07</b>
Profit before depreciation & Tax	650.88	600.20
Less : Depreciation	511.13	508.70
Provision for tax	123.95	85.35
<b>Profit after Depreciation &amp; Tax</b>	<b>15.80</b>	<b>6.15</b>

### OPERATIONS :

The company concentrated on trading in Art Silk Cloth, Sarees and Dress Material business and achieved turnover of Rs. 364.11 lacs in it and a turnover of Rs. 35.00 lacs in shares. The profits before taxation were Rs. 0.19 lacs after providing depreciation Rs. 5.11 lacs. The company proposes to install manufacturing facilities in textiles to take advantage of textile demands in global markets. The company is looking for new avenues in the sectors of Mining and Steel.

### DIVIDEND :

To plough back the profits the directors do not recommend dividend for the year ended 31.03.2008.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

- (a) **Industry Structure and Developments:-** Company is into Textile Trading and a Non Banking Finance Company (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 only one segments.
- (d) **Risks & Concerns:-** Company do 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 hamper 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 this field. All the efforts are made to rationalize its manpower and make effective use to of the same.

## **DIRECTORS:**

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

## **AUDITORS:**

M/s SBMG & Co., Chartered Accountants retire 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 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 dematerialized Trading in shares of the company.

## **NON BANKING FINANCE COMPANY:**

The company continues to be registered as Non Banking Finance Company during the year. The company shall now been 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 along with proper explanation relating to material departures.
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of 31st March 2008 and of the profit or loss of the company for 2007-08.
- (c) they had taken proper and sufficient care 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) they had prepared the annual accounts 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 there under 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 Nil.

### **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.

For and on behalf of Board of Directors  
Sd/-

O.P Khandelwal  
Chairman&Managing Directore

Place: Surat  
Date: 08.08.08



**REPORT ON CORPORATE GOVERNANCE****THE COMPANY'S GOVERNANCE PHILOSOPHY**

**PRRANETA INDUSTRIES LIMITED** defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth- generating capacity. Since large corporations employ a vast quantum of societal resources, The Company believes that the governance process should ensure that these resources are utilized in a manner that meets stakeholders' aspirations and societal expectations.

**PRRANETA INDUSTRIES LIMITED** Corporate Governance, systems and processes are based on two core principles:

- i) Management must have the executive freedom to drive the enterprise forward without undue restraints, and
- ii) This freedom of management should be exercised within a framework of effective accountability.

The Company believes that any meaningful policy on Corporate Governance must empower the executive management of the company. At the same time, governance must create a mechanism of checks and balances to ensure that the decision-making powers vested in the executive management are used with care and responsibility to meet stakeholders' aspirations and societal expectations.

**BOARD OF DIRECTORS**

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the shareholders.

**COMPOSITION**

The **PRRANETA INDUSTRIES LIMITED** Board is a balanced Board, comprising Executive and Non-executive Directors. The Non-Executive Directors include Executive Directors, including the Chairman, but does not include independent professionals and do not generally exceed one-third of the total strength of the Board.

The Governance policy requires that the Non-Executive Directors be drawn from amongst eminent Professionals with Experience in business/ finance / law / public enterprises. Directors are appointed / re-appointed with the approval of the Shareholders for a period of three to five years or a shorter duration in accordance with retirement guidelines as determined by the Board from time to time. All Directors are liable to retire by rotation unless otherwise approved by the Shareholders. One-third of the Directors who are liable to retire by rotation retire every year and are eligible for re-election. The present strength of the Board is Five, of which One is Executive Directors. The directors are not the 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 of Remuneration Committee.

The following is the Composition of the Board as on 31st March, 2008:

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	1	20
Non- Executive		
Independent Directors	3	60
Other Non-Executive		
Directors	1	20
Total	5	100

**MEETINGS AND ATTENDANCE**

During the financial year ended 31st March, 2008, seven meeting of the Board took place against six, as per the Company's Governance policy. The seventh Meeting, scheduled for the last week of March, 2008, was held only on 25th March, 2008. The intervening period between two Board meetings was well within the maximum gap of four months prescribed under clause 49 of the listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each years.

**BOARD AGENDA**

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated seven working days prior to the Board meeting.

