

VALLABH POLY PLAST INTERNATIONAL LIMITED

: Regd. Office :

194, Jawahar Nagar, Road No.3, Goregaon (W), Mumbai - 400 062.

: Factory :

720/7B, Somnath Road, Dabhel, Daman - 396210 (U.T.)

TENTH ANNUAL REPORT

2003 - 2004

VALLABH POLY PLAST INTERNATIONAL LTD.

TENTH ANNUAL REPORT 2003 - 2004

BOARD OF DIRECTORS

Chairman & Managing Director	Shri Satish D. Jain
Jt. Managing Director	Shri Kiran U. Rathod
Directors	Shri Vinod U. Rathod
Auditors	M/s. DAMANI & SHAH Chartered Accountant, Mumbai.
Registered Office	194, Jawahar Nagar, Road No. 3, Goregaon (W), Mumbai – 400 062.

Factory: 720/7B, Somnath Road,
Dabhel, Daman – 396 210 (U.T.)

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NOTICE

Notice is hereby given that the 10th Annual General Meeting of the Members of **VALLABH POLY PLAST INTERNATIONAL LIMITED** will be held at its Registered Office at 194, Jawahar Nagar, Road No. 3, Goregaon (W), Mumbai: 400 062 on Saturday, August 14 2004 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

- 1.To receive, consider, approve and adopt the Balance Sheet as at March 31,2004 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors' and Auditor's thereon.
- 2.To appoint a Director in place of Shri Vinod U. Rathod, who retire by rotation, and being eligible, offers himself for reappointment.
- 3.To appoint the Auditors' and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of section 198, 269, 309, 310 & 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given for the appointment of **Mr. Satish D. Jain**, as the Managing Director of the Company for the period of **three years with effect from 30/10/2004**, on the terms and conditions and remuneration as approved by the members of the Company and already circulated among the members, subject to the approval of Central Government.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration to the extent the Board of Directors may consider appropriate, as may be permitted or authorized in accordance with any provisions of the Companies Act, 1956 or schedules appended thereto, for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulations there under.”

5. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of section 198, 269, 309, 310 & 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given for the appointment of **Mr. Kiran U. Rathod**, as the Joint Managing Director of the Company for the period of **three years** with effect from 30/10/2004, on the terms and conditions and remuneration as approved by the members of the Company and already circulated among the members, subject to the approval of Central Government.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration to the extent the Board of Directors may consider appropriate, as may be permitted or authorized in accordance with any provisions of the Companies Act, 1956 or schedules appended thereto, for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulations there under.”

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

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Place: Mumbai
Date : June 29, 2004

SATISH D. JAIN
MANAGING DIRECTOR.

REGISTERED OFFICE:

194, Jawahar Nagar, Road No. 3,
Goregaon (W),
Mumbai: 400 062.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from **Thursday, August 12 2004 to Saturday, August 14 2004** (both days inclusive.)

3. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.

4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & public holidays between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.

5. Explanatory statement pursuant to Sections 173 (2) read with 302 of the Companies Act, 1956, in respect of Item Nos. 4 & 5 of the notice set out, is annexed hereto.

5. For convenience of members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of meeting. The proxy of a member should mark on the attendance slip as 'proxy'.

6. IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTORS' REPORT & AUDITOR'S REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.

7. Members are requested to bring their copies of the reports to the Annual General Meeting.

8. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios alongwith share certificates to the Company.

9. In order to exercise strict control over the transfer documents, members are requested to send the transfer documents/ correspondence, if any, directly to the Registered Office of the Company.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) READ
WITH EXTRACT OF THE TERMS OF APPOINTMENT OF
MANAGERIAL PERSONNEL PURSUANT TO SEC. 302 OF THE
COMPANIES ACT, 1956:**

Item No.4:

The Board of Directors of the Company at their meeting held on 29/06/2004 have reappointed Mr. Satish D. Jain as the Managing Director of the Company for a period of three years w.ef. 30/10/2004. Mr. Satish D. Jain is the main promoter of your Company and is actively associated with your Company since its inception. Mr. Satish D. Jain is having more than 20 years of experience in Industry and thus considering the level of experience possessed by him and who has been involved in looking after day to day business operations of the Company, the Board of Directors of your Company considers that your Company should continue to avail of his services on whole time basis in the years to come.

Further, your Company is a BIFR Company and its entire net worth is entirely wiped out due to which the Company is not able to comply with the provisions of Schedule XIII of the Companies Act, 1956 regarding appointment of Managerial Personnel. Also, as there are no Board Members who are Independent, the Company cannot form a Remuneration Committee so as to seek its approval for any appointment of Managerial Personnel.

Under the circumstances, the Board of Directors of your Company has decided to make an Application to Central Government for seeking its approval for reappointment of Mr. Satish D. Jain as the Managing Director of the Company.

Hence, your Directors recommend the said resolution for your approval.

None of the Directors of the Company may be deemed to be concerned or interested in passing of the said resolution.

Abstract of the terms and conditions as per Section 302 of the Companies Act, 1956:

SALARY : Rs. 15,000/- (Rupees Fifteen Thousand Only) per month.

TELEPHONE : Free telephone facility at the residence.

Item No.5:

The Board of Directors of the Company at their meeting held on 29/06/2004 have reappointed Mr. Kiran U. Rathod as the Joint Managing Director of the Company for a period of three years w.ef. 30/10/2004. Mr. Kiran U. Rathod is having more than 20 years of experience in manufacturing and marketing of P.P., L.D.P.E., H.M.H.D., Plain & Printed Rolls & Bags etc. and thus considering the level of experience possessed by him and who has been involved in looking after day to day business operations of the Company at its Factory Office Premises, the Board of Directors of your Company considers that your Company should continue to avail of his services on whole time basis in the years to come.

