



# Pratibha Industries Limited

Annual Report 2005 - 06





Mrs. Usha Kulkarni, Chairperson of the Company ringing the gong at the listing ceremony of the shares at BSE on 16th March, 2006.



Courtesy: DNA



Mr. Ajit Kulkarni, Managing Director of the Company receiving the 'SMERA Rating Certificate' at the hands of Mr. P. Chidambaram, Hon. Union Finance Minister on 5th September, 2005.



## Pratibha Industries Ltd.

### Contents

Five Years at a Glance	2
Directors' Report	3
Report on Corporate Governance	7
Declaration- Code of Conduct	15
Certificate on Corporate Governance	15
Management Discussion & Analysis	16
Auditors' Report	19
Balance Sheet	22
Profit & Loss Account	23
Schedules	24
Auditors' Report- Cash Flow Statement	36
Cash Flow Statement	37
Balance Sheet Abstract	38
Auditors' Report - Consolidated	39
Balance Sheet - Consolidated	40
Profit & Loss Account - Consolidated	41
Schedules -Consolidated	42
Consolidated Cash Flow Statement	48

### Board of Directors

Mrs. Usha B. Kulkarni - Chairperson  
Mr. Ajit B. Kulkarni - Managing Director  
Mr. Vinayak B. Kulkarni - Whole time Director  
Mr. Anilkumar G. Karkhanis - Independent Director  
Mr. Awinash M. Arondekar - Independent Director  
Mr. Shrikant T. Gadre - Independent Director

### Company Secretary

Mr. Mahesh Joshi

### Bankers to the Company

Bank of Baroda  
Bank of India  
ICICI Bank Ltd  
Punjab National Bank  
State Bank of India

### Statutory Auditors

Jayesh Sanghrajka & Co.,  
Chartered Accountants

### Registered Office

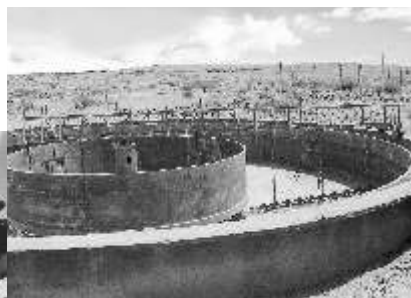
101, Usha Kamal,  
574, Chembur Naka,  
Chembur, Mumbai 400071

### Corporate Office

Shrikant Chambers, Phase-II,  
5th Floor, Sion - Trombay Road,  
Next to R.K. Studio, Chembur,  
Mumbai 400071  
Tel: 91 22 6641 4499  
Fax 91 22 2520 1135  
E-mail: [info@pratibhagroup.com](mailto:info@pratibhagroup.com)  
[www.pratibhagroup.com](http://www.pratibhagroup.com)

### Registrars and Transfer Agents

Intime Spectrum Registry Ltd.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai - 400 078  
Tel No. 022-25960320  
Fax: 022 - 25960329  
Website: [www.intimespectrum.com](http://www.intimespectrum.com)  
E- Mail: [pratibha@intimespectrum.com](mailto:pratibha@intimespectrum.com)



Annual General Meeting to be held on 16<sup>th</sup> day of June, 2006, at  
3.30 p.m. at Patkar Hall, S.N.D.T. Women's University,  
1, Nathibai Thackersey Road, Mumbai - 400 020.

**PRATIBHA INDUSTRIES LTD.**  
**Five Years at a Glance (Consolidated)**

(Rs. in Lakhs)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Total Income	17,463.21	12,144.37	8,181.92	4,261.40	3,531.49
Operating Expenses	15,314.53	10,573.47	7,477.15	3,915.76	3,255.12
Operating Profit	2,148.68	1,570.90	704.77	345.64	276.37
Finance Charges	711.23	660.16	295.43	101.47	103.72
Depreciation	66.27	46.53	36.59	26.40	22.46
Profit Before Tax	1,371.18	864.21	372.75	217.77	150.19
Profit After Tax	1,227.49	808.97	364.94	192.42	137.90
Equity	1,428.50	200.00	200.00	200.00	176.66
Reserves	6,794.90	1,653.90	844.94	480.00	287.57
Net Worth	8,223.40	1,853.90	1,044.94	680.00	464.23

(Rs. in Lakhs)

	2006	2005	2004	2003	2002
<b>What we owned</b>					
Fixed Assets					
Gross Block	1,565.99	995.25	865.23	488.61	448.60
Less : Depreciation	217.09	153.34	117.30	83.19	56.79
<b>Net Block</b>	<b>1,348.90</b>	<b>841.91</b>	<b>747.93</b>	<b>405.42</b>	<b>391.81</b>
Investments	2,945.87	48.70	48.70	18.70	106.43
Working Capital	8,540.17	4,716.98	2,494.50	674.18	542.64
Miscellaneous Expenditure	430.72	0.00	0.23	0.46	0.69
<b>Total</b>	<b>13265.66</b>	<b>5607.59</b>	<b>3291.36</b>	<b>1098.76</b>	<b>1041.57</b>

**What we owed**

Secured Loans	4157.06	3552.75	2242.42	410.57	577.24
Unsecured Loans	875.59	193.45	0.00	0.00	0.10
Deferred Tax Liability	9.61	7.49	4.00	8.19	0.00
<b>Total</b>	<b>5042.26</b>	<b>3753.69</b>	<b>2246.42</b>	<b>418.76</b>	<b>577.34</b>

Net Worth	8,223.40	1,853.90	1,044.94	680.00	464.23
Represented by					
Share Capital	1,428.50	200.00	200.00	200.00	176.66
Reserves & Surplus	6,794.90	1,653.90	844.94	480.00	287.57

## DIRECTORS' REPORT

To,

The Members

Your Directors have great pleasure in presenting the 11<sup>th</sup> Annual Report together with the statement of Accounts for the Financial year ended 31<sup>st</sup> March, 2006.

The performance of the Company for the financial year ended 31<sup>st</sup> March, 2006, is summarised below:

### FINANCIAL RESULTS:

(Rs. in Crores)

	Consolidated	
	31.03.2006	31.03.2005
Income	174.63	121.44
EBIDTA	22.56	15.71
Less : Interest & Finance Charges	7.11	6.60
Less : Depreciation	1.74	0.47
Profit Before Tax	13.71	8.64
Provision for Tax	1.43	0.55
Profit After Tax (PAT)	12.28	8.09
Earning Per Share* (Basic) (in Rs.)	14.47	40.45
Earning Per Share* (Diluted) (in Rs.)	14.47	8.09

\* Calculated on weighted average number of shares.

### PERFORMANCE REVIEW:

The consolidated turnover of the company has substantially increased from Rs. 121.39 crores in 2004-05 to Rs. 174.10 crores in 2005-06.

Also the Company has been awarded the following contracts during the period covered by this report.

(Rs. in Crores)

Sr. No.	Name of Work	Tender Cost	Stipulated period for completion
1	Providing MS or DI Transmission Pipeline from Amminbhavi to Nrupathungabetta at Hubli-Dharwad.	31.83	18 months
2	Providing MS or DI Transmission main from Kotnoor to Shorgumaz and removing and relaying of CI Transmission Main from Bennithora to BP tank in Gulbarga.	11.30	15 Months
3	Construction of commercial office Building at Ahmedabad (Gujarat)	6.44	12 months
4	Providing/Laying/Joining and commissioning of Peripheral water main emanating from UGR & BPS near Apollo Hospital for Badarpur Constituency.	11.20	9 Months
5	Providing & Laying 3000 mm Internal Dia M.S Underground water main along west side of Eastern Express Highway, from Tagore Nagar Vikhroli (East) to Amar Mahal Junction at Chembur including cement mortar lining from inside and allied works. (Phase II) - III A MUMBAI WATER SUPPLY PROJECTS	118.95	24 months
6	Design build 10 MGD recycling (Process waste) WTP at Bhagirathi Water Works on Turnkey basis	13.34	30 months
7	Supplying, Manufacturing and laying 2500mm dia M.S. Pipeline from Narmada Main Canal to Kotapur Water Works	18.51	9 Months
8	P/L/J 800-600 mm dia M.S. (Lined & Coated) Feeder main from Najafgarh to UGR at UJWA Village.	12.31	12 Months
9	Improvement, widening and strengthening of existing roads with cement concrete pavement including footpath, median, storm water line, electric line shifting, tree cutting etc. (Indore Vikas Bond Road Project Iind - Phase)	43.28	30 Months
10	Civil & Structural work for Proposed Shopping Mall at Mulund (West), Mumbai	70.00	12 months
11	Providing & laying pure water M.S. Transmission main from Kalamboli to Digha, Feeder mains to various ESR/GSR from transmission main and allied works such as construction of MBR, Pump House, Bridges as per requirements, provision of Pumping Machinery, Electrical Sub-stations, Electrical Installations, Generator etc. including Designing 'DEFERRED PAYMENT' basic for NMMC. (B-2/34/2005-2006)	200.90	12 months
		<b>538.06</b>	

The Company has successfully completed the following major projects during the period covered by this report.

(Rs. in Crores)

Sr. No.	Name of Work	Tender Cost
1	Providing, Lowering, Laying & Jointing Raw Water Gravity Main of 1219 mm dia. MS pipes 7.9 mm thick of 41.69 Km. & 1118 mm dia. of 5.14 Km. Branch leading Mains of 610 & 457 mm dia. M.S. pipes.	30.38
2	R. R. Water Supply Scheme for 84 Villages in Akot & Telhara Tahsil of Akola District.	29.88
3	Construction of Railway Offices, finishes to Concourses, subways, forecourt development, electrical work services, landscaping etc., at Ghansoli Railway Station complex, Navi Mumbai.	8.78
4	Providing & laying 3000 mm internal diameter M.S. Rising Main from Amne Bridge to Amnepada & from Wakipada to Proposed pumping station at Panjrapur and 2400 mm internal dia. M.S. injection main from existing dome on Additional Arum and connecting the same to M-II & M-III outlet of M.B.R. Yewai, including cement mortar lining from inside and allied works.	22.11
5	Design and Build Clear Water Transmission Mains for filling Storage Reservoirs in South Delhi for Delhi Jal Board	44.99
<b>Value of Work as Prime Contrator</b>		<b>136.14</b>

#### **ORDER BOOK POSITION:**

The current order book position of the Company is more than Rs. 700 crores.

#### **ISO CERTIFICATION:**

Your Company has been awarded certificate for quality assurance standard of ISO 9001 (2000 Revision) by Moody International Limited, a worldwide specialist in quality certification.

#### **RATING - SMERA B2:**

Your Company is chosen to be one of the first 25 companies in India to receive "Rating Certificate" from New Rating Agency for Small & Medium Enterprises, SME Rating Agency of India Ltd. Your Company is assigned "SMERA B2" rating by SME Rating Agency of India Ltd. The rating indicates "High" Composite Appraisal / Condition Indicator for Companies with Net Worth between Rs.5 crore and Rs.20 crore.

#### **INITIAL PUBLIC OFFER:**

During the period under review the Company made an Initial Public Offer of 42,85,000 equity shares through 100% Book Building Route which opened on February 16, 2006 and closed on February 22, 2006. The issue received overwhelming support with an average over subscription of around 24 times. The shares were allotted on March 7, 2006 and listed on March 16, 2006 on Bombay Stock Exchange Limited and National Stock Exchange of India Limited, the two premier stock exchanges of the Country. As a result of the Public Issue, the net worth of the Company has substantially increased by Rs. 51.42 crores.

#### **IPO FUNDS UTILISATION**

The Company had, during the financial year ended March 31, 2006 raised a sum of Rs. 51.42 crores by way of Initial Public Offer. The Company utilized Rs. 16 crores as Long Term Margin for working capital, Rs. 1.2 crores for repayment of debts, Rs. 5.22 crores towards issue expenses. Pending deployment in BOOT/BOT projects the balance amount of Rs. 29 crores has been invested in fixed deposits with banks.

#### **BONUS ISSUE**

During the year under review your Company issued bonus shares to all shareholders of the Company in the ratio of 4:1 i.e. four equity share for every one equity share held as on the record date being 21<sup>st</sup> June, 2005. The issue of bonus equity shares was made solely through capitalization of the Reserves of the Company.

#### **SHARE CAPITAL**

At the time of the Initial Public Offer, the paid up share capital of the company was Rs. 10 crores consisting of 1 crore equity shares of Rs. 10/- each. After the Initial Public Offer, the paid up share capital of the Company stood at Rs. 14,28,50,000/- consisting of 1,42,85,000 equity shares of Rs. 10/- each.

## DIVIDEND

Your directors are of the opinion that it would be in the interest of the Company to plough back the internal accruals for future projects and hence no dividend has been recommended.

## FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year under review.

## DIRECTORS

Mr. Anilkumar G. Karkhanis, Mr. Awinash M. Arondekar and Mr. Shrikant T. Gadre have been appointed additional directors by the Board on September 12, 2005. By virtue of Section 260 of the Companies Act, 1956 they hold office upto the date of the ensuing Annual General Meeting of the Company and are eligible for appointment. The Company has received notices under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- for each of them from a member of the Company proposing their names as candidates for the office of Director.

Mrs Usha B. Kulkarni, Director of the Company would retire by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

During the year under review Mr. Ramdas B. Kulkarni and Mr. Datta B. Kulkarni resigned as Directors of the Company on September 12, 2005. The Board places on record its appreciation for the services rendered and guidance provided by them during their tenure as Directors of the Company.

## DEMATERIALISATION OF SHARES

The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for dematerialisation of the Shares of the Company. Accordingly the Shares of your Company are available for dematerialisation and can be traded in Demat form.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have 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 fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-27 on Accounting for Investments in Joint Ventures, your Directors provide the audited Consolidated Financial Statements in the Annual Report.

## INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

1	Name	Mr. Ajit Kulkarni
2	Age (Years)	48
3	Designation / Nature of Duties	Managing Director/ Overall control of the affairs of the Company
4	Gross Remuneration (Rs)	Rs. 24,26,400
5	Total Experience (Years)	28
6	Date of Commencement of Employment	July 19, 1995
7	Last Employment	—

#### **AUDITORS AND AUDITORS' REPORT**

M/s. Jayesh Sanghrajka & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their appointment / re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment / re-appointment within the meaning of Section 226 of the said Act.

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Conservation of Energy, which is an on going process in the Company's construction activities, is not furnished as the relative Rule is not applicable to your Company.

There is no information to be furnished regarding Technology Absorption as your Company has not undertaken any research and development activity in any manufacturing activity nor any specific technology is obtained from any external sources which needs to be absorbed or adapted. Innovation is a culture in the Company to achieve cost efficiency in the construction activity to be more and more competitive in the prevailing environment that cannot be quantified.

The Company incurred expenses in Foreign Currency to the extent of INR. 117,450/- on Foreign Travel and INR 25,02,392/- being the CIF Value of Capital Goods imported.

There are no foreign exchange earnings in the year under review.

#### **CORPORATE GOVERNANCE**

Pratibha Industries Limited (the 'Company') is committed to conducting the business of the Company with the highest level of integrity and transparency. The commitment of the Company is clearly reflected in the business activities of the Company. Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India forms part of the Annual Report. Certificate from the Auditors of the Company, M/s. Jayesh Sanghrajka & Co., Chartered Accountants, confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is annexed to this Report.

#### **EMPLOYEE RELATIONSHIP**

The Company enjoyed cordial relations with the employees during the year under review and the Management appreciates the employees of all cadres for their dedicated services to the Company.

#### **ACKNOWLEDGMENT**

Your Directors would like to express their sincere appreciation and gratitude for the support and co-operation received from the Central and State Government, Financial Institutions, Banks, Government, Customers, Suppliers, Associates, Vendors, Sub – contractors and Members during the year under review. The Directors also wish to thank all the employees for their committed services and continued cooperation throughout the year.

For and on behalf of the Board of Directors

**Usha B. Kulkarni**  
Chairperson

Date: 11<sup>th</sup> May, 2006



## REPORT ON CORPORATE GOVERNANCE

### 1. Philosophy on Corporate Governance

The Company believes that transparency, empowerment, accountability and integrity are the fundamental principles of sound Corporate Governance. This philosophy has guided the operations and the functioning of the Company. The Company complies with various legislations in letter as well as spirit. Our Corporate Governance philosophy stems from our belief that the business strategy and plans should be consistent with the welfare of all stakeholders. The Company has experienced professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important policy matters. The Company believes that all its actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

For implementing the Corporate Governance practices, the Company has a well defined policy framework consisting of the following:

- Code of Conduct and Ethics for Board of Directors and Senior Management Personnel
- Code of Conduct for Prohibition of Insider Trading.
- Committees of the Board viz., Audit Committee, Remuneration Committee, Shareholders/Investors Grievance Committee and Share Transfer Committee.

### 2. Board of Directors of the Company

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Board of Directors of the Company (the Board) consists of 6 Directors, out of which 3 are Independent Directors.

Composition of the Board and category of Directors are as follows:

Name of the Members	Designation	Nature of Directorship
Mrs. Usha B. Kulkarni	Chairperson	Executive
Mr. Ajit B. Kulkarni	Managing Director	Executive
Mr. Vinayak B. Kulkarni	Whole time Director	Executive
Mr. Anilkumar G. Karkhanis	Director	Independent Non-Executive
Mr. Awinash M. Arondekar	Director	Independent Non-Executive
Mr. Shrikant T. Gadre	Director	Independent Non-Executive

The directors bring to the Board wide range of experience and skills.

### 3. Attendance of Directors at Board Meetings, last Annual General Meeting and Number of other Directorships and Membership / Chairmanship of Committees of each Director in various companies:

Name of the Director	Attendance Particulars		No. of other Directorships and Committee Memberships / Chairmanships		
	Board Meeting	AGM	Directorships	Committee Memberships	Chairmanships
Mrs. Usha B. Kulkarni	19	Present	4	-	-
Mr. Ajit B. Kulkarni	19	Present	5	-	-
Mr. Vinayak B. Kulkarni	19	Present	3	-	-
Mr. Anilkumar G. Karkhanis*	4	N.A.	2	-	-
Mr. Awinash M. Arondekar*	4	N.A.	1	2	-
Mr. Shrikant T. Gadre*	5	N.A.	-	-	-
Mr. Ramdas B. Kulkarni**	15	Present	-	-	-
Mr. Datta B. Kulkarni**	15	Present	-	-	-

\* Appointed as Additional Director at the Board Meeting held on September 12, 2005

\*\* Resigned from the Company on September 12, 2005 and ceased to be a Director with effect from that date.

**4. Number of Board Meetings held and the dates on which held**

Nineteen Board meetings were held during the year, as against the minimum requirement of four meetings. The dates on which the meetings were held are: April 7, 2005, April 18, 2005, April 25, 2005, May 5, 2005, May 31, 2005, June 6, 2005, June 21, 2005, June 24, 2005, July 4, 2005, July 6, 2005, July 15, 2005, August 2, 2005, August 10, 2005, August 11, 2005, September 12, 2005, October 24, 2005, January 11, 2006, February 24, 2006 and March 7, 2006. The Company has held at least one Board meeting in every three months and the maximum time gap between any two meetings was not more than four months.

