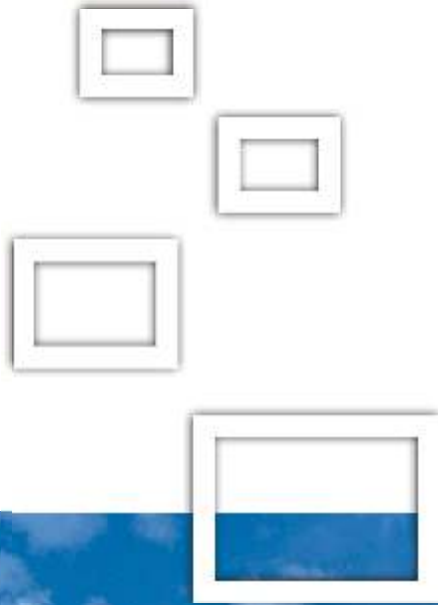
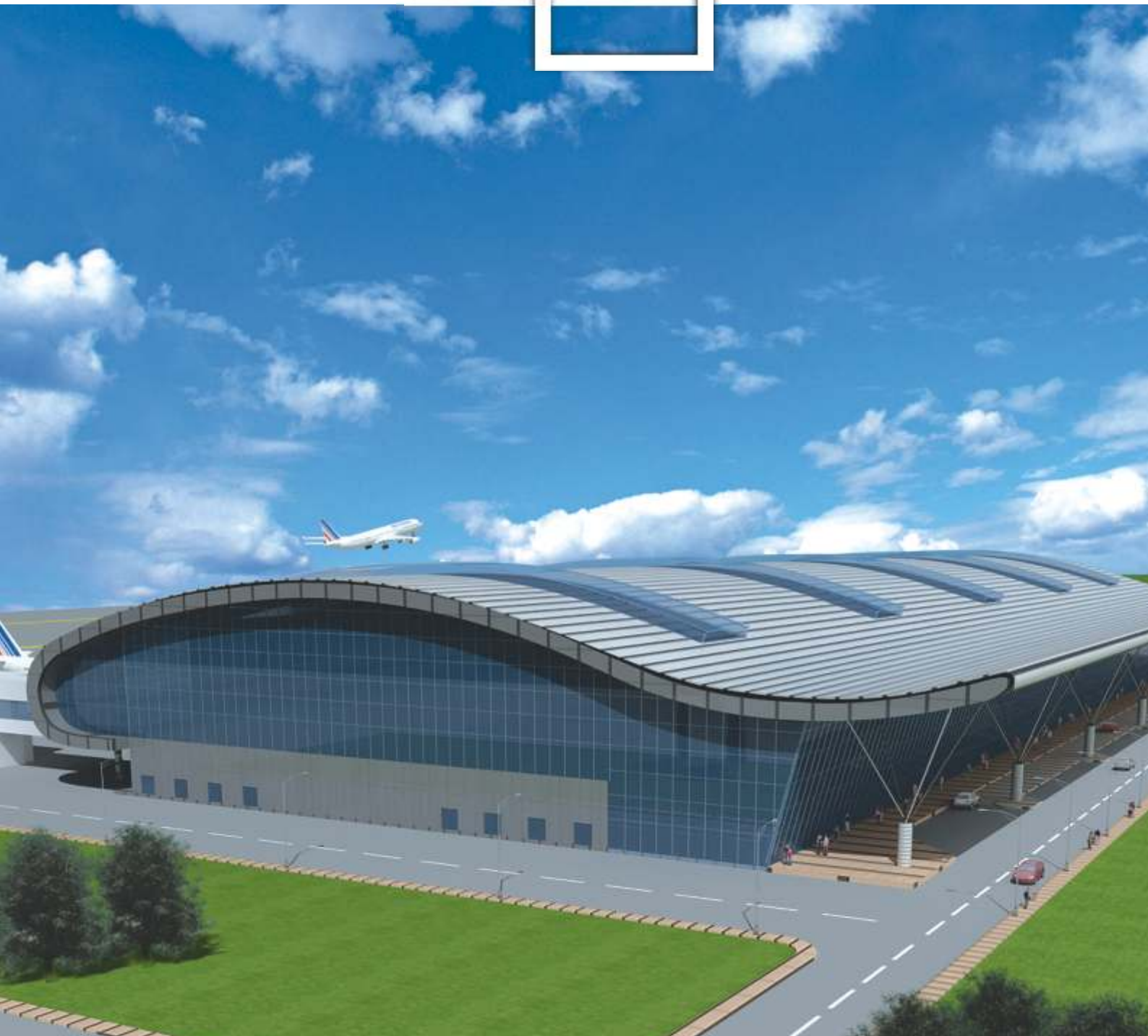


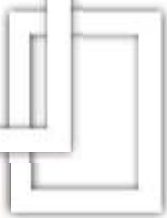


PRATIBHA
Industries Limited



Annual Report 2006-2007





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BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. Pankaj S. Chourasia

BANKERS TO THE COMPANY

Bank of Baroda

Bank of India

ICICI Bank Ltd

Punjab National Bank

State Bank of India

STATUTORY AUDITORS

M/s. Jayesh Sanghrajka & Co. *Chartered Accountants*

INTERNAL AUDITORS

M/s. Chokshi & Chokshi *Chartered Accountants*

REGISTERED OFFICE :

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

E-mail: info@pratibhagroup.com Website: www.pratibhagroup.com

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

FACTORY :

Plot No. 215, Vijaypur, P.O. Kone, Bhiwandi-Wada Road,
Tal. Wada, Dist. Thane-421303.

REGISTRARS AND TRANSFER AGENTS:

INTIME SPECTRUM REGISTRY LIMITED

C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai - 400 078

Tel No. 022-25963838 / Fax: 022 - 25960329

Website: www.intimespectrum.com, E- Mail:

pratibha@intimespectrum.com

FIVE YEARS AT A GLANCE (CONSOLIDATED)

(Rs. In Lakhs)

Particulars	2006-07	2005-06	2004-05	2003-04	2002-03
Total Income	30,077.67	17,463.21	12,144.37	8,181.92	4,261.40
Operating Expenses	26,374.82	15,314.53	10,573.47	7,477.15	3,915.76
Operating Profit	3,702.85	2,148.68	1,570.90	704.77	345.64
Finance Charges	1,234.01	711.23	660.16	295.43	101.47
Depreciation	112.65	66.27	46.53	36.59	26.40
Profit Before Tax	2,356.19	1,371.18	864.21	372.75	217.77
Profit After Tax	2,042.90	1,227.49	808.97	364.94	192.42
Equity	1,428.50	1,428.50	200.00	200.00	200.00
Reserves	8,057.66	6,794.90	1,653.90	844.94	480.00
Net Worth	9,486.16	8,223.40	1,853.90	1,044.94	680.00
	2007	2006	2005	2004	2003
What we owned					
Fixed Assets					
Gross Block	2,462.18	1,565.99	995.25	865.23	488.61
Less : Depreciation	326.58	217.09	153.34	117.30	83.19
Net Block	2,135.60	1,348.90	841.91	747.93	405.42
Capital Work in Progress	2,798.33	-	-	-	-
Investments	282.28	2,945.87	48.70	48.70	18.70
Working Capital	17,943.19	8,540.17	4,716.98	2,494.50	674.18
Miscellaneous Expenditure	-	430.72	-	0.23	0.46
Total	23,159.39	13,265.66	5,607.59	3,291.36	1,098.76
What we owed					
Secured Loans	10,631.31	4,157.06	3,552.75	2,242.42	410.57
Unsecured Loans	2,997.06	875.59	193.45	-	0.00
Deferred Tax Liability	44.86	9.61	7.49	4.00	8.19
Total	13,673.23	5,042.26	3,753.69	2,246.42	418.76
Net Worth	9,486.16	8,223.40	1,853.90	1,044.94	680.00
Represented by					
Share Capital	1,428.50	1,428.50	200.00	200.00	200.00
Reserves & Surplus	8,057.66	6,794.90	1,653.90	844.94	480.00

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of Pratibha Industries Ltd., will be held on Wednesday, 20th June, 2007 at 3.30 p.m., at Hotel Oasis, Opp. Tata Institute of Social Sciences, Sion Trombay Road, Deonar, Mumbai 400088, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2007, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To consider declaration of dividend on Equity Shares;
3. To appoint a Director in place of Mr. Vinayak B. Kulkarni, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anilkumar G. Karkhanis, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Statutory 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, Mumbai, the retiring Auditors of the Company, be and are hereby re-appointed as the Statutory 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 may be fixed by the Board of Directors.

SPECIAL BUSINESS :

6. In supersession of the special resolution passed at the 11th Annual General Meeting of the members of the company held on 16th June, 2006, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) 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 subject to all other applicable rules, regulations and guidelines of the Securities and Exchange Board of India (“SEBI”), the applicable provisions of Foreign Exchange Management Act, 1999 (“FEMA”), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with Stock Exchange, where the shares of the Company are listed, and subject to requisite approvals, consents, permissions and/or sanctions of SEBI, the Stock Exchanges, Reserve Bank of India (“RBI”), the Department of Industrial Policy and Promotion, Ministry of Commerce (“DIPP”), the Foreign Investment Promotion Board (“FIPB”), and all other authorities as may be required, whether in India or outside India, (hereinafter collectively referred to as “Appropriate Authorities”), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as “Requisite Approvals”), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which term shall be deemed to include any committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Board be and they are authorized at their absolute discretion to create, offer, issue and allot in one or more tranches, in the course of domestic/international offerings to Domestic/Foreign Investors/ Institutional Investors/Foreign Institutional Investors, Members, Employees, Non-Resident Indians, Companies or Bodies Corporate whether incorporated in India or abroad, Trusts, Mutual Funds, Banks, Financial Institutions, Insurance Companies, Pension Funds, Individuals or otherwise, whether shareholders of the Company or not, through a Public Issue, Rights Issue, Preferential Issue and/or Private Placement, with or without an over-allotment option, equity shares and/or equity shares through Global Depository Receipts (“GDRs”) and/or American Depository Receipts (“ADRs”) and/or Foreign Currency Convertible Bonds (“FCCBs”) and/or any securities convertible into equity shares at the option of the Company and/or holder(s) of the securities and/or securities linked to equity shares and/or securities with warrants including any instruments or securities representing either equity shares and/or Foreign Currency Convertible Bonds or Convertible Securities or securities linked to equity shares or securities with equity shares/fully convertible debentures/partly convertible debentures or any securities other than warrants, which are convertible or exchangeable with equity shares at a later date, or a combination of the foregoing (hereinafter collectively referred to as “Securities”), secured or unsecured, listed on any international stock exchange outside India, through an offer document and/or prospectus and/or offer letter and/or offering circular, and/or listing particulars, as the Board in its sole discretion may at any time or times hereafter decide, for an amount not exceeding US\$ 25 million inclusive of such premium from time to time.

RESOLVED FURTHER THAT in case of any equity linked issue/offering, including without limitation, any GDR/ADR/FCCB offering, the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion, redemption or cancellation of any such Securities referred to above or as may be in accordance with the terms of issue/offering in respect of such Securities and such equity shares shall rank pari passu with the existing equity shares of the Company in all respects except provided otherwise under the terms of issue/offering and in the offer document and/or prospectus and/or offer letter and/or offering circular and/or listing particulars.

RESOLVED FURTHER THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals, to the Board to secure, if necessary all or any of the above securities to be issued by the creation of mortgage and/or charge on all or any of the Company's immovable and/or movable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

RESOLVED FURTHER THAT the Company and/or any entity, agency or body authorised and/or appointed by the Company, may issue depository receipts representing the underlying Securities issued by the Company in negotiable registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) inside or outside India) and under the forms and practices prevalent in the international market.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board, in consultation with the Lead Managers, Underwriters, Advisors and/or other persons as appointed by the Company, be and is hereby authorised to determine the form, terms and timing of the issue(s)/offering(s) including the investors to whom the Securities are to be allotted, issue price, face value, number of equity shares or other securities upon conversion or redemption or cancellation of the Securities, the price, premium or discount on issue/conversion of securities, rate of interest, period of conversion, listing on one or more Stock Exchanges in India and/or abroad and fixing of record date or book closure and related or incidental matters, as the Board in its absolute discretion deem fit and accept any modifications in the proposal as may be required by the authorities in such issues in India and/or abroad.

RESOLVED FURTHER THAT the relevant date for determining the pricing of the Securities is 30 days prior to the date of the 12th AGM at which the approval of the shareholders in terms of Section 81(1A) of the Companies Act, 1956 is obtained.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Securities as may be required, including issue and allotment of equity shares upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, all such equity shares ranking pari passu and inter-se with the then existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT such of these Securities as are not subscribed may be disposed off by the Board in its absolute discretion in such a manner, as the Board may deem fit and as permissible by law.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be authorized on behalf of the Company to take all actions and to do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of the aforesaid Securities and listing thereof with the stock exchange(s) where the Company's shares are listed and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the aforesaid Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or the Managing Director or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution."

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

"RESOLVED THAT in accordance with 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 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 or any other competent authority, from time to time, and in partial modification to earlier resolution passed by the members in 11th Annual General Meeting held on 16th June, 2006, the consent of members be and is hereby accorded to the revised terms and conditions including remuneration of Mr. Ajit B. Kulkarni as Managing Director of the Company for a remaining tenure commencing from 1st April 2007, as are set out in the agreement to be entered into between the company and Mr. Ajit B. Kulkarni, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and Conditions of the said appointment and/or remuneration and/or

agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or as may hereafter be made by the Central Govt. in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Ajit B. Kulkarni.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT in accordance with 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 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 or any other competent authority, from time to time, and in partial modification to earlier resolution passed by the members in 11th Annual General Meeting held on 16th June, 2006, the consent of members be and is hereby accorded to the revised terms and conditions including remuneration of Mrs. Usha B. Kulkarni as executive Chairperson of the Company for a remaining tenure commencing from 1st April 2007, as are set out in the agreement to be entered into between the company and Mrs. Usha B. Kulkarni, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and Conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or as may hereafter be made by the Central Govt. in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mrs. Usha B. Kulkarni.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT in accordance with 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 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 or any other competent authority, from time to time, and in partial modification to earlier resolution passed by the members in 11th Annual General Meeting held on 16th June, 2006, the consent of members be and is hereby accorded to the revised terms and conditions including remuneration of Mr. Vinayak B. Kulkarni as Whole Time Director of the Company for a remaining tenure commencing from 1st April 2007, as are set out in the agreement to be entered into between the company and Mr. Vinayak B. Kulkarni, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and Conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or as may hereafter be made by the Central Govt. in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Vinayak B. Kulkarni.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of section 309 (4) read with section 198 and other applicable provisions, if any, of the Companies Act 1956, and subject to the approval of the Central Govt., if necessary under section 310 of the Act, consent of the Company be and is hereby accorded for the payment of commission at a rate not exceeding 0.25 per cent of the net profits, as computed in the manner prescribed under section 349 and other applicable provisions of the said act, for a period of five years commencing from 01st April, 2007 to the non executive directors.

RESOLVED FURTHER THAT the aggregate amount of the monies payable by way of commission, in any year, shall be decided by the Board of Directors within the overall limit of 0.25% of the net profits.

RESOLVED FURTHER THAT the aggregate amount of the monies payable by way of the commission in any year shall be distributed amongst the non executive Directors in such manner and in such proportion as the Board of Directors may, from time to time, determine, provided, however, that in the absence of the such determination, the amount of commission as decided by the board shall be divided in equal shares."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :
“RESOLVED THAT pursuant to the provisions of Sections 314 (1)(b) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Rahul Katyal, a relative of director, to hold an office or place of profit as Chief Marketing Officer with effect from 01st April, 2007, on the following terms and conditions
- 1) Salary: Not exceeding Rs. 45,000 per month,
 - 2) Other Perquisites and Allowances as may be admissible to employees in his grade as per the policy of the Company;
- FURTHER RESOLVED THAT** pursuant to the provisions of Sections 314 (1B) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to Mr. Rahul Katyal, a relative of director, to hold an office or place of profit as Chief Marketing Officer of the Company for a period of five years from such date as may be decided by the Board of Directors or from such date as the Central Government may approve, on the following terms and conditions:
- 1) Salary: Not exceeding Rs. 1,50,000 per month, as may be decided by the Board of Directors from time to time;
 - 2) Other Perquisites and Allowances as may be admissible to employees in his grade as per the policy of the Company;
12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :
“RESOLVED THAT pursuant to the provisions of Sections 314 (1) (b) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Shyam Kulkarni, a relative of director, to hold an office or place of profit as Senior Officer - Coordination with effect from 01st April, 2007, at a salary of Rs. 20,000 per month (Rupees Twenty Thousand per month only) together with the usual allowances and benefit, amenities including retirement benefits applicable to other employees occupying similar post or posts with in the same salary scale or grade as per the HR policies of the Company.
- RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to sanction at their discretion and with the approval of the Central Government, where necessary, increments as they may deem fit and proper to promote him to any higher grade or grades at their discretion and in due course together with the allowances and benefits as may be applicable to the grade or grades for the time being and to give increments within that grade or grades as may deem fit and proper.”
13. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :
“RESOLVED THAT pursuant to the provisions of Sections 314 (1) (b) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Manohar Kulkarni, a relative of director, to hold an office or place of profit as Asst Officer - Commercial with effect from 01st April, 2007, at a salary of Rs. 15000 per month (Rupees Fifteen Thousand per month) together with the usual allowances and benefit, amenities including retirement benefits applicable to other employees occupying similar post or posts with in the same salary scale or grade as per the HR policies of the Company.
- RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to sanction at their discretion and with the approval of the Central Government, where necessary, increments as they may deem fit and proper to promote him to any higher grade or grades at their discretion and in due course together with the allowances and benefits as may be applicable to the grade or grades for the time being and to give increments within that grade or grades as may deem fit and proper.”
14. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :
“RESOLVED THAT pursuant to the provisions of Sections 314 (1) (b) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Ravi Kulkarni, a relative of directors, to hold an office or place of profit as Management Trainee with effect from 11th May, 2007, at a salary of Rs. 15000 per month (Rupees Fifteen Thousand per month) together with the usual allowances and benefit, amenities including retirement benefits applicable to other employees occupying similar post or posts with in the same salary scale or grade as per the HR policies of the Company.
- RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to sanction at their discretion and with the approval of the Central Government, where necessary, increments as they may deem fit and proper to promote him to any higher grade or grades at their discretion and in due course together with the allowances and benefits as may be applicable to the grade or grades for the time being and to give increments within that grade or grades as may deem fit and proper.”

Registered Office:

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

Place : Mumbai
Date : 11th May, 2007

By Order of the Board of Directors

Pankaj S. Chourasia
Company Secretary

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, 13th June, 2007 to Wednesday, 20th June, 2007 (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.
10. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s. Intime Spectrum Registry Ltd.
11. Re-appointment of Directors:

At the ensuing Annual General Meeting, Mr. Vinayak B. Kulkarni and Mr. Anilkumar G. Karkhanis, retire by rotation and being eligible offer themselves for re-appointment. As per the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the information or details pertaining to these Directors are furnished in the statement on Corporate Governance published in this Annual Report.

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

ITEM NOS. 6

The resolution, contained in the item no. 6 of the Notice, relates to a proposal by the Company to create, offer, issue and allot GDRs / ADRs / FCCBs /equity shares or such other securities as stated in the resolution (the "**Securities**"). The Company intends to issue Securities for a value of up to US\$ 25 million.

