

ANNUAL REPORT

2007-2008

16th Annual Report
1st April 2007 to 31st March 2008



ADARSH
PLANT PROTECT LIMITED

ADARSH PLANT PROTECT LIMITED

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

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ADARSH PLANT PROTECT LIMITED

16TH ANNUAL REPORT & ACCOUNTS

2007 - 2008

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 **16th 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 Saturday, the 20th day of September, 2008, at 10:30 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, 2008 together with Director's Report and Auditors' Report thereon.
- 2] To appoint a Director in place of Mr. Kiritbhai Patel who retire by rotation and being eligible, offers himself for re-appointment.
- 3] To appoint a Director in place of Mr. Dikulbhai Patel who retire by rotation and being eligible, offers himself for re-appointment.
- 4] To appoint a Director in place of Mrs. Jyotiben Patel who retire by rotation and being eligible, offers herself for re-appointment.
- 5] To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 and other applicable provisions, M/s Mukund & Rohit, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General meeting of the Company at such remuneration plus Service Tax at the applicable rate, from time to time, plus traveling and out of pocket expenses incurred by them for the purpose of Statutory Audit of the Company's accounts, exclusive of any remuneration, fees or charges payable to them for rendering any other services that may be rendered by them to the Company from time to time other than in the capacity of Statutory Auditors, as may be fixed by the Managing Director of the Company."
- 6] To consider and if thought fir, to pass with or without modification(s) the following resolution as an Ordinary Resolution;
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314 read with any other applicable provisions, if any, of the Companies Act, 1956 and further subject to such other consents as may be required (including any statutory modifications or re-enactment thereof for the time being in force) the Company hereby accords its approval to the re-appointment of Mr. Naishadbhai Patel as Managing Director of the Company not liable to retire by rotation for a further period of 3 years effective from 1st July 2008, on the terms and conditions including remuneration as are set out in the draft Agreement to be entered into by the Company with him which Agreement is specifically sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement, in accordance with Schedule XIII to the Companies Act, 1956 and/or any amendments and/or modifications including any guidelines or notifications on Managerial Remuneration which may be issued or any rules that may be prescribed by the Central Government there under from time to time and acceptable to Mr. Naishadbhai Patel or as may be varied by the General Meeting."
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized without any reference / approval of the Company in General Meeting to alter and vary the terms and conditions relating to the remuneration and perquisites to be provided for Mr. Naishadbhai Patel as Managing Director in accordance with any change that may be effected from time to time in Schedule XIII to the Companies Act, 1956, if any, any amendments and/or modifications including any guidelines or modifications as may be made by the Central Government from time to time and, in any financial year the Company has no profits or profits are inadequate, the Company shall pay Remuneration by way of Salary and Perquisites as stated in the Terms of Remuneration but shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 and other provisions thereof or any amendments, variations, modifications or re-enactment."
- 7] To consider and if thought fir, to pass with or without modification(s) the following resolution as an Ordinary Resolution;
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314 read with any other applicable provisions, if any, of the Companies Act, 1956 and further subject to such other consents as may be required (including any statutory modifications or re-enactment thereof for the time being in force) the Company hereby accords its approval to the re-appointment of Mr. Atish Patel as Executive Director of the Company not liable to retire by rotation for a further period of 3 years effective from 1st April 2008, on the terms and conditions including remuneration as are set out in the draft Agreement to be entered into by the Company with him which Agreement is specifically sanctioned with authority to the Board of Directors

to alter and vary the terms and conditions of the said appointment and/or Agreement, in accordance with Schedule XIII to the Companies Act, 1956 and/or any amendments and/or modifications including any guidelines or notifications on Managerial Remuneration which may be issued or any rules that may be prescribed by the Central Government there under from time to time and acceptable to Mr. Atish Patel or as may be varied by the General Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized without any reference / approval of the Company in General Meeting to alter and vary the terms and conditions relating to the remuneration and perquisites to be provided for Mr. Atish Patel as Executive Director in accordance with any change that may be effected from time to time in Schedule XIII to the Companies Act, 1956, if any, any amendments and/or modifications including any guidelines or modifications as may be made by the Central Government from time to time and, in any financial year the Company has no profits or profits are inadequate, the Company shall pay Remuneration by way of Salary and Perquisites as stated in the Terms of Remuneration but shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 and other provisions thereof or any amendments, variations, modifications or re-enactment."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