**5. Board Committees**

Our Company has four committees formed out of the members of the Board. These committees were constituted on September 12, 2005. Details of the Committees and other related information are provided hereunder:

**a. Audit Committee**

The terms of reference to the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956. The Audit Committee consists of two independent directors and one executive director. The members of the Audit Committee are:

Name of the Members	Designation	Nature of Directorship
Mr. Shrikant T. Gadre	Chairman	Independent & Non Executive Director
Mr. Awinash. M. Arondekar	Member	Independent & Non Executive Director
Mr. Ajit B. Kulkarni	Member	Executive Director

All the members of the Audit Committee are financially literate and Mr. Shrikant T. Gadre, Chairperson possesses financial / accounting expertise.

Mr. Mahesh Joshi, Company Secretary, is the Secretary to the Audit Committee. The main function of the Audit Committee is to provide the Board of Directors of the Company with additional assurance as to reliability of financial information and statutory financial statements and as to the adequacy of internal accounting and control systems. It acts as a link between the management, statutory auditors and the Board of Directors.

During the year, the Audit Committee met once on January 11, 2006. All the members of the Committee were present for this meeting. General Manager (Finance), Head of Internal Audit and representatives of the Statutory Auditors were invited to attend the Audit Committee meeting.

The Committee has recommended the appointment of M/s. Jayesh Sanghrajka & Co., as the statutory auditors of the Company for the financial year ended March 31, 2007 and that the necessary resolutions for appointing them as the statutory auditors be placed before the shareholders.

The Committee has also recommended the appointment of M/s Chokshi & Chokshi as the internal auditors of the Company and determined and approved the fees payable to them.

**b. Remuneration Committee**

The Committee currently comprises of the following members

Name of the Members	Designation	Nature of Directorship
Mr. Anilkumar G. Karkhanis	Chairman	Independent & Non Executive Director
Mr. Shrikant T. Gadre	Member	Independent & Non Executive Director
Mr. Awinash M. Arondekar	Member	Independent & Non Executive Director
Mr. Ajit B. Kulkarni	Member	Executive Director

The Remuneration Committee has been constituted to recommend / review remuneration of the Managing Director and Wholetime Directors, based on their performance and defined assessment criteria. The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing Industry practice.

The aggregate value of salary and perquisites including commission paid for the year ended March 31, 2006 to the Managing Director and Wholetime Directors is as follows:

Name of the Director	Designation	Salary	Perquisites	Performance Bonus
Mr. Ajit B. Kulkarni	Managing Director	Rs. 24,00,000	Rs. 26,400	Nil
Mrs. Usha B. Kulkarni	Chairperson	Rs. 5,40,000	Rs. 26,400	Nil
Mr. Vinayak B. Kulkarni	Whole Time Director	Rs. 4,80,000	Rs. 26,400	Nil

The Company paid sitting fee to all the Non-Executive Directors at the rate of Rs 10,000 for attending each meeting of the Board subsequent to their appointment as Directors. The sitting fee paid for the year ended March 31, 2006 to such Directors is as follows:

Sr. No.	Name	Sitting Fee Paid
1	Mr. Shrikant Gadre	Rs. 40,000
2	Mr. Awinash Arondekar	Rs. 30,000
3	Mr. Anilkumar Karkhanis	Rs. 30,000

**c. Shareholders / Investor Grievance Committee**

As part of its Corporate Governance initiative, the Company constituted the Shareholders/Investors Grievance Committee to specifically look into matters relating to shareholders grievance such as approval of transfer / transmission / demat / remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non-receipt of Annual Report, non- receipt of declared dividends and such other issues.

The Committee comprises of the following persons:

Name of the Members	Designation	Nature of Directorship
Mr. Awinash M. Arondekar	Chairman	Independent & Non Executive Director
Mr. Anilkumar G. Karkhanis	Member	Independent & Non Executive Director
Mr. Ajit B. Kulkarni	Member	Executive Director

The Company had made its Initial Public Offering (IPO) in the month of February 2006. Before that, it was closely held Company. In the IPO, the Company had attracted an overwhelming response from the investors and around 1,08,000 bids were received. Shares have been allotted on March 7, 2006 and all the refund warrants were dispatched on March 9, 2006. The shares of the Company were listed on National Stock Exchange of India Limited and The Bombay Stock Exchange Limited on March 16, 2006. As on 31 March 2006, 120 investor complaints were received. 3 investor complaints were pending as on March 31, 2006 which were solved on April 4, 2006. No investor complaints remained unattended/pending for more than 30 days.

Mr. Mahesh Joshi, Company Secretary is the Compliance Officer nominated for this purpose under Clause No. 47(a) of the Listing Agreement. He looks into the investor grievances and coordinates with the Registrars & Transfer Agents, M/s. Intime Spectrum Registry for redressal of grievances.

The Committee expresses satisfaction with the Company's performance in dealing with the investor grievances.

**d. Share Transfer Committee**

This Committee has been constituted to approve transfer / transmission of shares / debenture / bonds of the company, to issue certificates of shares / debentures / bonds on allotment thereof under the seal of the company.

The Committee currently comprises of Mrs. Usha B. Kulkarni as the Chairperson and Mr. Ajit B. Kulkarni and Mr. Vinayak B. Kulkarni as the members.

**Number of pending share transfers**

As on March 31, 2006, no share transfer request was pending. Share Transfers have been effected during the year well within the time prescribed by the Stock Exchanges and a certificate to this effect duly signed by a Practicing Company Secretary has been furnished to Stock Exchanges.

**6. Board/Committee Meetings and procedure:**

**a) Institutionalized decision-making process:**

With a view to institutionalize all corporate affairs and setting up systems and procedures for advance planning for matters requiring discussion/decisions by the Board, the company has defined procedure for meetings of the Board of Directors and Committees thereof in an informed and efficient manner.

**b) Scheduling and selection of Agenda items for Board/ Committee Meetings:**

- i) The meetings are convened by giving appropriate notice to the Directors, auditors (statutory as well as internal), Stock Exchanges. Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members for facilitating meaningful, informed and focused decisions at the meetings.  
To address specific urgent need, meetings are at times also being called at shorter notice.
- ii) The agenda papers are prepared by the Company Secretary and circulated amongst the Board Members and other invitees to the Meeting by the Company Secretary.
- iii) Where it is not practicable to attach any document or the agenda is of sensitive nature, the same is placed on the table at the meeting with the approval of the Chairperson. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are taken up for discussion with the permission of the Chair and after a consensus is formed. Sensitive subject matters are discussed at the meeting even without written material being circulated.
- iv) The meetings are usually held at the Company's Administrative Office at Chembur.
- v) The members of the Board have complete access to all information of the Company.

**c) Briefing by the COO & Managing Director:**

At the beginning of each Meeting of the Board, the COO & Managing Director briefs the Board Members about the key developments relating to the Company in diverse areas.

**d) Recording minutes of proceedings at the Board:**

Minutes of the proceedings of each Board/Committee meeting are recorded and entered in the Minutes Book. The minutes of each Board Meeting are submitted for confirmation at its next meeting and are signed by the Chairperson. The minutes of committees of the board are also placed to the Board for its information.

**e) Compliance:**

The Company Secretary ensures compliance of all applicable provisions of the Companies Act, 1956, SEBI Guidelines, Listing Agreement and other statutory requirements pertaining to capital market.

**Information placed before the Board of Directors, inter alia, includes:**

- Annual operating plans and budgets and any updates.
- Capital Budgets and any updates.
- Annual Accounts, Directors' Report etc.
- Quarterly results for the company.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- The information on recruitment and promotion of Sr. Officers just below the Board level.  
Show cause, demand, prosecution notices and penalty notices which are materially important
- Fatal or serious accidents, dangerous occurrences etc.
- Operational highlights and substantial non-payment for goods sold by the company.
- Major investments, formation of Subsidiaries and Joint Ventures, Strategic Alliances etc.
- Award of large contracts.
- Disclosure of Interest by Directors about directorship and committee positions occupied by them in other companies.
- Any significant development in Human Resources/Industrial Relations front.
- Compliance Certificate of any regulatory, statutory nature.
- Short term investment of surplus funds.
- Information relating to major legal disputes.
- Other materially important information.



## 7. General Body Meetings

Location, date and time of the Annual General Meetings held during the preceding 3 years are as follows:

5 Special Resolutions were passed by the Company at the last 3 Annual General Meetings. During the year ended March 31, 2006, no resolution has been passed by the Company's Members through postal ballot. At the ensuing Annual General Meeting also, there is no resolution proposed to be passed through postal ballot.

Year	Location	Date	Time
2004-05	Shrikant Chambers, Chembur, Mumbai -71	21st June, 2005	11.00 A.M.
2003-04	Shrikant Chambers, Chembur, Mumbai -71	28th June, 2004	11.00 A.M.
2002-03	Shrikant Chambers, Chembur, Mumbai -71	15th July, 2003	2.30 P.M.

## 8. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their relatives, or subsidiaries, etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of Members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts – Schedule 'T', forming part of the Annual Report. The Company's related party transactions are generally with its Associates. The related party transactions are entered into based on considerations of various business exigencies such as synergy in operations, Company's long term strategy for investments, optimization of market share and profitability, legal requirements, liquidity and capital resources of Associates. All related party transactions are negotiated on arms length basis and are only intended to further the interests of the Company.

The Company has complied with all the requirements of the Listing Agreement with Stock Exchange as well as Regulations and Guidelines prescribed by SEBI. There were no penalties or strictures imposed on the company by any statutory authorities for non-compliance on any matter related to capital markets, during the last three years.

The Whistle Blower Policy forms a part of the Code of Conduct and Ethics for Board of Directors and Senior Management Personnel. No personnel has been denied access to the audit committee.

All the mandatory requirements of Clause 49 are complied with.

The Board has set up a remuneration committee consisting of three non-executive directors and one executive director.

## 9. Means of communication

- **Quarterly Results:** Quarterly Results are published in 'Free Press Journal' and 'Navshakti'.
- **Website:** The Company's website [www.pratibhagroup.com](http://www.pratibhagroup.com) contains a separate dedicated section 'Investor Relations' where shareholders information is available. Full Annual Reports for the financial years 2003-04 and 2004-05 and Code of Conduct and Ethics for Board of Directors and Senior Management Personnel are also available on the website in a user-friendly and downloadable form.
- **Annual Report:** Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, and other important information is circulated to Members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report.
- **SEBI EDIFAR:** Annual Report, Quarterly Results, Corporate governance report, Shareholding Pattern etc. of the Company are also posted on the SEBI EDIFAR website [www.sebidifar.nic.in](http://www.sebidifar.nic.in).

## 10. General Shareholder Information

### 10.1. Annual General Meeting: Date and Time, Venue

The Eleventh Annual General Meeting will be held on Friday, June 16, 2006 at 3.30 p.m. at Patkar Hall, S.N.D.T. Women's University, 1, Nathibai Thackersey Road, Mumbai – 400 020

### 10.2. Financial Calendar (tentative)

#### Results for the quarter ending June 30, 2006

Last week of July, 2006

#### Results for quarter ending September 30, 2006

Last week of October, 2006

#### Results for quarter ending December 31, 2006

Last week of January, 2007

**Results for year ending March 31, 2007**

Last week of April, 2007

**Annual General Meeting**

June, 2007

**10.3. Book Closure Period**

Wednesday, June 14, 2006 to Friday, June 16, 2006 (both days inclusive)

**10.4. Listing of Equity Shares on Stock Exchanges and Payment of Listing Fee**

The Bombay Stock Exchange Limited (BSE)

Phrioze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001.

National Stock Exchange of India Limited (NSE),  
"Exchange Plaza"

Bandra-Kurla Complex  
Bandra (E), Mumbai 400 051

Annual listing fee for the year 2006-07, (as applicable) has been paid by the Company to BSE and NSE.

**10.5 (a) Stock Code**

Scrip Code on BSE is '532718'

Trading Symbol on NSE is 'PRATIBHA EQ'

**(b) Demat ISIN in NSDL & CDSL for Equity Shares**

ISIN - INE308H01014

**(c) Market Price Data**

The shares of the Company were listed on BSE and NSE on March 16, 2006. The following table gives the High and low of the stock price in the month of March, 2006.

Bombay Stock Exchange Limited (BSE)				National Stock Exchange of India Limited(NSE)			
Share Price		Sensex		Share Price		Nifty	
Month's High Price (Rs.)	Month's Low Price (Rs.)	High	Low	Month's High Price (Rs.)	Month's Low Price (Rs.)	High	Low
299.50	135.05	11307	10840	299.00	141.00	3418	3226
Source: BSE Website				Source: NSE Website			

**(d) Registrars and Transfer Agents**

M/s Intime Spectrum Registry Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai – 400 078.

Tel No. 022-25960320

Fax: 022 - 25960329

Website: www.intimespectrum.com

E- Mail: pratibha@intimespectrum.com

**10.6 Share Transfer System**

The shareholding of the Promoter and Promoter group amounting to 70.4722% of the total paid up share capital is subject to a lock in period of 3 years and hence cannot be transferred till March 7, 2009.

The Board has delegated the authority for approving transfer, transmission, etc. of the company's securities to the Share Transfer Committee. A summary of transfer /transmission of securities of the Company so approved by the Share Transfer Committee, is placed at every Board Meeting.

The Company also obtains from a Company Secretary in practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

#### 10.7 Shareholding Pattern as on March 31, 2006

	Category	No. of shares held	Percentage of shareholding
A	Promoter's holding		
1.	Promoters - - Indian Promoters- - Foreign Promoters	77,79,740 -	54.4609 -
2.	Persons acting in concert	22,87,210	16.0113
	Sub-Total	1,00,66,950	70.4722
B.	Non-Promoters Holding		
3.	Institutional Investors		
a.	Mutual Funds and UTI	1,48,179	1.0373
b.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-government Institutions)	5,390	0.0377
c.	FII's	9,73,067	6.8118
	<b>Sub-Total</b>	<b>11,26,636</b>	<b>7.8868</b>
4.	Others		
a.	Private Corporate Bodies	11,63,488	8.1448
b.	Indian Public	14,20,804	9.9461
c.	NRI's/OCB's	60,602	0.4242
d.	Any other (please specify) - Clearing Members	4,46,520	3.1258
	<b>Sub-Total</b>	<b>30,91,414</b>	<b>21.6409</b>
	<b>GRAND TOTAL...</b>	<b>1,42,85,000</b>	<b>100.0000</b>

The Company has issued 80,00,000 Equity Shares of Rs. 10/- each on 21st June, 2005 as bonus shares in the ratio of 4:1 i.e. four equity shares for every one equity share held by capitalization of free reserves. Also the Company allotted 42,85,000 equity shares through the Initial Public Offer on March 7, 2006.

#### 10.8 Dematerialization of shares and liquidity:

Around 30% of the shares of the Company are in dematerialized form. Shares of the Company can be traded only in Electronic form on Stock Exchanges. Shares of the Company are actively traded on BSE and NSE and hence ensure good liquidity for the investors

#### 10.9 ADRs/GDRs issued by the Company

There are no ADRs/GDRs/ warrants or any convertible instruments issued by the Company.

#### 10.10 Work Sites for contracts:

The Company has various work sites spread throughout the country and the operations are controlled by the Head Office at Shrikant Chambers Phase -II, 5th Floor, Sion - Trombay Road, Next to R.K. Studio, Chembur, Mumbai 400071.

#### 10.11 Compliance Officer

Mr. T.R. Radhakrishnan, General Manager (Finance) is the Compliance Officer of the Company.

#### 10.12 Address for Correspondence:

For all matters relating to Shares, Annual Reports

Mr. Mahesh Joshi

Company Secretary

Shrikant Chambers Phase -II, 5th Floor, Sion - Trombay Road, Next to R.K. Studio, Chembur, Mumbai 400071

Tel: 91 22 6641 4499, Fax 91 22 2520 1135, E-mail: finance@pratibhagroup.com

**Details of the Directors Seeking appointment / re-appointment at the forthcoming Annual General Meeting.  
(Pursuant to Clause 49 of the Listing Agreement)**

**ANNEXURE - A**

<b>Name of Director</b>	Mr. Shrikant T. Gadre	Mr. Anilkumar G. Karkhanis	Mr. Awinash M. Arondekar	Mrs. Usha B. Kulkarni
<b>Date of Birth</b>	July 24, 1943	March 15, 1938	March 1, 1942	May 5, 1935
<b>Date of appointment</b>	September 12, 2005	September 12, 2005	September 12, 2005	July 19, 1995
<b>Areas of Experience</b>	He has 32 years of banking experience as a techno and development banker. He was a General Manager in Bank of India. He joined The United Western Bank Ltd. as Executive Director and then became the Managing Director of the Bank. He was also a member of various committees related to banking and has written several articles on banking in various dailies and journals. He was also a visiting faculty member in Bankers Training College of Reserve Bank of India and other management institutes. He has traveled abroad to attend various courses and participate in conferences. Presently he is Chairman of Finance & Insurance Sub-Committee of Maharashtra Chamber of Commerce, Industry and Agriculture, Pune and a visiting faculty of Sinhgad Institute of Management, Pune.	He has extensive experience for 35 years in key legal areas such as regulatory framework in India, project finance documentation, infrastructure sector funding and litigation while working with Reserve Bank of India and Industrial Development Bank of India. He retired from IDBI in the year 1996 when he held the post of Executive Director & Legal Adviser. Presently he is a partner in a law firm. He is a member of Bar Council of Maharashtra and Goa.	He has worked with Bank of India for 38 years at various places including posting in Tokyo, Japan. He retired from Bank of India as General Manager in the year 2001. Currently he is working as Financial Consultant.	Mrs. Usha B. Kulkarni is well versed with the Administrative skills required for successful operation of business at various levels. She has more than 35 years of administrative experience and has worked under various capacities in Pratibha Industries Limited.
<b>Educational Qualifications</b>	Bachelors Degree in Mechanical Engineering from University of Poona. He is also a graduate in Economics, Politics, Commerce and Marathi Literature. He also has to his credit a Post Graduate Diploma in Industrial Engineering. He is a M. E. from Institute of Production Engineering, London and a Chartered Engineer with Fellowship of Institute of Engineers (India).	Master Degree of Law from University of Bombay.	Graduate in Arts and Law and Post Graduate in Financial Management from University of Bombay	Graduate in Arts from Pune University.
<b>Companies in which he holds directorship</b>	NIL	1. L&T Employees Welfare Foundation Private Limited 2. L&T Welfare Company Private Limited	Spectra Industries Limited	1. Pratibha Pipes & Structural Private Limited 2. Pratibha & Heng Structural Private Limited 3. Pratibha Precast Concrete Industries Private Limited 4. Pratibha Shareholding Private Limited
<b>Membership Chairmanship of Board Committees</b>	Chairman of Audit Committee, Member of Remuneration Committee of Pratibha Industries Limited	Chairman of Remuneration Committee and Member of Shareholders / Investor Grievance Committee of Pratibha Industries Limited	Member of Audit Committee, Chairman of Shareholders / Investor Grievance Committee and member of Remuneration Committee of Pratibha Industries Limited, Member of Audit Committee & Remuneration Committee of Spectra Industries Limited	Chairperson of Share Transfer Committee of Pratibha Industries Limited

None of the Non executive Directors hold equity shares of the Company in their own name or for any other persons on a beneficial basis.