The Company proposes to raise the funds to meet its capital expenditure, investment in various infrastructure projects and for such other purposes as may be permitted under applicable laws and regulations from time to time.

It is proposed to offer/issue/allot, GDRs / ADRs / FCCBs/ equity shares/fully convertible debentures/partly convertible debentures or any securities other than warrants, which are convertible or exchangeable with equity shares of Rs. 10 each at a later date of an aggregate amount not exceeding US \$ 25 million by way of issue of Securities from time to time in one or more tranches, to Domestic/Foreign Investors/ Institutional Investors/Foreign Institutional Investors, Members, Employees, Non-Resident Indians, Companies or Bodies Corporate whether incorporated in India or abroad, Trusts, Mutual Funds, Banks, Financial Institutions, Insurance Companies, Pension Funds, Individuals or otherwise, whether shareholders of the Company or not in consultation with the Lead Manager(s) etc.

The detailed terms and conditions for the offer will be determined in consultation with the Advisors, Lead Managers, Underwriters and such other authority or authorities and agencies as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors. The pricing of the international offering(s) will be free market pricing and may be at a premium or discount to market price in accordance with international practice, subject to applicable rules, regulations etc. As the pricing of the offering will be decided at a later stage, the exact number of securities or shares to be issued will depend upon the price so decided. For the aforesaid reasons, an enabling resolution is being proposed to give adequate flexibility and discretion to the Board to finalise the terms of the issue.

The special resolution seeks to empower the Board to issue Securities in one or more tranches at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies, individuals or otherwise as the Board may at its absolute discretion deem fit.

The pricing of the issue will be subject to applicable Indian law. As the pricing of the offering cannot be decided except at a later stage, it is not possible to state the price or the exact number of Securities to be issued. For reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The Securities issued pursuant to the offering(s) would be listed on the stock exchanges in India or outside India and on conversion into shares, on the stock exchanges on which the Company's equity shares are listed.

The consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with the Stock Exchanges where the equity shares of the Company are listed.

Section 81(1A) of the Companies Act, 1956 and the relevant clause(s) of the Listing Agreement with the Stock Exchanges where the equity shares of the Company are listed provides, inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of such company in the manner laid down in Section 81 unless the shareholders in a general meeting decide otherwise.

The special resolution, if passed, will have the effect of allowing the Board to issue and allot Securities otherwise than on pro rata basis to the existing shareholders.

The members, in the 11th Annual General Meeting held on 16th June, 2006, had approved the resolution to issue securities. However, the company has deferred its fund raising plan and sourced its requirements through Debt and Internal Accruals. The company has also changed its plans for the quantum and mix of fund raising. The Board has, therefore, decided to supersede the resolution approved at Annual General Meeting on June 16, 2006 and proposed a fresh resolution in the ensuing Annual General Meeting to re-consider the proposal to issue Securities for its capital expenditure investment in various infrastructure projects and for such other purposes as may be permitted under applicable laws and regulations from time to time.

The Board of Directors believes that such an issue of Securities of the Company is in the interest of the Company and therefore recommends the resolution for your approval.

None of the Directors of the Company is any way concerned or interested in the said resolution.

ITEM NOS. 7

In 9th annual general meeting, Mr. Ajit B. Kulkarni has been appointed as Managing Director for five years from 01st April, 2004 to 31st March, 2009. As per the recommendation of the Remuneration Committee, the Board of Directors at their meeting held

on 11th May, 2007 have modified the terms and conditions of Mr. Ajit B. Kulkarni as Managing Director for his remaining tenure commencing from 1st April, 2007, subject to approval of the members in general meeting.

The broad particulars of remuneration payable to and the terms of the appointment of Mr. Ajit B. Kulkarni during his remaining tenure as Managing Director are as under:

Basic Salary Rs. 5,00,000 per month

In addition to the basic salary, the Managing Director shall also be entitled to such facilities, perquisites, allowances, bonus and incentives, which may include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; club fees, provision of car with chauffeur, medical insurance, performance bonus/incentive, commission on sales and such other perquisites, allowances, as may be decided by the Board of Directors, payable monthly, quarterly and / or annually.

The remuneration payable to Managing Director, including salary, is subject to an overall ceiling of 5% of the net profits of the company as stipulated under the Companies Act, 1956. Where in any financial year comprised by the period of appointment, the Company has no profits or its profits are inadequate, the aforesaid salary 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.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However, the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or put together are not taxable under the Income Tax Act, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration which includes salary, perquisites and bonus.

The terms and conditions set out for change in terms of appointment and payment of remuneration herein and/or in the respective agreement, may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit. The Board is also entitled to revise and regroup the salary, perquisites, allowances and bonus payable to the said Managing Director of the Company or any of them at any time, such that the overall yearly remuneration payable to the said Managing Director shall not exceed the limits specifies under the Companies Act, 1956. (Including any statutory modification(s) or re-enactment thereof for the time being in force) or any amendment made thereto.

The Agreement may be terminated by either party (the Company or the Managing Director) by giving three months' prior notice in writing.

The draft Agreements to be entered into between the Company and Mr. Ajit B. Kulkarni, incorporating the above particulars of remuneration, is available for inspection at the Registered Office of the Company on all working days excluding Saturdays, upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.

The above may also be treated as an abstract of the terms of the contract/agreement between the Company and Mr. Ajit B. Kulkarni pursuant to Section 302 of the Companies Act, 1956.

Mr. Ajit B. Kulkarni is interested in the resolutions that pertain to change in terms of his appointments and remuneration payable to him. Further, Mrs. Usha B. Kulkarni and Mr. Vinayak B. Kulkarni may also be deemed to be interested in the resolution, as they are related to Mr. Ajit B. Kulkarni. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the resolutions.

Your Directors recommend the resolutions set out at Item Nos. 7 of the Notice for your approval.

ITEM NO 8 & 9

Considering the Background, competence and experience of 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, 2007, revised the remuneration of the above mentioned personnel as approved by the Remuneration Committee, as are set out in the draft agreements placed before the meeting for the remaining period of their appointments i.e. with effect from April 1, 2007 upto March 31, 2009.

The broad particulars of remuneration payable to and the terms of the appointment of Chairperson and Whole Time Director during their remaining tenure as Chairperson and Whole Time Director are as under:

	Mrs. Usha B. Kulkarni As Chairperson	Mr. Vinayak B. Kulkarni as Whole Time Director
Basic Salary	Rs. 1,20,000 per month	Rs. 1,00,000 per month

Rest all the other term and conditions shall remain same as per the special Resolution passed by the members in the 11th Annual General Meeting.

Since the increase in the remuneration payable to 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.

Mrs. Usha B. Kulkarni and Mr. Vinayak B. Kulkarni are interested in the above resolutions to the extent of the remuneration payable to each of them. Mrs. Usha B. Kulkarni, Mr. Ajit B. Kulkarni and Mr. Vinayak B. Kulkarni are related with each other, and therefore, are interested in the above resolutions. None of the other Directors are concerned or 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 Mrs. Usha B. Kulkarni and Mr. Vinayak B. Kulkarni may be regarded as an abstract under Section 302 of the Companies Act, 1956.

ITEM NO 10

Section 309(4) of the Companies Act, 1956, provides that in case of a director who is neither Managing Director nor in the whole time employment, the Company may, by a special resolution, authorise the payment of commission for a period of five years, in addition to the sitting fees for attending meeting of Board of Directors, where the directors are rendering specific useful services to the Company. As the shareholders are aware, the entire management of the Company vests only in Board of Directors (except for the powers vested in the Managing Director) which acts through number of committees on which Directors are members. In view of the greater involvement of the Directors in the affairs of the Company, it is desirable that the non executive directors should also be compensated adequately; therefore, it is proposed to pay commission not exceeding 0.25 per cent of the net profits of the Company. The proposed resolution, therefore, seeks authority to Board of Directors to decide and pay for such payment to the non - executive directors.

All the directors of the Company are deemed are concerned and interested in the resolution to the extent the commission is payable to them in accordance with the above resolution at item no 10.

ITEM NO 11

Under section 314 of the Companies Act, 1956, a special resolution is required for enabling any relative of Director of the Company to hold any office or place of profit under the Company. Mr. Rahul Katyal aged 32, a commerce graduate, having more than 16 years of experience in the field of business development, has been appointed as Chief Marketing Officer in the Company. Mr. Rahul Katyal is employed with Pratibha Pipes & Structural Limited, an associate concern of Pratibha Industries Limited, as Director, where he has proven his skills.

The Board of Directors in their meeting held on 11/05/2007 appointed Mr. Rahul Katyal as Chief Marketing Officer with effect from 01st April, 2007 at a salary of Rs. 45,000/- (Rupees Forty Five Thousand Only) per month.

Further the Company is proposes to approach to the Central Government to take approval for remuneration under Section 314 (1B) for a maximum remuneration upto Rs. 1,50,000 (Rupees One Lakh Fifty Thousand Only) per month. The Board of Directors shall, with in this limit of Rs. 1,50,000 or such limit as may be approved by the Central Govt. in this behalf, decide from time to time the remuneration to be paid to Mr. Rahul Katyal.

In the light of explanations and justifications given above, it is recommended to approve the appointment of Mr. Rahul Katyal as the Chief Marketing Officer with effect from 01.04.2007. The remuneration paid or proposed to be paid to Mr. Rahul Katyal is commensurate with his experience and is in line with company's HR policies and prevalent industry standards. The Board recommends this resolution.

In view of the applicability of the provisions of Section 314 of the Companies Act, 1956, the resolution is required to be passed as a Special Resolution and any increase in the salary of Mr. Rahul Katyal beyond Rs. 50,000/- per month shall be subject to approval of the Central Government, which shall take effect from such date as may be approved by the Board of Directors in this regard.

The proposed appointment is in the interest of the Company and your Directors recommended the Resolutions at item no. 11 of the Notice as Special Resolution for approval of the Members.

Except Mrs. Usha B. Kulkarni, Chairperson, None of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO 12

Under section 314 of the Companies Act, 1956, a special resolution is required for enabling any relative of Director of the Company to hold any office or place of profit under the Company. Mr. Shyam Kulkarni 31, having more than 15 years of experience in the field of administration, site management and coordination, has been appointed as Senior Officer - Coordination in the Company, who is grand son of Mrs. Usha B. Kulkarni, Chairperson.

The Board of Directors in their meeting held on 11/05/2007 has increased salary of Mr. Shyam Kulkarni to Rs. 20,000 (Rupees Twenty Thousand) per month with effect from 01st April, 2007 subject to approval of the members in general meeting, with an authority to Board of Directors to sanction in due course promotion and /or increments of Mr. Shyam Kulkarni to the higher grade or grades together with the usual benefits not exceeding Rs. 50,000 (Rupees Fifty Thousand) per month.

In the light of explanations and justifications given above, it is recommended to approve the appointment of Mr. Shyam Kulkarni as Senior Officer - Coordination with effect from 01.04.2007. The remuneration paid or proposed to be paid to Mr. Shyam Kulkarni is commensurate with his experience and is in line with company's HR policies and prevalent industry standards. The Board recommends this resolution.

The proposed appointment is in the interest of the Company and your Directors recommended the resolutions at item no. 12 of the Notice as special resolution for approval of the Members.

Except Mrs. Usha B. Kulkarni, Chairperson, None of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO 13

Under section 314 of the Companies Act, 1956, a special resolution is required for enabling any relative of Director of the Company to hold any office or place of profit under the Company. Mr. Manohar Kulkarni, aged 24, has been appointed as Assistant Commercial Officer in the Company, who is grand son of Mrs. Usha B. Kulkarni, Chairperson.

The Board of Directors in their meeting held on 11/05/2007 has increased salary of Mr. Manohar Kulkarni to Rs. 15,000 (Rupees Fifteen Thousand) per month with effect from 01st April, 2007 subject to approval of the members in general meeting.

The Resolution is placed before the members for their approval, the members are also requested to authorise the Board of Directors to sanction in due course promotion and /or increments of Mr. Manohar Kulkarni to the higher grade or grades together with the usual benefits not exceeding Rs. 50,000 (Rupees Fifty Thousand) per month.

In the light of explanations and justifications given above, it is recommended to approve the appointment of Mr. Manohar Kulkarni as Assistant Commercial Officer with effect from 01.04.2007. The remuneration paid or proposed to be paid to Mr. Manohar Kulkarni is commensurate with his experience and is in line with company's HR policies and prevalent industry standards. The Board recommends this resolution.

The proposed appointment is in the interest of the Company and your Directors recommended the resolutions at item no. 13 of the Notice as special resolution for approval of the Members.

Except Mrs. Usha B. Kulkarni, Chairperson, None of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO 14

Under section 314 of the Companies Act, 1956, a special resolution is required for enabling any relative of Director of the Company to hold any office or place of profit under the Company. Mr. Ravi Kulkarni, aged 24, a post graduate in management has been appointed as Management Trainee in the Company, who is grand son of Mrs. Usha B. Kulkarni, Chairperson and son of Mr. Ajit B. Kulkarni, Managing Director.

The Board of Directors in their meeting held on 11/05/2007 has appointed Mr. Ravi Kulkarni as management trainee with effect from 11/05/2007 at a salary of Rs. 15,000 (Rupees Fifteen Thousand) per month, subject to approval of the members in general meeting.

The Resolution is placed before the members for their approval, the members are also requested to authorise the Board of Directors to sanction in due course promotion and /or increments of Mr. Ravi Kulkarni to the higher grade or grades together with the usual benefits not exceeding Rs. 50,000 (Rupees Fifty Thousand) per month.

In the light of explanations and justifications given above, it is recommended to approve the appointment of Mr. Ravi Kulkarni as Management Trainee with effect from 11/05/2007. The remuneration paid or proposed to be paid to Mr. Ravi Kulkarni is commensurate with his qualification and is in line with company's HR policies and prevalent industry standards. The Board recommends this resolution.

The proposed appointment is in the interest of the Company and your Directors recommended the resolutions at item no. 14 of the Notice as special resolution for approval of the Members.

Except Mrs. Usha B. Kulkarni, Chairperson and Mr. Ajit B. Kulkarni, Managing Director, None of the Directors of the Company is concerned or interested in the Resolution.

Place : Mumbai

By Order of the Board of Directors

Date : 11th May, 2007

Pankaj S. Chourasia
Company Secretary

DIRECTORS' REPORT

To,
The Members

Your Directors have great pleasure in presenting the 12th Annual Report together with the Statement of Accounts for the financial year ended 31st March, 2007.

The performance of the Company for the financial year ended 31st March, 2007, is summarised below:

FINANCIAL RESULTS :

(Rupees in Crores)

	Consolidated	
	31.03.2007	31.03.2006
Income	300.78	174.63
EBIDTA	37.04	22.56
Less : Interest & Finance Charges	12.34	7.11
Less : Depreciation & Amortisation	1.14	1.74
Profit Before Tax	23.56	13.71
Provision for Tax	3.13	1.43
Profit After Tax (PAT)	20.43	12.28
Earning Per Share (Basic) (in Rs.)	14.30	8.59
Earning Per Share (Diluted) (in Rs.)	14.30	8.59

PERFORMANCE REVIEW:

The consolidated turnover of the company has substantially increased from Rs. 174.1 Crores in 2005-06 to Rs. 300.78 Crores in 2006-07.

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

(Rupees in Lakhs)

Sr. No.	Name of work	Client	Value of Work Order
1	2	3	4
1	Work of construction of inlet facilities, Raw water pumping, Raw Water reservoir, filter plant, Clear Water Reservoir, Clear water pipe line upto Nagaur, Intermediate pumping station, CWR and pumping Station at Nagaur with allied electrical, instrumentation, mechanical works and civil work including road construction for bypass of village and towns under Nagaur lift water supply project Phase-I The works also includes construction of 33KV Switchyard at inlet, intermediate pumping stations, Nagaur pumping station and O & M of complete system for 5 years on single responsibility turnkey basis i.e. Design, build, operation & maintenance	Public Health Engineering Department Region Ajmer, Ajmer (Rajasthan)	33164.54
2	Construction of New International Terminal Building at SVPI Airport, Ahmedabad. In Joint Venture with M/s ITD.	Airports Authority of India, New Delhi	12206.37
3	Development of Independent Water Source, Augmentations of Existing Water Supply Scheme upto & Including Service Reservoirs and Operation and Maintenance of same on Built, Operate and Transfer (BOT) basis, "Letter of Intent (LOI)" for the tender notice no. 1 for year 2004-05. In Joint Venture with Unity Infraprojects Limited.	Ulhasnagar Municipal Corporation, Ulhasnagar (Maharashtra)	9400.50

Sr. No.	Name of work	Client	Value of Work Order
1	2	3	4
4	Modular expansion of terminal building at Amritsar International Airport, Amritsar. (Phase-II). In Joint Venture with Unity Infraprojects Limited.	Airports Authority of India, New Delhi	6558.82
5	Providing, Laying and commissioning of ISI Mark RCC NP3 Pipe gravity sewer alongwith construction of manhole for sewerage network under sewerage zone for PS4, PS9 & PS10 in Vartaknagar part, Chilasar Manpada part Ward Committee areas in Thane City. In Joint Venture with Pratibha Rohit JV.	Thane Municipal Corporation, Thane (Maharashtra)	3622.40
6.	Providing, Laying, Jointing, Testing and Commissioning of Water Supply Pipe line under Rangil Water Supply Scheme, Srinagar, Package No. Urban Srinagar WS/01	J & K Economic Re-Construction Agency, Srinagar (J&K)	2715.17
7	Widening and Construction of Andheri-Kurla Link Road (Saki Naka to LBS Road and Jari Mari Road) Part of works of Original Package No. 2 of ASIDE Road.	MMRDA Bandra (E), Mumbai (Maharashtra)	2445.34
8	Cement Concrete Road Project - Bid II: Concretization of road from Kharegaon chowk to Retibunder chowk. In Joint Venture with Pratibha Rohit JV.	Thane Municipal Corporation, Thane (Maharashtra)	708.51
9	Package III "Cement Concrete Road Project- Bid III, Concretization of road from Kalwa Bridge to Wadia Hospital to Dagadi School to Teen Petrol Pump. In Joint Venture with Pratibha Rohit JV.	Thane Municipal Corporation, Thane (Maharashtra)	385.42
		Total	71207.07

The Company has successfully completed (including virtual completion) the following major projects during the period covered by this report.

Sr. No.	Particulars of Site & Details of Client	Tender Amount (Rs. in lakhs)
1	GWSSB – Chorvadala, Gujarat Water Supply Sewerage Board, Chorwadala, Gujarat	1678.57
2	GWSSB - Package III WTP, Gujarat Water Suply Severage Board, Amreli, Gujarat	426.31
3	GWSSB - Package IV WTP, Gujarat Water Suply Severage Board, Amreli, Gujarat	276.77
4	IFFCO Ahmedabad, IFFCO, Ahmedabad, Gujarat	848.50
5	KUWSSB - Gulbarga, KUWSSB, Gulbarga, Karnataka	1130.26
6	PMC Holkar, Puna Municipal Corporation, Pune, Maharashtra	183.92
7	KBL Kahalgaon, Kirloskar Brother Ltd. Kahalgaon, Bihar	2993.93
8	AMC Ahmedabad, Ahmedabad Municipal Corporation, Ahmedabad, Gujarat	1899.00
9	KWSDB Dharwad-Karnataka	3152.45
10	MJP-Nagpur, Maharastra	294.49
11	MCGM-Amne Bridge, Maharastra	2137.86
12	Petron TMC, Thane Municipal Corporation, Thane, Unity Infraproject Ltd.	927.57
13	Others	1741.77
	Total	17,691.40

ORDER BOOK POSITION :

As on 31st March, 2007, the order book position of the Company is more than Rs. 1100 Crores and, in addition to confirmed orders; your Company is lowest responsive bidder in projects aggregating to more than Rs. 550 Crores. The execution period of these orders are in the range of one year to four years.

