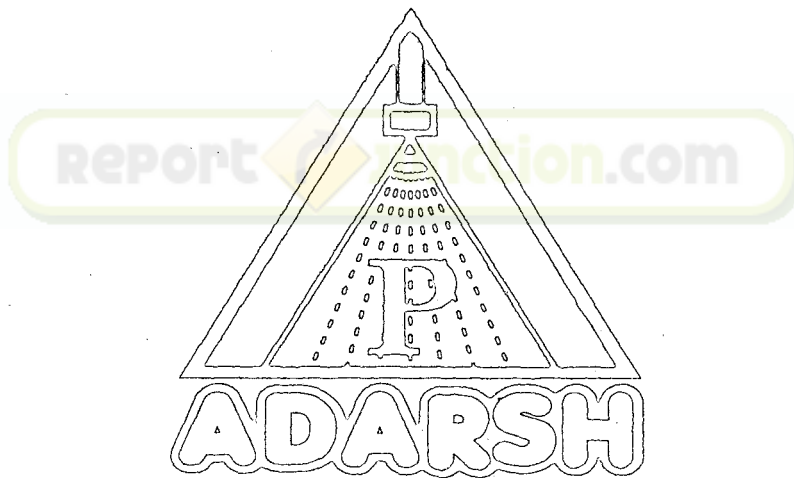


ANNUAL REPORT

2006-2007

15th Annual Report
1st April 2006 to 31st March 2007



PLANT PROTECT LIMITED

An ISO 9001 : 2000 Company

Mfg. : ISI Marked Plant Protection Equipments.

ADARSH PLANT PROTECT LIMITED

604, G.I.D.C., VITTHAL UDYOGNAGAR - 388 121. GUJARAT (INDIA)

PHONE : (02692) 236705, 645585. FAX : 236704

E-mail : adarshplant@hotmail.com

ADARSH PLANT PROTECT LIMITED
15TH ANNUAL REPORT & ACCOUNTS
2006-2007

BOARD OF DIRECTORS

SHRI NAISHADBHAI PATEL	CHAIRMAN & MANAGING DIRECTOR
SHRI ATISH PATEL	EXECUTIVE DIRECTOR
SHRI KIRITBHAI PATEL	NON-EXECUTIVE DIRECTOR
SHRI DIKULBHAI PATEL	NON-EXECUTIVE DIRECTOR
SHRI KIRANBHAI PATEL	NON-EXECUTIVE DIRECTOR
SHRI ARVINDBHAI SHAH	NON-EXECUTIVE DIRECTOR
MS. JYOTIBEN PATEL	NON-EXECUTIVE DIRECTOR
SHRI HARIHARBHAI PATEL	NON-EXECUTIVE DIRECTOR

AUDITORS

M/S MUKUND & ROHIT
CHARTERED ACCOUNTANTS, VADODARA

BANKERS

BANK OF BARODA
VALLABH VIDYANAGR BRANCH

REGISTERED OFFICE & WORKS

604, G.I.D.C., VITHAL UDYOGNAGAR
ANAND - 388 121 (GUJARAT), INDIA

NOTICE

Notice is hereby given that the **15th Annual General Meeting** of the Shareholders of **ADARSH PLANT PROTECT LIMITED**, will be held at Plot No. 604, G.I.D.C. Estate, Vithal Udyognagar on Friday the 31st day of August, 2007 at 10:00 A. M. to transact the following business:

ORDINARY BUSINESS:

- 1] To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended on 31st March, 2007 together with Directors' Report and Auditors' Report thereon.
- 2] To appoint a Director in place of Mr. Kiranbhai Patel who retire by rotation and being eligible, offers himself for re-appointment.
- 3] To appoint a Director in place of Mr. Arvindbhai Shah who retire by rotation and being eligible, offers himself for re-appointment.
- 4] To appoint a Director in place of Mr. Hariharbhai Patel who retire by rotation and being eligible, offers himself for re-appointment.
- 5] To appoint M/s Mukund & Rohit, Chartered Accountants, the retiring Auditors, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

By order of the Board of Directors
ADARSH PLANT PROTECT LIMITED

Date: 18th July, 2007
Place: Vithal Udyognagar

(NAISHADBHAI PATEL)
Chairman & Mg. Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. An instrument appointing a proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
3. The Register of Members and the Share Transfer Books will remain closed from Wednesday, the 29th August, 2007 to Friday the 31st August, 2007 (both days inclusive).
4. Members are requested to:
 - (a) Intimate to the Company change, if any, in their address immediately.
 - (b) Quote their Registered Folio No. in all correspondence with the Company.
 - (c) Members who hold Shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
 - (d) In view of the high cost of the paper and printing, the practice of handing out copies of Annual Report has been discontinued. Shareholders are therefore requested to bring their copies of the Report at the Meeting.