**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for all Board members and senior management of the Company. This Code has been hosted on the Company's web site.

I confirm that the Company has in respect of the financial year ended 31<sup>st</sup> March, 2006, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Operating Officer, employees in the cadre of President and General Manager as on 31<sup>st</sup> March, 2006.

**Ajit B. Kulkarni**  
Managing Director

Place : Mumbai

Date : 11<sup>th</sup> May, 2006

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**CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of Pratibha Industries Limited

We have examined the compliance of conditions of corporate governance by Pratibha Industries Limited, for the year ended on 31<sup>st</sup> March, 2006, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievance(s) are pending for a period exceeding one month against the company as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Jayesh Sanghrajka & Co.**  
Chartered Accountants

**(Tarak B. Gor)**  
M.No.109927  
Partner

Place : Mumbai,  
Date : 11<sup>th</sup> May, 2006.

## Management Discussion & Analysis

### Industry Structure – General

Robust growth in the Indian Economy post economic liberalization since 1991 resulted in increased demands on the country's already-stretched infrastructure. It became abundantly clear that there was insufficient physical capacity to support the increased level of economic activity. Infrastructure constraints rather than regulatory issues were becoming the limiting factor for growth.

Years of underinvestment had caused significant under-capacity across segments. It was hence imperative that significant capacity additions should be undertaken to meet demand.

The outlook now is much brighter, with growing realization by the political class that the broader growth agenda would flounder in the absence of corrective steps. The political agenda shifting from caste/ religion equations to development issues has given further impetus.

The sector has seen remarkable improvement and investment primarily due to the following reasons:

1. Increased Political commitment
2. Strengthening of Institutional capacity for Implementation,
3. Dedicated funds for infrastructure Projects,
4. Funding from Multilateral agencies,
5. Understanding of the importance of quality infrastructure by the common man,
6. Private Participation to bridge funding gap,
7. Introduction of viability gap funding and annuity mechanism, and
8. The tax benefits accorded to the sector

Infrastructure is in itself a very vast sector and by every passing day Companies involved in infrastructure development are striving harder through joint venture & / or inorganic routes to have their presence felt in more and more sectors.

Infrastructure Sectors Can Be Broadly Classified as under:

1. Water, including treatment, distribution,
2. Irrigation,
3. Power,
4. Road Construction,
5. Urban Infrastructure,
6. Housing, including real estate,
7. Airports, and
8. Railways.

### Industry Structure – Specific to Pratibha Industries Limited

Pratibha Industries Limited has carved a niche for itself in the sectors in which it has been operating since inception and is committed to increase its presence in areas of expertise, which are as under:

1. Water Projects including treatment, re-cyclanation, storage & distribution
2. Road projects
3. Mass housing including real estate
4. Urban Infrastructure

Technical expertise gained over the years, increased net-worth [due the recently concluded IPO coupled with good reserves accruing in course of operations], our Company is now better placed to qualify on standalone basis for projects of more complex nature and significantly bigger values. Pratibha Industries Limited has also equipped itself to bid for projects in other infrastructure sectors through the inorganic route and has formed joint ventures with reputed local and international companies for bidding in power, road and urban infrastructure

### Opportunities

Infrastructure companies see tremendous potential and growth would accelerate once investment in sectors other than water and roads starts kicking in. Opportunities for Construction Companies

Sector	Construction opportunity ( Rs. bn)
Roads	2580
Hydro Power	1000
Irrigation and water supply	900
Ports	319
Urban infrastructure	305
Nuclear Power	88
Airports	51
<b>Total</b>	<b>5243</b>

Source: Industry, Brics Research

Pratibha Industries Limited also foresees substantial increase in its order book position in view of its technical expertise, formation of strategic alliances and enhanced financial strength and most importantly given the huge business opportunity for the entire Infrastructure Industry.

### **Industry Concerns And Company's Perspective**

Financial institutions on various occasions have raised following concerns relating to companies operating in the infrastructure sector. Pratibha Industries Limited is committed to operate in the overall interest of its investors and therefore shall be bidding for projects where proper financial tie-ups are in place [in case of EPC contracts] and proven funding mechanism [escrow mechanism] is established in case of annuity / deferred payment / BOT / BOOT projects.

#### **1. Concern 1**

The Company has started actively bidding and received some bigger sized projects on annuity based model. Similarly the company has jointly bid with Unity Infra-projects Limited for a BOT water project in Maharashtra, in which it stands the lowest competitive bidder. The contract is, however, only the second such water-related BOT project in the country. BOT projects have evolved well in the road sector but are at a nascent stage in the water space.

#### **Company's Perspective**

Similar BOT project has already been successfully executed and therefore the company is positive about the prospects of the herein mentioned BOT project. Similarly, in the case of annuity projects the company has already executed and completed the Pune Municipal Corporation Project successfully in joint venture with Petron Civil Engineering Pvt. Ltd. Further, in annuity / deferred payment projects the quantum of revenues to be received is already frozen before the start of the project and therefore such projects provides clear visibility concerning the returns on such projects.

#### **2. Concern 2**

The construction sector is highly fragmented mainly on account of low capital intensity and low entry barriers. With increase in the number of players and foray of smaller players into newer and bigger projects, the construction industry is facing cut throat competition in the bidding process. This adds pressure on the margin with low quotes for good quality projects.

#### **Company's Perspective**

The Indian construction industry is witnessing market share gains by the bigger players. We believe that the following are the key drivers of this trend

- Increasing complexity of new projects and stricter technical qualifications.
- Smaller players also have issues in terms of funds availability, net worth, etc. given their limited reach to capital markets – access to funds is important given that sizeable number of projects are now being announced on public-private partnership basis
- Formation of consortiums is cumbersome for smaller construction companies.
- Over the past 10 years, CMIE indicates that the market share of top 30 construction companies has increased to 90% from 50% and we expect this trend to continue.

#### **3. Concern 3**

Rise in input cost might affect the Company's margin assumption. Unprecedented rise in prices of major raw materials like steel, cement, which form the major cost of construction work, might affect margins. On an average, material cost account for 40% of operating cost. Though most of the projects have price escalation clause for increase in inputs, these clauses do not cover the incremental cost for industry players without long term agreement for supply of cement and steel. This is mainly due to linking of price escalation clause with the Wholesale Price Index (WPI) in most public funded projects. Therefore the rise in prices of these materials has to be borne by construction companies which might affect margins.

#### **Company's Perspective**

The Company has been very conservative when it comes to payment terms and price variation clauses. There are contracts with the Company, in which Cement has a star price, which means any increase or decrease shall be to the client's account. Similarly when the Company foresees volatility, it negotiates contracts where steel is provided as free issue. Moreover more than 70% of the EPC contracts being executed by the Company contain the price variation clause. Last but not the least, abundance of work has ensured that all reputed players are quoting at fair prices which takes in to account volatility in commodity markets and also ensures sustainability of profit margins expected on the project so quoted.

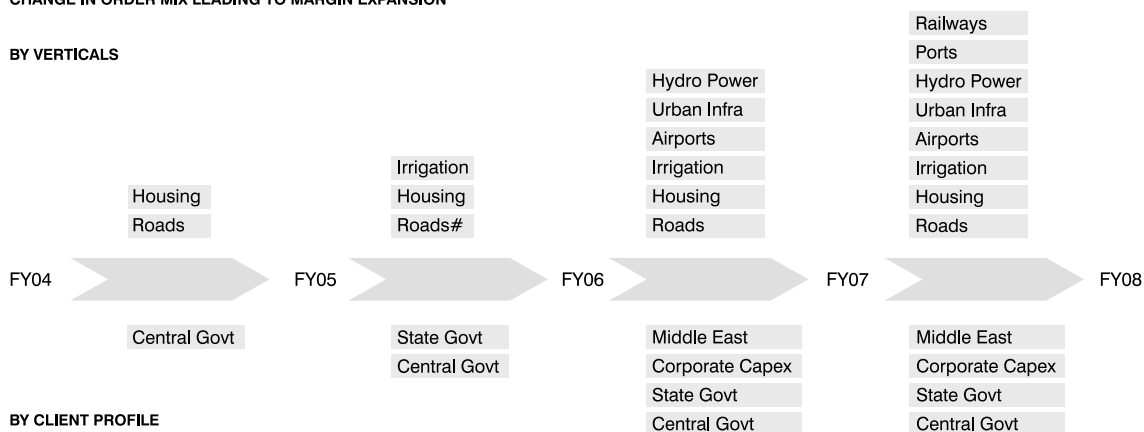
### **Outlook**

The Company foresees strong possibility for EBITDA margin expansion, going forward. The key reasons are:

1. Margins of the Company were adversely impacted during FY04 due to sharp increase in commodity prices. While commodity prices have now stabilized, most new contracts also have price escalation clauses linked to a pre-determined index.
2. There has been a change in the nature of orders, with order mix likely to tilt towards higher profit margin segments like ports, hydro power, airports, and urban infrastructure. The share of these segments has been negligible in the current order backlog, with roads, irrigation projects and housing contributing to a significant chunk. Going forward the share of segments like ports, hydro power, airports and urban infrastructure is bound to grow and our Company has already made its presence felt in urban infrastructure and has taken concrete steps to enter the other segments.

**CHANGE IN ORDER MIX LEADING TO MARGIN EXPANSION**

**BY VERTICALS**



# National Highway Development Plan has been extended to seven phases covering, 50,000 km+ of highway network from two phases covering 13,000 km earlier

- Margins are also improving at the bidding stage: Over the past twelve months, the Company has noticed a perceptible improvement in the margins for infrastructure projects. We believe the following reasons are the key drivers:

  - Increase in average order size, limiting the number of players.
  - Increased number of orders, permitting companies to pick and choose (for instance in road projects, companies can now choose to bid for projects involving complex bridges, tunnels, etc).
  - Large part of the orders are being awarded on 'Public Private Partnerships', BOT and annuity basis, which restricts competition from unorganized players.
  - More complex projects in segments like ports, airports, water and effluent treatment and hydro power are picking up. Such projects yield higher margins. We notice that most construction companies are enhancing their role as developers by taking minority stakes in several projects.
- Over the past years, your Company in line with other reputed Construction Companies has been successful in building up pre-qualifications, both in terms of size of contracts and also across segments. Possessing the necessary qualifications will result in margin improvement, as typically, companies have to otherwise share 1.5-2% of the project cost with the joint venture partners.
- Post the recent IPO, the net worth for our Company has increased significantly, which has improved the bidding capacity, as all clients have started stipulating higher financial norms in the prequalification documents. Net-worth as one of the important eligibility criteria to bid for projects under public-private partnerships has also increased significantly. The Company expects a significant expansion in order book during FY07, based on their higher net worth as at end-FY06. The Company intends to utilize the funds raised for Annuity / BOT projects and capex. Going forward reinvestment of funds into the core business will enable the Company to earn a much higher RoE than the assumed 7% interest rate on surplus cash balance. Reinvestment in core business over a period of time will lead to further earnings upgrades. Higher net worth will also enable the Company to pre-qualify to bid for bigger ticket size projects and also build a BOT portfolio.

**Adequacy of Internal Control**

Your Company maintains a system of strict internal control, including suitable monitoring procedures. The Company has a good internal control system for tendering and pricing, contract management and finalization of purchases and sub-contracts, proper safeguarding of all its assets and other important functional areas. The internal control system is properly supplemented by a program of internal audit to ensure that the business operations are conducted in adherence to laid down policies and procedures. Significant issues are brought to the attention of the Audit Committee of the Directors. The internal controls and internal audit existing in the Company are considered to be adequate vis-à-vis the business requirements.

**Human Resources and Industrial Relations**

Occupational Health, Safety and Environment Management are given the utmost importance in your Company. There is in place a well defined in-house training program for its employees to upgrade their operating skills. The relations between the Company and the employees were cordial and the Company experienced peace and harmony throughout the year. As on 31.03.2006, the employee strength, excluding trainee officers, employees on probation and consultants was 90. The Company has drawn up plans to recruit proven senior cadre professionals in operations and business development which would provide able management support in its endeavor to scale greater heights.

**Financial Performance vis-à-vis Operational Performance**

Financial performance of all Companies is directly proportional to the operational performance and ours is no different. The increased top line with improvement on PAT margins is a testimony of the professional methodologies in execution and contract management adopted by your Company. With the recently concluded IPO the Company also expects substantial reduction on interest front, thereby impacting the bottom line positively.



**Jayesh Sanghrajka & Co. (Regd)**  
**CHARTERED ACCOUNTANTS**

**AUDITORS' REPORT**

**To the Members of Pratibha Industries Limited**

We have audited the attached Balance Sheet of **Pratibha Industries Limited** as at 31<sup>st</sup> March, 2006, the Profit and Loss Account for the year ended on that date and the Cash Flow Statements for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31<sup>st</sup> March, 2006 from being appointed as directors in terms of clause (g) of subsection (1) of section 274 of the Companies Act 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
    - (i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2006
    - (ii) In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
    - (iii) In so far as, it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Jayesh Sanghrajka & Co.**  
Chartered Accountants

**Jayesh Sanghrajka**  
M.No.37430  
Partner

Mumbai,  
11<sup>th</sup> May, 2006.

Unit No. 405-408, 4<sup>th</sup> Floor, Hind Rajasthan Centre, D. S. Phalke Road, Dadar (C. Rly.), Mumbai - 400 014.

☎ : 2411 3263 / 2418 2107 / 2416 5160 • fax : 2416 5160. Email : jsandco@gmail.com

Affiliates : Delhi, Bangalore, Kolkata, Hyderabad, Chennai

**Jayesh Sanghrajka & Co. (Regd)**  
**CHARTERED ACCOUNTANTS**

**ANNEXURE TO AUDITORS' REPORT**

**Referred to in Paragraph 2 of our report of even date**

1. In respect of its fixed assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
  - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - a. The Company has granted loans to M/S. Mukhtangan Developers Pvt. Ltd. To the tune of Rs. 7,666,000/- which is covered in the register maintained under section 301 of the Companies Act, 1956.
  - b. According to the information and explanation given to us, the rate of interest wherever applicable and other terms and condition are not prima facie prejudicial to the interest of the Company.
  - c. The Company has not taken loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956: The Company has repaid its existing debts during the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b. Transactions aggregating during the year to Rs. 5,00,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials available with the Company or prices at which transactions for similar goods have been made with other parties at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. No cost records and accounts are prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.

9. In respect of statutory dues:
- a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2006 for a period of more than six months from the date of becoming payable.
- b. There are no disputed statutory dues, hence the question of same been deposited does not arise.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks. The Company has not issued any Debentures and hence question of repayment to debenture holders does not arise.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. The Company has given guarantees for loans taken by others (its Joint Ventures) from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima-facie prejudicial to the interests of the Company.
16. The Company has raised new term loans during the year. These term loans were applied for the purposes for which they were raised.
17. On the basis of an overall examination of the Balance Sheet of the company, in our opinion, there are no funds raised on a short-term basis, which have been used for long term purposes and vice versa.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has raised Rs.51.42 Crores by way of public issue during the year. The management has disclosed the end use of the money raised by public issue and the same has been verified. As the Funds were raised at the end of the year, its actual utilization shall be carried out in the following year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For **Jayesh Sanghrajka & Co.**  
Chartered Accountants

Mumbai,  
11<sup>th</sup> May, 2006.

**Jayesh Sanghrajka**  
M.No.37430  
Partner

**PRATIBHA INDUSTRIES LTD.**  
**Balance Sheet as at 31<sup>st</sup> March, 2006**

Particulars	SCH	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	A	142,850,000.00	20,000,000.00
Reserve & Surplus	B	679,489,633.33	165,390,464.57
		<b>822,339,633.33</b>	<b>185,390,464.57</b>
<b>DEFERRED TAX LIABILITY</b>			
		960,806.00	748,704.00
<b>LOAN FUNDS</b>			
Secured Loans	C	350,617,568.26	251,388,675.25
Unsecured Loans	D	87,558,687.00	19,345,000.00
		<b>438,176,255.26</b>	<b>270,733,675.25</b>
<b>TOTAL</b>		<b>1,261,476,694.59</b>	<b>456,872,843.82</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	E	155,645,496.13	98,593,479.10
Less: Depreciation		21,610,137.53	15,289,378.77
Net Block		<b>134,035,358.60</b>	<b>83,304,100.33</b>
<b>INVESTMENTS</b>			
	F	294,586,536.00	4,869,585.00
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	G	361,933,630.50	208,758,503.00
Sundry Debtors	H	478,692,841.52	322,082,970.25
Cash & Bank Balance	I	28,659,830.08	11,815,440.14
Loans, Advances & Deposits	J	444,869,697.80	287,664,576.04
		<b>1,314,155,999.90</b>	<b>830,321,489.43</b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Sundry Creditors	K	411,568,350.42	349,888,774.44
Other Liabilities & Provisions	L	24,415,072.00	22,275,805.00
Advances & Deposits	M	88,389,500.50	89,457,751.50
		<b>524,372,922.92</b>	<b>461,622,330.94</b>
WORKING CAPITAL		789,783,076.98	368,699,158.49
<b>MISCELLANEOUS EXPENSES</b>	N	<b>43,071,723.01</b>	-
<b>TOTAL</b>		<b>1,261,476,694.59</b>	<b>456,872,843.82</b>

Significant Accounting Policies & Notes to Accounts

T

As per our Report of even date

For **Jayesh Sanghrajka & Co.**

Chartered Accountants

**Jayesh Sanghrajka**

**Partner**

**M.No.37430.**

Place: Mumbai

Date: 11<sup>th</sup> May, 2006

For and on behalf of the Board of Directors

Usha B. Kulkarni

Ajit B. Kulkarni

Mahesh Joshi

Chairperson

Managing Director

Company Secretary

Place: Mumbai

Date: 11<sup>th</sup> May, 2006

**PRATIBHA INDUSTRIES LTD.**  
**Profit & Loss Account for the year ended 31<sup>st</sup> March, 2006**

Particulars	SCH	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>INCOME</b>			
Income from Operations		1,567,049,798.61	879,740,284.58
Other Income	O	13,262,882.22	26,631,045.82
		<b>1,580,312,680.83</b>	<b>906,371,330.40</b>
<b>EXPENDITURE</b>			
Cost of Work Done	P	1,275,546,779.05	720,326,933.27
Personnel Expenses	Q	21,436,798.06	11,487,976.10
Establishment, Selling & Other Expenses	R	66,827,588.74	36,160,830.14
Finance Expenses	S	62,285,442.70	47,334,535.31
Depreciation	E	6,573,144.76	4,616,769.67
Preliminary Expenses		10,770,974.76	22,906.00
		<b>1,443,440,728.07</b>	<b>819,949,950.49</b>
<b>PROFIT BEFORE TAX</b>		<b>136,871,952.76</b>	<b>86,421,379.91</b>
Provision for Income Tax – Current		11,750,000.00	5,000,000.00
Provision for Deferred Tax Liability		212,102.00	349,024.00
Fringe Benefit Tax		2,160,682.00	-
<b>EXTRA ORDINARY ITEMS</b>			
Income Tax of earlier years		-	175,527.00
<b>PROFIT AFTER TAX</b>		<b>122,749,168.76</b>	<b>80,896,828.91</b>
<b>Weighted average number of shares</b>			
- Basic		<b>8,484,493</b>	<b>2,000,000.00</b>
- Adjusted		<b>8,484,493</b>	<b>10,000,000.00</b>
<b>Basic and Diluted Earning per Share (Net of Tax)</b>			
- Basic		<b>14.47</b>	<b>40.45</b>
- Adjusted		<b>14.47</b>	<b>8.09</b>