The water segment contributes substantial portion of the total turnover of the Company. The water segment constitutes approximately 80 % of total turnover of the Company; the order book also consists of the major projects from the water segment. The rest of the turnover is generated from the diversified projects such as road construction, commercial complexes, shopping malls etc.

In a significant development and to enlarge the base of activities, the Company has ventured into a completely new segment viz. building and modernisation of airports. In this segment the Company, in collaboration with other partners, has already secured two prestigious airport project viz., Amritsar Airport and Ahmedabad Airport from the Airport Authority of India. The Company is also in fray for bidding for airport modernisation/development projects as and when announced by the Airport Authority of India.

Your Company is steadily increasing its base and diversifying activities, simultaneously, maintaining its edge in water segment. The Company's entry into airport development projects and construction of shopping malls in suburbs of Mumbai is an indication of the Company's desire to diversify and play a role of a full fledged infrastructure development Company. Your Company further wishes to diversify into providing of urban infrastructure.

During the year, your Company has been able to tap the world class technology and technical know-how by entering into strategic alliances and joint ventures with globally recognised players in local as well as in international market. Joint Venture with Austrian Company M/S. Ostu-Statn for tunnelling and joint venture with Thailand based M/s. Italian-Thai Development Company for Ahmedabad Airport Project, are examples of the Company's ability to form requisite alliances with global players. The Company has entered into the same strategic alliances with the Indian companies also to expand its base of activities such as joint venture with Unity Infraprojects Limited.

SAW PIPE DIVISION

Your Company is traditionally into the water segment and established itself as niche player in the segment. To cater the growing requirement of the pipes for captive consumption as well as for oil and gas distribution, your Company has decided to establish a manufacturing facility for spiral pipes and coating thereof at Wada near Mumbai. The Company has started the construction of unit during the financial year at the estimated cost of Rs. 81.10 Crores. The project is on course and is expected to start the commercial production of spiral pipes by end of May, 2007. The coating plant is expected to be operational in the forth quarter of this financial year.

The capacity of the plant for helical (spiral) line pipes is 90,000 metric tonnes per annum (MTPA) which will gradually be increased to 1,40,000 tonnes per annum by 2012-13. The capacity of the pipes coating plant is 18,00,000 sq. mtrs. per annum. The Initial response for the product is encouraging. Further, the saw pipe division has confirmed captive orders for more than 40,000 tonnes of the pipes for its various water projects. It is expected that, once the project is operational, saw pipe division will contribute significantly to the total revenues and profits of the Company.

INITIAL PUBLIC OFFER & IPO FUNDS UTILISATION:

In the financial year 2005-06 the Company had come out with an IPO, wherein, Company had issued 42,85,000 equity shares through 100% Book Building Route to investors and raised a sum of Rs. 51.42 Crores. The Company utilized IPO money as under

(Rs.in Lakhs)

Particulars	Utilization as Projected in the Prospectus	Actuals as on 31-03-2007
Investment in BOOT/BOT Projects	1,500.00	1,223.00
Investment in Spiral Pipe Plant	1,400.00	1,660.00
Long Term working capital Margin	1,560.00	1,601.00
Repayment of Part of Existing Debt/Loan	120.00	120.00
Issue Expenses	562.00	538.00
Total	5,142.00	5,142.00

DIVIDEND

The Board recommends dividend @ 20% on equity shares of Rs. 10 each. The total outgo on this account shall be Rs. 3.34 Crores including Corporate Dividend Distribution Tax.

TRANSFER TO RESERVE

Your directors propose to transfer a sum of Rs. 250.00 Lacs to the General Reserve account.

FIXED DEPOSITS

The Company has not accepted any fixed deposits with in the meaning of Section 58A of the Companies Act, 1956, during the period under review.

DIRECTORS

Out of Five directors who are liable to retire by rotation, two directors viz., Mr. Vinayak B. Kulkarni and Mr. Anilkumar Karkhanis, would retire by rotation at the forthcoming Annual General Meeting and are eligible and offer themselves for reappointment.

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, 2007 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.

SUBSIDIARY

During the period under review, your Company has acquired 100% shareholding in Pratibha Infrastructure Private Limited (PIPL) whereby making it wholly owned subsidiary company of Pratibha Industries Limited. The PIPL is acquired to undertake some of the specialised infrastructure project from the private sector. During the year no activity has been undertaken by the subsidiary Company.

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.

PERSONNEL

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are required to set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and Accounts is being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

AUDITORS AND AUDITORS' REPORT

M/s. Jayesh Sanghrajka & Co., Statutory Auditors of the Company, holds 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 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.

During the period under review, the Company had incurred Rs. 137,788,852 expenses in Foreign Currency. Out of these INR 1,348,322, is incurred on foreign travel and INR 135,154,707 being the CIF Value of capital goods imported, rest is incurred on professional fees, registration fees and training of staff.

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

CORPORATE GOVERNANCE

Your Company is committed to conducting the business of the Company with the highest level of integrity and transparency and implementing the best of international practices of corporate governance. The commitment of the Company is clearly reflected in the business activities of the Company. A separate section on Corporate Governance 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 Governments, Civic Corporation and authorities, Financial Institutions, Banks, 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 and sincere services and continued cooperation throughout the year.

For and on behalf of the Board of Directors

Date: 11th May, 2007

Usha B. Kulkarni
Chairperson

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 as well as at other appropriate levels, 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 Investor Grievance Committee, Share Transfer Committee and Finance Committee.

2. Board of Directors of the Company

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

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

Name of the Directors	Designation	Status
Mrs. Usha B. Kulkarni	Chairperson	Promoter & Executive
Mr. Ajit B. Kulkarni	Managing Director	Promoter & Executive
Mr. Vinayak B. Kulkarni	Whole time Director	Promoter & 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, Annual General Meeting and Extra Ordinary General Meeting and details 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	Attendance at AGM	EGM	Directorships*	Committee Memberships**	Chairmanships**
Mrs. Usha B. Kulkarni	6	Yes	Yes	4	-	2
Mr. Ajit B. Kulkarni	6	Yes	Yes	5	5	-
Mr. Vinayak B. Kulkarni	5	Yes	Yes	3	2	-
Mr. Anilkumar G. Karkhanis	5	Yes	No	3	2	1
Mr. Awinash M. Arondekar	6	Yes	Yes	2	3	1
Mr. Shrikant T. Gadre	6	Yes	Yes	3	2	1

* Including Pratibha Industries Limited. ** Details of Pratibha Industries Limited.

4. Details of Board Meeting

Six Board meetings were held during the year, as against the minimum requirement of four meetings. The dates on which the meetings were held are: 11th May, 2006, 16th June, 2006, 31st July, 2006, 31st August, 2006, 19th October, 2006 and 22nd January, 2007. The Company has conducted at least one Board meeting in quarter and the maximum time gap between any two meetings was not more than four months.

5. Board Committees

The Board has constituted five committees consisting members of the Board. Details of the Committees and other related information are provided hereunder:

Constitution

Name of Director	Name of the Committee				
	Audit	Share Transfer	Remuneration	Shareholder Grievance	Finance
Mrs. Usha B. Kulkarni	No	Yes*	No	No	Yes*
Mr. Ajit B. Kulkarni	Yes	Yes	Yes	Yes	Yes
Mr. Vinayak B. Kulkarni	No	Yes	No	No	Yes
Mr. Anilkumar G. Karkhanis	No	No	Yes*	Yes	No
Mr. Awinash M. Arondekar	Yes	No	Yes	Yes*	No
Mr. Shrikant T. Gadre	Yes*	No	Yes	No	No

* Chairman/Chairperson

a. Audit Committee

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

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 Gadre, Chairman possesses financial / accounting expertise.

Mr. Pankaj S. Chourasia, Company Secretary, is the Secretary to the Audit Committee. The main function of the Audit Committee is to provide the Board of Directors 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 four times. The dates on which Audit Committee meetings were held are: 11th May, 2006, 31st July, 2006, 19th October, 2006 and 22nd January, 2007. In addition to the members and Company Secretary, Chief Operating Officer, Chief Financial Officer, and representatives of the Statutory Auditors & Internal Auditors were also invited to attend the Audit Committee meeting to reply to the queries, if any, by the Committee members.

The Committee has recommended the appointments of M/s. Jayesh Sanghrajka & Co., Chartered Accountants, as the Statutory Auditors and M/s Chokshi & Chokshi, Chartered Accountants, as Internal Auditors of the Company.

b. Remuneration Committee

The Committee comprises of the following members

Name of the Members	Designation	Nature of Directorship
Mr. Anil Kumar 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	Promoter & Executive Director

The Remuneration Committee has been constituted to review remuneration payable to Executive Directors, based on their performance and vis a vis with the performance of the Company on defined assessment parameters. 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 Industry Standards.

The terms of Remuneration Committee also includes considering and recommending appointment at a place of profit under section 314 of the Companies Act, 1956 or any rules made thereunder.

During the year one meeting of the Remuneration Committee held on 11th May, 2006, attended by all the members. The Committee has recommended the revision of salaries of all the executive directors.

REMUNERATION TO DIRECTORS**EXECUTIVE DIRECTORS**

The aggregate value of salary and perquisites including performance bonus paid for the year ended March 31, 2007 to the Managing Director and Whole Time Directors is as follows:

(Amount in Rs.)

Name of the Director	Designation	Salary	Perquisites	Performance Bonus*
Mr. Ajit B. Kulkarni	Managing Director	36,00,000	7,24,000	70,00,000
Mrs. Usha B. Kulkarni	Chairperson	12,00,000	2,10,225	Nil
Mr. Vinayak B. Kulkarni	Whole Time Director	9,60,000	Nil	Nil

*Performance Bonus, pertains to the financial year 2006-07, is approved by the Remuneration Committee and Board of Directors in their respective meetings held on 11th May, 2007.

NON EXECUTIVE DIRECTORS

No remuneration is paid to non executive directors. Non Executive Directors are paid by way of sitting fees at the rate of Rs 10,000 for the each meeting attended by them. The sitting fee paid during the financial year 2006-07 is as under:

Name of the Director	Sitting fees paid
Mr. Shrikant T. Gadre	Rs. 110,000
Mr. Awinash M. Arondekar	Rs. 120,000
Mr. Anilkumar G. Karkhanis	Rs. 70,000

c. Shareholders / Investors Grievance Committee

As part of its Corporate Governance initiative, the Company has constituted the Shareholders/Investors Grievance Committee to specifically look into the unresolved shareholders grievance with regard to transfer / transmission / demat / remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non-receipt of Annual Report, non- receipt of application money and other issues concerning the shareholder/investors .

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

Mr. Pankaj S. Chourasia, Company Secretary and Compliance Officer, nominated for this purpose under Clause No. 47(a) of the Listing Agreement. He looks into the investor grievances and supervises and coordinates with the M/s Intime Spectrum Registry Limited, Registrar & Transfer Agents, for redressal of grievances. Every quarter the Company publishes the status of the complaint received and their respective redressal.

During the year the Company has received 256 complaints and 3 complaints were pending at the beginning of the year, all 259 complaints have been resolved within the stipulated time period and no complaint is pending at the end of the year.

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/rematerialisation /dematerialization of shares of the company, and to issue certificates of shares 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. Mr. Pankaj S. Chourasia is Secretary of the Committee.

Number of pending share transfers

As the shares are compulsorily traded in demat mode which effects automatically through NSDL and CDSL. The approval of the Company is required for transfer of shares which are in physical mode. As on March 31, 2007, no share transfer request was pending. All the Share Transfers and other requirement have been completed during the year in the stipulated time period.

e. Finance Committee

During the year, in its meeting held on 31st August, 2006, the Board of Directors has constituted a Finance Committee of Directors. The Committee has been formed to avail finance for the purchase of construction equipments and vehicles for 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.

f. Compliance Officer

Mr. Pankaj S. Chourasia, Company Secretary, is the Compliance Officer of the Company.

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 decisions by the Board, the company has placed in a 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, preferably seven days, to the concerned Directors, auditors (statutory as well as internal), Stock Exchanges and other invitees. Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members to facilitate meaningful, informed and focused decisions at the meetings.
- ii) The agenda papers are prepared by the Corporate Secretarial Department, headed by 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 circulated at the meeting with the approval of the Chair. 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/confidential 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 Managing Director & COO:

At the beginning of each Meeting of the Board, the Managing Director and Chief Operating Officer brief 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/Chairman. The minutes of committees of the board are also placed before the Board of Directors 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:

Following information, as may be required and applicable, are placed before the board:

- 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 Board and other Committees of the Board.
- Presentation by the marketing team with regard to marketing plans of the Company
- 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.
- All Other significant events /information.

7. General Body Meetings**A. Annual General Meeting**

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

12 Special Resolutions were passed by the Company at the last 3 Annual General Meetings.

Year	Location	Date	Time
2005-06	Patkar Hall, S N D T Women's University, 1, Nathibai Thackersey Road, Mumbai 400020	16 th June, 2006	3.30 P.M.
2004-05	Shrikant Chambers, Chembur, Mumbai -71	21 st June, 2005	11.00 A.M.
2003-04	Shrikant Chambers, Chembur, Mumbai -71	28 th June, 2004	11.00 A.M.

B. Extra Ordinary General Meeting

During the period under review, the Company has conducted one Extra Ordinary General Meeting on 19th February, 2007 at 03.30 P.M. at Hotel Oasis, Opp. Tata Institute of Social Sciences, Sion Trombay Road, Deonar, Mumbai 400088. In the meeting three special resolutions have been passed.

C. Postal Ballot

The Company has passed one resolution through postal ballot with regard to alteration of the main objects of Memorandum of Association of the Company. The voting pattern was as under:

Category	Votes	Shares	%
For	590	1,01,10,882	99.97
Against	14	1,443	0.01
Invalid	15	1,987	0.02
Total	619	1,01,14,312	100.00

Mr. Dinesh Deora, A.C.A. and A.C.S., a Practicing Company Secretary, had been appointed as scrutiniser for the postal ballot process. He has submitted his report to Chairperson and accordingly, the results of Postal ballot process had been announced by the Chairperson on 7th March, 2007.

8. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or 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 solely 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 have been denied access to the audit committee.

All the mandatory requirements of Clause 49 are complied with. In respect of the non – mandatory requirements 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 accordance with the provisions of the listing agreement. The results are published one in English news paper and another in Marathi news paper.
- **Website:** The Company's website 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 2005-06 and quarterly results for first three quarters for the financial year 2006-07 and also 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 Notice and agenda of the Annual General Meeting, 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:** As per the requirement of the SEBI EDIFAR, the Annual Report, Quarterly Results, Corporate governance report, Shareholding Pattern and other documents as required are posted on the SEBI EDIFAR website www.sebiedifar.nic.in in the stipulated time frame.

10. General Shareholder Information**10.1. Annual General Meeting: Date and Time, Venue:**

The Twelfth Annual General Meeting will be held on Wednesday, 20th June, 2007, at 3.30 pm at Hotel Oasis, Opp. Tata Institute of Social Sciences, Sion Trombay Road, Deonar, Mumbai 400088 to transact the businesses as per the notice.

10.2. Financial Calendar (tentative)

Results for the quarter ending June 30, 2007	-	Last week of July, 2007
Results for quarter ending September 30, 2007	-	Last week of October, 2007
Results for quarter ending December 31, 2007	-	Last week of January, 2008
Results for year ending March 31, 2008	-	Last week of April, 2008
Thirteenth Annual General Meeting	-	June, 2008

10.3. Book Closure Period

Wednesday, 13/06/2007 to Wednesday, 20/06/2007 (both days inclusive).

10.4. Listing of Equity Shares on Stock Exchanges and Payment of Listing Fee**The Bombay Stock Exchange Limited**

Phiroze 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 2007-08, (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 Equity shares of the Company are listed on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The details of High and low of the Market Price Data of the equity shares of the Company for the financial year ending on 31st March, 2007 are as under.

Date	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)
April 2006	265.25	389.95	235.10	362.80
May 2006	369.50	391.70	239.00	251.25
June 2006	254.25	258.35	149.20	195.75
July 2006	199.70	199.70	132.85	166.75
August 2006	170.80	214.40	160.00	181.15
September 2006	180.00	203.00	175.00	179.35
October 2006	180.80	233.70	177.20	219.40
November 2006	221.95	296.00	219.10	242.90
December 2006	246.00	255.00	198.00	214.45
January 2007	220.00	254.80	214.50	229.05
February 2007	232.00	251.00	176.00	183.60
March 2007	186.05	189.80	141.10	151.40

(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. 022-2596 3838
Fax No. 022-2594 6969
Website: www.intimespectrum.com
E- Mail: pratibha@intimespectrum.com

10.6 Share Transfer System

The shareholding of the Promoters and Promoter group amounts to 70.25% of the total paid up share capital. The substantial shareholding of the promoters group 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, are placed at every Board Meeting.

As per the requirement of the Clause 47 (c) of the Listing Agreement with the Stock Exchanges, the half yearly audit is done by a Company Secretary in whole time Practice, whereby checking and verifying that all certificates have been issued within one month of the date of lodgment for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies. A copy of the same is also submitted to the Stock Exchanges.

10.7 Shareholding Pattern as on March 31, 2007

The Company has not issued any equity shares during the financial year 2006-07.

Category code	Category of shareholder	Number of share holders	Total number of shares	Number of shares held in demat form	Total shareholding as a % of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
(A) Shareholding of Promoter and Promoter Group						
(1)	Indian					
(a)	Individuals/ Hindu Undivided Family	15	10033942	10033942	70.2411	70.2411
(b)	Central / State Government(s)	0	0	0	0	0
(c)	Bodies Corporate	1	2008	2008	0.0141	0.0141
(d)	Financial Institutions/ Banks	0	0	0	0	0
(e)	Any Other	0	0	0	0	0
	Sub-Total (A)(1)	16	10035950	10035950	70.2552	70.2552
(2) Foreign						
(a)	Individuals (NRI/ Foreign Individuals)	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0
(c)	Institutions	0	0	0	0	0
(d)	Any Other (specify)	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		16	10035950	10035950	70.2552	70.2552

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in demat form	Total shareholding as a % of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
(B) Public Shareholding						
(1)	Institutions					
(a)	Mutual Funds/ UTI Bank Ltd.	5	298482	298482	2.0895	2.0895
(b)	Financial Institutions/ Banks	0	0	0	0	0
(c)	Central /State Government(s)	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0
(f)	FII's	6	235744	235744	1.6503	1.6503
(g)	Foreign Venture Capital	0	0	0	0	0
(h)	Any Other	0	0	0	0	0
	Sub-Total (B)(1)	11	534226	534226	3.7398	3.7398
(2) Non-institutions						
	Bodies Corporate	618	864367	864367	6.0509	6.0509
	Individuals - i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	19657	2353760	2353694	16.4771	16.4771
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	16	331903	331903	2.3234	2.3234
(c) Any Other (specify)						
	i Clearing Member	44	15828	15828	0.1108	0.1108
	ii NRIs (Repatriation)	190	148966	148966	1.0428	1.0428
	iii OCBs					
	iv. Sub-Total (B)(2)	20525	3714824	3714758	26.0050	26.0050
	Total Public Shareholding (B)= (B)(1)+(B)(2)	20536	4249050	4248984	29.7448	29.7448
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	20552	14285000	14284934	100.00	100.00

10.8 Dematerialization of shares and liquidity:

More than 99.99% shares of the Company are in dematerialized form. The Equity Shares of the Company are compulsorily to be traded in Electronic form through Stock Exchanges. The Equity Shares of the Company are actively traded both on BSE and NSE thus ensure good liquidity for the investors.