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting this **15th ANNUAL REPORT** together with the Audited Accounts of the Company for the year ended on 31st March 2007.

FINANCIAL RESULTS

(Rs.in Lacs)

	<u>2006-2007</u>	<u>2005-2006</u>
1 Turnover	625.71	261.53
2 Other Income	22.59	4.36
3 Total Income	648.30	265.89
4 Profit/(Loss) Before Depreciation, Interest and Tax	43.74	(1.04)
Less/Add : Interest	26.30	38.83
Depreciation	13.41	13.01
5 Profit/(Loss) Before Taxation	4.03	(52.88)
6 Income Tax & F. B. T.	0.42	1.21
7 Profit/(Loss) After Taxation	3.61	(54.09)
8 Profit/(Loss) for the year	3.61	(54.09)

Your Directors consider the working results satisfactory.

DIVIDEND

In view of the marginal profit during the year, your Directors regret their inability to recommend payment of any dividend to the Shareholders.

OPERATIONS DURING THE YEAR & PROSPECTS

Your Company has maintained a steady growth in its business areas. Global consumption of the Company's products has seen an increasing trend in the year under review and it is Company's endeavor to enhance the market presence and also products range.

The Operating income is of Rs. 625.71 lacs for the year compared to Rs. 261.53 lacs in the previous year shows rise of 139.25%.

CURRENT PERFORMANCE

Members would have noted from the Un-audited First Quarter result that, the turnover for April June 2007 is Rs. 218.68 lacs as against Rs. 307.16 lacs for the same quarter in the previous year and Profit after tax is to Rs. 1.68 lacs as against Rs. 3.49 lacs in the corresponding quarter of previous year. The current growth in Agriculture sector continues to improve demand of Company's Plant Protection Equipments in the States of Gujarat, Punjab and other States.

The Company's Product has been approved in the States of Uttar Pradesh, Rajasthan, Madhya Pradesh, Chattishgarh, Gujarat and Karnataka. The Company's product continues to be preferred in the States of Gujarat and Punjab and the response in terms of quantity and

quality has been improving day by day. Members would be pleased to know that the Company's Products are also approved in the State of Orissa, Karnataka and the Company shall start supply in these States very soon.

The Central Government has emphasizes upon introduction of various technologies against old manual system and farmers are advised to use Duster and Fertilizer Broad Caster for uniform spreading of pesticides and Fertilizer.

The Company has gathered information that, Central Government and State Governments has decided to purchase substantial quantity of these Products to be distributed in each village of the States and approximately Rs. 800 lacs has been allocated. Moreover, both these Products are being purchased under subsidy scheme during the year.

The Government is purchasing only ISI marked Products for their subsidy scheme. The Company at the moment has applied and is in the process of obtaining ISI License for these Products which will help the Company to participate in Tenders issued by the various State Governments. The Company expects to procure orders of approximately Rs. 200 lacs to Rs. 250 lacs during the year for these new products.

Recently Hi-tech model of Knapsack Sprayer is very popular amongst Farmers over other models of Knapsack Sprayers. The Company has applied and in the process of addition of these Products in its present ISI License and hoping to procure business of approximately 5000 pieces in initial stage from Madhya Pradesh and Chattisgarh as well as from Gujarat.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) Industry structure and development

The Company is engaged in manufacturing of Plant Protection Equipments and future of the Company largely depends on Country's Agriculture growth. The Company is continuously upgrading competencies in its product and faster product development, improved quality of manufacturing. Special focus is always given to improve upon the quality of Sprayers manufactured and keeping the goal to the need and use of the ultimate users of the Products.

(b) Opportunities and Threats

As the Members know that your Company is manufacturing Agriculture Plant Protection Equipments, which are used for Spraying and Dusting of various Plant Protection Chemicals. Any increase in input cost, failure of monsoon and higher levied components sourced from open market may affect demand of Company's products. The demand of the Products also depends upon the production and market scenario of Chemicals being consumed by the ultimate users of the Company's Products. The Company continues to face competition from un-organized sector and lack of adequate communication and infrastructure. The challenge before your Company in the next financial year is to accelerate market growth, maintaining margins, which are under pressure in the current year due to increase in input cost.

(c) Segment wise performance

The operations of the Company are in a single segment of Plant Protection Equipments.

(d) Material development in Human Resources

There has not been any material development in 12 months period under review than those reported last year except that the Company has appointed qualified Engineers to improve upon the quality of the Products and follow up After Sales Service to the Customers.