Significant Accounting Policies & Notes to Accounts

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As per our Report of even date

For **Jayesh Sanghrajka & Co.**

Chartered Accountants

**Jayesh Sanghrajka**

**Partner**

**M.No.37430.**

Place: Mumbai

Date: 11<sup>th</sup> May, 2006

**For and on behalf of the Board of Directors**

Usha B. Kulkarni

Ajit B. Kulkarni

Mahesh Joshi

Chairperson

Managing Director

Company Secretary

Place: Mumbai

Date: 11<sup>th</sup> May, 2006

**PRATIBHA INDUSTRIES LTD.**  
**Schedules annexed to and forming part of the Annual Accounts 2005 - 06**

Particulars	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>SCHEDULE – ‘A’ – SHARE CAPITAL</b>		
<b>Authorized Capital</b>		
(16,000,000 Equity Shares of Rs. 10/- each)	<b>Total</b>	<b>160,000,000.00</b>
(Last Year 2,000,000 equity shares of Rs. 10/- each)		<b>20,000,000.00</b>
<b>Issued, Subscribed &amp; Fully Paid-up</b>		
(14,285,000 Equity shares of Rs.10/- Each)		
(Last Year 2,000,000 equity shares of Rs. 10/- each)		
(Of the above 8,000,000 shares have been issued as bonus shares on 21.06.2005 being issued for consideration other than cash)	142,850,000.00	20,000,000.00
	<b>Total</b>	<b>142,850,000.00</b>
		<b>20,000,000.00</b>
<b>SCHEDULE – ‘B’ – RESERVE &amp; SURPLUS</b>		
<b>Profit &amp; Loss Account</b>		
Opening Balance	165,390,464.57	84,493,635.66
Addition During the Period	122,749,168.76	80,896,828.91
Less: Capitalisation During the Period	80,000,000.00	-
	208,139,633.33	165,390,464.57
Security Premium Account	471,350,000.00	-
	<b>Total</b>	<b>679,489,633.33</b>
		<b>165,390,464.57</b>
<b>SCHEDULE – ‘C’ – SECURED LOANS</b>		
Loans for Vehicles & Construction Equipments (For Security See Note(a) below)	40,478,517.61	26,427,171.00
Working Capital Finance from Consortium of Banks (For Security See Note(b) below)	163,981,181.14	97,283,934.88
Factoring Facility (For Security See Note(c) below)	-	42,215,422.52
Working Capital Demand Loans (For Security See Note(d) below)	-	10,480,887.90
Project - Specific Term Finance (For Security See Note(e) below)	146,157,869.51	74,981,258.95
	<b>Total</b>	<b>350,617,568.26</b>
		<b>251,388,675.25</b>
<b>Notes :</b>		
a.	Secured by hypothecation of specific assets/vehicle purchased.	
b.	Secured by	
	(i) First charge by way of hypothecation of current assets of the company (other than those specifically charged to other banks) namely Stock of Raw Materials, Stock of Works in progress & Receivables.	
	(ii) First Charge on the gross block of the company (other than those specifically charged to other banks) and collaterally secured by mortgage of fixed assets belonging to the promoters of the Company.	
	(iii) Corporate Guarantees of Pratibha Pipes & Structural Pvt. Ltd. and Pratibha Precast Concrete Industries Pvt. Ltd. & personal guarantees of all the promoters of the Company.	
c.	Secured by	
	(i) First charge on receivables of the Company, factored by Canbank Factors Ltd.	
	(ii) Corporate Guarantees of Pratibha Pipes & Structural Pvt. Ltd and Pratibha Precast Concrete Industries Pvt. Ltd. and personal guarantee of all promoters of the Company.	
d.	Working Capital Demand Loans represent loans availed from The United Western Bank Ltd .to finance our requirement to furnish EMD to various clients and Corporate loan availed from The United Western Bank Ltd. This loan was further secured by Corporate Guarantees of Pratibha Pipes & Structural Pvt. Ltd. and personal guarantee of all promoters of the Company.	
e.	Project Specific term finance from Bank represent (i) term loan availed by the Company for executing “deferred payment projects” of Akola Municipal Corporation. This loan is secured by way of Bank Guarantee of Akola Municipal Corporation for Rs. 801.00 Lacs and further guaranteed by personal guarantee of the Promoters. & (ii) project specific loan availed from State Bank of India secured by hypothecation of current assets of the project, and further secured by the personal guarantees of the promoters of the Company. This loan is availed for executing MGL-II project of MCGM.	
<b>SCHEDULE – ‘D’ – UNSECURED LOANS</b>		
From Banks & Financial Institutions	87,558,687.00	-
From Directors, Relatives, Members and Related Concerns	-	19,345,000.00
	<b>Total</b>	<b>87,558,687.00</b>
		<b>19,345,000.00</b>

PRATIBHA INDUSTRIES LTD.  
Schedules annexed to and forming part of the Annual Accounts 2005 - 06

SCHEDULE – 'E' – FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		Cost as on 01-04-2005	Additions	Sale/Transfer	Cost as on 31-03-2006	As on 01-04-2005	For the Year	On Sale/Transfer	As on 31-03-2006	As on 31-03-2005	As on 31-03-2006
1	Goodwill	7500000.00	-	-	7500000.00	-	-	-	-	7500000.00	7500000.00
2	Office Premises	22114569.00	490380.00	-	22604949.00	818180.90	489028.89	-	1307209.79	21296388.10	21297739.21
3	Plant & Machinery	42302627.36	33048823.25	-	75351450.61	8120450.12	2626851.61	-	10747301.73	34182177.24	64604148.88
4	Furniture & Fixture	5599324.90	2501860.00	-	8101184.90	1253463.43	411999.79	-	1665463.22	4345861.47	6435721.68
5	Electrical Installation	661750.15	42500.00	-	704250.15	175208.71	32428.68	-	207637.39	486541.44	496612.76
6	Office Equipment	3171697.00	1153345.00	-	4325042.00	1002751.63	424812.83	-	1427564.46	2168945.37	2897477.54
7	Vehicles	17090430.69	20242428.78	446040.00	36886819.47	3883091.98	2553919.40	252386.00	6184625.38	13207338.71	30702194.09
8	Computer Software	153080.00	18720.00	-	171800.00	36232.00	34103.56	-	70335.56	116848.00	101464.44
	<b>Total</b>	98593479.10	57498057.03	446040.00	155645496.13	15289378.77	6573144.76	252386.00	21610137.53	83304100.33	134035558.60
	<b>Previous Year</b>	86293872.14	18087757.96	5788151.00	98593479.10	11721835.10	4616769.67	1049226.00	15289378.77	74572037.04	83304100.33



**PRATIBHA INDUSTRIES LTD.**  
**Schedules annexed to and forming part of the Annual Accounts 2005 - 06**

Particulars	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>SCHEDULE – ‘F’ – INVESTMENTS</b>		
(Long Term – At Cost)		
<b>Trade Unquoted (Share Application)</b>		
Share Application in Pratibha Ispat Pvt. Ltd.	-	500,000.00
Share Application Money in Pratibha Pipes & Structural Pvt. Ltd.	-	1,826,960.00
<b>Trade Unquoted</b>		
Shares of Janakalyan Sahakari Bank Ltd.	1,000.00	1,000.00
Shares of Abhyudaya Co Op. Bank Ltd.	26,600.00	26,600.00
Shares of The Greater Bombay Co. Op. Bank Ltd.	25.00	25.00
Shares of Muktangan Developers Pvt. Ltd.	2,000,000.00	-
<b>Non-Trade Unquoted</b>		
Bonds The United Western Bank Ltd.	2,500,000.00	2,500,000.00
National Saving Certificates	15,000.00	15,000.00
Investments from Unutilised Money out of the IPO	290,000,000.00	-
<b>Non-Trade Quoted</b>		
Investment in Gold Coins (M. Value Rs.47432/-)	43,911.00	-
<b>Total</b>	<b>294,586,536.00</b>	<b>4,869,585.00</b>
<b>SCHEDULE – ‘G’ – INVENTORIES</b>		
(As per Inventories certified and valued by the Management)		
<b>Total</b>	<b>361,933,630.50</b>	<b>208,758,503.00</b>
<b>SCHEDULE – ‘H’ – SUNDRY DEBTORS</b>		
(Unsecured, Considered good)		
Debts outstanding for a period exceeding 6 months	2,359,875.63	100,977,575.62
Other Debts	406,129,127.89	124,910,635.63
Project Specific Debts (Akola Municipal Corp.)	70,203,838.00	96,194,759.00
<b>Total</b>	<b>478,692,841.52</b>	<b>322,082,970.25</b>
<b>SCHEDULE – ‘I’ – CASH &amp; BANK BALANCE</b>		
(Unsecured, Considered good)		
Cash in hand	3,395,237.99	2,473,324.42
Balance with Banks In Current Account of Scheduled Banks	25,264,592.09	9,342,115.72
<b>Total</b>	<b>28,659,830.08</b>	<b>11,815,440.14</b>
<b>SCHEDULE – ‘J’ – LOANS, ADVANCES &amp; DEPOSITS</b>		
(Unsecured, Considered Goods unless otherwise stated)		
Advances recoverable in cash or in kind for value to be received		
Other Deposits	132,662,455.25	83,983,914.93
Loans and Advances to staff	244,031.71	179,650.00
Tax Deducted At Source And Advance Tax	14,935,117.00	16,501,559.00
Advance to Muktangan Developers Pvt. Ltd.	7,666,000.00	-
Prepaid Expenses	4,446,898.75	5,183,893.00
Mobilisation Advances	2,000,000.00	4,814,352.76
Advances with Unity Pratibha Multimedia JV	61,935,436.08	55,458,168.82
Advances with Petron Pratibha JV	22,065,062.45	4,778,096.23
Advances with Pratibha Unity JV	220,250.00	-
Other Advances	3,083,094.98	-
Term Deposits with Banks	135,539,414.00	91,500,862.00
Sales Tax Refund Due	3,024,544.00	-
Advances to Suppliers	48,998,570.30	25,264,079.30
Interest Accrued But Not Due	795,868.28	-
Excise Balance	862,168.00	-
Service Tax Credit Receivable	6,390,787.00	-
<b>Total</b>	<b>444,869,697.80</b>	<b>287,664,576.04</b>

**PRATIBHA INDUSTRIES LTD.**  
**Schedules annexed to and forming part of the Annual Accounts 2005 - 06**

Particulars	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>SCHEDULE – ‘K’ – CREDITORS</b>		
Creditors under Letters of Credit	99,397,383.12	241,077,968.86
Sundry Creditors	312,170,967.30	108,810,805.58
<b>Total</b>	<b>411,568,350.42</b>	<b>349,888,774.44</b>
<b>SCHEDULE – ‘L’ – OTHER LIABILITIES &amp; PROVISIONS</b>		
Annuity Period Expenses Provision	5,693,069.00	15,124,771.00
Director’s Remuneration Payable	189,484.00	108,852.00
Electricity & Water Expenses Payable	72,686.00	42,290.00
Employee ESIC	1,539.00	1,496.00
Gratuity Fund Payable	89,225.00	107,435.00
Other Provisions	36,910.00	2,383.00
Professional Tax	22,220.00	13,555.00
Provision for Employee Benefit	884,625.00	56,666.00
Provision for Fringe Benefit Tax	1,181,362.00	-
Provision for Tax	11,750,000.00	5,000,000.00
Salary & Wages Payable	1,280,862.00	473,913.00
Service Tax Payable	-	1,051.00
TDS Payable (Including Interest Thereon)	1,307,157.00	1,334,259.00
Telephone Expenses Payable	159,504.00	9,134.00
Works Contract Tax Provision	1,746,429.00	-
<b>Total</b>	<b>24,415,072.00</b>	<b>22,275,805.00</b>
<b>SCHEDULE – ‘M’ – ADVANCES &amp; DEPOSITS</b>		
Mobilisation Advance	51,007,731.50	58,158,308.50
Other Advances	1,196,500.00	1,507,925.00
Secured Advance	429,750.00	1,022,886.00
Security Deposit	35,755,519.00	28,768,632.00
<b>Total</b>	<b>88,389,500.50</b>	<b>89,457,751.50</b>
<b>SCHEDULE – ‘N’ – MISCELLANEOUS EXPENSES</b>		
Expenses on Initial Public Offering	52,147,697.77	-
Preliminary Expenses	1,695,000.00	22,906.00
Less : written off	10,770,974.76	22,906.00
<b>Total</b>	<b>43,071,723.01</b>	<b>-</b>
<b>SCHEDULE – ‘O’ – OTHER INCOME</b>		
Dividend Received	30.00	124.00
Interest on Income Tax Refund	264,743.00	215,162.00
Interest received from others	130,103.00	116,426.00
Rent received	1,695,895.00	160,000.00
Sales Tax Refund	3,024,544.00	-
Services Charges	146,465.00	-
Share of Profit from Partnership (JV)	8,001,102.22	26,139,333.82
<b>Total</b>	<b>13,262,822.22</b>	<b>26,631,045.82</b>
<b>SCHEDULE – ‘P’ – COST OF WORK DONE</b>		
Opening Stock	208,758,503.00	95,788,957.00
Add : Purchases	1,305,093,229.95	754,919,447.14
Add : Direct Expenses	123,628,676.60	78,377,032.13
	<b>1,637,480,409.55</b>	<b>929,085,436.27</b>
Less : Closing Stock	361,933,630.50	208,758,503.00
<b>Total</b>	<b>1,275,546,779.05</b>	<b>720,326,933.27</b>

**PRATIBHA INDUSTRIES LTD.**  
**Schedules annexed to and forming part of the Annual Accounts 2005 - 06**

Particulars	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>SCHEDULE – ‘Q’ – PERSONNEL EXPENSES</b>		
Directors’ Sitting Fees	100,000.00	-
Directors’ Remuneration	3,828,866.00	1,746,099.00
Salaries and wages	11,897,915.00	5,998,467.00
Director medical expenses	164,822.40	842,465.00
Contribution to PF, ESIC etc.	845,105.00	609,405.00
Staff welfare expenses	3,346,339.66	1,288,540.10
Insurance Charges (Key man)	1,253,750.00	1,003,000.00
<b>Total</b>	<b>21,436,798.06</b>	<b>11,487,976.10</b>
<b>SCHEDULE – ‘R’ – ESTABLISHMENT &amp; SELLING EXPENSES</b>		
Auditors Remuneration	622,640.00	157,300.00
Advertisement Expenses	510,198.00	294,290.00
Bad Debts W/Off	233,781.00	79,786.00
Books & Periodicals	67,338.00	21,263.00
Brokerage Expenses	131,341.00	92,884.00
Computer & Software Expenses	114,792.23	98,172.00
Discount	94,220.54	506,458.65
Donation	1,286,369.00	40,208.00
Electricity Charges	785,420.38	816,796.89
Fees & Subscription	162,772.00	7,035.00
General Expenses	799,820.40	683,352.34
ISO Expenses	8,265.00	-
Insurance	6,211,250.00	3,077,800.00
Loss on Sale of Fixed Assets	149,210.00	1,796,775.00
Loss on Sale of Unquoted Long Term Investment	425,000.00	-
Laboratory Charges	-	28,634.00
Legal Fees & Professional Fees	7,251,068.00	3,527,881.00
Octroi	20,736.00	696,347.00
Pooja & Festival Expenses	858,499.50	480,787.00
Postage & Telegram & Telephone	1,998,888.25	1,487,547.79
Printing & Stationery	1,040,552.45	885,302.75
Registration Fees	156,685.00	77,865.00
Rates & Taxes	27,037,241.27	14,270,775.88
Rent	2,229,518.00	1,254,262.00
Repair & Maintenance - Building	143,272.00	125,552.00
Repair & Maintenance - Machinery	56,947.00	1,005.00
Royalty Expenses	1,044,824.00	2,000.00
Sales Promotion	3,031,223.15	593,509.87
Security Service Charges	496,687.00	195,129.00
Service Charges	68,040.00	36,287.80
Sewerage Charges	1,952,546.00	161,657.00
Tender Expenses	1,338,439.00	728,715.00
Traveling Expenses	4,049,415.70	1,621,742.86
Vehicle Expenses	2,450,588.87	2,313,708.31
<b>Total</b>	<b>66,827,588.74</b>	<b>36,160,830.14</b>
<b>SCHEDULE – ‘S’ – FINANCE EXPENSES</b>		
Bank Charges & Commission	6,498,891.43	951,538.64
Bank Commission (BG/LC)	16,525,548.10	17,860,209.98
Factoring Charges	4,464,580.00	3,486,200.00
Interest on Mobilisation	6,022,926.58	5,341,227.69
Interest on Inter Corporate Deposit	95,805.00	-
Interest (Others)	102,177.00	148,853.00
Interest Paid (Bank)	31,688,906.22	20,927,510.13
Interest on Finance for Vehicles & Construction Equipments	2,296,591.97	1,895,009.43
Banking Cash Transaction Tax	38,833.00	-
Less: Interest Received From Banks (TDS On Interest Rs.653625/-) (P.Y. Rs. 487893/-)	-5,448,816.60	-3,276,013.56
<b>Total</b>	<b>62,285,442.70</b>	<b>47,334,535.31</b>

**PRATIBHA INDUSTRIES LTD.**  
**Schedules annexed to and forming part of the Annual Accounts 2005 - 06**

**SCHEDULE 'T' - SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of "The Companies Act, 1956. The Significant Accounting Policies are as follows:-

**A. Basis of Preparation of Financial Statements:**

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956. The Company is following accrual basis of accounting on a going concern concept. Accounting policies are suitably disclosed as notes annexed to the Balance Sheet and Profit & Loss Account.

**B. Use of Accounting Estimates:**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**C. Fixed Assets:**

Fixed Assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment loss.

**D. Intangible Assets:**

Intangible Assets are stated at cost of acquisition. Computer software is amortized over a period of five years.

**E. Depreciation:**

Depreciation on fixed assets has been provided on Straight Line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

**F. Foreign Currency Transactions:**

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- b) Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract. During the year under review, there was no foreign currency monetary item.

**G. Investments:**

Current investments are carried at the lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

**H. Inventories:**

Items of inventories are measured at lower of cost or net realizable value. Cost of inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing them to their respective present location and condition.