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

10.9 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.

10.10 Address for Correspondence:

For all matters relating to Shares, Annual Reports

Mr. Pankaj S. Chourasia

Company Secretary & Compliance Officer

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: investor.relations@pratibhagroup.com

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING.

(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

ANNEXURE- A

Name of Director	Mr. Vinayak B. Kulkarni	Mr. Anilkumar G. Karkhanis
Date of Birth	24th February, 1947	March 15, 1938
Date of appointment	Since Inception (19/07/1995)	September 12, 2005
Areas of Experience	Mr. Vinayak Kulkarni, 60 years, has been Director since inception. Mr. Vinayak B. Kulkarni holds Diploma in Mechanical Engineering. He has extensive experience in the Pre-cast Products Building Units, site monitoring, project execution etc. He is working as Whole Time Director of the Company.	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.
Educational Qualifications	Diploma in Mechanical Engineering	Master Degree of Law from University of Bombay.
Companies in which he holds directorship	1. Pratibha Pipes & Structural Ltd. 2. Pratibha Precast Concrete Industries Private Limited. 3. Muktangan Developers Pvt. Ltd.	1. L&T Employees Welfare Foundation Private Limited 2. L&T Welfare Company Private Limited
Membership Chairmanship of Board Committees	Member of Share Transfer Committee and Finance Committee of Pratibha Industries Limited	Chairman of Remuneration Committee and Member of Shareholders / Investor Grievance Committee of Pratibha Industries Limited
Shareholding	19,63,265 Equity Shares	Nil

Note: 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 posted on the Company's web site.

I confirm that the Company has in respect of the financial year ended March 31, 2007, 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 cadre as on March 31, 2007.

Place : Mumbai
Date : May 11, 2007

Ajit B. Kulkarni
Managing Director

CERTIFICATE

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 31st March 2007, 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 above mentioned 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 Corporate Secretarial Department and Registrar & Transfer Agent. 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

Ashish Sheth
(M.No.107162)
Partner

Place : Mumbai
Date : 11th May 2007

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE – GENERAL

Strong political will and solid macroeconomic fundamentals has ensured robust all-round growth of the Indian economy during the immediate past three years. The economy recorded a growth of 9.0% & 9.2% in 2006-07 & 2005-06 respectively. Entrenchment of the higher growth trends, particularly in manufacturing and infrastructure has boosted sentiments, both within the country and abroad. The overall macroeconomic fundamentals are robust, particularly with tangible progress towards fiscal consolidation. With an upsurge in investment, the outlook is distinctly upbeat. There is a sharp increase in the investment rate supported by gross domestic capital formation to the extent of 33.08 per cent during 2006-2007 fiscal that has sustained the industrial performance and reinforces the outlook for growth.

Government has expressed through the economic survey 2006-2007 that provision of quality and efficient infrastructure is essential to realize the full potential of the growth impulses surging through the economy. There is now a widespread consensus with government and allied sectors that exclusive dependence on government for the provision of all infrastructure services introduces difficulties concerning adequate scale of investment, technical efficiency, proper enforcement of user charges, and competitive market structure. Hence a government sector has contemplated the upsurge of Public Private Partnership principles.

As a policy, Government is actively pursuing public-private-partnerships (PPP's) to bridge the infrastructure deficit in the country. Government has taken several initiatives during the last three years to promote PPP's in sectors like power, ports, highways, airports, tourism and urban infrastructure. Under the overall guidance of the Committee of Infrastructure headed by the Prime Minister, the PPP programme has been finalized and the implementation of the various schemes is being closely monitored by the constituent Ministries/Departments under this programme.

Massive deficits in infrastructure services are in the process of wiping out, by the government. Despite becoming the second fastest growing and the fourth largest economy of the world, India continues to face large gaps in the demand and supply of essential social and economic infrastructure and services. Rapidly growing economy, increased industrial activity, burgeoning population pressure, and all-round economic and social development have led to greater demand for better quality and coverage of water and sanitation services, sewerage and drainage systems, solid-waste management, roads and seaports, and power supply. Increased demand has put the existing infrastructure under tremendous pressure and far outstripped its supply.

In the water sector, 90% of the urban population has access to potable water supply; the actual availability of water in the cities is only 5–6 hours a day. Less than 60% of the households have sanitation and less than half have tap water on their premises. About 40 million people are estimated to be living in slums. Poor urban development is not only undermining the quality of life for India's urban citizens but also constraining local and national growth. As much as 70% of irrigation and 80% of domestic water requirement is met from groundwater, which has meant haphazard and rampant use of aquifers and depleting water table.

In the Roads and ports, India's road network continues to suffer from low capacity, low coverage, and low quality. 40% of villages do not have access to all weather roads. Only 12% of the national highways are four-lane. The traffic situation in the cities has worsened due to a massive increase in personal vehicles, inadequate city roads, and poor quality of public transport. Airport and seaport infrastructure and train corridors are strained under capacity constraints.

Hence Government has increased its spending on infrastructure through a series of national programs such as the National Highway Development Program (NHDP), Bharat Nirman, Providing Urban Services in Rural Areas (PURA), Jawaharlal Nehru National Urban Renewal Mission (JNNURM), the Prime Minister's Rural Roads Program, National Rail Vikas Yojana, National Maritime Development Program (NMDP), airport expansion programs, etc. The government acknowledges through various policy documents that investment in infrastructure will have to be at the same rate as the economic growth that is being targeted. In other words, gross capital formation in infrastructure (GCFI), which has remained around 4% of GDP during 1997-98 up to 2003-04, needs to be increased progressively and rapidly.

INDUSTRY STRUCTURE – SPECIFIC TO PRATIBHA INDUSTRIES LIMITED

Pratibha Industries Limited has significantly increased its presence in the infrastructure sector as a whole and more specifically in the segments of core competence, which includes water supply and urban infrastructure. Your Company is committed to further strengthen its presence in these segments by focussing on all the sub segments falling under urban infrastructure, as has been the case in water supply and water management. Following are the segments, which your Company will focus on during the current fiscal:

1. Water Projects including treatment, re-cyclanation, storage & distribution
2. Urban Infrastructure
 - Airports,
 - Malls [retail sector requirements],
 - Construction of new age high rise buildings,

- Mass rapid transit systems,
 - Sea Links,
 - Car Parks,
 - Tunneling Projects related to Water Supply, MRT, etc.
 - Construction of Modern Railway Stations
3. EPC contracts in thermal power plants
 4. EPC Contracts in oil and gas distribution, including supply of HSAW Pipes
 5. Road Projects

Technical expertise gained over the years, strategic alliances [joint ventures] with overseas construction companies and increased net-worth ensures that your Company is much better placed to qualify for the projects which are more complex in nature and significantly bigger in terms of value.

Opportunities

The economic survey of India 2006-07 envisages an investment of Rs.1450000 crores or about US\$320 billion for the infrastructure sector during the Eleventh Five Year Plan. These investments are to be achieved through a combination of public investment, public-private-partnerships (PPP's) and exclusive private investments, wherever feasible. Investment requirements by 2012 estimated by the Committee on Infrastructure, headed by the Prime Minister, in some of the key sectors are: Rs.220000 crores for modernization and up-gradation of highways; Rs.40000 crores for civil aviation; Rs.50000 crores for ports; and Rs.300000 crores (of which 40 per cent is expected to come from the private sector through PPP route) for the Railways.

In the context of such government policies, your company stands in a much better position to enhance its capacity utilisation and optimum utilisation of available resources. Your company is in the process of business process reengineering & implementation of ERP project during last & current fiscal which has vast potential to enhance operating margins of the company along with supporting to the competitive bidding & efficient information system.

The order book position of the Company has substantially increased to more than Rs. 1100 Crores. In view of Company's technical expertise, ability to form strategic alliances, enhanced financial strength and most importantly given the huge business opportunity for the entire Infrastructure Industry, your Company further foresees substantial increase in its presence in allied segments of infrastructure.

INDUSTRY CONCERNS AND COMPANY'S PERSPECTIVE

Financial institutions on various occasions have expressed 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 and technical 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 is a strong player in water supply segment. Slow down in this segment could impact the Company's future growth prospects, as also the operating margins.

Company's Perspective

Your Company, which started as a water laying player in the water supply segment, has graduated into a full fledged water supply and management company which provides its clients with one stop solution for design, engineering, construction, commissioning and operation of mega water supply projects. It has extremely strong presence in this sector and with the added qualifications, the high entry barriers for new players and huge potential yet to be explored in this segment, your Company foresees an extremely healthy and sustained growth in this segment, in the years to come. Apart from water segment, your Company has also established itself in the following segments of urban infrastructure:

- a. Modern mega retail segment projects like construction of malls, hotels, etc.,
- b. Airports,
- c. Tunneling Projects,
- d. Railway Stations,

Your Company also has documented presence in inter-city road / flyover / bridge projects and with the SAW pipe division starting its spiral mill in the first quarter of 2007-08, your Company is poised to entering the lucrative oil and gas EPC segment. All the above sectors are validly believed to provide your Company with enormous future business potential, with enhanced operating margins and the same can be substantiated by its current order book position in these sectors.

2. Concern 2

The construction sector is now open to global competition from Companies which are highly skilled and possess strong technical qualifications and extremely high financial capabilities. Entry of such players could possibly increase competition and may present enhanced entry barriers. This could result in putting pressures on net margins of the Company, in the projects it intends to bid in future.

Company's Perspective

Documentary evidence proves that the Indian economy is witnessing development of mega sized projects, which necessitates availability of suitable technical qualifications, availability of past experience coupled with financial strength, with the construction companies wishing to bid for such projects. Your Company has remained focused on its core segments and over the years developed expertise in the segments in which it operates. Further, your Company could also identify the future technology proposed to be used for development of mega projects in its area of operation, resultant of which were the strong consortiums / joint ventures formed during the financial year under reference. Ostu-Pratibha JV, ITD-Pratibha Consortium and various other sector / project specific partnerships have ensured that your Company has already addressed the valid concern raised. We are happy to inform that the targets set by your Company last year, of making a strong entry into segments like tunneling; urban-infrastructure and development of airports have been achieved. Your Company now will focus on the lucrative oil and gas EPC segment to further propel growth.

3. Concern 3**Rise in interest cost:-**

The infrastructure projects are getting more complex and capital extensive, which required huge capital investment. The current trend of increase in the interest rates may adversely affect the margins of the Companies in infrastructure as the debt is major source of finance for the companies operating in the segment. As part of financing such huge projects is undertaken through combination of debts and internal sources, the rise in the interest cost will increase the cost of funds to a great extent and may impact profitability adversely.

Company's Perspective

The Company has been very conservative when it comes to finance planning and capital resource deployment. The Company is and will continue to strive hard to maintain the desired level of debt equity ratio, which indirectly will negate the impact of rise in interest rates. Similarly, your Company is looking at other debt instruments, like buyers credit to ensure that the impact of interest rates is minimal. Last but not least, your Company is currently executing only one project on PPP basis which had provisioning for rise in interest rates and all the future projects of similar nature will be bid, keeping in mind the current interest scenario. As such, the impact of interest rates will be extremely minimal to the Company bottom-line, as is visible from the financial results under review.

4. Concern 4

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

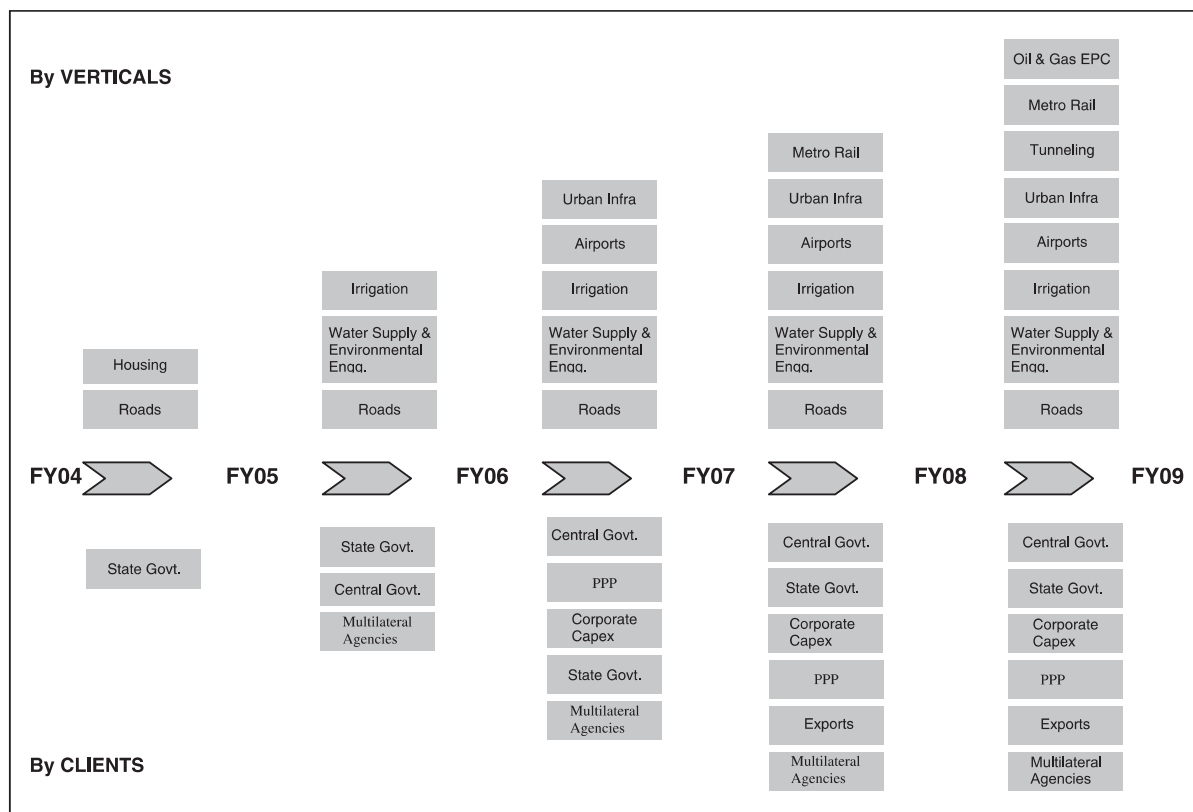
All the projects save and except the PPP project, being executed by your Company for the Government Sector have the price variation clause, which insulates the Company from such variations as mentioned above. Moreover, the projects being executed for the private sector have star price mechanisms in place, which ensures that any and every rise in inputs is passed / made good by the client, thereby keeping your Company's estimated profit unaltered. Worth mentioning is the fact that substantial spurt in infrastructure project in all segments and more specifically in the segments your Company operates, as ensured fair pricing, which provides for such variations in the commodity prices. Also, the main commodities consumed by your Company are cyclical in nature and the projects having an execution period ranging from one year to three years, provide your Company with an opportunity to even out its purchases of the commodity under reference. Thus, your Company is fairly protected from increase in price of main inputs / commodities.

Outlook

Your Company has an extremely strong order book position, which comfortably places it to achieving the targeted revenues and the bottom-line. With big size projects from water supply, environmental engineering, urban-infrastructure already in its fold and the proposed entry in the oil and gas EPC sector, your Company is confident of bettering its EBITDA in the coming years. The key reasons are:

- All the projects of the Company are linked to a pre-determined index [price variation clause] and star price mechanism, which will help improve EBITDA margins of the Company.
- There has been a significant change in the order mix of your Company. Even though the water supply segment will continue to add revenue and grow in absolute sense, projects from urban infrastructure segment like airports, malls, tunneling and allied projects, will be the added growth engines which will boost the top line and significantly improve the EBITDA margins. The share of such segments was negligible in the order backlog of immediate previous year, with roads and water supply projects contributing to a significant chunk. However, your Company's current order backlog exhibits that the booking from these apparently new segments is in excess of 30% to the total order book.

CHANGE IN ORDER MIX LEADING TO MARGIN EXPANSION



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 couple of years, 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
 - Large part of the orders is being awarded on 'Public Private Partnerships', BOT, BOOT and annuity basis, which restricts competition from unorganized players.
 - More complex projects in segments like 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.
- The year under reference saw your Company enter into consortiums with a reputed global Construction Companies and bag big size projects in the new segments of operation. Your Company also was awarded with big size projects in the water supply and management segment. It is interesting and heartening to note that your Company which till 2005 had to its credit of having executed a Rs.450.00 million project, as its biggest project, today is executing 80% percent of projects which are of size Rs.1000.00 million and above. This exhibits your Company's success in building up pre-qualifications, both in terms of size of contracts and also across segments. Further, enhancement in pre-qualifications will result in margin improvement, as typically, companies have to otherwise share 1.5-3.5% of the project cost with the joint venture partners.

Adequacy of Internal Control

Your Company established a system of strict internal control, with adequate 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 concurrent internal audit by an external qualified agency to ensure that the business operations are conducted in adherence with laid down policies and procedures. Significant issues are brought to the attention of the Audit Committee and Board of 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 31.03.2007, the employee strength, excluding trainee officers, employees on probation and consultants was more than 450. The Company has well defined policy to recruit qualified with proven track record professionals in operations and business development, which would provide able management support in its endeavor to scale greater heights. Your Company provides a congenial environment, which ensures continual growth of Company in conjunction with its most precious asset, the employees. The average age group of the work force is under 40 and exposure to practical work and recurrent training, ensures your Company growth and its policies are a continuous process and not contained to the present generation alone. Your Company is and shall remain committed to providing its workforce with a setting, which guarantees mutual development.

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 IPO and improved net worth, the Company expects substantial increase in its turnover and area of operation, thereby impacting the bottom line positively.

AUDITORS' REPORT

TO THE MEMBERS OF PRATIBHA INDUSTRIES LIMITED

We have audited the attached Balance Sheet of **Pratibha Industries Limited** as at 31st March 2007, the Profit and Loss Account for the period 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 dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Profit and Loss Account 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 31st March 2007 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 31st March 2007
 - (ii) In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the twelve months period ended on that date.