Further, your Company is a BIFR Company and its entire net worth is entirely wiped out due to which the Company is not able to comply with the provisions of Schedule XIII of the Companies Act, 1956 regarding appointment of Managerial Personnel. Also, as there are no Board Members who are Independent, the Company cannot form a Remuneration Committee so as to seek its approval for any appointment of Managerial Personnel.

Under the circumstances, the Board of Directors of your Company has decided to make an Application to Central Government for seeking its approval for reappointment of Mr. Kiran U. Rathod as the Joint Managing Director of the Company.

Hence, your Directors recommend the said resolution for your approval.

None of the Directors of the Company except Mr. Vinod U. Rathod (being brother of Mr. Kiran U. Rathod) may be deemed to be concerned or interested in passing of the said resolution.

Abstract of the terms and conditions as per Section 302 of the Companies Act, 1956:

SALARY : Rs. 13,000/- (Rupees Thirteen Thousand Only) per month.

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

**Place: Mumbai
Date : June 29, 2004**

**SATISH D. JAIN
MANAGING DIRECTOR.**

DIRECTORS' REPORT

Your Directors hereby present their Tenth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2004.

FINANCIAL HIGHLIGHTS:

	{Rs. In lacs}	
	31/03/2004	31/03/2003
Profit/Loss before interest & depreciation	(121.03)	(18.25)
Less: Interest/Bank Charges	00.13	36.54
Less: Depreciation	13.06	13.29
Net Profit before Tax	(134.22)	(68.08)
Less: Provision for Tax	NIL	NIL
Profit/Loss Available for Appropriation	(134.22)	(68.08)
Appropriations:		
Balance carried to Balance Sheet	(134.22)	(68.08)

DIVIDENDS:

Your Directors regret that they are unable to recommend any dividend in view of the loss incurred by your Company for the year ended March 31, 2004.

OPERATIONS:

Your Company was able to achieve Sales Turnover of Rs. 317.22 lacs for the year ended March 31, 2004 in spite of the best efforts. The performance of the Company has been severely impacted due to financial crunch, which your Company has been passing through for last few years.

The demand for plastic bags is reducing day by day due to the pressure from the environmental groups like Green peace who wants total ban on use of plastic bags. The consumers' preference is also fast changing to recycled paper bags which is eco friendly. Your Directors are making all round efforts to keep the Company afloat.

PROVISION OF SICA, 1985:

Based on the reference made by the Company to the Board for Industrial and Financial Reconstruction (BIFR), Company's case came up for hearing on 25th September 2003 and at the said hearing, BIFR formed an opinion that it is just and equitable that the Company be wound up and appointed Company's Bankers as operating agency. Final hearing in the said matter was held on 31st

December 2003 and the order was passed by the Board on 13th January 2004 (hereinafter referred to as the said Order) in which the Board recommended that the Company be formally wound up. Thereafter, your company sought legal advice from its solicitors and filed an Appeal with the Appellant Authority of BIFR against Point No. 5 of the said order. The hearing of the said appeal is scheduled on 31st August 2004.

Simultaneously, reference regarding winding up of the Company was received by the Company from High Court, Mumbai and the first hearing on the said subject was held 6th May 2004 and further hearing in the said matter is scheduled for 10th September 2004.

BANKING FACILITIES:

Your company has received a legal notice from the advocate and solicitors of its banker calling upon the company and its past and present directors' and guarantors' to repay the entire outstanding term loan / various credit facilities with interest there on, till payment/realization.

Your company has already replied to the said legal notice as per the advice of its legal consultants and your directors are taking every step to protect the interest of your company. As the company's case is pending before AAFIR, issuance of such notices is not fair and may delay the settlement process.

Even though your company has received notice of winding up and recall of loan, the Directors of your Company are still hopeful of One Time Settlement (OTS) with Company's Bankers and the negotiations in this regard are in process. No interest has been provided during the year in view of above.

During the financial year under review your company could not able to recover its Debtors to the tune of Rs.97,06,611/- , in spite of its best efforts. Accordingly the Board of Directors of the Company has unanimously decided to write off the said Debtors, as bad debts in the Books of Accounts of the Company for the year ended 31st March, 2004. The said Debtors were old by more than 3 years.

DIRECTORS:

Shri Vinod U. Rathod retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Further, the tenure of Shri Satish D. Jain and Shri Kiran U. Rathod as Managing Director & Jt. Managing Director of the Company comes to an end w.e.f. 30/10/2004. The Company proposes to appoint the said Managerial Personnel for a further period of three years w.e.f. 30/10/2004.

DISCLOSURE UNDER THE STOCK EXCHANGE LISTING AGREEMENT:

In accordance with the amended Listing Agreement with respective Stock Exchanges, it is hereby confirmed that the Company's Shares are listed at the Stock Exchanges at The Stock Exchange, Mumbai (Regional Exchange for the Company) and at The Stock Exchange, Ahmedabad.

FIXED DEPOSITS:

The Company has not accepted deposits from public within the meaning of Section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Rule 2 of the Companies (Disclosure of Particulars I the Report of the Board of Directors) Rules, 1988 relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo forms part of this report and is given by way of Annexure.

AUDITORS:

M/s. Damani & Shah, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE:

Due to grim financial position of the Company, it was difficult for your Company to attract independent eminent persons having considerable experience and expertise on the Board of your Company. Hence, it was not possible for your Board to comply with the provisions of Clause 49 of the Corporate Governance. However, your Board of Directors is still hopeful to persuade such eminent persons to join the Company at the earliest, which will help to comply with the provisions of Clause 49 of the Corporate Governance.

PARTICULARS OF EMPLOYEES:

The Company has no employees of the specified categories under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended up to date.