By order of the Board of Directors
ADARSH PLANT PROTECT LIMITED

Date: 30th July, 2008
Place: Vithal Udyog Nagar

(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 18th September, 2008 to 20th September, 2008 (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. or Demat Account No. on all correspondence with the Company.
 - (c) Members who are holding physical Shares in more than one Folio are requested to intimate to the Company / Registrar & Share Transfer Agents, the details of all their Folio Numbers for consolidation in to a single Folio.
 - (d) 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.
 - (e) 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 to the Meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all material facts relating to Item Nos. 6 and 7 in the accompanying Notice of the 16th Annual General Meeting to be held on 20th September, 2008 at the Registered Office of the Company.

Item No. 6

The Board of Directors at its Meeting held on 30th July, 2008 approved re-appointment of Mr. Naishadbhai Patel as Managing Director of the Company for a further period of 3 years effective from 1st July, 2008.

The material terms and conditions of the appointment relating to the remuneration as embodied in the Agreement between the Company and Mr. Naishadbhai Patel are given below:

- | | | | |
|----|--------------|-----------------------|--|
| I | Remuneration | Salary: | Rs. 30,000/- (Rupees Thirty Thousands) per month from 1 st July 2008, with annual increment as the Board of Directors may decide. |
| II | Perquisites | | |
| | i) | Housing: | |
| | | (a) | A fully maintained rent-free furnished residential accommodation or house rent allowance along with reimbursement of expenses on furnishing and maintenance. |
| | | (b) | Reimbursement of actual, of gas, electricity and water charges. |
| | ii) | Medical Reimbursement | |

- Reimbursement of expenses incurred by Mr. Naishadbhai Patel for himself and his family subject to a ceiling of one month's salary in a year or three month's basic salary over a period of three years and hospitalization expenses as per rules of the Company.
- (iii) Leave Travel
Leave Travel Allowance for himself and his family once in a year in accordance with the rules of the Company.
- Explanation**
Family means, spouse and dependent children of Mr. Naishadbhai Patel
- (iv) Insurance: In accordance with the rules of the Company
- (v) Club Fees: Fees and subscription of clubs, however, not to include admission and life Membership.
- (vi) Provision of Car with all running and maintenance expenses be borne by the Company and a Driver or reimbursement of expenses incurred on Driver.
- (vii) Provision of telecommunication facility.
- (viii) Contribution to Provident Fund, Superannuation or Annuity Fund in accordance with the rules of the Company.
- (ix) Gratuity-not exceeding half month's salary for each completed year of service.
- (x) Leave, leave accumulation and encashment of accumulated leave as per rules of the Company.
- The aforesaid Perquisites shall be valued as per the Income Tax Rules, 1962 as amended from time to time.

Except Mr. Naishadbhai Patel himself and Mr. Atish Patel and Mrs. Jyotiben Patel, Directors of the Company, none of the other Director is in any way concerned or interested in the Resolution under Item No. 6.

The Managing Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

Mr. Naishadbhai Patel shall not be subject to retirement by rotation during the tenure of office as Managing Director of the Company, in accordance with the provisions of the Articles of Association of the Company. The particulars set out above may be treated as an abstract of the Agreement, proposed to be entered into between the Company and Mr. Naishadbhai Patel under the provisions of Section 302(2) of the Companies Act, 1956.

The Board of Directors recommends the resolution for Approval of the members

Item No. 7

The Board of Directors at its Meeting held on 30th July, 2008 approved re-appointment of Mr. Atish Patel as Executive Director of the Company for a further period of 3 years effective from 1st April, 2008.