For Jayesh Sanghrajka & Co.
Chartered Accountants

Ashish Sheth
(M.No.107162)
Partner

Place : Mumbai
Date : 11th May 2007

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 based on 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. and Pratibha Infrastructure Private Ltd. to the tune of Rs. 7,666,000/- and Rs. 413498/- respectively 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 terms and conditions 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 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 31st March 2007 for a period of more than six months from the date of becoming payable.
 - b] There are no disputed statutory dues except Income Tax dues of Rs.4.29 Crore, which is raised in the block assessment under Income Tax Act, 1961 for the period 1999-2005. The demand is raised mainly on account of disallowance of claim u/s 80IA. The company has filed appeal against the said orders and has applied for Stay Order.
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 Financial Year 2005-06. As per statement submitted to SEBI, the management has disclosed the end use of the money raised by public issue.
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

Ashish Sheth
(M.No.107162)
Partner

Place : Mumbai
Date : 11th May 2007

BALANCE SHEET AS AT 31ST MARCH 2007

Particulars	SCH	Financial Year Ended 31.03.2007	Financial Year Ended 31.03.2006
Sources of Funds			
Shareholders Funds			
Share Capital	A	142,850,000	142,850,000
Reserves & Surplus	B	805,765,894	679,489,633
		948,615,894	822,339,633
Deferred Tax Liability		4,486,471	960,806
Loan Funds			
Secured Loans	C	1,028,589,850	350,617,568
Unsecured Loans	D	299,705,694	87,558,687
		1,328,295,544	438,176,255
TOTAL		2,281,397,909	1,261,476,695
Applications of Funds			
Fixed Assets	E		
Gross Block		245,195,241	155,645,496
Less: Depreciation		32,500,975	21,610,138
Net Block		212,694,266	134,035,359
Capital Work In Progress (Saw Pipe)		279,832,501	-
Investments	F	119,000,200	378,807,285
Current Assets Loans & Advances			
Inventories	G	216,375,183	361,933,631
Sundry Debtors	H	1,538,435,675	478,692,842
Cash & Bank Balance	I	396,349,838	164,199,244
Loans, Advances & Deposits	J	231,772,356	225,109,535
		2,382,933,052	1,229,935,251
Less: Current Liabilities & Provisions			
Sundry Creditors	K	414,660,558	411,568,350
Other Liabilities & Provisions	L	124,965,453	24,415,072
Advances & Deposits	M	173,436,098	88,389,501
		713,062,109	524,372,923
Working Capital		1,669,870,943	705,562,328
Misc. Exp. (to the extent not w/off)	N	-	43,071,723
TOTAL		2,281,397,909	1,261,476,695

Significant Accounting Policies & Notes to Accounts

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As per our Report of even dateFor Jayesh Sanghrajka & Co.
Chartered AccountantsAshish Sheth
(M.No. 107162)
PartnerPlace : Mumbai
Date: 11th May 2007**For Pratibha Industries Ltd.**Usha B Kulkarni *Chairperson*
Ajit B Kulkarni *Managing Director*
Vinayak B Kulkarni *Whole Time Director*
Pankaj S Chourasia *Company Secretary*Place : Mumbai
Date: 11th May 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2007

Particulars	SCH	Financial Year Ended 31.03.2007	Financial Year Ended 31.03.2006
Income			
Income from Operation		2,952,439,763	1,567,049,799
Other Income	O	3,510,210	13,262,882
		2,955,949,973	1,580,312,681
Expenses			
Cost of Work Done	P	2,375,521,798	1,277,577,008
Personnel Expenses	Q	80,732,562	21,436,798
Establishment & Selling Expenses	R	136,072,624	64,797,360
Finance Expenses	S	116,772,772	62,285,443
Depreciation	E	11,206,815	6,573,145
Preliminary Expenses Written Off		84,750	10,770,975
		2,720,391,321	1,443,440,728
Profit Before Tax		235,558,652	136,871,953
Provision For Taxation			
Current Tax		26,384,026	11,750,000
Deferred Tax		3,525,665	212,102
Fringe Benefit Tax		2,257,554	2,160,682
Extra Ordinary items			
Income Tax of Earlier Years		(898,982)	-
Profit After Tax and Available for Appropriation		204,290,388	122,749,169
Proposed Dividend		28,570,000	-
Corporate Dividend Distribution Tax		4,855,472	-
General Reserve		25,000,000	-
Balance Carried forward to Balance Sheet		145,864,917	122,749,169
Closing Number of shares		14,285,000	14,285,000
Basic & Diluted Earning Per Share		14.30	8.59

Significant Accounting Policies & Notes to Accounts

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As per our Report of even date

For Jayesh Sanghrajka & Co.
Chartered AccountantsAshish Sheth
(M.No. 107162)
PartnerPlace : Mumbai
Date: 11th May 2007

For Pratibha Industries Ltd.

Usha B Kulkarni *Chairperson*
Ajit B Kulkarni *Managing Director*
Vinayak B Kulkarni *Whole Time Director*
Pankaj S Chourasia *Company Secretary*Place : Mumbai
Date: 11th May 2007

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2007

Particulars	Financial Year Ended 31.03.2007	Financial Year Ended 31.03.2006
SCHEDULE: A : SHARE CAPITAL		
Authorised Capital		
25000000 Equity Shares OF Rs 10/- Each (P.Y. 16000000 Equity Shares Of Rs.10/- Each)	250,000,000	160,000,000
Issued,Subscribed & Fully Paid Up		
14285000 Equity shares of Rs.10/- Each (P.Y. 14285000 Equity Shares Of Rs.10/- Each) (Of the above 8000000 shares have been issued as bonus shares as on 21.06.2005 being issued for consideration other than cash)	142,850,000	142,850,000
Total	142,850,000	142,850,000
SCHEDULE: B : RESERVES & SURPLUS		
Profit & Loss Account		
Opening Balance	208,139,633	165,390,465
Addition During Period	145,864,917	122,749,169
Less:Capitalisation During Period	-	80,000,000
(A)	354,004,550	208,139,633
Security Premium Account		
Opening Balance	471,350,000	-
Addition During Period	-	471,350,000
Less:Deduction during the Year	44,588,656	-
(B)	426,761,344	471,350,000
General Reserve		
Opening Balance	-	-
Addition During Period	25,000,000	-
Less:Deduction during the Year	-	-
(C)	25,000,000	-
Total (A) + (B) + (C)	805,765,894	679,489,633
SCHEDULE: C : SECURED LOANS		
Loans for Property ,Vehicles & Construction Equipments (For Security See Note (a) below)	88,517,724	40,478,518
Working Capital Finance from consortium of banks (net) (For Security See Note (b) below)	195,686,233	163,981,181
Project - Specific Finance (For Security See Note (c) below)	654,091,188	146,157,870
Buyer's Purchase Credit Facility (For Security See Note (d) below)	90,294,705	-
Total	1,028,589,850	350,617,568

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2007

- a. Secured by hypothecation of specific assets/vehicle purchased.
- b. Secured against
- (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 Work in progress & Receivables.
 - (ii) First Charge on the gross block of the company (other than those specifically charged to other banks) & collaterally secured by mortgage of fixed assets belonging to the Promoter-Directors of the Company
 - (iii) These facilities are further secured by Corporate Guarantees of Pratibha Pipes & Structural Ltd. & Pratibha Precast Concrete Industries Pvt. Ltd. & personal guarantees of all the Promoter-Directors of the Company.
- c. Project specific term fund from Bank represent (i) term loan availed by the Company for executing “deferred payment project” of Akola Municipal Corporation . This loan is secured by way of Bank Guarantee of Akola Municipal Corporation for Rs. 572.00 Lacs. & further guaranteed by personal guarantee of the Promoter-Directors, (ii) project specific loan availed from State Bank of India secured by hypothecation of current assets of the MGL II project of MCGM. This loan is further secured by the personal guarantees of the Promoter-Directors of the Company, (iii) project specific loan availed from Consortium of Banks (under leadership of State Bank of India) secured by hypothecation of current assets of the NMMC project. This loan is further secured by the personal guarantees of the Promoter-Directors of the Company and (iv) project specific loan availed from Bank of Baroda for GWSSB (Lodhika, Chorwadala, Tankara) Project secured by hypothecation of project specific current assets. This loan is further secured by personal guarantees of all the Promoter-Directors of the Company.
- d. This facility is secured by an Undertaking from Punjab National Bank to reimburse the lender on the due date by repaying them & converting it into Term Loan secured by hypothecation of movable Assets and Mortgage of Immovable Assets of Saw Pipe Division

Particulars	Financial Year Ended 31.03.2007	Financial Year Ended 31.03.2006
SCHEDULE : D : UNSECURED LOANS		
From Banks & Financial Institutions	299,705,694	87,558,687
From Directors, Relatives, Members and Related Concerns	-	-
Total	299,705,694	87,558,687
SCHEDULE: F : INVESTMENTS		
Trade Unquoted		
Shares of Abhyudaya Co Op. Bank Ltd	26,600	26,600
Shares of Janakalyan Sahakari Bank Ltd	1,000	1,000
Shares of Muktangan Developers Private Limited	2,000,000	2,000,000
Shares of Pratibha Infrastructure Pvt Ltd	100,000	-
Shares of The Greater Bombay Co. Op. Bank Ltd	25	25
Non-Trade Unquoted		
Bonds of Industrial Development Bank of India	2,500,000	2,500,000
National Saving Certificates	15,000	15,000
Investment out of Unutilised portion of IPO	-	290,000,000
Non-Trade Quoted		
Investment in Gold Coins	43,911	43,911
Investment in Joint Ventures and Partnership Firms	114,313,664	84,220,749
Total	119,000,200	378,807,285

SCHEDULE : E : FIXED ASSETS AS AT 31.03.07

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		Cost as on 01.04.06	Addn.	Sale/Transfers / Impairment	As on 31.03.07	As on 01.04.06	For The Period	On Sale/ Transfers	As on No. 31.03.07	As on 31.03.06	As on 31.03.07	
1	Goodwill	7,500,000	-	7,500,000	-	-	-	-	-	7,500,000	-	
2	Office Premises	22,604,949	-	1,257,889	21,347,060	1,307,210	499,569	204,420	1,602,359	21,297,739	19,744,701	
3	Plant & Machinery	75,351,451	80,664,375	-	156,015,826	10,747,302	5,298,303	-	16,045,604	64,604,149	139,970,221	
4	Furniture & Fixture	8,101,185	4,574,038	-	12,675,223	1,665,463	636,977	-	2,302,440	6,435,722	10,372,783	
5	Electrical Installation	704,250	59,120	-	763,370	207,637	34,995	-	242,633	496,613	520,737	
6	Office Equipment	4,325,042	3,437,366	-	7,762,408	1,427,564	770,585	-	2,198,149	2,897,478	5,564,259	
7	Vehicles	36,886,819	9,817,324	1,211,073	45,493,070	6,184,625	3,882,468	111,557	9,955,537	30,702,194	35,537,534	
8	Computer Software	171,800	966,484	-	1,138,284	70,336	83,918	-	154,254	101,464	984,030	
	Total	155,645,496	99,518,707	9,968,962	245,195,241	21,610,138	11,206,815	315,977	32,500,975	134,035,359	212,694,266	
	Previous Year	98,593,479	57,498,057	446,040	155,645,496	15,289,379	6,573,145	252,386	21,610,138	83,304,100	134,035,359	

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2007

Particulars	Financial Year Ended 31.03.2007	Financial Year Ended 31.03.2006
SCHEDULE : G : INVENTORIES (As per Inventories certified and valued by the Management)	216,375,183	361,933,631
Total	216,375,183	361,933,631
SCHEDULE : H : SUNDRY DEBTORS (Unsecured, Considered good)		
Debts outstanding for a period exceeding 6 months	13,898,273	2,359,876
Other Debts	391,041,143	406,129,128
Project Specific Debts (Akola Municipal Corp. & NMMC)	1,133,496,260	70,203,838
Total	1,538,435,675	478,692,842
SCHEDULE : I : CASH & BANK BALANCE		
Cash in hand	9,017,089	3,395,238
Balance with Banks		
In Current Account of Scheduled Banks	9,995,904	25,264,592
In Demand Deposit of Scheduled Banks	377,336,845	135,539,414
Total	396,349,838	164,199,244
SCHEDULE : J : LOANS, ADVANCES & DEPOSITS		
Advance to Muktangan Developers Pvt. Ltd.	7,666,000	7,666,000
Advance to Pratibha Infrastructure Pvt. Ltd.	413,498	-
Advances to Suppliers	1,096,161	48,998,570
Excise Balance	22,186	862,168
Excise Duty Credit Available	5,226,264	-
Interest Accrued But Not Due	8,079,236	795,868
Loans and Advances to staff	1,289,387	244,032
Mobilisation Advances given	3,140,496	2,000,000
Other Advances	626,362	3,083,095
Other Deposits	164,380,671	132,662,455
Prepaid Expenses	3,729,046	4,446,899
Sales Tax Refund Due	3,024,544	3,024,544
Service Tax Credit Available	635,745	6,390,787
Tax Deducted At Source And Advance Tax	30,689,151	14,935,117
VAT Credit Available	1,753,607	-
Total	231,772,356	225,109,535
SCHEDULE : K : CREDITORS		
Creditors under Letter of credit (Security as mentioned in the Schedule C, point b)	159,315,215	99,397,383
Creditors under Purchase Bill Discounting	23,373,856	-
Other Sundry Creditors	231,971,486	312,170,967
Total	414,660,558	411,568,350

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2007

Particulars	Financial Year Ended 31.03.2007	Financial Year Ended 31.03.2006
SCHEDULE : L : OTHER LIABILITIES & PROVISIONS		
Provision for Tax	26,384,026	11,750,000
Annuity Period Expenses Provision	43,449,755	5,693,069
Works Contract Tax Provision	2,674,424	1,746,429
TDS Payable(Including Interest Thereon)	6,975,533	1,307,157
Provision for Fringe Benefit Tax	146,050	1,181,362
Provision for Gratuity & Other Employee Benefit	100,000	973,850
Provision for Cess Tax	2,193,955	-
Provision for Service Tax	125,810	-
Proposed Dividend	28,570,000	-
Provision for Corporate Dividend Tax	4,855,472	-
Director's Remuneration Payable	5,158,890	189,484
Electricity & Water Expenses Payable	123,284	72,686
Employee ESIC	293,113	1,539
Other Provisions	-	36,910
Profession Tax	51,865	22,220
Rent Payable	92,850	-
Salary & Wages Payable	3,632,189	1,280,862
Telephone Expenses Payable	138,238	159,504
Total	124,965,453	24,415,072
SCHEDULE : M : ADVANCES & DEPOSITS		
Mobilisation Advance	134,501,685	51,007,732
Secured Advance	429,750	429,750
Other Advances	-	1,196,500
Security Deposit	38,504,663	35,755,519
Total	173,436,098	88,389,501
SCHEDULE : N : MISCELLANEOUS EXPENSES		
Expenses on Initial Public Offering	43,317,406	52,147,698
Preliminary Expenses	1,356,000	1,695,000
Less : written off/squared off	44,673,406	10,770,975
Total	-	43,071,723

SCHEDULES FORMING PART OF INCOME STATEMENT

Particulars	Financial Year Ended 31.03.2007	Financial Year Ended 31.03.2006
SCHEDULE: O : OTHER INCOME		
Dividend Received	30	30
Interest on Income Tax Refund	-	264,743
Interest received from others	45,791	130,103
Rent received	-	1,695,895
Sales Tax Refund	-	3,024,544
Services Charges	-	146,465
Share of Profit from Partnership and JV	2,670,708	8,001,102
Profit on Sale of Fixed Assets	793,681	-
Total	3,510,210	13,262,882
SCHEDULE: P : COST OF WORK DONE		
Opening Stock	361,933,631	208,758,503
Add : Purchases	1,205,831,916	1,305,093,230
Add : Direct Expenses	1,024,131,434	125,658,906
	2,591,896,981	1,639,510,639
Less : Closing Stock	216,375,183	361,933,631
Total	2,375,521,798	1,277,577,008
SCHEDULE: Q : PERSONNEL EXPENSES		
Directors Remuneration	13,484,000	3,828,866
Directors Sitting Fees	300,000	100,000
Directors medical expenses	210,225	164,822
Insurance Charges (Key man)	1,003,000	1,253,750
Salaries and wages	58,059,098	11,897,915
Contribution to PF, ESIC etc.	1,103,527	845,105
Staff welfare expenses	6,572,713	3,346,340
Total	80,732,562	21,436,798
SCHEDULE: S : FINANCE EXPENSES		
Bank Charges & Commission	5,621,893	6,498,891
Bank Commission (BG/LC)	23,509,394	16,525,548
Factoring Charges	3,031,001	4,464,580
Interest on Mobilisation	1,111,177	6,022,927
Interest on Inter Corporate Deposit	-	95,805
Interest (Others)	1,629,577	102,177
Interest Paid (Bank)	42,140,139	31,688,906
Interest Paid on Annuity Projects	57,139,042	-
Interest on Finance for Vehicles & Construction Equipments	3,680,870	2,296,592
Banking Cash Transaction Tax	54,631	38,833
Less: Interest Received From Banks	(21,144,951)	(5,448,817)
Total	116,772,772	62,285,443

SCHEDULES FORMING PART OF INCOME STATEMENT

Particulars	Financial Year Ended 31.03.2007	Financial Year Ended 31.03.2006
SCHEDULE: R : ESTABLISHMENT & SELLING EXPENSES		
Auditors Remuneration	860,000	622,640
Advertisement Exp.	3,080,374	510,198
Bad Debts	-	233,781
Books & Periodicals	31,374	67,338
Brokerage Expenses	166,533	131,341
Computer & Software Exps.	331,663	114,792
Discount	1,753,355	94,221
Donation	176,502	1,286,369
Electricity Charges	1,314,778	785,420
Fees & Subscription	338,073	162,772
ISO Expenses	8,418	8,265
Insurance	10,480,222	6,211,250
Impairment Loss on Goodwill	7,500,000	-
Loss on Sale of Fixed Assets	-	149,210
Loss on Sale of Unquoted Long Term Investment	-	425,000
Legal Fees & Professional Fees	18,988,877	7,251,068
Listing Fees	58,000	-
Pooja & Festival Expenses	1,167,867	1,658,320
Postage & Telegram & Telephone	3,716,312	1,998,888
Printing & Stationery	2,397,751	1,040,552
Registration Fees	476,023	156,685
Rates & Taxes	53,444,255	27,037,241
Rent	6,469,622	2,229,518
Repair & Maintenance - Office	485,887	143,272
Royalty Expenses	2,043,546	1,044,824
Sales Promotion	2,434,426	3,031,223
Security Service Charges	2,638,663	496,687
Service Charges	30,347	68,040
Tender Expenses	1,388,911	1,338,439
Travelling Expenses	7,835,839	4,049,416
Vehicle Expenses	6,455,006	2,450,589
Total	136,072,624	64,797,360

SCHEDULE 'I'

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. Cost of fixed assets also includes exchange differences arising in respect of foreign currency loans or other liabilities incurred for the purpose of acquisition of imported fixed assets. Fixed assets purchased in foreign currency are recorded at the actual rupee cost incurred.

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:

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction. 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.

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 lower of cost or net realizable value.
- 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.

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", the Company is following "percentage of Completion method as stipulated. Revenue of the Company from the execution of Long term Fixed Price Contracts is recognized based on 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:

The amount of 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, and in accordance with the "Guidance Note on Accounting of Taxes under section 115JB of the Income Tax Act 1961" issued by ICAI.

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.

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:

Revenue Statement does not contain any item materially affecting and having reference of prior period.