(e) Outlook on threat, risks and concerns

- i) With the single product – the Plant Protection Equipments and with the income from the sale of only these Products, the margins are always under pressure; however the management continues to put best efforts to improve the overall performance of the Company. Timely payment is not being received and thereby Company's working capital is blocked, however, rigorous efforts to collect the outstanding payment continue through field officers.
- ii) Your Directors are now looking for measures to pursue all available infrastructural, manufacturing and financial sources to its fullest capacity and in the best interest of the Shareholders.
- iii) Your Directors have developed, created and coordinated an efficient organizational system that could deliver high growth and profit building progressive business and all these initiatives have been put in to system which has been executed in the last quarter and will surely get reflected in the working in the current year.

(f) Increase in paid up Share Capital

Consequent to issue and allotment of 25,00,000 Equity Shares (on conversion of Warrants) of face value of Rs. 10/- each at a price of Rs.7/- per Share (at a discount of Rs.3/- per Share) and also issue and allotment of 14,75,000 Equity Shares of Rs.10/- each to Non-resident Individual (Non - repatriable basis), during the year under review, Company's Paid Up Equity Share Capital increased from Rs. 5, 93,65,000 to Rs.9, 91, 15,000/-.

(g) Internal control systems and their adequacy

The Company has adequate internal control systems commensurate with its size. Internal Auditors of the Company is entrusted the work of reviewing adequacy of internal control system and frequency of Audit compliance with the existing Accounting Standards. The duty of the Internal Auditors is to report to the Board of Directors and Audit Committee and place its report at every Board Meeting and also remain present to interact with Board for any suggestion of improvement in the Internal Control / Audit Systems and steps to be taken thereon to improve the internal control system.

(h) Cautionary Statement

The report of the Board of Directors, Management Discussions and Analysis Report are forward looking and affirmative statements within the meaning of the applicable securities and regulations. The actual performance in the coming years could differ from what is expressed or implied. The factors that could affect the Company's performance are the economic and

other factors that affect the demand–supply balance in the domestic market, changes in governmental regulations, policies, and tax laws and other statutes and host of other incidental factors.

DIRECTORS

Mr. Kiranbhai Patel, Mr. Arvindbhai Shah and Hariharbhai Patel, Directors of the Company, retire by rotation as per the Articles of Association of the Company and they are eligible for re-appointment. Resolutions seeking approval of the Shareholders for their re-appointment have been incorporated in the Notice of the Annual General Meeting.

FIXED DEPOSITS

The Company has not accepted any deposits from the Public within the meaning of Section 58A of the Companies Act, 1956 and Rules made there under.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the relevant data pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given as under:

Disclosure of particulars with respect to conservation of Energy, Research & Development expenditure and Foreign Exchange earning and outgo under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY

A Fuel Consumption:	2006-2007	2005-2006
1. Electricity: (Purchased from Electricity Board)		
Unit consumed:	229168	147678
Total Amount:	1245784	8,53,330
Average Rate / Unit (Rs):	5.44	5.78
2. L. D. O. & Other:	Nil	Nil.
3. Consumption per unit of Production.	2.29	3.03

TECHNOLOGY ABSORPTION

The Company continues to lay emphasis on development and innovation of in-house technology and technical skill to meet customer requirements. Efforts are also continuing for improving productivity and quality of products and continue to keep pace with the advances in technological innovations and up-gradation.

FOREIGN EXCHANGE EARNINGS & OUTGO

The Company has neither earned nor used foreign exchange during the year under review.

PARTICULARS OF EMPLOYEES

None of the employee is in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis, Corporate Governance Report together with the Auditors' Certificate on compliance of the conditions of Corporate Governance form part of this Annual Report.

Company's Philosophy on Code of Governance

Your Company has been practicing the principles of good corporate governance, disclosure and transparency in all its activities. The Company believes that sound Corporate Governance is critical to enhance and retain investor confidence and trust and the management believes that it is the trustee of the Shareholders' capital and not the owner. Your Company has been greatly benefiting from the invaluable inputs provided by the Non-Executive Independent Directors, who are professionals with vast experience, expertise and wisdom.

Board of Directors

The Board of Directors of the Company is consisting of the Independent Professional Directors who are qualified Chartered Accountants and businessman with expertise and business acumen and they are very well experienced in the fields of Finance and Accounting Management.