The material terms and conditions of the appointment relating to the remuneration as embodied in the Agreement between the Company and Mr. Atish Patel are given below:

- I Remuneration Salary: Rs. 30,000/- (Rupees Thirty Thousands) per month from 1st April 2008, with annual increment as the Board of Directors may decide.
- II Perquisites
- i) Housing:
- (a) A fully maintained rent-free furnished residential accommodation or house rent allowance along with reimbursement of expenses on furnishing and maintenance.
- (b) Reimbursement of actual, of gas, electricity and water charges.
- ii) Medical Reimbursement
Reimbursement of expenses incurred by Mr. Atish Patel for himself and his family subject to a ceiling of one month's salary in a year or three month's basic salary over a period of three years and hospitalization expenses as per rules of the Company.
- (iii) Leave Travel
Leave Travel Allowance for himself and his family once in a year in accordance with the rules of the Company.
- Explanation**
Family means, spouse and dependent children of Mr. Atish Patel
- (iv) Insurance: In accordance with the rules of the Company
- (v) Club Fees: Fees and subscription of clubs, however, not to include admission and life Membership.
- (vi) Provision of Car with all running and maintenance expenses be borne by the Company and a Driver or reimbursement of expenses incurred on Driver.
- (vii) Provision of telecommunication facility.

- (ix) Contribution to Provident Fund, Superannuation or Annuity Fund in accordance with the rules of the Company.
- (x) Gratuity – not exceeding half month's salary for each completed year of service.
- (xi) Leave, leave accumulation and encashment of accumulated leave as per rules of the Company.

The aforesaid Perquisites shall be valued as per the Income Tax Rules, 1962 as amended from time to time.

Except Mr. Atish Patel himself and Mr. Naishadbhai Patel and Mrs. Jyotiben Patel, Directors of the Company, none of the other Director is in any way concerned or interested in the Resolution under Item No. 7.

The Executive Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

Mr. Atish Patel shall not be subject to retirement by rotation during the tenure of office as Executive Director of the Company, in accordance with the provisions of the Articles of Association of the Company.

The particulars set out above may be treated as an abstract of the Agreement, proposed to be entered into between the Company and Mr. Atish Patel under the provisions of Section 302(2) of the Companies Act, 1956.

The Board of Directors recommends the resolution for Approval of the members

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DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting this 16th ANNUAL REPORT together with the Audited Accounts of the Company for the year ended on 31st March 2008.

FINANCIAL RESULTS

(Rs. in Lacs)

		2007-2008	2006-2007
1	Turnover	415.20	625.71
2	Other Income	02.17	22.59
3	Total Income	417.37	648.30
4	Profit/(Loss) Before Depreciation, Interest and Tax	(09.27)	43.74
	Less/Add : Interest	27.61	26.30
	Depreciation	17.04	13.41
5	Profit/(Loss) Before Taxation	(53.92)	04.03
6	Income Tax & F. B. T.	00.48	00.42
7	Profit /(Loss) After Taxation	(54.40)	03.61
8	Prior year's Expenses	01.12	00.00
9	Profit/(Loss) for the year	(55.52)	03.61

Your Directors consider the working results stated here in above as a result of non finalization of orders from Company's customers who are mainly various State Governments and subsidies farmers in the respective States leading to decrease in turnover to Rs. 415.20 lacs from Rs. 625.71 lacs in the preceding year. Other income also has declined to Rs. 02.17 lacs from Rs. 22.59 lacs in the preceding year. However, despite this, interest cost has increased marginally to Rs. 27.61 lacs from Rs. 26.30 lacs in the preceding year.

DIVIDEND

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

OPERATIONS DURING THE YEAR & PROSPECTS

Though the turnover of your Company this year is less as compared to previous year, your Company has maintained a steady growth in its business areas. Global consumption of the Company's products has seen on increasing trend in the year under review and it is Company's endeavor to enhance the market presence and also products range. Variation in the loss incurred by the Company when compared to Un-audited Financial Results published for all the Quarter ended on 31st March, 2008 and Audited Financial Results for the year ended 31st March, 2008 is on account of:

1. Rejection of engineering goods invoiced during last Quarter ended on 31st March, 2008 due to non-acceptance of the same due to damage during transit. The cost of such goods manufactured and raw material purchased remained at the end of the year taken as inventory and shown as finished goods, work-in-process and raw material on hand. The difference in sale price and cost of sale is reflected in increase of losses of Rs. 10, 52,898/-.
2. Further increase in losses of Rs. 2,41,042/- is due to increase in depreciation on account of change in the rates of depreciation as per schedule XIV of the Companies Act, 1956, and
3. Decrease in loss of Rs. 17,055/- due to increase in interest income in Audited Accounts of the company.