O. 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 Ltd.	Associate Concern
2.	Pratibha Precast Concrete Industries Pvt.Ltd.	Associate Concern
3.	Teknoworks (India)	Jointly Controlled Entities
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.	Pratibha Infrastructure Pvt. Ltd.	Associate Concern
9.	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.	A. M. Arondekar	Director
5.	S. T. Gadre	Director
6.	A. G. Karkhanis	Director
7.	Rohit R. Katyal	Chief Operating Officer
8.	Sanjay V. Kulkarni	Sr. Executive , Son of Whole Time Director
9.	T. R. Radhakrishnan	Chief Financial Officer
10.	Shyam R.Kulkarni	Sr. Officer-Co-ordination , Grand son of Chairperson
11.	Manohar D.Kulkarni	Sr. Officer, Grand son of Chairperson

Rs. in Lakhs

Name of Person	Sales/ Share Of Profit / Loss	Purchases	Salary Or Other Expenses	Closing Balance In Balance Sheet	Highest Balance During The Period	Amt. Paid to / on behalf During the Period
Pratibha Pipes & Structural Ltd.	293.49 (1184.97)	5978.66 (3884.62)	2163.77 (305.10)	1984.71 (757.24)	3074.17 (2828.37)	5513.40 (3717.33)
Pratibha Precast & Concrete Industries Pvt. Ltd.	Nil (Nil)	Nil (Nil)	Nil (Nil)	20.32 (26.41)	27.41 (28.41)	7.08 (2.47)
Teknoworks (India)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (268.56)	268.56 (269.72)	9.29 (463.17)
Muktangan Developers Pvt. Ltd.	Nil (Nil)	Nil (Nil)	Nil (Nil)	76.66 (76.66)	76.66 (76.66)	Nil (96.81)
Pratibha Infrastructure Pvt. Ltd.	Nil (Nil)	Nil (Nil)	Nil (Nil)	4.13 (Nil)	4.13 (Nil)	5.00 (Nil)
Petron Pratibha Joint Venture	-22.27 (57.83)	Nil (Nil)	Nil (Nil)	55.65 (220.65)	220.65 (220.65)	140.37 (324.63)
Pratibha Ispat Pvt. Ltd. (Formerly known as Chimanlal Vijaykumar Steel Private Limited)	Nil (Nil)	Nil (9.98)	Nil (148.40)	Nil (Nil)	Nil (151.74)	Nil (337.54)
Pratibha & Heng Structural Pvt. Ltd. formerly known as Pratibha Ispat Pvt. Ltd.)	Nil (Nil)	Nil (Nil)	Nil (Nil)	1.10 (1.10)	1.10 (1.10)	Nil (Nil)
Unity Pratibha Multimedia Joint Venture	12.15 (22.19)	47.39 (Nil)	Nil (Nil)	455.19 (Nil)	619.71 (619.35)	124.72 (1018.26)
Pratibha Unity Joint Venture	-4.65 (Nil)	Nil (Nil)	Nil (Nil)	165.62 (2.20)	165.62 (2.20)	163.41 (2.43)
Pratibha Ostusetton Joint Venture	-0.60 (N.A.)	Nil (N.A.)	Nil (N.A.)	172.94 (N.A.)	172.94 (N.A.)	173.54 (N.A.)
Pratibha Rohit Joint Venture TMC Rcc pipe line	Nil (N.A.)	Nil (N.A.)	1.06 (N.A.)	33.37 (N.A.)	50.07 (N.A.)	64.21 (N.A.)
Pratibha Rohit Joint Venture MMRDA Andheri Kurla	Nil (N.A.)	Nil (N.A.)	Nil (N.A.)	7.78 (N.A.)	27.69 (N.A.)	57.51 (N.A.)
Pratibha Rohit Joint Venture TMC RCC P. B. (II)	9.11 (N.A.)	Nil (N.A.)	0.81 (N.A.)	8.16 (N.A.)	8.89 (N.A.)	35.16 (N.A.)
Pratibha Rohit Joint venture TMCRC C P. B. (III)	2.58 (N.A.)	Nil (N.A.)	0.67 (N.A.)	24.04 (N.A.)	1.31 (N.A.)	24.04 (N.A.)
Pratibha Infrastructure P.Ltd.	Nil (Nil)	Nil (Nil)	Nil (Nil)	4.13 (Nil)	5.00 (Nil)	Nil (Nil)
Rahul Associates	Nil (Nil)	Nil (9.44)	Nil (Nil)	Nil (Nil)	Nil (9.44)	Nil (9.44)
Usha B. Kulkarni	Nil (Nil)	Nil (Nil)	14.10 (5.66)	Nil (Nil)	N.A. N.A.	14.10 (5.66)
Vinayak B. Kulkarni	Nil (Nil)	Nil (Nil)	9.60 (5.06)	Nil (Nil)	Nil (Nil)	9.60 (5.06)
Ramdas B. Kulkarni	Nil (Nil)	Nil (Nil)	Nil (0.80)	Nil (Nil)	Nil (Nil)	Nil (0.80)
Ajit B. Kulkarni	Nil (Nil)	Nil (Nil)	113.24 (24.26)	Nil (Nil)	Nil (Nil)	113.24 (24.26)
Rohit R. Katyal	Nil (Nil)	Nil (Nil)	17.40 (14.02)	Nil (Nil)	Nil (Nil)	17.40 (14.02)
Sanjay V. Kulkarni	Nil (Nil)	Nil (Nil)	5.76 (3.06)	Nil (Nil)	Nil (Nil)	5.76 (3.06)
T. R. Radhakrishnan	Nil (Nil)	Nil (Nil)	9.60 (4.97)	Nil (Nil)	Nil (Nil)	9.60 (4.97)

*Figures in Brackets are relating to the Financial Year ended on 31st March 2006

P. Leases:

During the period under review, the company has not received any amount on account of rent.

Q. Earning per share:

Disclosure is made in Profit & Loss Account as per the requirement of the standard. While Calculating the E.P.S., Weighted Average Number of Equity Shares outstanding during the year has been considered. For the Previous Year Adjusted Number of Shares Considering the Bonus issue and shares issued in initial public offering are considered to calculate the Adjusted E.P.S.

R. Consolidated Financial Statements:

During the period under consideration, the company has acquired 100% shareholding in M/s. Pratibha Infrastructure Pvt. Ltd. whereby making it wholly owned subsidiary company of Pratibha Industries Ltd. The consolidated financial statements have been made in accordance with Accounting Standard - 21 on consolidated financial statement read with Accounting Standard - 27 on Accounting for Investments in Joint Ventures.

S. 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)

T. Interim Financial Reporting:

Financial statements disclosure requirements under AS- 25 issued by ICAI have been duly complied.

U. 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 period under review, there were following active investments in the joint ventures:

Rs. in lakhs

NAME	% SHARE	ASSETS	LIABILITIES	INCOME	EXPENSES
Petron Pratibha Joint Venture	97.50%	437.71	369.25	157.47	177.01
Pratibha Petron Joint Venture	100% of Loss	0.09	Nil	Nil	0.01
Unity Pratibha Multimedia Joint Venture	90 % Share of Profit and 100% Share of Loss	480.52	25.34	49.62	56.49
Pratibha Unity Joint Venture	50%	294.20	0.38	Nil	9.29
Pratibha Ostu Stettin Joint Venture	50%	172.95	Nil	Nil	Nil
Unity Pratibha Consortium	87%	749.32	743.46	78.65	72.80
Pratibha Rohit Joint Venture	80%	276.03	218.23	233.82	219.21
ITD Pratibha Consortium	25%	493.50	493.50	Nil	Nil

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.

V. Impairment of Assets:

The company has undertaken the actuarial valuation for its assets and cash generating units and according based on the same an impairment loss on goodwill to the extent of Rs.7500000/- has been recognized.

W. 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 Company is of the opinion that claim for performance guarantee will not arise related to the projects executed previously.

NOTES ON ACCOUNTS

1. 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.

2. Contingent Liability:

(Figures in Lac)

Particulars		31.03.2007	31.03.2006
a.	On Letter of Credit Opened by Banks-on working capital (in Rs.)	645.72	2385.10
	On Letter of Credit Opened by Banks-on Capital Goods (in US\$)	11.05	Nil
b.	On Guarantee given by Banks(in Rs.)	10880.49	7574.51
c.	Corporate Guarantee (in Rs.)	2500.00	Nil

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

3. Annuity Interest Reserve:

- a] 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 was to be effected in 120 monthly installments (i.e. 10 yrs.). However, the company on default by Akola Municipal Corporation has foreclosed the contract and invoked Bank Guarantee.
- b] Company has entered into an agreement during the year 2006-2007 with Navi Mumbai Municipal Corporation wherein the company has been awarded work of Providing and laying pure water M.S. Transmission main from Kalamboli to Digha, feeder mains to various ESR/GSR from Transmission mains and allied works on deferred payment basic. The payment from Navi Mumbai Municipal Corporation will be effected in 5 installments only (i.e. in 49 months.). The company has taken project specific loan from the bank. As per terms of sanction, this amount is repayable within a period of 31 months. Hence, the company has to incur the interest burden for the period of 31 months. However, the project is scheduled to be completed within 12 months but all the revenue will be received in 49 month (however, last installment can be released in the 31st month against the Bank Guarantee of the equal amount.) 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 period, provision for annuity reserve has been made. Previous year's figure has been reclassified as finance cost.

4. Payment to Auditors:

Particulars		31.03.2007	31.03.2006
a.	Audit Fees	4,93,856.00	1,25,000.00
b.	Tax Audit Fees	44,896.00	11,020.00
c.	In other Capacity	3,08,852.00	4,65,620.00
	Total	8,47,604.00	6,01,640.00

(the above figures are inclusive of Service Tax)

5. During the period under review, company has squared off the amount of unamortized Miscellaneous Expenditures incurred on Initial Public Offering against the security premium account in accordance with Section 78(2) of the Companies Act 1956.
6. Investments are carried in the books at cost. The Directors are of the opinion that the investment would realize the invested amount on sale and accordingly no provision for diminution in value of share is required.
7. Donation made by the Company are within the limits prescribed u/s. 293(1) (e) of the Companies Act 1956.

8. Managerial Remuneration:

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

	31.03.2007	31.03.2006
Profit as per Profit & Loss A/c.	23,55,58,652	12,27,49,169
Add: Managerial Remuneration	1,39,94,225	40,93,688
Add: Loss on Sale of Fixed Assets / Investments	67,06,319	5,74,210
TOTAL	25,62,59,196	12,74,17,067
Managerial Remuneration ceiling @ 10%	2,56,25,920	1,27,41,707

Remuneration paid is within the limit as calculated above

9. Earning in Foreign Exchange : Nil (P. Y. Nil)

10. Expenditure in Foreign Currency :

Particulars	31.03.2007	31.03.2006
On Foreign Travel	13,483,22.00	117,450.00
On Professional Fees	1,025,712.00	Nil
On Registration Fees	243,476.00	Nil
On Staff Training	16,635.00	Nil
On Import of Capital Goods (CIF Value)	135,154,707.00	2,502,392.00
Total	137,788,852.00	2,619,842.00

11. In reference to the sub-clause B of Clause 9 to the Annexure to the Auditors Report, the company states that there are no disputed statutory dues except Income Tax dues of Rs.4.29 Crore, which is raised in the block assessment under Income Tax Act, 1961 for the period 1999-2005. The demand is raised mainly on account of disallowance of claim u/s 80IA. Further, the company has paid an amount of Rs. 60 Lakhs under protest against the above demand. The company has filed appeal against the said orders and has applied for Stay Order. Of the total demand of Rs. 4.29 Crore, only Rs. 3.46 Crore is towards principal liability & balance towards interest.

12. The Company has raised Rs.51.42 Crores by way of public issue during the Financial Year 2005-06. As per statement submitted to SEBI, the management has disclosed the end use of the money raised by public issue.

(Rs.in Lacs)

Particulars	Utilization as Projected in the Prospectus	Actuals as on 31-03-2007
Investment in BOOT\BOT Projects	1,500.00	1,223.00
Investment in Spiral Pipe Plant	1,400.00	1,660.00
Long Term working capital Margin	1,560.00	1,601.00
Repayment of Part of Existing Debt\Loan	120.00	120.00
Issue Expenses	562.00	538.00
Total	5,142.00	5,142.00

13. The Subscribed Capital includes:

- 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.
- 80,00,000 Ordinary Shares were issued as fully paid up Bonus Shares by utilization of funds from General Reserve on 21st June, 2005.

14. Additional Information pursuant to provisions of Part II of Schedule VI of the Companies Act, 1956 are not applicable and hence not disclosed.

15. The previous year's figures have been reworked, regrouped, rearranged, and reclassified wherever necessary.

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

Ashish Sheth
(M.No. 107162)
Partner

Place : Mumbai
Date: 11th May 2007

For **Pratibha Industries Ltd.**

Usha B Kulkarni *Chairperson*
Ajit B Kulkarni *Managing Director*
Vinayak B Kulkarni *Whole Time Director*
Pankaj S Chourasia *Company Secretary*

Place : Mumbai
Date: 11th May 2007

AUDITOR'S REPORT

We have verified enclosed Cash Flow Statement of M/s. PRATIBHA INDUSTRIES LTD. for the period ended March 31st 2007 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

Ashish Sheth
(M.No.107162)
Partner

Date : 11th May 2007
Place : Mumbai

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2007

	31.03.2007 Amount Rs.	31.03.2006 Amount Rs.
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and extraordinary items	235,558,652	136,871,953
Adjustment for :		
Depreciation	11,206,815	6,573,145
Loss / (Profit) on Sale of Assets & Investment	(793,681)	574,210
Preliminary Expenses Written Off	84,750	10,770,975
Impairment Loss of Goodwill	7,500,000	-
Finance Charges	116,772,772	62,285,443
Dividend Received	(30)	(30)
Proposed Dividend	(28,570,000)	-
Corporate Dividend Tax	(4,855,472)	-
Operating Profit before working Capital Changes	336,903,806	217,075,695
Adjustment for:		
Inventories	145,558,448	(153,175,128)
Sundry Debtors	(1,059,742,834)	(156,609,871)
Loans & Advances	(6,662,820)	62,555,041
Sundry Creditors	3,092,207	61,679,576
Other Liabilities	100,550,381	2,139,267
Advances & Deposits	85,046,597	(1,068,251)
	(395,254,214)	32,596,329
Direct Taxes Paid	(27,742,598)	(13,910,682)
Net cash used in Operating Activities	(422,996,813)	18,685,647
CASH FLOW FROM INVESTMENT ACTIVITIES		
Additions to Fixed Assets	(99,518,707)	(57,498,057)
Deletion to Fixed Assets (net)	2,946,666	44,444
Redemption / (Purchase) of investments	259,807,085	(374,362,700)
Dividend Received	30	30
Addition to Capital Work in Progress	(279,832,501)	-
Net cash used in investing activities	(116,597,427)	(431,816,283)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	514,200,000
Expenses for Issue of Capital	(1,601,683)	(53,842,698)
Proceeds from Long Term Borrowings (Net)	587,677,576	151,925,203
Proceeds from Short Term Borrowings (Net)	302,441,712	15,517,377
Finance Charges paid (Net)	(116,772,772)	(62,285,443)
Net cash from Financing Activities	771,744,833	565,514,440
NET INCREASE IN CASH AND CASH EQUIVALENTS	232,150,594	152,383,804
Opening Cash and Cash Equivalents	164,199,244	11,815,440
Closing Cash and Cash Equivalents	396,349,838	164,199,244

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

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

Ashish Sheth
(M.No. 107162)
Partner

Place : Mumbai
Date: 11th May 2007

For **Pratibha Industries Ltd.**

Usha B Kulkarni *Chairperson*
Ajit B Kulkarni *Managing Director*
Vinayak B Kulkarni *Whole Time Director*
Pankaj S Chourasia *Company Secretary*

Place : Mumbai
Date: 11th May 2007

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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 (Refer Code List 1)

Balance -sheet Date

3	1
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0	3
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0	7
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Date Month Year

II Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	Right Issue																
<table border="1"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>			N	I	L				<table border="1"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>			N	I	L			
		N	I	L													
		N	I	L													
Bonus Issue	Private Placement																
<table border="1"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>			N	I	L				<table border="1"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>			N	I	L			
		N	I	L													
		N	I	L													

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets																
<table border="1"><tr><td> </td><td>2</td><td>2</td><td>8</td><td>1</td><td>3</td><td>9</td><td>7</td></tr></table>		2	2	8	1	3	9	7	<table border="1"><tr><td> </td><td>2</td><td>2</td><td>8</td><td>1</td><td>3</td><td>9</td><td>7</td></tr></table>		2	2	8	1	3	9	7
	2	2	8	1	3	9	7										
	2	2	8	1	3	9	7										

Sources of Funds

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

Application of Funds

Net Fixed Assets	Investments																	
<table border="1"><tr><td> </td><td> </td><td>4</td><td>9</td><td>2</td><td>5</td><td>2</td><td>7</td></tr></table>			4	9	2	5	2	7	<table border="1"><tr><td> </td><td> </td><td>1</td><td>1</td><td>9</td><td>0</td><td>0</td><td>0</td></tr></table>			1	1	9	0	0	0	
		4	9	2	5	2	7											
		1	1	9	0	0	0											
Net Current Assets	Misc. Expenditure																	
<table border="1"><tr><td> </td><td> </td><td>1</td><td>6</td><td>6</td><td>9</td><td>8</td><td>7</td><td>0</td></tr></table>			1	6	6	9	8	7	0	<table border="1"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>			N	I	L			
		1	6	6	9	8	7	0										
		N	I	L														
Accumulated Losses																		
<table border="1"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>			N	I	L													
		N	I	L														

IV. Performance of Company (Amount in Rs. Thousand).

Turnover/Income	Total Expenditure																
<table border="1"><tr><td> </td><td>2</td><td>9</td><td>5</td><td>5</td><td>9</td><td>5</td><td>0</td></tr></table>		2	9	5	5	9	5	0	<table border="1"><tr><td> </td><td>2</td><td>7</td><td>2</td><td>0</td><td>3</td><td>9</td><td>1</td></tr></table>		2	7	2	0	3	9	1
	2	9	5	5	9	5	0										
	2	7	2	0	3	9	1										
+ - Profit / Loss Before Tax	+ - Profit / Loss After Tax																
<table border="1"><tr><td> </td><td> </td><td>2</td><td>3</td><td>5</td><td>5</td><td>5</td><td>9</td></tr></table>			2	3	5	5	5	9	<table border="1"><tr><td> </td><td> </td><td>2</td><td>0</td><td>4</td><td>2</td><td>9</td><td>0</td></tr></table>			2	0	4	2	9	0
		2	3	5	5	5	9										
		2	0	4	2	9	0										

(Please tick Appropriate box + for Profit - for Loss)

Earning Per Share in Rs.

		1	4	.	3	0		
--	--	---	---	---	---	---	--	--

Dividend @ %

		2	0
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V Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)

		N	A				
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Product Description

Building & Construction

For Jayesh Sanghrajka & Co.
Chartered Accountants

For Pratibha Industries Ltd.