**INFORMATION PLACED BEFORE THE BOARD**

Apart from the items that are required to be placed before the Board for its approval, both under the statutes and the Governance policy, the following are also tabled for the Board's periodic review/ information :

- Quarterly performance against plan, including business-wise financials in respect of revenue, profits, cash flow, balance sheet, investments and capex .
- Half-yearly summary of all long term borrowings made, bank guarantees issued investments made .
- Treasury policy, both domestic & forex, as and when changes take place.
- Internal Audit findings and External Audit Management Reports(through the Audit Committee).
- Status of safety, security and legal compliance.
- Status of business risk exposures., its managements and related action plans.
- Show Cause , demand, prosecution and adjudication notices, if any, from revenue authorities which are considered materially important.
- Default , if any, in payment of interest and repayment of principal on any public deposit, dues to any major creditor or Financial Institution.
- Product liability claims of a substantial nature, if any.
- Significant court judgement or order passing strictures, if any, on the conduct of the company or a subsidiary of the company or any employee, which could negatively impact the company's image.
- Term of reference of Board Committees.
- Policy on Shareholder Disclosures.
- Incident of theft/ fraud/dishonesty of a significant nature, if any.
- Write-offs/ disposals (fixed assets, inventories/receivables, advanced etc.) on a half-yearly basis.

**POST MEETING FOLLOW UP**

The Governance processes in the Company include an effective post- meeting follow-up, review and reporting process for action taken/ pending on decisions of the Board , the Board Committees, the Corporate Management Committee

**Details of Board Meetings during the financial year**

During the financial years ended 31st March, 2008 Seven meeting of the Board were held, as follows :

Sl. No	Date	Board Strength	No. Directors present
1	27-04-2007	5	5
2	27-07-2007	5	5
3	29-09-2007	5	5
4	20-12-2007	5	4
5	30-01-2008	5	5
6	28-03-2008	5	5

**ATTENDANCE AT BOARD MEETING AND ANNUAL GENERAL MEETING DURING THE LAST FINANCIAL YEAR.**

Director	No. of Board Meetings Attended	Attendance at list AGM
Shri Om Prakash Khandelwal	7	1
Shri Vijay Narayan Joshi	6	1
Smt. Rajshree Khandelwal	7	1
Shri R.S. Sharma	7	1
Shri Govind Prasad Sharma	7	1

**COMMITTEES OF THE BOARD**

Currently, there are three Board Committees The Audit Committee, The Remuneration committee, and The Shareholders and Investors Grievances Committee. The terms of reference of the Board committees are determined by the Board from time to time. Meeting of each Board Committee are convened by the respective Committee Chairman. Signed minutes of Board Committee meetings are placed for the information of the Board.

Matters requiring the Board's attention/ approval are generally placed in the form of notes to the Board from the respective Committees, including the number of meetings held during the financial year and the related attendance, are provided below.



**I. AUDIT COMMITTEE**

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations;
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures;
- Compliance with all relevant statutes.

The audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee;
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

**The role of the Committee includes the following:**

- (a) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
- (c) Reviewing with the management the financial statements before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by management.
  - Qualifications in draft audit report.
  - Significant adjustment arising out of audit.
  - The going concern assumption.
  - Compliance with Accounting Standards
  - Compliance with stock Exchange and legal requirements concerning Financial statements
  - Related party transactions;
- (d) Reviewing with the managements, external and internal auditors, the adequacy of internal control systems and the company's statement on the same prior to endorsement by the Board;
- (e) Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- (f) Reviewing report of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
- (g) Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- (h) Discussion with the external auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of audit to ascertain any areas of concern and review the comments contained in their management letter;
- (i) Reviewing the company's financial and risk management policies;
- (j) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;
- (k) Considering such other matters as may be required by the Board;
- (l) Reviewing any other areas which may be specified as role of the Audit Committee under the listing Agreement, Companies Act and other statutes, as amended from time to time.

**COMPOSITION**

The Audit Committee is constituted of three Non-Executive Directors, all of whom are independent Directors. The Directors responsible for the finance function, the Head of internal Audit and the representative of the Statutory Auditors are invitees to the Audit Committee. All members of the Committee are financially literate. The names of the members of the Audit Committee, including its Chairman, are provided hereunder:

**Shri Govind Prasad Sharma, Chairman**

**Shri R. S. Sharma, Member**

**Smt. Rajshree Khandelwal, Member**