

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.)

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TWELTH ANNUAL REPORT 2005 - 2006

VALLABH POLY PLAST INTERNATIONAL LTD.

TWELTH ANNUAL REPORT 2005 - 2006

BOARD OF DIRECTORS

Director	Shri Satish D. Jain
Director	Shri Kiran U. Rathod
Director	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 12th 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, September 30, 2006 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

- 1.To receive, consider and adopt the Balance Sheet as at March 31, 2006 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 Satish D. Jain, who retires by rotation, and being eligible, offers himself for reappointment.
- 3.To appoint the Auditors' and fix their remuneration.

For and on behalf of the
Board of Directors

Place: Mumbai
Date : August 25, 2006

SATISH D. JAIN
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, September 28, 2006 to Saturday, September 30, 2006 (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. 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 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.

DIRECTORS' REPORT

Your Directors hereby present the Twelfth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2006.

FINANCIAL HIGHLIGHTS:

	{Rs. In lacs}	
	31/03/2006	31/03/2005
Profit/Loss before depreciation	(25.73)	(13.52)
Less: Depreciation	2.89	4.09
Net Profit before Tax	(28.62)	(17.61)
Less: Provision for Tax	NIL	NIL
Less: Provision for FBT	0.05	NIL
Impairment Loss	18.76	NIL
Income Tax of earlier year	NIL	(11.15)
Profit/(Loss) Available for Appropriation	(47.43)	(28.76)
Appropriations:		
Balance carried to Balance Sheet	(47.43)	(28.76)

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, 2006.

OPERATIONS:

Due to financial crunch faced by your Company and high cost of production and ban on plastic bags below 50 microns by Maharashtra Government during 2005-06, your Directors could not able to run the Company's operations for full year and closed the unit in August 2005 as a result of which your Company could able to achieve sales turnover to the tune of Rs. 98.72 lacs only for the year ended March 31, 2006 as compared to Rs. 369.60 lacs for the year ended March 31, 2005.

All round efforts were made by the Directors to cut the cost but due to low production and financial crunch, cost of production remains high and due to competitive industry, it is difficult to sale the products in high rate as compared to what rate prevails in market because of which it was unviable to run the Company's unit.

On closure of units, your Company workers are retrenched and compensation and dues are paid as per labour law, the Company has also surrendered excise license and it has cancelled HT power connections.

PROVISION OF SICA, 1985:

Your Board wish to inform the Members that your Company's case in the AAIFR came for hearing on August 03, 2005, August 04, 2005 and final hearing on September 02, 2005 in which your Company's appeal has been heard and dismissed by the Appellant Authority.

Further, your Company's case came up on Board for further hearing in Bombay High Court on 11th August 2006. The decision in this regard is awaited.

BANKING FACILITY:

Your Company's case with Debt Recovery Tribunal [DRT] is still pending for hearing.

The Company's Directors are still hopeful of One Time Settlement [OTS] with the Company's Bankers and the negotiations and discussions in this regard are going on.

The Directors hope that the Company's offer/proposal for OTS will be accepted by the Company's Bankers. No interest has been provided during the year under review for the same.

DIRECTORS:

Shri Satish D. Jain retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

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 in 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 and since the Company is formally ordered to be wound up by BIFR, 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.

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.

DIRECTORS' RESPONSIBILITY STATEMENT, pursuant to Sec. 217(2AA) of the Companies Act, 1956:

- (i) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

APPRECIATION:

Your Directors express their warm appreciation to the Company's Bankers and all the employees of the Company for their continued support and co-operation.

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

**Place: Mumbai
Date : August 25, 2006**

**SATISH D. JAIN
DIRECTOR**

**KIRAN U. RATHOD
DIRECTOR**



ANNEXURE TO DIRECTORS' REPORT

Information in terms of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

Company uses electricity as major source of energy. Adequate steps for power factor improvement have been taken wherever feasible.

FORM A

Form for disclosure of particulars with respect to conservation of energy:

Particulars	Current Year (31/03/2006)	Previous Year (31/03/2005)
1. <u>Power & Fuel Consumption:</u>		
1. Electricity Unit		
Purchased (KWH)	116144	433008
Total Amount (Rs.)	367299	1206182
Rate/Unit (Rs.)	3.16	2.79
4. Others		
II. Consumption Per Unit of		
Production:		
Plastic, Layflat Tubings	0.28/unit	0.33/unit
(Rolls)/Bags/Kg.		

B. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings : NIL

Outgo: NIL

For and on behalf of the
Board of Directors

Place: Mumbai
Date : August 25, 2006

SATISH D. JAIN
DIRECTOR

KIRAN U. RATHOD
DIRECTOR