Usha B Kulkarni	Chairperson
Ajit B Kulkarni	Managing Director
Vinayak B Kulkarni	Whole Time Director
Pankaj S Chourasia	Company Secretary

Ashish Sheth
(M.No. 107162)
PartnerPlace : Mumbai
Date: 11th May 2007Place : Mumbai
Date: 11th May 2007

**STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956,
RELATING TO SUBSIDIARY COMPANIES**

NAME OF THE SUBSIDIARY COMPANY	PRATIBHA INFRASTRUCTURE PRIVATE LIMITED
1. Financial Year Ended on 2. Holding Company Interest Equity Shares of Rs.100 Each (a) Number of Shares Fully Paid b) % Share Held by Pratibha Industries Limited	31.03.2007 1000 100%
3. Net Aggregate amount of Profit/(Loss) of the Subsidiary, so far as the concern members of Pratibha Industries Limited For the Financial Year of the Company a) Dealt within the accounts of the Holding Company b) Not Dealt with in the accounts of the Holding Company 4. As the Financial year of the Company coincide with the financial year of the Holding Company, Section 212(5) of the Companies Act, 1956, is not applicable	 NIL NIL NA

Place : Mumbai
Date: 11th May 2007

Usha B Kulkarni	<i>Chairperson</i>
Ajit B Kulkarni	<i>Managing Director</i>
Vinayak B Kulkarni	<i>Whole Time Director</i>
Pankaj S Chourasia	<i>Company Secretary</i>

PRATIBHA INFRASTRUCTURE PRIVATE LIMITED**DIRECTORS REPORT**

To,

The Members,

The Directors hereby present the Forth Annual Report along with the Audited Accounts of the Company for the financial year ended 31st March 2007.

Financial Results

The company has not yet started its operation.

Dividend

Since there is no profit, no dividend is declared this year.

Fixed Deposits

The Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956, during the period under review.

Energy Conservation, Technology Absorption And Foreign Exchange Earnings And Outgo

The details of Conservation of Energy in the Company is in construction activities, is not furnished as the relative Rule is not applicable to your Company.

The Company has neither earned any foreign exchange nor expended any foreign currency.

Particulars of Employees

The Company had no employee during the year in respect of which the statement pursuant to Section 217(2A) of the Companies Act, 1956 required to be annexed.

Auditors

The Statutory auditors M/s. Jayesh Sanghrajka & Co., Chartered Accountants, hold the office till the conclusion of the ensuing Annual General Meeting and being eligible to offer themselves for re-appointment. The Company has received a consent letter from them to the effect that their appointment, if made, would be within the prescribed limit under section 224(1B) of the Companies Act, 1956.

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 for the financial year ended 31st March 2007 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 were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review.
- (iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The directors have prepared the annual accounts on a going concern basis.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 11th May 2007

Ajit B Kulkarni
Director

Samidha A Kulkarni
Director

AUDITOR'S REPORT

To the Members,

Pratibha Infrastructure Private Limited
Mumbai

We have audited the attached Balance Sheet of **Pratibha Infrastructure Private Limited** as at 31st March, 2007. 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. 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 dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet 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 31st March, 2007 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 31st March, 2007;

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

Ashish Sheth
(M.No. 107162)
Partner

Place : Mumbai
Date: 11th May 2007

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 2 of our report of even date

1. Since there are no fixed assets, record related to fixed assets is not maintained.
2. As explained to us, since there is no inventory, the question of its physical verification, procedures of its physical verification and maintenance of its records does not arise.
3. The Company has taken loan of Rs. 4,13,498/- from Pratibha Industries Limited. The terms & Conditions of the loan are not prima facie prejudicial to the interest of the company. The company has not granted any loans to any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act.
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 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, 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 31st March 2007 for a period of more than six months from the date of becoming payable.
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 not given guarantees for loans taken by others from banks or financial institutions.
16. The Company has not raised term loans during the year.
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. 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

Ashish Sheth
(M.No. 107162)
Partner

Place : Mumbai
Date: 11th May 2007

PRATIBHA INFRASTRUCTURE PVT. LTD.
BALANCE SHEET AS AT 31.03.2007

Particulars	Sch	Amount as on 31.03.2007	Amount as on 31.03.2006
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	A	100,000.00	100,000.00
Reserve & Surplus		-	-
		100,000.00	100,000.00
DEFERRED TAX LIABILITY			
		-	-
LOAN FUNDS			
Secured Loans		-	-
Unsecured Loans	B	499,353.00	80,855.00
		499,353.00	80,855.00
Total		599,353.00	180,855.00
APPLICATIONS OF FUNDS			
FIXED ASSETS			
Fixed Assets Gross Block		-	-
Less : Depreciation		-	-
Net Block		-	-
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES			
Inventories		-	-
Sundry Debtors		-	-
Cash & Bank Balance	C	418,498.00	-
Loans, Advances & Deposits		-	-
		418,498.00	-
LESS: CURRENT LIABILITIES & PROVISIONS			
Sundry Creditors for Expenses	D	5,000.00	5,000.00
		5,000.00	5,000.00
WORKING CAPITAL		413,498.00	(5,000.00)
MISCELLANEOUS EXPENSES			
	E	148,684.00	148,684.00
PROFIT AND LOSS ACCOUNT		37,171.00	37,171.00
Total		599,353.00	180,855.00

Notes forming part of the Accounts

F

As per our Report of even date

For Jayesh Sanghrajka & Co.
Chartered AccountantsAshish Sheth
(M.No. 107162)
PartnerPlace : Mumbai
Date: 11th May 2007

For Pratibha Infrastructure Pvt. Ltd.

Ajit B Kulkarni *Director*
Samidha A Kulkarni *Director*Place : Mumbai
Date: 11th May 2007

PRATIBHA INFRASTRUCTURE PVT. LTD.
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Particulars	Sch	Amount as on 31.03.2007	Amount as on 31.03.2006
INCOME			
Income From Operations		-	-
Other Income		-	-
		-	-
EXPENDITURE			
Preliminary Expenses Written Off		-	37,171
		-	37,171
PROFIT BEFORE TAX		-	(37,171)
PROFIT AFTER TAX		-	(37,171)

Notes forming part of the Accounts

F

As per our Report of even date

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

Ashish Sheth
(M.No. 107162)
Partner

Place : Mumbai
Date: 11th May 2007

For Pratibha Infrastructure Pvt. Ltd.

Ajit B Kulkarni *Director*
Samidha A Kulkarni *Director*

Place : Mumbai
Date: 11th May 2007

PRATIBHA INFRASTRUCTURE P. LTD.**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2007**

Particulars	31.03.2007 Amount Rs.	31.03.2006 Amount Rs.
SCHEDULE - 'A' SHARE CAPITAL		
Authorised capital (100000 Equity Shares of Rs. 100/- Each)	10,000,000.00	10,000,000.00
Issued, Subscribed and Paid Up Capital (1000 equity shares of Rs.100 each Fully Paid up)	100,000.00	100,000.00
Total	100,000.00	100,000.00
SCHEDULE - 'B' UNSECURED LOAN		
From Share holders & Directors Pratibha Industries Ltd	85,855.00 413,498.00	80,855.00 -
Total	499,353.00	80,855.00
SCHEDULE - 'C' CASH AND BANK BALANCES		
Balance with Bank of Baroda	418,498.00	-
Total	418,498.00	
SCHEDULE - 'D' Sundry Creditors for Expenses		
Consultancy charges payable	5,000.00	5,000.00
Total	5,000.00	5,000.00
SCHEDULE - 'E' MISCHELLANEOUS EXPENSES		
Preoperative and Incorporation Expenses	185,855.00	185,855.00
Total	185,855.00	185,855.00

SCHEDULE 'F'**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.

B. Use of 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

Company does not have any fixed assets.

NOTES TO ACCOUNTS

- The company has not yet commenced any commercial activity and hence preliminary expenses is not amortised this year
- Company has neither expended nor earned any foreign exchange.
- No amount is and payable to any Small Scale Industrial (SSI) Units.
- Balance Sheet abstract and Company's General Business Profile (in terms of Part IV of Schedule VI) is enclosed herewith.

As per our Report of even date

For Jayesh Sanghrajka & Co.
Chartered Accountants

Ashish Sheth
(M.No. 107162)
Partner

At Mumbai, 11th May 2007

For Pratibha Infrastructure Pvt. Ltd.

Ajit B Kulkarni *Director*
Samidha A Kulkarni *Director*

At Mumbai, 11th May 2007

AUDITORS' REPORT

We have verified enclosed Cash Flow Statement of **M/s. PRATIBHA INFRASTRUCTURE PRIVATE LTD.** for the period ended March 31st 2007 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

Ashish Sheth
(M.No. 107162)
Partner

Place : Mumbai
Date: 11th May 2007

PRATIBHA INFRASTRUCTURE PVT. LTD.**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2007**

Particulars	31.03.2007 Amount Rs.
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before tax and extraordinary items	-
Adjustment for :	
Depreciation	-
Preliminary Expenses Written Off	-
Finance Charges	-
Operating Profit before working Capital Changes	-
Direct Taxes Paid	-
Net cash used in Operating Activities	-
CASH FLOW FROM INVESTMENT ACTIVITIES	
Net cash used in investing activities	-
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Unsecured Loans	418,498
Net cash from Financing Activities	418,498
NET INCREASE IN CASH AND CASH EQUIVALENTS	418,498
Opening Cash and Cash Equivalents	-
Closing Cash and Cash Equivalents	418,498

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

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

Ashish Sheth
(M.No. 107162)
Partner

Place : Mumbai
Date: 11th May 2007

For **Pratibha Infrastructure Pvt. Ltd.**

Ajit B Kulkarni *Director*
Samidha A Kulkarni *Director*

Place : Mumbai
Date: 11th May 2007

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.	1 4 3 1 8 7 State Code 1 1 (Refer Code List 1)
Balance -sheet Date	3 1 0 3 0 7 Date Month Year
II Capital Raised during the year (Amount in Rs. Thousand)	
Public Issue	Right Issue
N I L	N I L
Bonus Issue	Private Placement
N I L	N I L
III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)	
Total Liabilities	Total Assets
5 9 9	5 9 9
Sources of Funds	
Paid-up Capital	Reserves & Surplus
1 0 0	N I L
Secured/Unsecured Loans	Deferred Liabilities
4 9 9	N I L
Application of Funds	
Net Fixed Assets	Investments
N I L	N I L
Net Current Assets	Misc. Expenditure
4 1 3	1 4 9
Accumulated Losses	
3 7	
IV. Performance of Company (Amount in Rs. Thousand).	
Turnover/Income	Total Expenditure
N I L	N I L
+ - Profit / Loss Before Tax	+ - Profit / Loss After Tax
N I L	N I L
(Please tick Appropriate box + for Profit - for Loss)	
Earning Per Share in Rs.	Dividend @ %
N I L	- -
V Generic Names of Three Principal Products / Services of Company (as per monetary terms)	
Item Code No. (ITC Code)	Product Description
N A	-

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

Ashish Sheth
(M.No. 107162)
Partner

Place : Mumbai
Date: 11th May 2007

For **Pratibha Infrastructure Pvt. Ltd.**

Ajit B Kulkarni *Director*
Samidha A Kulkarni *Director*

Place : Mumbai
Date: 11th May 2007

AUDITOR'S REPORT TO THE MEMBERS OF PRATIBHA INDUSTRIES LIMITED

We have audited the attached consolidated Balance sheet of **Pratibha Industries Limited** and its joint ventures, as at 31st March, 2007, 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 31st March 2007;
- 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

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

Ashish Sheth
(M.No. 107162)
Partner

Place : Mumbai
Date: 11th May 2007

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2007

Particulars	Sch	Pratibha Industries Ltd.	Joint Ventures / Subsidiaries	Consolidated	Previous Year Consolidated
SOURCES OF FUNDS					
Shareholders Funds					
Share Capital	A	142,850,000	105,515,987	248,365,987	231,927,439
Proportionate Consolidation Eliminations		-	-	(105,515,987)	(89,077,439)
Sub Total		142,850,000	105,515,987	142,850,000	142,850,000
Reserves & Surplus					
	B	805,765,894	(37,171)	805,728,723	679,489,633
Deferred Tax Liability					
		4,486,471	-	4,486,471	960,806
Loan Funds					
Secured Loans	C	1,028,589,850	34,541,165	1,063,131,015	415,706,061
Unsecured Loans	D	299,705,694	499,353	300,205,047	87,558,687
Proportionate Consolidation Eliminations				(413,498)	
Sub Total		1,328,295,544	35,040,518	1,362,922,564	503,264,748
TOTAL					
		2,281,397,909	140,519,334	2,315,987,758	1,326,565,187
Applications of Funds					
Fixed Assets					
Fixed Assets					
Gross Block	E	245,195,241	1,022,331	246,217,571	156,599,009
Less: Depreciation		32,500,975	156,571	32,657,546	21,708,866
Net Block		212,694,266	865,760	213,560,025	134,890,143
Capital Work In Progress					
		279,832,501	-	279,832,501	-
Investments					
	F	119,000,200	-	119,000,200	378,807,285
Proportionate Consolidation Eliminations				(90,872,677)	(84,220,749)
				28,127,523	294,586,536
Current Assets Loans & Advances					
Sundry Debtors	G	1,538,435,675	66,894,539	1,605,330,214	591,670,729
Work In Progress-Inventories	H	216,375,183	56,820,583	273,195,766	378,247,199
Cash & Bank Balance	I	396,349,838	6,783,376	403,133,213	168,548,776
Loans, Advances & Deposits	J	231,772,356	159,486,439	391,258,795	263,937,508
Proportionate Consolidation Eliminations				(413,498)	-
		2,382,933,052	289,984,936	2,672,504,490	1,402,404,212
Less: Current Liabilities & Provisions					
Sundry Creditors	K	414,660,557	15,788,808	430,449,365	422,596,945
Other Liabilities & Provisions	L	124,965,454	3,810,213	128,775,667	30,715,547
Advances & Deposits	M	173,436,098	130,881,026	304,317,124	90,218,245
Minority Interest in Joint Ventures	N	-	-	14,643,309	4,856,690
TOTAL		713,062,109	150,480,047	878,185,465	548,387,427
Working Capital					
	O	1,669,870,943	139,504,890	1,794,319,025	854,016,785
Misc. Exp. (to the extent not w/off)		-	148,684	148,684	43,071,723
TOTAL					
		2,281,397,909	140,519,334	2,315,987,758	1,326,565,187

As per our Report of even date

For **Jayesh Sanghrajka & Co.**
Chartered AccountantsAshish Sheth
(M.No. 107162)
PartnerPlace : Mumbai
Date: 11th May 2007

For Pratibha Industries Ltd.

Usha B Kulkarni *Chairperson*
Ajit B Kulkarni *Managing Director*
Vinayak B Kulkarni *Whole Time Director*
Pankaj S Chourasia *Company Secretary*Place : Mumbai
Date: 11th May 2007

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

Particulars	Sch	Pratibha Industries Ltd.	Joint Ventures / Subsidiaries	Consolidated	Previous Year Consolidated
Income					
Net Sales/Income from Operation		2,952,439,763	51,548,602	3,003,988,365	1,741,058,863
Other Income	P	3,510,210	408,167	3,918,377	13,262,882
Proportionate Consolidation Elimination				(139,721)	(8,001,102)
TOTAL		2,955,949,973	51,956,769	3,007,767,021	1,746,320,643
Expenses					
Cost of Works Done	Q	2,375,521,798	8,450,822	2,383,972,620	1,419,973,853
Establishment, Selling & Other Expenses	R	136,072,624	36,166,274	172,238,898	75,138,295
Finance Expenses	S	116,772,773	6,627,902	123,400,675	71,122,562
Personnel Expenses	T	80,732,562	2,177,664	82,910,226	24,664,890
Depreciation	E	11,206,815	57,842	11,264,657	6,627,063
Preliminary Expenses Written Off		84,750	-	84,750	10,770,975
Share of other Partners in JV Profit		-	(1,724,235)	(1,724,235)	905,187
Share of Pratibha Inds Ltd. in JV Profit		-	139,721	139,721	8,001,102
Proportionate Consolidation Elimination				(139,721)	(8,001,102)
TOTAL		2,720,391,322	51,895,989	2,772,147,590	1,609,202,825
Profit Before Tax		235,558,651	60,780	235,619,431	137,117,818
Add : Excess Provision Written Back		898,982	-	898,982	-
<u>Provision for Tax</u>					
Current Tax		26,384,026	-	26,384,026	11,750,000
Deferred Tax		3,525,665	-	3,525,665	212,102
Fringe Benefit Tax		2,257,554	60,780	2,318,334	2,406,547
Profit After Tax and Prior Period Items		204,290,388	-	204,290,388	122,749,169
Proposed Dividend		28,570,000	-	28,570,000	-
Corporate Dividend Tax		4,855,472	-	4,855,472	-
General Reserve		25,000,000	-	25,000,000	-
Balance Carried forward to Balance Sheet		145,864,916	-	145,864,916	122,749,169
Closing Number of shares		14,285,000		14,285,000	14,285,000
Basic & Diluted Earning Per Share		14.30		14.30	8.59

As per our Report of even date

For **Jayesh Sanghrajka & Co.**
Chartered Accountants**Ashish Sheth**
(M.No. 107162)
PartnerPlace : Mumbai
Date: 11th May 2007

For Pratibha Industries Ltd.