- a) Raw materials are valued at cost on Weighted Average Method.
- b) The value of contracts, irrespective of whether the progress of work is below or at the reasonable extent is valued at estimated cost consisting of the costs that relate directly and that which can be allocated to the specific contract.
- c) Stores, spares and Fuel are carried at cost.
- d) Purchase goods and raw materials in transit are carried at cost.
- e) Scrap is carried at net of realizable value.

**I. Revenue Recognition:**

a) Construction Contract Sales:

In view of revised AS -7, "Accounting for Construction Contracts" issued by "The Institute of Chartered Accountants of India" which has become mandatory from 01<sup>st</sup> April, 2004, the Company is following "percentage of Completion method" as stipulated. Major revenue of the Company is from the execution of Long term Fixed Price Contracts and are recognized on the basis of percentage of completion. Profit is recognized and taken as the revenue of the year only when the work on the contract has progressed to a reasonable extent.

b) Claim for Extra Work and Escalation:

The Company's claim for extra work and escalation in rates relating to execution of contracts are reckoned in the year in which the said claims are finally accepted by the clients.

**J. Recognition of Expenditure:**

a) Retirement Benefits:

Contribution to defined contribution scheme such a Provident Fund, Employees Pension Scheme, are charged to the Profit & Loss Account as incurred. The Company has taken comprehensive policy from the Life Insurance Corporation of India for its Gratuity liability. The yearly premium is charged to Profit and Loss account.

Expenses on training, recruitment are charged to revenue in the year of incurrence.

Expenditure on leave travel concession to employees are recognized in the year of avilment due to uncertainties of accrual.

b) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year as per the Income Tax Act, 1961 in consultation with the tax experts.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Liability has arisen only on account of Depreciation.

The management is of the opinion that majority of its projects are eligible for Deduction u/s 80IA of the Income Tax Act and hence the Provision for the same is made at 10% of actual liability as the management is of the opinion that only 10% of the revenue shall be from non 80IA eligible projects.

c) Sales Tax on Works Contracts:

Where the Company has contractual right to claim equal amounts regarding the said liability from the clients, the same is not charged as expenditure.

Where the ultimate liability would be on the Company, the same is accounted for provisionally as per the information and the final adjustment for the same would be done as and when the demand from concerned authorities is made on the company. During the year under review sales tax expenses incurred include amount paid on account of assessment order received during the year.

**K. Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**L. Contingent Liabilities:**

These are disclosed by way of notes on the Balance Sheet. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end, till the finalization of accounts and have material effect on the position stated in the Balance Sheet.

**M. Contingencies and Event Occurring after the Balance Sheet Date:**

There are no contingencies and events after the Balance Sheet dates that affect the financial position of the company.

**N. Net profit or loss for the period, prior period items and changes in accounting policies:**

During the year under review, there is no material changes in the accounting policies and policies are consistently followed by the company.

Profit and Loss account doesn't contain any item materially affecting and having reference of prior period.

**O. Segment Reporting:**

a) Business Segment:

The Company has considered "Infrastructure Development" as one business segment for disclosure in the context of Accounting Standard 17 issued by the Institute of Chartered Accountants of India. The Company is engaged in the business of Construction and Infrastructure Construction segment only for the year under report.

b) Geographical Segment:

During the year under report, the Company has engaged in its business only within India and not in any other Country. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.

**P Related Party Disclosure:**

As per the accounting standard 18 issued by the Institute of Chartered Accountants of India, the Company's related parties are given below:

a) Particulars of Subsidiary / Associate Concerns :

Sr. No.	Name of the Related Party	Nature of Relationship
1.	Pratibha Pipes & Structural Pvt. Ltd.	Associate Concern
2.	Pratibha Precast & Concrete Industries Pvt. Ltd.	Associate Concern
3.	Teknoworks (India)	Associate Concern
4.	Muktangan Developers Pvt. Ltd.	Associate Concern
5.	Pratibha Ispat Pvt. Ltd. (Formerly known as Chimanlal Vijaykumar Steel Private Limited).	Associate Concern
6.	Pratibha & Heng Structural Private Limited (Formerly Known as Pratibha Ispat Pvt. Ltd.)	Associate Concern
7.	Pratibha Shareholding Pvt. Ltd.	Associate Concern
8.	Petron Pratibha Joint Venture	Jointly Controlled Entities
9.	Unity Pratibha Multimedia Joint Venture	Jointly Controlled Entities
10.	Pratibha Unity Joint Venture	Jointly Controlled Entities
11.	Pratibha Infrastructure Pvt. Ltd.	Associate Concern
12.	Rahul Associates	Associate Concern

b) Details of Key Management Personnel & Their Relatives:

Sr.No.	Name of Person	Nature of Relation With Company
1.	Usha B. Kulkarni	Chairperson & Executive Director
2.	Ajit B. Kulkarni	Managing Director
3.	Vinayak B. Kulkarni	Whole Time Director
4.	Ramdass B. Kulkarni	Director (Up to 12 <sup>th</sup> September, 2005)
5.	Datta B. Kulkarni	Director (Up to 12 <sup>th</sup> September, 2005)
6.	Rohit R. Katyal	Chief Operating Officer
7.	Rahul R. Katyal	Chief Marketing Officer (Up to 30 <sup>th</sup> November, 2005, then onwards Working as a consultant)
8.	Sanjay V. Kulkarni	Son of Whole Time Director & Sr. Executive
9.	T. R. Radhakrishnan	General Manager(Finance)

(Rupees in Lakhs)

Name of Person	Sales/ Share Of Profit	Purchases	Salary Or Other Expenses	Closing Balance In Balance Sheet	Highest Balance During The Year	Amt.Paid to / on behalf During the Year
Pratibha Pipes & Structural Pvt. Ltd.	1184.97 (Nil)	3884.62 (1264.55)	305.10 (102.90)	757.24 (292.23)	2828.37 (407.58)	3717.33 (2523.09)
Pratibha Precast & Concrete Industries Pvt. Ltd.	Nil (Nil)	Nil (Nil)	Nil (0.69)	26.41 (8.88)	28.41 (29.35)	2.47 (38.18)
Teknoworks (India)	Nil (Nil)	Nil (Nil)	Nil (Nil)	268.56 (193.45)	269.72 (200.00)	463.17 (6.55)
Muktangan Developers Pvt. Ltd.	Nil (N.A.)	Nil (N.A.)	Nil (N.A.)	76.66 (N.A.)	76.66 (N.A.)	96.81 (N.A.)
Petron Pratibha Joint Venture	57.83 (83.62)	Nil (Nil)	Nil (Nil)	220.65 (30.03)	220.65 (60.47)	324.63 (123.27)
Pratibha Ispat Pvt. Ltd. (Formerly known as Chimanlal Vijaykumar Steel Private Limited)	Nil (Nil)	9.98 (121.86)	148.40 (Nil)	Nil (Nil)	151.74 (98.89)	337.54 (455.19)
Pratibha & Heng Structural Pvt. Ltd.(formerly known as Pratibha Ispat Pvt. Ltd.)	Nil (Nil)	Nil (3.45)	Nil (0.18)	1.10 (1.10)	1.10 (49.15)	Nil (189.89)
Unity Pratibha Multimedia Joint Venture	22.19 (177.77)	Nil (Nil)	Nil (Nil)	Nil (554.33)	619.35 (749.17)	1018.26 (2814.44)
Pratibha Shareholdings Pvt. Ltd.	Nil (N.A.)	Nil (N.A.)	Nil (N.A.)	Nil (N.A.)	Nil (N.A.)	Nil (N.A.)
Pratibha Unity Joint Venture	Nil (N.A.)	Nil (N.A.)	Nil (N.A.)	2.20 (N.A.)	2.20 (N.A.)	2.43 (N.A.)
Pratibha Infrastructure Pvt. Ltd.	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Rahul Associates	Nil (N.A.)	9.44 (N.A.)	Nil (N.A.)	Nil (N.A.)	9.44 (N.A.)	9.44 (N.A.)
Usha B. Kulkarni	Nil (Nil)	Nil (Nil)	5.66 (3.82)	Nil (Nil)	N.A. N.A.	5.66 (3.82)
Datta B. Kulkarni	Nil (Nil)	Nil (Nil)	2.26 (3.30)	Nil (Nil)	Nil (Nil)	2.26 (3.30)
Vinayak B. Kulkarni	Nil (Nil)	Nil (Nil)	5.06 (3.30)	Nil (Nil)	Nil (Nil)	5.06 (3.30)
Ramdas B. Kulkarni	Nil (Nil)	Nil (Nil)	0.80 (1.20)	Nil (Nil)	Nil (Nil)	0.80 (1.20)
Ajit B. Kulkarni	Nil (Nil)	Nil (Nil)	24.26 (5.48)	Nil (Nil)	Nil (Nil)	24.26 (5.48)
Rohit R. Katyal	Nil (Nil)	Nil (Nil)	14.02 (5.50)	Nil (Nil)	Nil (Nil)	14.02 (5.50)
Rahul R. Katyal	Nil (Nil)	Nil (Nil)	0.40 (1.25)	Nil (Nil)	Nil (Nil)	0.40 (1.25)
Sanjay V. Kulkarni	Nil (Nil)	Nil (Nil)	3.06 (2.11)	Nil (Nil)	Nil (Nil)	3.06 (2.11)
T. R. Radhakrishnan	Nil (Nil)	Nil (Nil)	4.97 (6.00)	Nil (Nil)	Nil (Nil)	4.97 (6.00)

\* Figures in Brackets are relating to Previous Year

**Q. Leases:**

During the year under review, the company has received a rent of Rs. 16,95,895/- for the lease of its premises. However, the said lease is for a short-term period and its continuity is not certain.

**R. Earning per share:**

Disclosure is made in Profit & Loss Account as per the requirement of the standard. While Calculating the E.P.S., we have considered Weighted Average Number of Shares during the year. For the Previous Year we have considered Adjusted Number of Shares Considering the Bonus issue in the current year to calculate the Adjusted E.P.S.

**S. Consolidated Financial Statements:**

The company does not have any subsidiary and hence this standard on presenting consolidated financial statements does not arise. However, Company does have joint venture, governed by AS -27, wherein as the reference is made of AS -21. As per the requirement of AS -27, Consolidation of joint ventures is made.

**T. Accounting for Investments in Associates in Consolidated Financial Statements:**

As per the guidelines of the Accounting Standard 23, investments in associates in consolidated financial statements have been accounted as per the guidelines issued in Accounting Standard 13. (ACCOUNTING FOR INVESTMENTS)

**U. Interim Financial Reporting:**

The Company has been listed on 16<sup>th</sup> March, 2006. This shall be the first year of financial reporting on stock exchange. This accounting standard shall be followed in the financial year 2006-2007.

**V. Financial Reporting of Interest in Joint Ventures:**

The investments in joint venture are governed by the AS-27 "Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India. During the year under review, there were three active investments in the joint venture namely

- a) Petron Pratibha Joint Venture (PPJV)
- b) Unity Pratibha Multimedia Joint Venture (UPMJV) and
- c) Pratibha Unity Joint Venture (PUJV)

As per para 1, of AS 27,

"This statement should be applied in accounting for interests in joint ventures and the reporting of joint venture assets, liabilities, income, and expenses in the financial statements of ventures and investors, regardless of the structures or forms under which the joint venture activities take place."

Accordingly, income, expenses assets, and liabilities are incorporated in the consolidated balance sheet of the Pratibha Industries Ltd.

**W. Impairment of Assets:**

Management is of the view that the Value in use of the assets is more than the Carrying amount and hence no provision for impairment of assets has been made.

**X. Provisions, Contingent Liabilities & Contingent Assets:**

All due care has been taken in respect of provisions with reference to past events & future expectations. Company has not recognized any Contingent Liability or Contingent Assets. They are properly disclosed.

The Management is of the opinion that claim for performance guarantee will not arise related to the projects executed previously



**NOTES TO ACCOUNTS**

1. The previous year's figures have been reworked, regrouped, rearranged, and reclassified wherever necessary.
2. Balances of Debtors, Creditors, Loan and Advances, Unsecured Loan are subject to confirmation, reconciliation adjustment if any. In the opinion of the Directors, the Current Assets, Loan and Advances will realize the value stated in the Balance sheet if realized in the ordinary course of the Business.

3. Contingent Liability:

(Rupees in Lakhs)

Particulars		31.03.2006	31.03.2005
a.	On Letter of Credit Opened by Banks	2385.10	2882.53
b.	On Guarantee given by Banks	7574.51	3562.93
c.	Corporate Guarantee	Nil	5895.00

(Security offered as margin for the above facilities are not reduced)

4. Annuity Interest Reserve:

Company has entered into an agreement during the year 2003-2004 with Akola Municipal Corporation wherein the company has been awarded construction and maintenance of road in the Akola city on deferred payment basic. The payment from Akola Municipal Corporation will be effected in 120 monthly installments (i.e. 10 yrs.). The company has taken project specific loan from the bank. As per terms of sanction this amount is repayable within a period of 10 years. Hence the company has to incur the interest burden for the period of 10 years. However the project is scheduled to be completed within 18 months and all the revenue will be received. By providing for annuity reserve, the company has followed the matching concept principal of accounting. As per the principal of matching concept, the revenue for the period/project is matched with the amount spent to earn that revenue. During the year no provision for annuity reserve has been made as the management is of the opinion that sufficient provision has already been made and additional provision is not required. Previous year's figure has been reclassified as finance cost.

5. Payment to Auditors:

Particulars		31.03.2006	31.03.2005
a.	Audit Fees	1,25,000.00	55,100.00
b.	Tax Audit Fees	11,020.00	11,020.00
c.	Internal Audit fees	21,000.00	Nil
d.	In other Capacity	4,65,620.00	91,180.00
		<b>6,22,640.00</b>	<b>1,57,300.00</b>

6. Investments are carried in the books at cost. The Directors is of the opinion that the investment would realize the invested amount on sale and accordingly no provision for diminution in value of share is made.
7. Donation made by the Company are within the limits prescribed u/s. 293(1)(e) of the Companies Act, 1956.
8. Sundry Creditors include amount payable to Small Scale Industrial (SSI) Units.

List of Small Scale Industrial Units for whom outstanding is more than Rs. 1 Lakh and above 30 days and which have not fallen due for payment as payment terms is more than 30 days.

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>· Adfactor Advertising</li> <li>· Akash Construction</li> <li>· Aldowiet Engineering Co.</li> <li>· Alphonz Engg. Enterprises</li> <li>· Automech Inspection Services</li> <li>· Binoy Singh</li> <li>· Chachra Services</li> <li>· Green Traders</li> <li>· H R Construction</li> <li>· Hindustan Commerce &amp; Industries</li> </ul> | <ul style="list-style-type: none"> <li>· Mehta Trading Company</li> <li>· Muneshwar Navin Construction</li> <li>· Navin Heavy Lifters</li> <li>· Pratibha Ispat Pvt.Ltd.</li> <li>· Pratibha Pipes &amp; Strl. PLtd.</li> <li>· Pratibha Precast Conc.Inds.PLtd.</li> <li>· R R Wheel &amp; Tools</li> <li>· Rajesh Precast Works</li> <li>· Reliance Construction Co.</li> <li>· Rohit Enterprises</li> </ul> |
|--|--|

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>· Industrial Traders</li> <li>· Industrial Traders Ltd.</li> <li>· Inspection &amp; Testing Syndicate</li> <li>· Janam Steels &amp; Alloys</li> <li>· Jaydeep Industries</li> <li>· Kothari Crane Service</li> <li>· Laxmi Steel Industries</li> <li>· M Yusuf Timber Mart</li> <li>· Manisha Construction Co</li> </ul> | <ul style="list-style-type: none"> <li>· S S Hiring Services</li> <li>· Samir Engineering Corporation</li> <li>· Sea-Safe Equipments Company</li> <li>· Sharma Heavy Lifters</li> <li>· Trilok Kumar Singh</li> <li>· Usha Vikram Machineries</li> <li>· Vam Impex</li> <li>· Western Valves Manufacturers</li> </ul> |
|---|---|

9. Managerial Remuneration:

Computation of Net Profit U/s. 198 read with 309 (5) of the Companies Act, 1956.

	31.03.2006	31.03.2005
Profit as per Profit & Loss A/c.	12,27,49,169	8,64,21,379
Add: Managerial Remuneration	40,93,688	17,46,099
Add: Loss on Sale of Fixed Assets / Investments	5,74,210	17,96,775
Add: Reserve for Annuity	--	87,05,658
	12,74,17,067	9,86,69,911
Managerial Remuneration ceiling @ 11%	<b>1,40,15,877</b>	<b>1,08,53,690</b>

Actually paid is within the limit as calculated above

10. Earning in Foreign Exchange : Nil (P Y Nil)
11. Expenditure in Foreign Currency : INR. 117,450/- (P Y 14,100/-) On Foreign Travel

Additional information desired under clause 4D of Schedule VI of the Companies Act, 1956.

CIF Value of Import (Capital Goods) : INR 25,02,392/- ( P Y NIL )

12. The Subscribed Capital includes:

- a) 11,50,000 Ordinary Shares allotted to the Partners & Lenders of M/s. Pratibha Industries in terms of the Scheme of Business Takeover in the financial year 1999-2000.
- b) 80,00,000 Ordinary Shares were issued as fully paid up Bonus Shares by utilization of funds from General Reserve on 21<sup>st</sup> June, 2005.

13. Balance Sheet abstract and Company's General Business Profile (in terms of Part IV of Schedule VI) is enclosed herewith.

**For Jayesh Sanghrajka & Co.**  
Chartered Accountants

**Jayesh Sanghrajka**  
**Partner**  
**M.No.37430.**

Place: Mumbai  
Date: 11<sup>th</sup> May, 2006

**For and on behalf of the Board of Directors**

Usha B. Kulkarni	Chairperson
Ajit B. Kulkarni	Managing Director
Mahesh Joshi	Company Secretary

Place: Mumbai  
Date: 11<sup>th</sup> May, 2006

**Jayesh Sanghrajka & Co. (Regd)**  
**CHARTERED ACCOUNTANTS**

**AUDITOR'S REPORT**

We have verified enclosed Cash Flow Statement of M/s. **PRATIBHA INDUSTRIES LTD.** for the period ended 31<sup>st</sup> March, 2006 from the books and records maintained by the Company in the ordinary course of business and have, found it in accordance therewith.

For **Jayesh Sanghrajka & Co.**  
Chartered Accountants

Mumbai,  
11<sup>th</sup> May, 2006.