Your Company has undertaken expansion of new product and the Company has entered in fabrication of heavy machinery parts as Wind Mill parts like Nacelles Frames, Wind Mill Towers etc. The Company has obtained valuable orders worth Rs. 225 Lacs and has already supplied orders worth Rs. 68 Lacs during the year.

CURRENT PERFORMANCE

Your Directors are pleased to inform you that 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 Orissa. The Company has established "Adarsh" brand in the states of Gujarat, Orissa, Madhya Pradesh, and Uttar Pradesh in the current year. Your Directors are pleased to inform Members that the Company's Products are also approved in the State of Andhra Pradesh and Himachal Pradesh.

Your Directors feel that by strong support of Central Government and State Governments by utilization of Duster and Broadcasters for the farmers we shall also be able to sale our some new products introduced last year. Since the Company hold five ISI Licenses and more than 11 models, your company has given wide range for farmers in different States for different crops as per its application. The Company has initiated at root level i. e. at Villages and

Talukas for direct approach for sale of its products under various subsidy schemes. There are big quantity targets given by the Governments and your Directors try to obtain maximum market share in each State in the current year. The Company has also obtained order worth Rs.45 lacs for a new product developed namely Seed Dressing Drum. The Company is also introducing this product in other States and expecting good orders in the current year. The Company has also made offer for new projects i. e. Wind Mill Towers worth Rs.77.57 lacs and the rates are under negotiation and the Company expects orders worth Rs. 77.57 lacs in the Current Year.

DIRECTORS

Mr. Kiranbhai Patel, Mr. Dikulbhai Patel and Mrs. Jyotiben 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 ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors of your Company state that:

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give 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. the Directors have taken proper and sufficient care of 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;
- iv. the Directors have prepared the Annual Accounts on a going concern basis.

INSURANCE

The whole of the properties of the Company have been suitably insured and your Directors have taken care to take all necessary general insurances.

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of the operations, performance and future outlook of the Company is given in the Management's Discussion and Analysis appearing as Annexure 1 to this Report.

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

Your Company has always striven to incorporate standards for Good Corporate Governance. It has taken adequate steps to ensure that the provisions of Corporate Governance as prescribed pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges are complied with.

A detailed report on the Corporate Governance is appearing as Annexure - 2 to this report.

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 in Annexure - 3 to this report.

AUDITORS

The Company's Auditors M/s Mukund & Rohit, Chartered Accountants, Vadodara retires at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The members are requested to appoint Statutory Auditors for the current year and fix their remuneration.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation for the whole-hearted support and the cooperation extended to the Company by its Vendors, Traders, Customers, Bankers and Financial Institutions, Central and State Government Authorities, Advisors, Auditors, Shareholders and the society at large.

Your Directors also place on record their appreciation for the contribution and hard work of employees across all levels, including sub-vendors and sub-contractors entire teams, their commitment, inspiration and hard work to put your Company in its present position.

ON BEHALF OF THE BOARD OF DIRECTORS

Date: 30th July, 2008

Place: VITHAL UDYOGNAGAR

NAISHADBHAI PATEL
CHAIRMAN & MG. DIRECTOR

To be read together with Annexure 1 to 3 attached

ANNEXURES TO THE REPORT OF BOARD OF DIRECTORS

ANNEXURE – 1: 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 products 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 Two Segments as detailed hereunder:

(Rs. In lacs)

	Revenue	Results
1. Plant Protection Equipments	413.58	(29.20)
2. Engineering Articles & Process	1.62	0.24
Total	415.20	28.96

(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:

- 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.
- 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 and in their endeavor to do so have taken Engineering work including job work for Nacelles Manufacturing for Wind Turbine Generators.
- 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) 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.

(g) Cautionary Statement

The report of the Board of Directors, Management Discussions and Analysis Report are forward looking and affirmative statements within the meaning of 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.

ANNEXURE – 2: CORPORATE GOVERNANCE 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