Usha B Kulkarni *Chairperson*
Ajit B Kulkarni *Managing Director*
Vinayak B Kulkarni *Whole Time Director*
Pankaj S Chourasia *Company Secretary*Place : Mumbai
Date: 11th May 2007

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR 2006-07

Particulars	Sch	Pratibha Industries Ltd.	Joint Ventures / Subsidiaries	Consolidated	Previous Year Consolidated
SCHEDULE: A : SHARE CAPITAL					
Issued,Subscribed & Fully Paid Up					
14285000 Equity shares of Rs.10/- Each (P.Y. 14285000 Equity Shares Of Rs.10/- Each)		142,850,000	105,515,987	248,365,987	231,927,439
Proportionate Consolidation Elimination				(105,515,987)	(89,077,439)
Total		142,850,000	105,515,987	142,850,000	142,850,000
SCHEDULE: B : RESERVES & SURPLUS					
Profit & Loss Account					
Opening Balance		208,139,633	(37,171)	208,102,462	165,390,465
Addition During Period		145,864,917	-	145,864,917	122,749,169
Less:Capitalisation During Period		-	-	-	80,000,000
(A)		354,004,550	(37,171)	353,967,379	208,139,633
Security Premium Account					
Opening Balance		471,350,000	-	471,350,000	-
Addition During Period		-	-	-	471,350,000
Less:Deduction during the Year		44,588,656	-	44,588,656	-
(B)		426,761,344	-	426,761,344	471,350,000
General Reserve					
Opening Balance		-	-	-	-
Addition During Period		25,000,000	-	25,000,000	-
Less:Deduction during the Year		-	-	-	-
(C)		25,000,000	-	25,000,000	-
Total (A) + (B) + (C)		805,765,894	(37,171)	805,728,723	679,489,633
SCHEDULE: C : SECURED LOANS					
Loans for Property,Vehicles & Construction Equip.		88,517,724	-	88,517,724	40,478,518
Working Capital Finance from consortium of banks		195,686,233	-	195,686,233	163,981,181
Project - Specific Finance		654,091,188	34,541,165	688,632,353	146,157,870
Buyer's Purchase Credit Facility		90,294,705	-	90,294,705	65,088,492
Total		1,028,589,850	34,541,165	1,063,131,015	415,706,061
SCHEDULE: D : UNSECURED LOANS					
From Banks & Financial Institutions		299,705,694	-	299,705,694	87,558,687
			499,353	499,353	
Total		299,705,694	499,353	300,205,047	87,558,687
SCHEDULE: F : INVESTMENTS					
Trade Unquoted					
Shares of Abhyudaya Co Op. Bank Ltd		26,600	-	26,600	26,600
Shares of Janakalyan Sahakari Bank Ltd		1,000	-	1,000	1,000
Shares of Mukangan Developers Private Limited		2,000,000	-	2,000,000	2,000,000
Shares of Pratibha Infrastructure Pvt Ltd		100,000	-	100,000	-
Shares of The Greater Bombay Co. Op. Bank Ltd		25	-	25	25
Non-Trade Unquoted					
Bonds of Industrial Development Bank of India		2,500,000	-	2,500,000	2,500,000
National Saving Certificates		15,000	-	15,000	15,000
Investment out of Unutilised portion of IPO		-	-	-	290,000,000
Non-Trade Quoted					
Investment in Gold Coins		43,911	-	43,911	43,911
Investment in Joint Ventures and Partnership Firms		114,313,664	-	114,313,664	84,220,749
Proportionate Consolidation Elimination		-	(90,872,677)	(90,872,677)	(84,220,749)
Total		119,000,200	(90,872,677)	28,127,523	294,586,536

SCHEDULE : E : FIXED ASSETS AS AT 31.03.07

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		Cost as on 01.04.06	Addn.	Sale/Transfers / Impairment	As on 31.03.07	As on 01.04.06	For The Period	On Sale/ Transfers	As on No. 31.03.07	As on 31.03.06	As on 31.03.07	
1	Goodwill	7,500,000	-	7,500,000	-	-	-	-	-	7,500,000	-	
2	Office Premises	22,604,949	-	1,257,889	21,347,060.00	1,307,210	499,569	20,4420	1,602,359	21,297,739	19,744,701	
3	Plant & Machinery	76,122,388	80,664,375	-	156,786,762.75	10,806,328	5,334,922	-	16,141,250	65,316,060	140,645,513	
4	Furniture & Fixture	8,206,985	4642855	-	12,849,839.90	1,682,712	647,115	-	2,329,827	6,524,273	10,520,013	
5	Electrical Installation	704,250	59,120	-	763,370.15	207,637	34,995	-	242,633	496,613	520,737	
6	Office Equipment	4,399,968	3,437,366	-	7,837,334.00	1,449,959	781,538	-	2,231,497	2,950,009	5,605,837	
7	Vehicles	36,888,669	9,817,324	1,211,073	45,494,920.47	6,184,685	3,882,599	111557	9,955,727	30,703,985	35,539,194	
8	Computer Software	171,800	966,484	-	1,138,283.76	70,336	83,918	-	154,254	101,464	984,030	
	Total	156,599,009	99,587,524	9,968,962	246,217,571	21,708,866	11,264,657	315,977	32,657,546	134,890,143	213,560,025	
	Previous Year	99,525,068	57,519,991	446,040	156,599,009	15,334,189	6,627,063	252,386	21,708,866	84,190,869	134,890,143	

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR 2006-07

Particulars	Sch	Pratibha Industries Ltd.	Joint Ventures / Subsidiaries	Consolidated	Previous Year Consolidated
SCHEDULE : G : SUNDRY DEBTORS					
(Unsecured, Considered good)					
Debt Outstanding for a period exceeding 6 months		13,898,273	66,894,539	80,792,812	2,359,876
Other Debts		391,041,143	-	391,041,143	519,107,015
Project Specific Debts (Akola Municipal Corp & NMMC)		1,133,496,260	-	1,133,496,260	70,203,838
Total		1,538,435,676	66,894,539	1,605,330,215	591,670,729
SCHEDULE : H : INVENTORIES					
(As per Inventories certified and valued by the Management)					
		216,375,183	56,820,583	273,195,766	378,247,199
Total		216,375,183	56,820,583	273,195,766	378,247,199
SCHEDULE : I : CASH & BANK BALANCES					
Cash in hand		9,017,089	1,177,636	10,194,725	3,503,169
<u>Balance with Banks</u>					
In Current Account with Scheduled Banks		9,995,904	5,605,740	15,601,644	29,506,194
In Demand Deposit of Scheduled Banks		377,336,845	-	377,336,845	135,539,414
Total		396,349,838	6,783,376	403,133,214	168,548,776
SCHEDULE : J : LOANS, ADVANCES & DEPOSITS					
Advance to Mukhtangan Developers Pvt. Ltd.		7,666,000	-	7,666,000	7,666,000
Advance to Pratibha Infrastructure Pvt. Ltd.		413,498	-	413,498	-
Advances to Suppliers		1,096,161	-	1,096,161	51,666,604
Excise Duty PLA Balance		22,186	-	22,186	862,168
Excise Duty Credit Available		5,226,264	-	5,226,264	-
Interest Accrued But Not Due		8,079,236	-	8,079,236	795,868
Loans and Advances to staff		1,289,387	-	1,289,387	335,209
Mobilisation Advances		3,140,496	57,710,307	60,850,803	2,000,000
Other Advances		626,362	-	626,362	3,083,095
Other Deposits		164,380,671	69,032,359	233,413,030	132,662,455
Prepaid Expenses		3,729,046	-	3,729,046	4,446,899
Sales Tax Refund Due		3,024,544	-	3,024,544	3,024,544
Service Tax Credit Available		635,745	-	635,745	6,390,787
Tax Deducted At Source And Advance Tax		30,689,151	4,665,338	35,354,489	18,138,279
VAT Credit Available		1,753,607	-	1,753,607	-
Deposits with SICOM		-	1,750,000	1,750,000	1,650,000
Deposits with various Authorities		-	26,328,435	26,328,435	31,215,600
Total		231,772,356	159,486,439	391,258,795	263,937,508
SCHEDULE : K : SUNDRY CREDITORS					
Creditors under Letter of credit		159,315,215	3,158,042	162,473,257	99,397,383
Creditors under Purchase Bill Discounting		23,373,856	-	23,373,856	-
Other Sundry Creditors		231,971,486	12,630,766	244,602,252	323,199,562
Total		414,660,557	15,788,808	430,449,365	422,596,945

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR 2006-07

Particulars	Sch	Pratibha Industries Ltd.	Joint Ventures / Subsidiaries	Consolidated	Previous Year Consolidated
SCHEDULE : L : OTHER LIABILITIES & PROVISIONS					
Annuity Period Expenses Provision		43,449,755	2,333,761	45,783,516	11,535,723
Director's Remuneration Payable		5,158,890	-	5,158,890	189,484
Electricity & Water Expenses Payable		123,284	7,500	130,784	72,686
Employee ESIC		293,113	3,255	296,368	1,539
Other Provisions		-	-	-	36,910
Professional Tax		51,865	4,650	56,515	22,220
Proposed Dividend		28,570,000	-	28,570,000	-
Provision for NMMC Cess Tax		2,193,955	-	2,193,955	-
Provision for Corporate Dividend Tax		4,855,472	-	4,855,472	-
Provision for Gratuity & Employee Benefit		100,000	-	100,000	973,850
Provision for Fringe Benefit Tax		146,050	27,898	173,948	1,250,665
Provision for Service Tax		125,810	-	125,810	-
Provision for Tax		26,384,026	-	26,384,026	11,750,000
Rent Payable		92,850	-	92,850	-
Salary & Wages Payable		3,632,189	382,398	4,014,587	1,355,582
TDS Payable(Including Interest Thereon)		6,975,533	1,045,219	8,020,752	1,316,404
Telephone Expenses Payable		138,238	5,532	143,770	159,504
Works Contract Tax Provision		2,674,424	-	2,674,424	2,050,980
Total		124,965,454	3,810,213	128,775,667	30,715,547
SCHEDULE : M : ADVANCE & DEPOSITS					
Mobilisation Advance		134,501,685	126,800,809	261,302,494	51,007,732
Secured Advance		429,750	-	429,750	429,750
Other Advances		-	-	1,196,500	-
Security Deposits		38,504,663	4,080,217	42,584,880	37,584,264
Total		173,436,098	130,881,026	304,317,124	90,218,245
SCHEDULE : N : MINORITY INTEREST IN JV					
Petron Pratibha Joint Venture		-	1,280,703	1,280,703	2,954,621
Pratibha Ostustettin Joint Venture		-	-	-	-
Pratibha Petron Joint Venture		-	-	-	-
Pratibha Rohit Joint Venture		-	-	-	-
Pratibha Unity Joint Venture		-	13,285,316	13,285,316	-
Unity Pratibha Consortium		-	77,291	77,291	-
Unity Pratibha Multimedia Joint Venture		-	-	-	1,902,069
ITD Pratibha Consortium		-	-	-	-
Total		-	14,643,309	14,643,309	4,856,690
SCHEDULE : O : MISCELLANEOUS EXPENSES					
Expenses on Initial Public Offering		43,317,406	-	43,317,406	52,147,698
Preliminary Expenses		1,356,000	148,684	1,504,684	1,695,000
Less : written off/squared off		44,673,406	-	44,673,406	10,770,975
Total		-	148,684	148,684	43,071,723

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR 2006-07

Particulars	Sch	Pratibha Industries Ltd.	Joint Ventures / Subsidiaries	Consolidated	Previous Year Consolidated
SCHEDULE: P : OTHER INCOME					
Dividend Received		30	-	30	30
Interest on Income Tax Refund		-	49,350	49,350	264,743
Interest received from others		45,791	-	45,791	130,103
Rent received		-	-	-	1,695,895
Sales Tax Refund		-	-	-	3,024,544
Services Charges		-	-	-	146,465
Share of Profit from Partnership (JV)		2,670,708	-	2,670,708	8,001,102
Discount Recd		-	136,191	136,191	-
Insurance Claim Received		-	222,626	222,626	-
Profit on Sale of Fixed Assets		793,681	-	793,681	-
TOTAL		3,510,210	408,167	3,918,377	13,262,882
SCHEDULE: Q : COST OF WORK DONE					
Opening Stock		361,933,631	16,313,569	378,247,199	276,673,699
Purchases		1,205,831,916	22,754,237	1,228,586,153	1,386,819,061
Add : Direct Expenses		1,024,131,434	26,203,599	1,050,335,033	134,728,292
		2,591,896,981	65,271,404	2,657,168,385	1,798,221,052
Less : Closing Stock		216,375,183	56,820,583	273,195,766	378,247,199
TOTAL		2,375,521,798	8,450,822	2,383,972,620	1,419,973,853
SCHEDULE: R : ESTABLISHMENT,SELLING AND OTHER EXPENSES					
Administration Charges		-	29,369,252	29,369,252	-
Advertisement Charges		3,080,374	6,150	3,086,524	510,198
Auditors Remunerstion		860,000	-	860,000	677,740
Books,Periodicals,Fees & Subscription		31,374	56	31,430	69,303
Brokerage Expenses		166,533	1,947	168,480	132,591
Computer & Software Expenses		331,663	14,418	346,081	176,661
Discounts		1,753,355	36	1,753,391	327,547
Donation		176,502	-	176,502	1,286,970
Electricity Charges		1,314,778	20,632	1,335,410	809,540
Fees & Subscription		338,073	-	338,073	162,772
Impairment Loss on Goodwill		7,500,000	-	7,500,000	-
Insurance Charges		10,480,222	6,609	10,486,831	7,473,702
ISO expenses		8,418	-	8,418	8,265
Legal Fees & Professional Charges		18,988,877	3,927,206	22,916,083	8,993,014
Listing Fees		58,000	-	58,000	-
Loss on Sale of Fixed Assets		-	-	-	149,210
Loss on Sale of Unquoted Long Term Investment		-	-	-	425,000
Pooja & Festival Expenses		1,167,867	9,326	1,177,193	1,758,674
Postage & Telegram and Telephone Charges		3,716,312	77,878	3,794,190	2,279,683
Printing & Stationery		2,397,751	94,973	2,492,724	1,180,157
Rates & Taxes		53,444,255	1,145,023	54,589,278	29,711,219
Registraron Fees		476,023	57,821	533,844	156,685
Rent		6,469,622	57,718	6,527,340	2,713,778
Repair & Maintance-Office		485,887	628	486,515	143,272
Royalty Expenses		2,043,546	-	2,043,546	1,044,824
Sales Promotion		2,434,426	69,133	2,503,559	3,152,428
Security Service Charges		2,638,663	324,187	2,962,850	709,891
Service Charges		30,347	-	30,347	68,040
Tender Expenses		1,388,911	60,000	1,448,911	1,338,439
Travelling Exp		7,835,839	585,935	8,421,774	4,653,622
Vehicle Expenses		6,455,006	337,346	6,792,352	5,025,069
TOTAL		136,072,624	36,166,274	172,238,898	75,138,295

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR 2006-07

Particulars	Sch	Pratibha Industries Ltd.	Joint Ventures / Subsidiaries	Consolidated	Previous Year Consolidated
SCHEDULE: S : FINANCE CHARGES					
Bank Charges & Commission		5,621,893	452,164	6,074,057	6,522,800
Bank Commission (BG/LC)		23,509,394	2,923,127	26,432,521	17,261,513
Banking Cash Transaction Tax		54,631	350	54,981	38,833
Factoring Charges		3,031,001	-	3,031,001	4,464,580
Interest on Finance for Vehicles & Construction Equipments		3,790,834	-	3,790,834	2,296,592
Interest on Inter Corporate Deposit		-	-	-	95,805
Interest On Mobilisation Advances		1,111,177	364,379	1,475,556	6,022,927
Interest Paid (Bank)		42,140,139	2,859,811	44,999,950	39,766,152
Interest Paid on Annuity Projects		57,139,042	-	57,139,042	-
Interest (Others)		1,519,613	28,070	1,547,683	102,177
Less: Interest Received From Banks		(21,144,951)	-	(21,144,951)	(5,448,817)
TOTAL		116,772,773	6,627,902	123,400,675	71,122,562
SCHEDULE: T : PERSONNEL EXPENSES					
Director Remuneration		13,484,000	-	13,484,000	3,828,866
Director Sitting Fees		300,000	-	300,000	100,000
Director Medical Expenses		210,225	-	210,225	164,822
Insurance Charges (Key man)		1,003,000	-	1,003,000	1,253,750
Staff Welfare		6,572,712	244,515	6,817,227	3,704,143
Contribution to PF and ESIC		1,103,527	6,696	1,110,223	845,105
Wages & Salary		58,059,098	1,926,453	59,985,551	14,768,203
TOTAL		80,732,562	2,177,664	82,910,226	24,664,890

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2007

	31.03.2007 Amount Rs.	31.03.2006 Amount Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and extraordinary items	235,619,431	137,117,818
Adjustment for :		
Depreciation	11,264,657	6,627,063
Loss / (Profit) on Sale of Assets & Investments	(793,681)	574,210
Preliminary Expenses Written Off	84,750	10,770,975
Impairment Loss of Goodwill	7,500,000	-
Finance Charges	123,400,675	71,122,562
Dividend Received	(30)	(30)
Proposed Dividend	(28,570,000)	-
Corporate Dividend Tax	(4,855,472)	-
Loss of Subsidiary Company	(37,171)	-
Operating Profit before working Capital Changes	343,613,159	226,212,598
Adjustment for:		
Inventories	105,051,433	(101,573,500)
Sundry Debtors	(1,013,659,485)	(162,559,525)
Loans & Advances	(127,321,287)	(2,267,856)
Sundry Creditors	7,852,420	40,840,877
Other Liabilities	98,060,120	1,260,615
Advances & Deposits	214,098,879	(2,390,246)
Minority Interest in Joint Ventures	9,786,619	905,187
	(362,518,143)	428,149
Direct Taxes Paid	27,803,378)	(14,156,547)
Net cash used in operating activities	(390,321,521)	(13,728,398)
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Additions to Fixed Assets	(99,587,524)	(57,519,991)
Additions to Capital Work in Progress	(279,832,501)	-
Deletion to Fixed Assets (net)	2,946,666	44,444
Redemption / (Purchase) of investments	266,359,013	(290,141,951)
Dividend Received	30	30
Net cash used in investing activities	(110,114,316)	(347,617,468)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	514,200,000
Expenses for Issue of Capital	(1,601,683)	(53,842,698)
Proceeds from Long Term Borrowings (Net)	622,218,742	114,644,260
Proceeds from Short Term Borrowings (Net)	237,852,573	14,000,936
Finance Charges paid (Net)	(123,400,675)	(71,122,562)
Net cash from Financing Activities	734,920,273	517,879,936
D NET INCREASE IN CASH AND CASH EQUIVALENTS	234,584,437	156,534,070
Opening Cash and Cash Equivalents	168,548,776	12,014,706
Closing Cash and Cash Equivalents	403,133,213	168,548,776

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

Ashish Sheth
(M.No. 107162)
Partner

Place : Mumbai
Date: 11th May 2007

For **Pratibha Industries Ltd.**

Usha B Kulkarni *Chairperson*
Ajit B Kulkarni *Managing Director*
Vinayak B Kulkarni *Whole Time Director*
Pankaj S Chourasia *Company Secretary*

Place : Mumbai
Date: 11th May 2007

ATTENDANCE SLIP

PLEASE FILL 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 **12th ANNUAL GENERAL MEETING** of the Company held on Wednesday, June 20, 2007, at 3.30 p.m., at Hotel Oasis, Opp. Tata Institute of Social Sciences, Sion Trombay Road, Deonar, Mumbai 400088.

Signature of the shareholder or proxy

*Applicable for investors holding shares in Physical form.

PROXY FORM

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

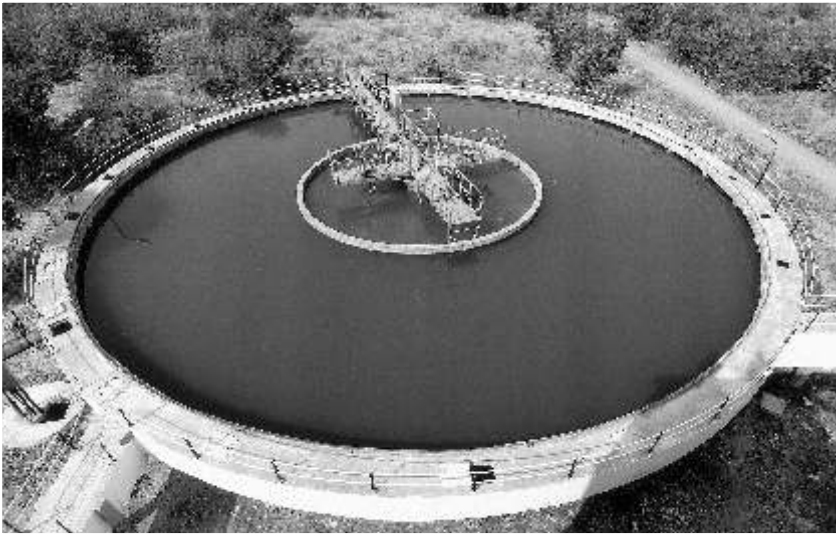
I/We.....
of being a member/members of Pratibha Industries Limited hereby appoint
.....ofor failing him
..... of
..... as my/our proxy to vote for me/us and on my/our behalf at the **12th ANNUAL GENERAL MEETING** of the Company held on Wednesday, June 20, 2007, at 3.30 p.m., at Hotel Oasis, Opp. Tata Institute of Social Sciences, Sion Trombay Road, Deonar, Mumbai 400088.

Signed this day of 2007.



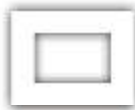
* Applicable for investors holding shares in physical form.

- 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.









Pratibha Industries Limited

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

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