**Jayesh Sanghrajka**  
M.No.37430  
Partner

**PRATIBHA INDUSTRIES LTD.**  
**Cash Flow Statement for the year ended 31.03.2006**

Particulars	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	136,871,952.76	86,421,379.91
Adjustment for :		
Depreciation	6,573,144.76	4,616,769.67
Loss / (Profit) on Sale of Assets & Investment	574,210.00	1,796,775.00
Annuity Period Expenses	-	8,705,658.00
Preliminary Expenses Written Off	10,770,974.76	22,906.00
Finance Charges	62,285,442.70	38,628,877.31
Dividend Received	(30.00)	(124.00)
<b>Operating Profit before working Capital Changes</b>	<b>217,075,694.98</b>	<b>140,192,241.89</b>
Adjustment for:		
Inventories	(153,175,127.50)	(112,969,546.00)
Sundry Debtors	(156,609,871.27)	(161,810,074.95)
Loans & Advances	(157,205,121.76)	(134,805,109.04)
Sundry Creditors	61,679,575.98	200,919,510.47
Other Liabilities	2,139,267.00	(5,325,836.46)
Advances & Deposits	(1,068,251.00)	25,800,348.50
	<b>(187,163,833.57)</b>	<b>(47,998,465.59)</b>
Direct Taxes Paid	(13,910,682.00)	(5,175,527.00)
<b>Net cash used in Operating Activities</b>	<b>(201,074,515.57)</b>	<b>(53,173,992.59)</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Additions to Fixed Assets	(57,498,057.03)	(18,087,757.96)
Deletion to Fixed Assets (net)	44,444.00	2,942,150.00
Redemption / (Purchase) of investments	(290,141,951.00)	(25.00)
Dividend Received	30.00	124.00
<b>Net cash used in investing activities</b>	<b>(347,595,534.03)</b>	<b>(15,145,508.96)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Shares	514,200,000.00	-
Expenses for Issue of Shares	(53,842,697.77)	-
Proceeds from Long Term Borrowings (Net)	151,925,203.43	43,316,937.37
Proceeds from Short Term Borrowings (Net)	15,517,376.58	71,649,648.56
Finance Charges paid (Net)	(62,285,442.70)	(38,628,877.31)
<b>Net cash from Financing Activities</b>	<b>565,514,439.54</b>	<b>76,337,708.62</b>
<b>D NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>16,844,389.94</b>	<b>8,018,207.07</b>
Opening Cash and Cash Equivalents	11,815,440.07	3,797,233.00
Closing Cash and Cash Equivalents	28,659,830.08	11,815,440.07

For **Jayesh Sanghrajka & Co.**  
Chartered Accountants

**Jayesh Sanghrajka**  
**Partner**  
**M.No.37430.**

Place: Mumbai  
Date: 11<sup>th</sup> May, 2006

For and on behalf of the Board of Directors

Usha B. Kulkarni                      Chairperson  
Ajit B. Kulkarni                      Managing Director  
Mahesh Joshi                          Company Secretary

Place: Mumbai  
Date: 11<sup>th</sup> May, 2006

**STATEMENT PURSUANT TO PART-IV OF SCHEDULE VI TO  
THE COMPANIES ACT, 1956**

**Balance Sheet Abstract and Company's General Business Profile**

**I. REGISTRATION DETAILS**

Registration No. 

0	9	0	7	6	0
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 State Code 

1	1
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Balance Sheet 

3	1	0	3	2	0	0	6
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Date 

--	--	--	--	--	--

 Date 

--	--	--	--

 Month 

--	--	--	--

 Year

**II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN THOUSAND)**

Public Issue	Rights Issue																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 4 2 8 5 0											<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> -										
Bonus Shares	Private Placement																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 8 0 0 0 0											<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> -										

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN THOUSANDS)**

Total Liabilities	Total Assets																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 1 2 6 1 4 7 7											<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 1 2 6 1 4 7 7										

**SOURCES OF FUNDS**

Paid-up Capital	Reserves & Surplus																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 1 4 2 8 5 0											<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 6 7 9 4 9 0										
Secured Loans / Unsecured Loans	Deferred Liabilities																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 4 3 8 1 7 6											<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 9 6 1										

**APPLICATION OF FUNDS**

Net Fixed Assets	Investments																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 1 3 4 0 3 5											<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 2 9 4 5 8 7										
Net Current Assets	Miscellaneous Expenditure																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 7 8 9 7 8 3											<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 4 3 0 7 2										
Accumulated Losses																					
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> -																					

**IV. PERFORMANCE OF THE COMPANY (AMOUNT IN THOUSANDS)**

Turnover	Total Expenditure																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 1 5 8 0 3 1 3											<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 1 4 4 3 4 4 1										
+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) Before Tax																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 3 1 3 6 8 7 2											<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 3 1 2 2 7 4 9										
Earning per Share (Amount in Rupees) (Weighted Average)	Dividend Rate (%)																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 1 4 . 4 7											<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> -										

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY**

Item Code No. (ITC Code)	Product Description												
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> N A							<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> Building & Construction						

For Jayesh Sanghrajka & Co.  
Chartered Accountants

For and on behalf of the Board of Directors  
Usha B. Kulkarni                      Chairperson  
Ajit B. Kulkarni                      Managing Director  
Mahesh Joshi                          Company Secretary

**Jayesh Sanghrajka**  
**Partner**  
**M.No.37430.**

Place: Mumbai  
Date: 11<sup>th</sup> May, 2006

Place: Mumbai  
Date: 11<sup>th</sup> May, 2006

**Jayesh Sanghrajka & Co. (Regd)**  
**CHARTERED ACCOUNTANTS**

**AUDITORS' REPORT**

We have audited the attached consolidated balance sheet of **Pratibha Industries Limited** and its joint ventures, as at 31<sup>st</sup> March, 2006, the consolidated profit and loss account and also the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirement of the Accounting Standard 21, consolidated financial statements and Accounting Standard 27 reporting of interest in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of separate audited / certified financial statements, we are of the opinion that:

- In the case of the consolidated balance sheet gives true and fair view of the consolidated state of affairs of the company and its joint ventures as at 31<sup>st</sup> March, 2006;
- In the case of the consolidated profit and loss account gives a true and fair view of the consolidated Profit / Loss for the year ended on that date; and
- In the case of the consolidated cash flow statement gives a true and fair view of the consolidated cash flows for the year ended on that date.

For **Jayesh Sanghrajka & Co.**  
Chartered Accountants

**Jayesh Sanghrajka**  
M.No.37430  
Partner

Mumbai,  
11<sup>th</sup> May, 2006.

**PRATIBHA INDUSTRIES LTD. (Consolidated)**  
**Consolidated Balance Sheet as at 31<sup>st</sup> March, 2006**

Particulars	SCH	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	A	142,850,000.00	20,000,000.00
Reserve & Surplus	B	679,489,633.33	165,390,464.57
		<b>822,339,633.33</b>	<b>185,390,464.57</b>
<b>DEFERRED TAX LIABILITY</b>			
		960,806.00	748,704.00
<b>LOAN FUNDS</b>			
Secured Loans	C	415,706,060.53	355,274,551.43
Unsecured Loans	D	87,558,687.00	19,345,000.00
		<b>503,264,747.53</b>	<b>374,619,551.43</b>
<b>TOTAL</b>			
		<b>1,326,565,186.86</b>	<b>560,758,720.00</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	E	156,599,009.13	99,525,058.10
Less: Depreciation		21,708,866.27	15,334,188.98
Net Block		<b>134,890,142.86</b>	<b>84,190,869.12</b>
<b>INVESTMENTS</b>			
	F	294,586,536.00	4,869,585.00
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	G	378,247,199.21	276,673,699.00
Sundry Debtors	H	591,670,728.57	429,111,203.10
Cash & Bank Balance	I	33,009,362.13	12,014,705.72
Loans, Advances & Deposits	J	399,476,922.46	261,669,652.74
		<b>1,402,404,212.37</b>	<b>979,469,260.56</b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Sundry Creditors	K	422,596,944.82	381,756,068.15
Other Liabilities & Provisions	L	35,572,237.26	33,406,435.23
Advances & Deposits	M	90,218,245.30	92,608,491.30
		<b>548,387,427.38</b>	<b>507,770,994.68</b>
<b>WORKING CAPITAL</b>			
		854,016,784.99	471,698,265.88
<b>MISCELLANEOUS EXPENSES</b>			
	N	<b>43,071,723.01</b>	-
<b>TOTAL</b>			
		<b>1,326,565,186.86</b>	<b>560,758,720.00</b>

Significant Accounting Policies & Notes to Accounts

T

As per our Report of even date

For **Jayesh Sanghrajka & Co.**

Chartered Accountants

**Jayesh Sanghrajka**

**Partner**

**M.No.37430.**

Place: Mumbai

Date: 11<sup>th</sup> May, 2006

For and on behalf of the Board of Directors

Usha B. Kulkarni

Chairperson

Ajit B. Kulkarni

Managing Director

Mahesh Joshi

Company Secretary

Place: Mumbai

Date: 11<sup>th</sup> May, 2006

**PRATIBHA INDUSTRIES LTD. (Consolidated)**  
**Consolidated Profit & Loss Account for the year ended 31<sup>st</sup> March, 2006**

Particulars	SCH	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>INCOME</b>			
Income from Operations	O	<b>1,741,058,862.88</b>	1,213,945,481.95
Other Income		5,261,780.00	491,712.00
		<b>1,746,320,642.88</b>	<b>1,214,437,193.95</b>
<b>EXPENDITURE</b>			
Cost of Work Done	P	1,417,926,885.28	989,878,904.89
Personnel Expenses	Q	24,664,889.56	14,534,218.10
Establishment, Selling & Other Expenses	R	77,185,263.20	50,707,833.52
Finance Expenses	S	71,122,561.95	66,016,440.35
Depreciation	E	6,627,063.29	4,653,489.88
Share of JV Partner	T	905,187.08	2,202,021.30
Preliminary Expenses		10,770,974.76	22,906.00
		<b>1,609,202,825.12</b>	<b>1,128,015,814.04</b>
<b>PROFIT BEFORE TAX</b>			
Provision for Income Tax – Current		11,750,000.00	5,000,000.00
Provision for Deferred Tax Liability		212,102.00	349,024.00
Fringe Benefit Tax		2,406,547.00	-
<b>EXTRA ORDINARY ITEMS</b>			
Income Tax of earlier years		-	175,527.00
<b>PROFIT AFTER TAX</b>			
		<b>122,749,168.76</b>	<b>80,896,828.91</b>
<b>Weighted average number of shares</b>			
- Basic		<b>8,484,493</b>	<b>2,000,000.00</b>
- Adjusted		<b>8,484,493</b>	<b>10,000,000.00</b>
<b>Basic and Diluted Earning per Share (Net of Tax)</b>			
- Basic		<b>14.47</b>	<b>40.45</b>
- Adjusted		<b>14.47</b>	<b>8.09</b>

Significant Accounting Policies & Notes to Accounts

T

As per our Report of even date

For **Jayesh Sanghrajka & Co.**

Chartered Accountants

**Jayesh Sanghrajka**

**Partner**

**M.No.37430.**

Place: Mumbai

Date: 11<sup>th</sup> May, 2006

**For and on behalf of the Board of Directors**

Usha B. Kulkarni

Chairperson

Ajit B. Kulkarni

Managing Director

Mahesh Joshi

Company Secretary

Place: Mumbai

Date: 11<sup>th</sup> May, 2006



**PRATIBHA INDUSTRIES LTD. (Consolidated)**  
**Schedules annexed to and forming part of the Consolidated Annual Accounts 2005 - 06**

Particulars	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>SCHEDULE – ‘A’ – SHARE CAPITAL</b>		
<b>Authorized Capital</b>		
(16,000,000 Equity Shares of Rs. 10/- each)	<b>Total</b>	<b>160,000,000.00</b>
(Last Year 2,000,000 equity shares of Rs. 10/- each)		<b>20,000,000.00</b>
<b>Issued, Subscribed &amp; Fully Paid-up</b>		
(14,285,000 Equity shares of Rs.10/- Each)		
(Last Year 2,000,000 equity shares of Rs. 10/- each)		
(Of the above 8,000,000 shares have been issued as bonus shares on 21.06.2005 being issued for consideration other than cash)	142,850,000.00	20,000,000.00
	<b>Total</b>	<b>142,850,000.00</b>
		<b>20,000,000.00</b>
<b>SCHEDULE – ‘B’ – RESERVE &amp; SURPLUS</b>		
<b>Profit &amp; Loss Account</b>		
Opening Balance	165,390,464.57	84,493,635.66
Addition During the Period	122,749,168.76	80,896,828.91
Less: Capitalisation During the Period	80,000,000.00	-
	208,139,633.33	165,390,464.57
Security Premium Account	471,350,000.00	-
	<b>Total</b>	<b>679,489,633.33</b>
		<b>165,390,464.57</b>
<b>SCHEDULE – ‘C’ – SECURED LOANS</b>		
Loans for Vehicles & Construction Equipments (For Security See Note(a) below)	40,478,517.61	26,427,171.00
Working Capital Finance from Consortium of Banks (For Security See Note(b) below)	163,981,181.14	97,283,934.88
Factoring Facility (For Security See Note(c) below)	-	42,215,422.52
Working Capital Demand Loans (For Security See Note(d) below)	-	10,480,887.90
Project - Specific Term Finance (For Security See Note(e) below)	146,157,869.51	74,981,258.95
Project - Specific Term Finance in respect of PPJV from SICOM Ltd. (For Security See Note(f) below)	65,088,492.27	103,885,876.18
	<b>Total</b>	<b>415,706,060.53</b>
		<b>355,274,551.43</b>
<b>Notes :</b>		
a.	Secured by hypothecation of specific assets/vehicle purchased.	
b.	Secured by	
	(i) First charge by way of hypothecation of current assets of the company (other than those specifically charged to other banks) namely Stock of Raw Materials, Stock of Works in progress & Receivables.	
	(ii) First Charge on the gross block of the company (other than those specifically charged to other banks) and collaterally secured by mortgage of fixed assets belonging to the promoters of the Company.	
(iii)	Corporate Guarantees of Pratibha Pipes & Structural Pvt. Ltd. and Pratibha Precast Concrete Industries Pvt. Ltd. & personal guarantees of all the promoters of the Company.	
c.	Secured by	
	(i) First charge on receivables of the Company, factored by Canbank Factors Ltd.	
	(ii) Corporate Guarantees of Pratibha Pipes & Structural Pvt. Ltd and Pratibha Precast Concrete Industries Pvt. Ltd. and personal guarantee of all promoters of the Company.	
d.	Working Capital Demand Loans represent loans availed from The United Western Bank Ltd .to finance our requirement to furnish EMD to various clients and Corporate loan availed from The United Western Bank Ltd. This loan was further secured by Corporate Guarantees of Pratibha Pipes & Structural Pvt. Ltd. and personal guarantee of all promoters of the Company.	
e.	Project Specific term finance from Bank represent (i) term loan availed by the Company for executing "deferred payment projects" of Akola Municipal Corporation. This loan is secured by way of Bank Guarantee of Akola Municipal Corporation for Rs. 801.00 Lacs and further guaranteed by personal guarantee of the Promoters. & (ii) project specific loan availed from State Bank of India secured by hypothecation of current assets of the project, and further secured by the personal guarantees of the promoters of the Company. This loan is availed for executing MGL-II project of MCGM.	
f.	Secured by receivables of PPJV from PMC.	
<b>SCHEDULE – ‘D’ – UNSECURED LOANS</b>		
From Banks & Financial Institutions	87,558,687.00	-
From Directors, Relatives, Members and Related Concerns	-	19,345,000.00
	<b>Total</b>	<b>87,558,687.00</b>
		<b>19,345,000.00</b>

**PRATIBHA INDUSTRIES LTD. (Consolidated)**  
**Schedules annexed to and forming part of the Consolidated Annual Accounts 2005 - 06**  
**SCHEDULE – 'E' – FIXED ASSETS**

Sr.-No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		Cost as on 01-04-2005	Additions	Sale/Transfer	Cost as on 31-03-2006	As on 01-04-2005	For the Year	On Sale/Transfer	As on 31-03-2006	As on 31-03-2005	As on 31-03-2006
1	Goodwill	7500000.00	-	-	7500000.00	-	-	-	-	7500000.00	7500000.00
2	Office Premises	22114569.00	490380.00	-	22604949.00	818180.90	489028.89	-	1307209.79	21296388.10	21297739.21
3	Plant & Machinery	42302627.36	33048823.25	-	75351450.61	8120450.12	2626851.61	-	10747301.73	34182177.24	64604148.88
4	Furniture & Fixture	5599324.90	2501860.00	-	8101184.90	1253463.43	411999.79	-	1665463.22	4345861.47	6435721.68
5	Electrical Installation	661750.15	42500.00	-	704250.15	175208.71	32428.68	-	207637.39	486541.44	496612.76
6	Office Equipment	3171697.00	1153345.00	-	4325042.00	1002751.63	424812.83	-	1427564.46	2168945.37	2897477.54
7	Vehicles	17090430.69	20242428.78	446040.00	36886819.47	3883091.98	2553919.40	252386.00	6184625.38	13207338.71	30702194.09
8	Computer Software	153080.00	18720.00	-	171800.00	36232.00	34103.56	-	70335.56	116848.00	101464.44
<b>Total</b>		98593479.10	57498057.03	446040.00	155645496.13	15289378.77	6573144.76	252386.00	21610137.53	83304100.33	134035358.60
<b>Previous Year</b>		86293872.14	18087757.96	5788151.00	98593479.10	11721835.10	4616769.67	1049226.00	15289378.77	74572037.04	83304100.33

**Assets of Unity Pratibha Multimedia JV**

Sr.-No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		Cost as on 01-04-2005	Additions	Sale/Transfer	Cost as on 31-03-2006	As on 01-04-2005	For the Year	On Sale/Transfer	As on 31-03-2006	As on 31-03-2005	As on 31-03-2006
1	Plant & Machinery	756562.00	14375.00	-	770937.00	22406.57	36619.51	-	59026.08	734155.43	711910.92
2	Computer & Printer	59526.00	5000.00	-	64526.00	11362.85	10053.30	-	21416.15	48163.15	43109.85
3	Furniture & Fixture	105091.00	709.00	-	105800.00	10556.26	6692.59	-	17248.85	94534.74	88551.15
4	Office Equipment	10400.00	-	-	10400.00	484.53	494.00	-	978.53	9915.47	9421.47
5	Bicycle	-	1850.00	-	1850.00	-	59.13	-	59.13	-	1790.87
<b>Total</b>		931579.00	21934.00	-	953513.00	44810.21	53918.53	-	98728.74	886768.79	854784.26
<b>Previous Year</b>		228810.00	702769.00	-	931579.00	8090.00	36720.21	-	44810.21	220720.00	886768.79

**PRATIBHA INDUSTRIES LTD. (Consolidated)**  
**Schedules annexed to and forming part of the Consolidated Annual Accounts 2005 - 06**

