

*14th
Annual Report
2004 - 2005*

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HANSAFLON PLASTO CHEM LTD.

HANSAFLON PLASTO CHEM LTD

BOARD OF DIRECTORS

Shri. Surya Kant Gupta	Chairman
Shri. Rajeev S. Aggarwal	Managing Director
Smt. Anita Gupta	Director
Smt. Rajni	Director
Shri. Vinod Pant	Independent & Non Executive Director
Smt. Kanchan Rai	Independent & Non Executive Director
Shri. Shyam Sunder Mitra	Independent & Non Executive Director

AUDITORS

M/s. Alok Mittal & Associates
Chartered Accountants
New Delhi.

BANKERS

HDFC BANK LTD
Safdarjung Enclave,
New Delhi.

HEAD OFFICE

B-1/45, Safdarjung Enclave,
New Delhi – 110 029

REGD. OFFICE AND WORKS

9 K.M. Gurgaon Sultanpur, Vill. Budhera,
Opp. Daya Vihar, Gurgaon
(Haryana)

**ANNUAL GENERAL MEETING TO BE HELD ON FRIDAY, THE 30th DAY OF
SEPTEMBER AT 11.30 A.M. AT 9.K.M. GURGAON SULTANPUR ROAD, VILL.
BUDHERA OPP. DAYA VIHAR, GURGAON, (HARYANA).**

To facilitate registration, ATTENDANCE SLIP is enclosed with this report. Shareholders attending the AGM are requested to bring it with them and hand it over at the venue.

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Opposite Dayavihar, Gurgaon, Haryana*

NOTICE

NOTICE is hereby given that 14th Annual General Meeting of the Company will be held on Friday, the 30th September 2005, at 11:30 a.m. at 9Km Gurgaon-Sultanpur Road, Vill. Budhera, Opposite Dayavihar, Gurgaon, Haryana to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2005 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint auditors and fix their remuneration.
3. To appoint a director in place of Mrs. Anita Gupta who retires by rotation and being eligible to offer herself for re-appointment.

SPECIAL BUSINESS

4. Appointment of **Mrs. Rajani Aggarwal** as a Director of the Company.

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

"RESOLVED THAT Mrs. Rajani Aggarwal who was appointed by the Board of Directors as an Additional Director of the Company from 24-02-2005 and who holds office up to the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company.

5. Appointment of **Mr. Surya Kant Gupta** as a Director of the Company.

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

"RESOLVED THAT Mr. Surya Kant Gupta who was appointed by the Board of Directors as an Additional Director of the Company from 1-09-2005 and who holds office up to the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company.

6. Appointment of **Mr. Vinod Pant** as a Director of the Company.

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

"RESOLVED THAT Mr. Vinod Pant who was appointed by the Board of Directors as an Additional Director of the Company from 1-09-2005 and who holds office up to the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company.

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7. Appointment of **Ms. Kanchan Rai** as a Director of the Company.

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

“RESOLVED THAT **Ms. Kanchan Rai** who was appointed by the Board of Directors as an Additional Director of the Company from 1-09-2005 and who holds office up to the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company.

8. Appointment of **Mr. Shyam Sunder Mitra** as a Director of the Company.

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

“RESOLVED THAT **Mr. Shyam Sunder Mitra** who was appointed by the Board of Directors as an Additional Director of the Company from 1-09-2005 and who holds office up to the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company.

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT in terms of the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof as may be enacted from time to time) and other applicable laws, rules, regulations and guidelines issued from time to time by Securities Exchange Board of India (SEBI) and in accordance with the provisions of the Articles of Association of the Company, and subject to the contents, permissions and sanction of BIFR/AAIFR/ such other appropriate authorities, Financial Institutions or bodies as may be necessary, the consent, authority and approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called “the Board”) which term shall be deemed to include any Committee, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with power to delegate such authority to such person(s) as the Board may deem fit in substitution of such authority, to issue upto 35 lacs Equity Shares of Rs.10 each to IDBI/ any person(s)/ body(ies) corporate whether shareholders of the Company or not, at such price and on such terms and conditions as the Board may in its absolute discretion think fit with power to settle details as to the terms of issue of Shares and all other terms and conditions and matters connected therewith and to accept any modifications in the proposal as may be required by the authorities/ parties involved in such issue but subject to such conditions as the authorities may impose at the time of according/granting their approvals, consents, permissions and sanctions as may be required and as agreed to by the Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to enter into and execute all such arrangements in connection with the issue of the above said securities, and seek listing of such securities in the concerned Stock Exchanges and to do all such acts, deeds and things and to sign all such documents, papers and writings as may be necessary 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:

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“RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Act and pursuant to the provisions of Articles of Association of the Company, **Mr. Rajeev S Aggarwal**, who has consented to act as such, be and is hereby appointed as Managing Director of the Company for a period of five years w.e.f 9th September, 2005 on the following terms and conditions (with the liberty to the Board of Directors to review and set the levels from time to time):

A.REMUNERATION

a) Salary Rs.10,000 per month.