The Board has optimum combination of Executive and Non-Executive Directors and is in conformity with Clause 49 of the Listing Agreement entered in to with the Stock Exchanges, in which the Equity Shares of the Company are listed. The composition of the Board is as under:

- 3 Promoters (2 Executive Directors)
- 3 Non-Executive Independent Professional Directors
- 2 Non-Executive Directors

None of the Directors holds Directorships in more than 15 Public Limited Companies.

None of the Directors received any loans and advances from the Company during the year.

No Director holds memberships of more than 10 Committees of Board nor is any Director/ Chairman of more than 5 Committee of Board.

Category and Attendance of Directors

Name	Category	No. of Board Meetings during 2006-2007	Whether Attended last AGM held on 16.09.06	No. of Directorships in other Companies
Mr. Naishadbhai Patel	Promoter & Managing Director	6	Yes	4
Mr. Atish Patel	Promoter & Executive Director	5	Yes	4
Mr. Kiritbhai Patel	Promoter & Non-Executive Director	6	Yes	3
Mrs. Jyotiben Patel	Non-Executive Director	3	Yes	1
Mr. Dikulbhai Patel	Non-Executive Professional Director	6	Yes	3
Mr. Kiranbhai Patel	Non-Executive Professional Director	3	No	—
Mr. Arvindbhai Shah	Non-Executive Professional Director	6	No	—
Mr. Hariharbhai Patel	Non-Executive Director	1	No	—

Mr. Atish Patel and Mrs. Jyotiben Patel are related to Mr. Naishadbhai Patel, the Chairman & Mg. Director of the Company and none of the other Directors is related to any other Director.

The Audit Committee of the Company comprises of Non-Executive Professional Independent Directors viz., Mr. Kiranbhai M. Patel, as Chairman, Mr. Arvindbhai V. Shah and Mr. Dikulbhai Patel as Director Members of the Committee.

BOARD MEETINGS

6 Meetings of the Board of Directors were held on 29th April, 2006, 31st July, 2006, 16th September, 2006, 30th October, 2006, 2nd December, 2006 and 30th January, 2007. Sufficient notice is given to all the Directors before the Board Meeting and an Agenda of the subject matter is being circulated to all the Directors with the notice convening the Meeting.

Sitting Fees

The Company pays Rs.2500/- as sitting fees to Non-Executive Directors for attending Board Meetings.

SHAREHOLDERS'/INVESTORS' COMMITTEE

The Shareholders' / Investors' Grievance Committee comprises of 3 Directors and Mr. Naishadbhai Patel, Chairman & Mg. Director has been appointed as the Compliance Officer overseeing the investors' grievances. Shareholders'/ Investors' Grievance Committee headed

by the Chairman of the Company was formed to review the status of investors' grievances and redressal mechanism and to suggest measures to improve the level of investor services.

Details of remuneration paid to the Executive Directors during the Financial Year 2006-2007

The remuneration paid to Mr. Naishadbhai Patel, Chairman & Mg. Director and to Mr. Atish Patel, Executive Director during the year ended on 31st March 2007 is as under:

Mr. Naishadbhai Patel	Rs.3,00,000 /-
Mr. Atish Patel	Rs.3,00,000 /-

AUDIT COMMITTEE

The Audit Committee consists of 3 Independent Professional Directors and the composition of the Audit Committee is in conformity with Clause 49 (II) (A) of the Listing Agreement.

The Audit Committee is vested with the power to examine all the aspects of the Company's business, approve capital expenditure and utilization of credit facilities, discuss with Internal Auditors any significant findings and follow up thereon, suggesting remedial measures on issues which are raised in the Internal Auditors' Report, Statutory Auditors Report and other Management reports being generated from time to time, review of quarterly performance, cost reduction measures, compliance with statutory regulations, interaction with the Statutory Auditors and officers of the Company and all other matters specified in Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956.

During the year 6 Meetings of the Audit Committee were held on 29th April, 2006, 31st July, 2006, 30th October, 2006 and 30th January, 2007.

GENERAL BODY MEETINGS

The previous 3 General Body Meetings were held as under:

<u>Annual General Meeting</u>	<u>Day, Date & Time</u>	<u>Venue</u>
12 th Annual General Meeting	Monday, 20.12.2004 at 11.00 a.m.	Registered Office
13 th Annual General Meeting	Monday, 12.09.2005 at 11.00 a.m.	Registered Office
14 th Annual General Meeting	Saturday, 16.09.2006 at 11.00 a.m.	Registered Office

DISCLOSURES

The Company has not entered into any contract or transaction of material nature that may have a potential conflict with the interest of the Company with any of the Directors or their relatives or Promoters during the year.

The Stock Exchanges or SEBI or any other statutory authority on any matter related to Capital Markets during the last 3 years has not imposed any penalty or stricture on the Company.