Particulars	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>SCHEDULE – 'F' – INVESTMENTS</b>		
(Long Term – At Cost)		
<b>Trade Unquoted (Share Application)</b>		
Share Application Money in Pratibha Ispat Pvt. Ltd.	-	500,000.00
Share Application Money in Pratibha Pipes & Structural Pvt. Ltd.	-	1,826,960.00
<b>Trade Unquoted</b>		
Shares of Janakalyan Sahakari Bank Ltd.	1,000.00	1,000.00
Shares of Abhyudaya Co Op. Bank Ltd.	26,600.00	26,600.00
Shares of The Greater Bombay Co. Op. Bank Ltd.	25.00	25.00
Shares of Mukhtangan Developers Pvt. Ltd.	2,000,000.00	-
<b>Non-Trade Unquoted</b>		
Bonds The United Western Bank Ltd.	2,500,000.00	2,500,000.00
National Saving Certificates	15,000.00	15,000.00
Investments from Unutilised Money out of the I.P.O.	290,000,000.00	-
<b>Non-Trade Quoted</b>		
Investment in Gold Coins (M. Value Rs.47432/-)	43,911.00	-
<b>Total</b>	<b>294,586,536.00</b>	<b>4,869,585.00</b>
<b>SCHEDULE – 'G' – INVENTORIES</b>		
(As per Inventories certified and valued by the Management)		
Own	361,933,630.50	208,758,503.00
Work in Progress of Petron Pratibha JV	11,824,778.71	22,957,116.00
Work in Progress of Unity Pratibha Multimedia JV	4,268,540.00	44,958,080.00
Work in Progress of Pratibha Unity JV	220,250.00	-
<b>Total</b>	<b>378,247,199.21</b>	<b>276,673,699.00</b>
<b>SCHEDULE – 'H' – SUNDRY DEBTORS</b>		
(Unsecured, Considered good)		
Debts outstanding for a period exceeding 6 months	2,359,875.63	145,862,371.93
Other Debts	519,107,014.94	187,054,072.17
(Of above Rs. 25,570,686/- pertains to UPM JV)		
(Of above Rs. 87,407,201.05 pertains to PP JV)		
Project Specific Debts (Akola Municipal Corp.)	70,203,838.00	96,194,759.00
<b>Total</b>	<b>591,670,728.57</b>	<b>429,111,203.10</b>
<b>SCHEDULE – 'I' – CASH &amp; BANK BALANCE</b>		
(Unsecured, Considered good)		
Cash in hand	3,395,237.99	2,473,324.42
Balance with Banks In Current Account of Scheduled Banks	25,264,592.09	9,342,115.72
Cash & Bank Balance of UPM JV	4,325,081.09	152,170.34
Cash & Bank Balance of PP JV	24,450.96	47,095.24
<b>Total</b>	<b>33,009,362.13</b>	<b>12,014,705.72</b>

**PRATIBHA INDUSTRIES LTD. (Consolidated)**  
**Schedules annexed to and forming part of the Consolidated Annual Accounts 2005 - 06**

Particulars	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>SCHEDULE – 'J' – LOANS, ADVANCES &amp; DEPOSITS</b>		
(Unsecured, Considered Goods unless otherwise stated)		
Advances recoverable in cash or in kind for value to be received		
Other Deposits	132,662,455.25	83,983,914.93
Loans and Advances to staff	335,208.71	179,650.00
(of the above Rs. 91,177/- is in respect of UPM JV)		
Tax Deducted At Source And Advance Tax	18,138,279.00	18,206,663.00
(of the above Rs. 3,203,162/- is in respect of PP JV)		
Advance to Muktangan Developers Pvt. Ltd.	7,666,000.00	-
Prepaid Expenses	4,446,898.75	5,183,893.00
Mobilisation Advances	2,000,000.00	4,814,352.76
Other Advances	3,083,094.98	-
Term Deposits with Banks	135,539,414.00	91,500,862.00
Sales Tax Refund Due	3,024,544.00	-
Advances to Suppliers	48,998,570.30	25,264,079.30
Advances to Suppliers of UPM JV	26,68,034.19	3,296,765.75
Deposits with SICOM in respect of PP JV	1,650,000.00	-
Deposits with various authorities of UPM JV	31,215,600.00	29,239,472.00
Interest Accrued But Not Due	795,868.28	-
Excise Balance	862,168.00	-
Service Tax Credit Receivable	6,390,787.00	-
<b>Total</b>	<b>399,476,922.46</b>	<b>261,669,652.74</b>
<b>SCHEDULE – 'K' – CREDITORS</b>		
Creditors under Letters of credit	99,397,383.12	241,077,968.86
Sundry Creditors	312,170,967.30	108,810,805.46
Sundry Creditors of UPM JV	3,175,787.40	26,734,405.83
Sundry Creditors of PP JV	7,852,807.00	5,132,888.00
<b>Total</b>	<b>422,596,944.82</b>	<b>381,756,068.15</b>
<b>SCHEDULE – 'L' – OTHER LIABILITIES &amp; PROVISIONS</b>		
Annuity Period Expenses Provision	5,693,069.00	15,124,771.00
Annuity Period Expenses Provision of PPJV	5,842,654.00	6,231,632.68
Director's Remuneration Payable	189,484.00	108,852.00
Electricity & Water Expenses Payable	72,686.00	42,290.00
Employee ESIC	1,539.00	1,496.00
Gratuity Fund Payable	89,225.00	107,435.00
Other Provisions	36,910.00	2,383.00
Professional Tax	22,220.00	13,555.00
Provision for Employee Benefit	884,625.00	56,666.00
Provision for Fringe Benefit Tax	1,181,362.00	-
Provision for Tax	11,750,000.00	5,000,000.00
Salary & Wages Payable	1,280,862.00	473,913.00
Service Tax Payable	-	1,051.00
TDS Payable(Including Interest Thereon)	1,307,157.00	1,337,319.00
Telephone Expenses Payable	159,504.00	9,134.00
Works Contract Tax Provision	1,746,429.00	-
Outstanding Expenses of UPM JV	151,865.00	304,086.25
Outstanding Expenses of PP JV	305,956.00	640,348.00
<b>Minority Interest in Joint Venture</b>		
Unity Pratibha Multimedia JV	1,902,069.26	1,785,306.00
Petron Pratibha JV	2,954,621.00	2,166,197.30
<b>Total</b>	<b>35,572,237.26</b>	<b>33,406,435.23</b>

**PRATIBHA INDUSTRIES LTD. (Consolidated)**  
**Schedules annexed to and forming part of the Consolidated Annual Accounts 2005 - 06**

Particulars	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>SCHEDULE – 'M' – ADVANCES &amp; DEPOSITS</b>		
Mobilisation Advance	51,007,731.50	58,158,308.50
Other Advances	1,196,500.00	1,507,925.00
Secured Advance	429,750.00	1,022,886.00
Security Deposit	37,584,263.80	31,919,371.80
<b>Total</b>	<b>90,218,245.30</b>	<b>92,608,491.30</b>
<b>SCHEDULE – 'N' – MISCELLANEOUS EXPENSES</b>		
Expenses on Initial Public Offering	52,147,697.77	-
Preliminary Expenses	1,695,000.00	22,906.00
Less : written off	10,770,974.76	22,906.00
<b>Total</b>	<b>43,071,723.01</b>	<b>-</b>
<b>SCHEDULE – 'O' – OTHER INCOME</b>		
Dividend Received	30.00	124.00
Interest on Income Tax Refund	264,743.00	215,162.00
Interest received from others	130,103.00	116,426.00
Rent received	1,695,895.00	160,000.00
Sales Tax Refund	3,024,544.00	-
Services Charges	146,465.00	-
<b>Total</b>	<b>5,261,780.00</b>	<b>491,712.00</b>
<b>SCHEDULE – 'P' – COST OF WORK DONE</b>		
<b>Opening Stock</b>		
Own	208,758,503.00	
PPJV	22,957,116.00	42,234,488.02
UPM JV	44,958,080.00	22,042,419.00
<b>Add : Purchases</b>		
Own	1,305,093,229.95	754,919,447.14
PPJV	37,093,723.00	62,408,549.00
UPM JV	44,632,108.15	202,088,906.20
<b>Add : Direct Expenses</b>		
Own	123,628,676.60	78,377,032.13
PPJV	-	-
UPM JV	9,052,647.79	8,692,805.40
	<b>1,796,174,084.49</b>	<b>1,170,763,646.89</b>
<b>Less : Closing Stock</b>		
Own	361,933,630.50	208,758,503.00
PPJV	11,824,778.71	22,957,116.00
UPM JV	4,268,540.00	44,958,080.00
PU JV	220,250.00	-
	<b>378,247,199.21</b>	<b>276,673,699.00</b>
<b>Total</b>	<b>1,417,926,885.28</b>	<b>989,878,904.89</b>
<b>SCHEDULE – 'Q' – PERSONNEL EXPENSES</b>		
Directors' Sitting Fees	100,000.00	-
Directors Remuneration	3,828,866.00	1,746,099.00
Salaries and wages	14,768,203.00	8,584,375.00
Director medical expenses	164,822.40	842,465.00
Contribution to PF, ESIC etc.	845,105.00	618,877.00
Staff welfare expenses	3,704,143.16	1,739,402.10
Insurance Charges (Key man)	1,253,750.00	1,003,000.00
<b>Total</b>	<b>24,664,889.56</b>	<b>14,534,218.10</b>

**PRATIBHA INDUSTRIES LTD. (Consolidated)**  
**Schedules annexed to and forming part of the Consolidated Annual Accounts 2005 - 06**

Particulars	Financial Year Ended 31.03.2006	Financial Year Ended 31.03.2005
<b>SCHEDULE – ‘R’ – ESTABLISHMENT &amp; SELLING EXPENSES</b>		
Auditors Remuneration	677,740.00	168,320.00
Advertisement Expenses	510,198.00	294,290.00
Bad Debts W/Off	233,781.00	79,786.00
Books & Periodicals	69,303.00	21,938.00
Brokerage Expenses	132,591.00	106,884.00
Computer & Software Expenses	176,661.23	132,217.00
Discount	93,766.04	516,399.65
Donation	1,286,970.00	316,658.00
Electricity Charges	809,540.38	877,428.89
Fees & Subscription	162,772.00	7,035.00
General Expenses	896,585.40	878,278.22
ISO Expenses	8,265.00	-
Insurance	7,473,702.00	4,978,453.00
Loss on Sale of Fixed Assets	149,210.00	1,796,775.00
Loss on Sale of Unquoted Long Term Investment	425,000.00	-
Laboratory Charges	-	28,634.00
Legal Fees & Professional Fees	8,993,014.00	5,575,227.00
Octroi	20,736.00	696,347.00
Pooja & Festival Expenses	862,088.50	523,250.00
Postage & Telegram & Telephone	2,279,683.25	1,808,189.79
Printing & Stationery	1,180,157.25	1,115,531.00
Registration Fees	156,685.00	77,865.00
Rates & Taxes	29,711,219.02	18,759,239.13
Rent	2,713,778.00	1,738,210.50
Repair & Maintenance - Building	143,272.00	125,552.00
Repair & Maintenance - Machinery	73,686.00	4,674.00
Royalty Expenses	1,044,824.00	2,000.00
Sales Promotion	3,152,428.15	784,736.37
Security Service Charges	709,891.00	199,522.00
Service Charges	68,040.00	36,287.80
Sewerage Charges	1,952,546.00	161,657.00
Tender Expenses	1,338,439.00	728,715.00
Traveling Expenses	4,653,621.70	2,391,534.86
Vehicle Expenses	5,025,069.28	5,776,198.31
(Of the above Rs. 3,920,441/- in respect of PP JV)		
(Of the above Rs.6,437,233.46 in respect of UPM JV)		
<b>Total</b>	<b>77,185,263.20</b>	<b>50,707,833.52</b>
<b>SCHEDULE – ‘S’ – FINANCE EXPENSES</b>		
Bank Charges & Commission	6,522,799.93	1,402,502.64
Bank Commission (BG/LC)	17,261,512.60	17,460,261.42
Factoring Charges	4,464,580.00	3,843,498.00
Interest on Mobilisation	6,022,926.58	5,341,227.69
Interest on Inter Corporate Deposit	95,805.00	-
Interest (Others)	102,177.00	148,853.00
Interest Paid (Bank)	39,766,152.47	39,201,101.73
Interest on Finance for Vehicles & Construction Equipments	2,296,591.97	1,895,009.43
Banking Cash Transaction Tax	38,833.00	-
Less: Interest Received From Banks	(5,448,816.60)	(3,276,013.56)
(TDS On Interest Rs.653625/-) (P.Y. Rs. 487893/-)		
<b>Total</b>	<b>71,122,561.95</b>	<b>66,016,440.35</b>
<b>SCHEDULE – ‘T’ – SHARE OF JV PARTNERS</b>		
In Petron Pratibha Joint Venture		
JV Partner - Petron Civil Engineering Pvt. Ltd.	788,424.00	1,266,378.30
In Unit Pratibha Multimedia Joint Venture		
JV Partners - Unity Infraprojects Ltd. & Multimedia Designers Pvt. Ltd.	116,763.08	935,643.00
<b>Total</b>	<b>905,187.08</b>	<b>2,202,021.30</b>

**PRATIBHA INDUSTRIES LTD.**  
**Consolidated Cash Flow Statement For The Year Ended 31.03.2006**

	31.03.2006 Amount Rs.	31.03.2005 Amount Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	137,117,817.76	86,421,379.91
Adjustment for :		
Depreciation	6,627,063.29	4,653,489.88
Loss / (Profit) on Sale of Assets & Investment	574,210.00	1,796,775.00
Annuity Period Expenses	-	13,964,611.00
Preliminary Expenses Written Off	10,770,974.76	22,906.00
Share of Joint Venture Partner	905,187.08	2,202,021.30
Finance Charges	71,122,561.95	52,051,829.35
Dividend Received	(30.00)	(124.00)
<b>Operating Profit before working Capital Changes</b>	<b>227,117,784.84</b>	<b>161,112,888.44</b>
Adjustment for:		
Inventories	(101,573,500.21)	(116,607,834.98)
Sundry Debtors	(162,559,525.47)	(204,823,956.34)
Loans & Advances	(137,807,269.72)	(99,900,360.69)
Sundry Creditors	40,840,876.67	199,128,479.18
Other Liabilities	1,260,614.95	(9,200,574.21)
Advances & Deposits	(2,390,246.00)	(6,289,029.70)
	<b>(135,111,264.94)</b>	<b>(76,580,388.30)</b>
Direct Taxes Paid	14,156,547.00	5,175,527.00
<b>Net cash outflow from Operating Activities</b>	<b>(149,267,811.94)</b>	<b>(81,755,915.30)</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Additions to Fixed Assets	(57,519,991.03)	(18,790,526.96)
Deletion to Fixed Assets (net)	44,444.00	2,942,150.00
Redemption / (Purchase) of investments	(290,141,951.00)	(25.00)
Dividend Received	30.00	124.00
<b>Net cash outflow from investing activities</b>	<b>(347,617,468.03)</b>	<b>(15,848,277.96)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Shares	514,200,000.00	-
Expenses for Issue of Shares	(53,842,697.77)	-
Proceeds from Long Term Borrowings (Net)	114,644,260.26	78,727,814.63
Proceeds from Short Term Borrowings (Net)	14,000,935.84	71,649,648.56
Finance Charges paid (Net)	(71,122,561.95)	(52,051,829.35)
<b>Net cash inflow from Financing Activities</b>	<b>517,879,936.38</b>	<b>98,325,633.84</b>
<b>D NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>20,994,656.41</b>	<b>721,440.58</b>
Opening Cash and Cash Equivalents	12,014,705.72	11,293,265.14
Closing Cash and Cash Equivalents	33,009,362.13	12,014,705.72

**Notes :** 1. The above statement has been prepared in indirect method as described in AS - 3 issued by ICAI.

For **Jayesh Sanghrajka & Co.**

Chartered Accountants

**Jayesh Sanghrajka**

**Partner**

**M.No.37430.**

Place: Mumbai

Date: 11<sup>th</sup> May, 2006

**For and on behalf of the Board of Directors**

Usha B. Kulkarni

Ajit B. Kulkarni

Mahesh Joshi

Chairperson

Managing Director

Company Secretary

Place: Mumbai

Date: 11<sup>th</sup> May, 2006

## NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of Pratibha Industries Limited, will be held on Friday the 16<sup>th</sup> day of June, 2006, at Patkar Hall, S.N.D.T. Women's University, 1, Nathibai Thackersey Road, Mumbai – 400 020, to transact the following business

### ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at March 31, 2006, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Usha B. Kulkarni who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT M/s. Jayesh Sanghrajka & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Anilkumar G. Karkhanis, who was appointed as a Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company.”
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Awinash M. Arondekar, who was appointed as a Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company.”
6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Shrikant T. Gadre, who was appointed as a Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company.”
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT in accordance with the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Authorised Share Capital of the Company be and is hereby increased from Rs. 16,00,00,000 (Rupees Sixteen Crores) divided into 1,60,00,000 (One Crore Sixty Lakhs) Equity Shares of Rs. 10 (Rupees Ten) each to Rs. 25,00,00,000 (Rupees Twenty Five Crores) divided into 2,50,00,000 (Two Crores Fifty Lakhs) Equity Shares of Rs.10 (Rupees Ten) each by creation of 90,00,000 (Ninety Lakhs) equity shares of Rs. 10 (Rupees Ten) each.”
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:  
“RESOLVED THAT Clause V of the Memorandum of Association of the Company, relating to the Share Capital be and is hereby altered by deleting the existing clause and substituting in its place and stead, the following new ‘Clause V’.  
V. The Authorised Share Capital of the Company is Rs. 25,00,00,000 (Rupees Twenty Five Crores) divided into 2,50,00,000 (Two Crore Fifty Lakhs) Equity Shares of Rs.10 (Rupees Ten) each with power to the Board to increase or decrease the Capital of the Company and to divide the Shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by the Board in its discretion.”



9. To Consider, and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT in supersession of the earlier resolution passed at the Extraordinary General Meeting held on 4<sup>th</sup> August, 2005, the consent of the Company be and is hereby accorded under Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) upto a limit not exceeding in the aggregate of Rs. 2,000 crores including Foreign borrowings like Foreign Currency Convertible Bonds, Foreign Currency Bonds etc. notwithstanding that moneys to be borrowed, together with the moneys already borrowed by the Company apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business will exceed the aggregate of the paid up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.”

10. To consider, and if thought fit, to pass the following resolution with or without modification(s) as a **Special Resolution**:  
“RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and relevant provisions of the Memorandum of Association and Articles of Association of the Company and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and subject to the approval, consent, permission and/or sanction of the Ministry of Finance and Ministry of Industry (Foreign Investment Promotion Board/ Secretariat for Industrial Assistance) of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, the Board of Directors (hereinafter referred to as the “Board”, which term shall be deemed to include any committee thereof referred to below) be and is hereby authorized on behalf of the Company to issue, offer and allot, in the course of international offerings, in one or more foreign markets, equity shares/ preference shares/ convertible debentures/ Convertible Notes/ Foreign Currency Convertible Bonds(FCCBs)/ Secured Premium Notes (SPN) and/or any securities convertible into equity shares at the option of the Company and/or holder of the securities and/or securities linked to equity shares through American Depository Receipts (ADRs) and/or Global Depository Receipts (GDRs) and/or any other instruments or securities (hereinafter referred to as the “Securities”) subscribed to in foreign currency(ies) for cash or stock swap or for other valuable consideration including strategic alliances, business(es) or a combination thereof, to Foreign Investors (whether Institutions and/or Incorporated Bodies and/or Individuals and whether or not such investors are members of the Company) through Public Issue(s), Private Placement(s), Preferential Allotment(s), which upon conversion of all Securities so issued or allotted could give rise to the issue of an amount (inclusive of such premium as may be determined) upto US\$ 50 mn and such issue and allotment to be made at such time or times, in one or more tranches, at such price or prices, on such terms and conditions including security, rate of interest and in such manner as the Board may, in its absolute discretion think fit in consultation with the Lead Manager(s)/ Investment Banker(s) and/or the Underwriters, subject to guidelines of the Reserve Bank of India(RBI), Securities and Exchange Board of India(SEBI) and Ministry of Finance, and otherwise on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.