B.OTHER TERMS

1.Mr.Rajeev S Aggarwal shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.

2. Mr.Rajeev S Aggarwal shall not become interested or otherwise concerned directly or through his relative(s) in any selling agency of the Company without the prior approval of the Central Government.

3.In the event of loss or inadequacy of profits, the total remuneration by way of salary, commission, perquisites and any other allowances payable to the above said Managing Director, shall not exceed the limits as prescribed in Para 1(A) of Section II of Part II of Schedule XIII to the Act from time to time.

4.Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, either party may terminate the office of Managing Director by giving three months notice in writing, of such termination.

5.If, at any time, Mr. Rajeev S Aggarwal ceases to be the director of the Company for any causes whatsoever, his office as Managing Director shall forthwith be terminated.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary to give effect to the resolution.

By the order of Board
For HANSAFLON PLASTO CHEM LTD.

Date: 02-09-2005
Place: New Delhi

(Rajeev S Aggarwal)
Managing Director

NOTES:

1. The relative Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 4 to 8 above, are annexed hereto.
2. 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. Proxies, in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority as applicable, issued on behalf of the nominating organization.

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The brief details pertaining to the Directors seeking appointment /re-appointment in the Annual General Meeting, are furnished below:

- a) **Mr. Surya Kant Gupta, Director**
 Age : 50 years
 Qualification : BE (Mech)
 Relationship with Directors : Spouse of Mrs. Anita Gupta
 Experience : He has experience of around 26 years in the industry.
- b) **Mr. Rajeev Aggarwal, Managing Director**
 Age : 44 yers
 Qualification : BSc., PGDCA
 Relationship with Directors : Not related with any Director
 Experience : He has experience of around 20 years in the industry.
- c) **Mr. Vinod Pant, Independent and non Executive Director**
 Age : 44yers
 Qualification : MA, MBA
 Relationship with Directors : Not related with any Director
 Experience : He has marketing experience of around 20 years.
- d) **Mrs. Anita Gupta, Director**
 Age : 49year
 Qualification : MA, MBA
 Relationship with Directors : Spouse of Mr. S K Gupta
 Experience : She has marketing experience of around 25 years
- e) **Mrs. Rajni Aggarwal, Director**
 Age : 43years
 Qualification : Graduate, Dip. In Fashion Design
 Relationship with Directors : Spouse of Mr. Rajeev Aggarwal
 Experience : He has experience of 15 years in liaison job with Govt. departments especially in Import & Export.
- f) **Ms. Kanchan Rai, Independent and non Executive Director**
 Age : 38years
 Qualification : B. Com.
 Relationship with Directors : Not related with any Director
 Experience : He has experience in Accounts and Administrative field.
- g) **Mr. Shyam Sunder Mitra, Independent and non Executive Director**
 Age : 37years
 Qualification : Graduate
 Relationship with Directors : Not related with any Director
 Experience : He has experience of 15 years in liaison job with Govt. departments especially in Import & Export.

By the order of Board
For HANSAFLON PLASTO CHEM LTD.

Date: 02-09-2005
Place: New Delhi

(Rajeev S Aggarwal)
Managing Director

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EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956 As required by Section 173 of the Companies Act, 1956, the following explanatory statements set out all material facts relating to the business mentioned under Item Nos. 4 to 8 of the accompanying Notice dated 01-07-2005.

Item Nos. 4 to 8:

As per Clause 49 of the Listing Agreement with Stock Exchange, the Company is required to appoint sufficient no. of Independent and non-executive directors to form Audit, Shareholders Grievance and Remuneration Committees. In order to comply with these requirements Mr. Vinod Pant, Ms. Kanchan Rai and Mr. Shyam Sunder Mitra were appointed as Independent and non Executive Directors from 1-09-2005, having rich experience in their respective areas. Brief profile of these directors have been given in the Annexure attached to the Notice

Mrs. Rajani Aggarwal was appointed as Additional Director of the Company from 24-2-2005.

Mr. S K Gupta, Mr. Vinod Pant, Ms. Kanchan Rai and Mr. Shyam Sunder Mitra were appointed as Additional Director from 1-09-2005

As per the provisions of Section 260 of the Companies Act, 1956, the above Directors hold office only up to the date of the forthcoming Annual General Meeting of the Company, and are eligible for appointment. The Company has received notices under Section 257 of the Companies Act, 1956, in respect of these Directors, proposing their appointment as Directors of the Company, along with the requisite deposit regarding the persons proposed to be appointed as Director.