RESOLVED FURTHER THAT the Company and/or any agency or body authorized by the Company may issue depository receipts representing the underlying equity shares or other securities issued by the Company, in registered form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations, and under the forms and practices prevalent in the international markets including filing any registration statement and any amendment thereto with the respective regulatory authorities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities referred to in paragraph one above or as may be necessary in accordance with the terms of the offering, all such shares ranking pari-passu with the equity shares of the Company in all respects and the Board be further authorized to execute necessary documents for the purpose of listing the equity shares on the Stock Exchanges in India.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of equity shares or securities or instruments or securities representing the same, as described in paragraph one above, the Board and other designated officers of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as they may at their discretion deem necessary or desirable for such purpose, including without limitation, filing a Registration Statement and other documents with the respective regulatory authorities, listing the securities on overseas stock exchanges such as Luxembourg and/or London and/or Nasdaq and/or New York Stock Exchange(NYSE) and/or any of the other overseas stock exchanges, and the entering into and executing all such arrangements/ agreement(s) with any Lead Manager(s)/ Investment Banker(s)/ Underwriter(s)/ Guarantor(s)/ Depository(ies)/ Custodian(s) and all such agents as may be involved or concerned in such offering of securities and

to remunerate all such agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of directors or chief executive officer or any executive director or directors or any other officer or officers of the Company to give effect to the aforesaid resolution.”

11. To consider, and if, thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

“RESOLVED THAT in modification of the resolution passed in the Extraordinary General Meeting of the Company held on 4<sup>th</sup> August, 2005 and pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and all applicable guidelines for managerial remuneration issued by the Central Government from time to time, the Company hereby approves increase in the remuneration payable to Managing Director w.e.f. 1<sup>st</sup> April, 2006 as set out hereafter and with further liberty to the Board (which term shall be deemed to include the Remuneration Committee, constituted by the Board) from time to time to alter the said terms and conditions in such manner as may be agreed to between the Board and Mr. Ajit B. Kulkarni in the best interests of the Company, but subject to the restrictions, if any, contained in the Companies Act, 1956 and Schedule XIII to the said act as amended upto date or otherwise as may be permissible at law:-

**A) SALARY**

- a) Basic Salary Rs. 3,00,000/- (Rupees Three Lakhs only) per month.
- b) Performance Bonus linked to the achievement of targets, as may be decided from time to time. Further subject to Section I, Part II of Schedule XIII to the Companies Act, 1956 the Bonus together with the Basic Salary and perquisites shall be restricted to 5% of the Net Profits.

**B) PERQUISITES**

- a) Medical Reimbursement: Reimbursement of domiciliary expenses incurred in India for self and family at actuals.
- b) Reimbursement of the medical insurance premium upto Rs. 1,00,000 (Rupees One Lakh Only) per annum for self and family.
- c) Reimbursement of hospitalization expenses not covered under the insurance policy for self and family at actuals.
- d) Leave Travel Allowance: For self and family every year @ 1 (one) month's basic salary. Subject to the above, other terms shall be in accordance with the Rules applicable to the Senior Executives of the Company (“the Rules”).
- e) Spouse accompanying on any official domestic and overseas trip will be governed as per the policy of the Company, as applicable to full time Directors/Business Heads.
- f) Club Fees: Fees of one Corporate Club in India (including admission and membership fee).
- g) Personal Accident Insurance coverage of Rs. 50,00,000 (Rupees Fifty Lakhs Only) for self as per the Rules of the Company.
- h) Company's contribution towards Provident Fund and Superannuation Fund, on basic salary as per the Rules applicable to Senior Executives of the Company.
- i) Gratuity as per the Payment of Gratuity Act on completion of five years of continuous service with the Group.
- j) One Car for use on Company's business.
- k) Leave and encashment of leave, in accordance with the Rules.
- l) A one time payment towards education of two dependant children including Registration fees, Capital Levy fee (non-refundable) and tuition fees in the sum of Rs. 4,00,000 (Rupees Four Lakhs only) in the aggregate.
- m) Educational allowance of Rs. 24,000/- (Rupees Twenty Four Thousand) per annum.

Subject as aforesaid, the Managing Director shall be governed by such other rules as are applicable to the Senior Executives of the Company from time to time.

So long as Mr. Ajit B. Kulkarni functions as Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

The appointment will be subject to termination by three months notice in writing on either side and neither party will have any claim against the other for damages or compensation by reason of such termination.

Where in any financial year comprised by the period of appointment, the Company has no profits or its profits are inadequate, the aforesaid remuneration and perquisites shall be paid to the Managing Director in accordance with the applicable provisions of Schedule XIII of the said Act and subject to the approval of the Central Government, if any required.

12. To consider, and if, thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

“RESOLVED THAT in modification of the resolution passed in the Extraordinary General Meeting of the Company held on 4<sup>th</sup> August, 2005 and pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the relevant provisions of the Articles of Association of the Company and all applicable guidelines for managerial remuneration issued by the Central Government from time to time, the Company hereby approves increase in the remuneration payable to Chairperson w.e.f. 1<sup>st</sup> April, 2006 as set out hereafter and with further liberty to the Board (which term shall be deemed to include the Remuneration Committee constituted by the Board) from time to time to alter the said terms and conditions in such manner as may be agreed to between the Board and Mrs. Usha B. Kulkarni in the best interests of the Company, but subject to the restrictions, if any, contained in the Companies Act, 1956 and Schedule XIII to the said act as amended upto date or otherwise as may be permissible at law:-

**A) SALARY**

- a) Basic Salary Rs. 1,00,000/- (Rupees One Lakh Only) per month.
- b) Performance Bonus linked to the achievement of targets, as may be decided from time to time. However subject to Section I, Part II of Schedule XIII to the Companies Act, 1956 the Bonus together with the Basic Salary and perquisites shall be restricted to 2% of the Net Profits.

**B) PERQUISITES**

In addition to the salary as above, the following perquisites [not exceeding the annual salary] shall be payable.

- a) **Driver's Salary:**  
The Company shall pay the salary of the driver of the car of Mrs. Usha B. Kulkarni.
- b) **Medical Reimbursement:**  
Expenses incurred for self and her family within reasonable limits as decided by the Management.
- c) **Car and Petrol Expenses:**  
The Company shall pay car and petrol expenses incurred for the Company's business.
- d) **Credit Card:**  
The Company shall reimburse the credit card expenses spent on behalf of the Company.
- e) **Fees and subscription:**  
The Company shall pay for the fees and subscription for professional magazine and newspaper.

She shall also be entitled to reimbursement of actual expenses including traveling, hotel bills, conveyance, entertainment, miscellaneous expenses and incidentals, incurred by her on behalf of and for the business of the Company.

Subject as aforesaid, the Chairperson shall be governed by such other rules as are applicable to the Senior Executives of the Company from time to time.

So long as Mrs. Usha B. Kulkarni functions as Chairperson of the Company, she shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

Where in any financial year comprised by the period of appointment, the Company has no profits or its profits are inadequate, the aforesaid remuneration and perquisites shall be paid to the Chairperson in accordance with the applicable provisions of Schedule XIII of the said Act and subject to the approval of the Central Government, if any required.

13. To consider, and if, thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

“RESOLVED THAT in modification of resolution passed in the Extraordinary General Meeting of the Company held on 4<sup>th</sup> August, 2005 and pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the relevant provisions of the Articles of Association of the Company and all applicable guidelines for managerial remuneration issued by the Central Government from time to time, the Company hereby approves increase in the remuneration payable to Whole Time Director w.e.f. 1<sup>st</sup> April, 2006 as set out hereafter and with further liberty to the Board (which term shall be deemed to include the Remuneration Committee constituted by the Board) from time to time to alter the said terms and conditions in such manner as may be agreed to between the Board and Mr. Vinayak B. Kulkarni in the best interests of the Company, but subject to the restrictions, if any, contained in the Companies Act, 1956 and Schedule XIII to the said act as amended upto date or otherwise as may be permissible at law:-

**A) SALARY**

- a) Basic Salary Rs. 80,000/- (Rupees Eighty Thousand Only) per month.
- b) Performance Bonus linked to the achievement of targets, as may be decided from time to time. However subject to Section I, Part II of Schedule XIII to the Companies Act, 1956 the Bonus together with the Basic Salary and perquisites shall be restricted to 1.5% of the Net Profits.

**B) PERQUISITES**

In addition to the salary as above, the following perquisites [not exceeding the annual salary] shall be payable.

- a) **Driver's Salary**  
The Company shall pay the salary of the driver of the car of Mr. Vinayak B. Kulkarni.
- b) **Medical Reimbursement:**  
Expenses incurred for self and his family within reasonable limits as decided by the Management.
- c) **Car and Petrol Expenses:**  
The Company shall pay car and petrol expenses incurred for the Company's business.
- d) **Credit Card:**  
The Company shall reimburse the credit card expenses spent on behalf of the Company.
- e) **Fees and subscription:**  
The Company shall pay for the fees and subscription for professional magazine and newspaper.  
He shall also be entitled to reimbursement of actual expenses including traveling, hotel bills, conveyance, entertainment, miscellaneous expenses and incidentals, incurred by him on behalf of and for the business of the Company.

Subject as aforesaid, the Whole time Director shall be governed by such other rules as are applicable to the Senior Executives of the Company from time to time.

So long as Mr. Vinayak B. Kulkarni functions as Whole-time Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

Where in any financial year comprised by the period of appointment, the Company has no profits or its profits are inadequate, the aforesaid remuneration and perquisites shall be paid to the Whole time Director in accordance with the applicable provisions of Schedule XIII of the said Act and subject to the approval of the Central Government, if any required.

**By Order of the Board of Directors**

**Mahesh Joshi**  
**Company Secretary**

Mumbai,  
May 11, 2006.

**Registered Office:**  
101, Usha Kamal,  
574, Chembur Naka,  
Chembur, Mumbai 400 071.

## NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 11 a.m. and 1 p.m. up to the date of the Meeting.
8. The Company has notified closure of Register of Members and Share Transfer Books from Wednesday, June 14, 2006 to Friday, June 16, 2006 (both days inclusive).
9. Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, M/s. Intime Spectrum Registry Limited, immediately of:
  - (a) The change in the residential status on return to India for permanent settlement.
  - (b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of Bank with Pin Code Number, if not furnished earlier.

# EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

## Item No. 4 to 6

The Board of Directors of the Company (the Board), at its meeting held on September 12, 2005 had appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Article 133 of the Articles of Association of the Company, Mr. Anilkumar G. Karkhanis, Mr. Awinash M. Arondekar and Mr. Shrikant T. Gadre, as Additional Directors of the Company. In terms of the provisions of Section 260 of the Act, they hold office up to the date of the ensuing Annual General Meeting and are eligible for appointment. The Company has received notices in writing from a member alongwith a deposit of Rs. 500 for each of them proposing their candidature for the office of Director of the Company under the provisions of Section 257 of the Act. A brief resume of Mr. Anilkumar G. Karkhanis, Mr. Awinash M. Arondekar and Mr. Shrikant T. Gadre along with the nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership / chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. None of the non-executive Directors hold equity shares in the Company in their own name or for any other persons on a beneficial basis.

All the above Directors are interested in the resolutions relating to their respective appointment as Director of the Company. The Board commends the Resolutions set out at Item No. 4 to 6 of the Notice for your approval.

## Item No. 7 & 8

In view of expansion of business of the Company, it is proposed to raise funds by way of issue of further shares. For this purpose it is deemed expedient to increase the present authorised share capital from Rs. 16,00,00,000 (Rupees Sixteen Crores) comprising of 1,60,00,000 equity shares of the face value Rs. 10 (Rupees Ten) each to Rs. 25,00,00,000 (Rupees Twenty Five Crores) comprising of 2,50,00,000 equity shares of the face value Rs. 10 (Rupees Ten) each.

Consequently, Clause V of the Memorandum of Association of the Company will be amended.

The Board commends the Resolutions set out at Item No. 7 & 8 of the Notice for your approval. None of the Directors are interested in the above resolutions.

## Item No: 9

The Board of Directors were authorised by a resolution passed at the Extra-ordinary General Meeting held on 4<sup>th</sup> August, 2005, to borrow monies upto a limit of Rs. 1,000 crores under Section 293(1)(d) of the Companies Act, 1956. In order to meet the increasing financial requirements of the Company it is felt necessary that the borrowing powers of the Board of Directors be increased from Rs. 1,000 crores to Rs. 2,000 crores. A fresh resolution under Section 293(1)(d) of the Companies Act, 1956 is therefore proposed as item No. 9 of the accompanying notice.

The Board commends the Resolution set out at Item No. 9 of the Notice for your approval. None of the Directors are interested in the above resolution.

## Item No: 10

The Special Resolution set out at Item No. 10 of this notice concerns a proposal by the Company to further issue securities by way of equity shares/ preference shares/ convertible debentures/ Convertible Notes/ Foreign Currency Convertible Bonds (FCCBs)/ Secured Premium Notes (SPN) and/or any securities convertible into equity shares at the option of the Company and/or holder of the securities and/or securities linked to equity shares through American Depository Receipts(ADRs) and/or Global Depository Receipts (GDRs) and/or any other instruments or securities (hereinafter referred to as the "Securities"), for cash consideration or stock swap or for other valuable consideration including strategic alliances, business(es) or a combination thereof, through Public Issue(s), Private Placement(s), Preferential Allotment(s), as mentioned in the resolution, for an amount not exceeding US \$ 50 mn. The purpose of the offer is to exploit the emerging opportunities for business growth through strategic alliances, both in India and abroad, meet expenditures on on-going/ new capital projects and consequent needs of additional long term working capital and for other Corporate Purposes.

The Board will work out the quantum, timing and modalities of the proposed offering(s) and also the utilization plans in consultation with the Advisors, Lead Manager(s)/ Investment Banker(s) and/or other agencies wherever applicable subject to the approval of Government of India, Reserve Bank of India, Securities and Exchange Board of India, any Overseas Statutory/ Regulatory Authorities and other authorities concerned, wherever applicable. The issue price and the tranche size of such securities will be determined by the Board at the time of the issue(s) depending upon the prevailing market conditions, subject to the guidelines of the Reserve Bank of India, Securities and Exchange Board of India and Ministry of Finance. Pursuant to this offer the securities may be listed on overseas stock exchanges such as Luxembourg and/or London and/or Nasdaq and/or New York Stock Exchange (NYSE) and/or any of the other overseas stock exchanges, as may be deemed fit by the Board and may be represented by Depository Receipts and/or such other Securities.

The special resolution, if passed, will have the effect of allowing the Board to issue and allot securities to investors as mentioned in the resolution, who may or may not be existing shareholders of the Company.

Your Directors recommend the resolution set out at item no. 10 of the Notice for the approval of members.

The Directors of the Company may be regarded as concerned or interested in the said resolution to the extent of the shares that may be taken up/allotted to them.

**Item No: 11, 12 & 13**

Considering the Background, competence and experience of Mr. Ajit B. Kulkarni, Mrs. Usha B. Kulkarni, Mr. Vinayak B. Kulkarni and compared to the remuneration packages of similarly placed personnel of corporate bodies in the country, the Board of Directors at its meeting held on May 11, 2006, revised the remuneration of the above mentioned personnel as approved by the Remuneration Committee, as set out in the resolutions of the accompanying notice for the remaining period of their appointment i.e. with effect from April 1, 2006 upto March 31, 2009.

Since the increase in the remuneration payable to Mr. Ajit B. Kulkarni, Mrs. Usha B. Kulkarni, Mr. Vinayak B. Kulkarni requires the approval of the members of the Company in General Meeting pursuant to Section 198, 309, 311 read with Schedule XIII to the Companies Act, 1956, the resolutions as set out in the accompanying notice are recommended for the approval of the members.

Mr. Ajit B. Kulkarni, Mrs. Usha B. Kulkarni, Mr. Vinayak B. Kulkarni are interested in the above resolutions to the extent of the remuneration payable to each of them. Mr. Ajit B. Kulkarni, Mrs. Usha B. Kulkarni, Mr. Vinayak B. Kulkarni are relatives of each other and are interested in the above resolutions. None of the other Directors are interested in the above resolutions.

The terms and conditions of the increase in the remuneration as stated in the resolutions of the Notice in respect of Mr. Ajit B. Kulkarni, Mrs. Usha B. Kulkarni, Mr. Vinayak B. Kulkarni may be regarded as an abstract under Section 302 of the Companies Act, 1956.

**By Order of the Board of Directors**

**Mahesh Joshi**  
**Company Secretary**

Place : Mumbai

Date : 11<sup>th</sup> May, 2006.

# PRATIBHA INDUSTRIES LTD.

Registered Office: 101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400 071.

## ATTENDANCE SLIP

PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional slip at the venue of the meeting.

DP ID	Master Folio No.*
Client ID	No. of shares held

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 11<sup>th</sup> ANNUAL GENERAL MEETING of the Company held on Friday, June 16, 2006, at 3.30 p.m., at Patkar Hall, S.N.D.T. Women's University, 1, Nathibai Thackersey Road, Mumbai – 400 020.

Signature of the shareholder or proxy

\*Applicable for investors holding shares in Physical form.

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## PROXY FORM

# PRATIBHA INDUSTRIES LTD.

Registered Office: 101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400 071.

DP ID	Master Folio No.*
Client ID	No. of shares held

I/We.....  
of ..... being a member/members of Pratibha Industries  
Limited hereby appoint .....  
of ..... or failing  
him ..... of .....  
as my/our proxy to vote for me/us and on my/our behalf at the 11<sup>th</sup> ANNUAL GENERAL MEETING to be held on Friday, June 16, 2006,  
at 3.30 p.m., at Patkar Hall, S.N.D.T. Women's University, 1, Nathibai Thackersey Road, Mumbai – 400 020 or at any adjournment  
thereof.

Signed this ..... day of ..... 2006.

\* Applicable for investors holding shares in physical form.

Affix Revenue Stamp of 15 paise
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- NOTE: (1) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
- (2) Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.
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## **Pratibha Industries Limited**

Shrikant Chambers, Phase-II, 5<sup>th</sup> Floor, Sion-Trombay Road,  
Next to R. K. Studio, Chembur, Mumbai-400 071 India

Tel : 6641 4499 (100 lines)

Fax : 2520 11 35

[www.pratibhagroup.com](http://www.pratibhagroup.com)