Keeping in view the requirement of Listing Agreement and experience and expertise of these persons, their appointments as Directors of the Company are recommended. Each of the Directors may be deemed to be interested in the resolution relating to his/ her own.

Item Nos. 9:

As you know, the appeal against the order of BIFR for winding up the Company is pending with the AAIFR. As a step to revive the Company from sickness, the management has approached the IDBI for One Time Settlement (OTS) of its entire due loan amounts with the company.

Though the term and conditions with IDBI Bank is yet to be finalized, but it may require the Company to allot equity shares to the IDBI Bank in consideration of its loan amount including interest thereon. Your company is also contemplating raising capital through strategic investor.

As per Section 81(1A) the approval of shareholder is required for authorizing the Board of Directors for issuing the shares to persons other than existing shareholders.

In the opinion of the Board of Directors of the Company, the present issue shall make strong the case of the company in AAIFR. The Board of Director of your Company therefore recommends the resolution for your approval. None of the Directors of the Company is concerned or interested in the said resolutions.

Item Nos. 10:

Mr. Rajeev Aggarwal, aged about 44 years and presently having experience of around 20 years in the industry, was director of the company w.e.f. 10-01-1992

Since then Mr. Rajeev Aggarwal has been actively involved in the business activities of the Company. He is also involved in the management of the Company's plants. In view of his performance in the Company and as recommended by the Remuneration Committee of the Board of Directors by passing resolution in its meeting held on 1st September, 2005, the Board of Directors had, by way of passing resolution in their meeting held on 2nd September, 2005, appointed Mr. Rajeev S Aggarwal as the Managing Director of the Company for a period of five years w.e.f. 1st September, 2005, on the terms of remuneration mentioned in the resolution set out at item no 10 of the notice, subject to the approval of the shareholders of the Company in their general meeting. Your Directors believe that with his appointment as Managing Director of the

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Company, the Company would be greatly benefited. Hence, the resolutions as set out at item no 10 of the notice are recommended for your approval. The above may also be deemed as abstract of the terms of appointment and remuneration of the above said Managing Director as required to be sent pursuant to Section 302 of the Act.

A copy each of the resolution passed the resolution passed by the Remuneration Committee in its meeting held on 1st September, 2005 and the Board of Directors in its meetings held on 2nd September, 2005, is open for inspection by the members at the registered office of the Company during working hours between 11.00 A.M. to 1.00 P.M. on any working day upto the date of the Annual General Meeting. None of the Directors of the Company except Mrs. Rajni Aggarwal, who is related to Mr. Rajeev S Aggarwal, is concerned or interested in the said resolutions.

By the order of Board
For HANSAFLON PLASTO CHEM LTD.

Date: 02-09-2005
Place: New Delhi

(Rajeev S Aggarwal)
Managing Director



HANSAFLON PLASTO CHEM LTD

DIRECTORS REPORT

To,

The Shareholders.

Your Directors have pleasure in presenting the Fourteenth Annual Report with the Audited Accounts of the Company for the year ended 31st March 2005.

FINANCIAL RESULTS

Rs. IN LACS

Particular	Year Ended 31.3.2005	Year Ended 31.3.2004
1. Sales/Income from Operation and Other Income	57.11	64.46
2. Total Expenditure	47.02	55.21
3. Interest	0.04	0.17
4. Gross Profit after interest but Before Depreciation and Tax	10.05	9.08

STATE OF AFFAIRS OF THE COMPANY

Your Company was declared Sick by the Board for Industrial and Financial Reconstruction (BIFR). Against the above order company has filed an appeal with Appellate Authority for Industrial and Financial Reconstruction (AAIFR). The Sales Tax Authority has declined sales tax exemption for Unit II of the company, the liability arose due to that is approximately Rs. 25 Lacs. Company has filed an appeal with the Tribunal. The sales tax authorities have also recalled the exemption earlier granted to the company for Unit I for highly unjustified reasons for which company is taking proper legal action. The liability arose due to that is approximately Rs. 320 Lacs.

As a step to revive the company, the management has approached IDBI Bank for One Time Settlement (OTS) of its entire loan amount. The terms & conditions are being discussed with the bank. It may require the company to allot equity share to IDBI Bank in consideration of its loan amount including interest due thereon. Your company is also contemplating raising further capital through strategic investor.

DIRECTORS

Mrs. Anita Gupta, Director of the Company retires at ensuing Annual General Meeting and being eligible, offer herself for re-appointment. The Board recommends her appointment.

Mrs. Rajani Aggarwal was appointed as Additional Director of the Company from 24-02-2005.

Mr. Surya Kant Gupta, Mr. Vinod Pant, Ms. Kanchan Rai and Mr. Shyam Sunder Mitra were appointed as Additional Director of the Company from 1-9-2005.

All these Director hold office only up to date of the present Annual General Meeting and are eligible for reappointment. The Board recommends their appointment.

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