

PROMACT PLASTICS LIMITED



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13th

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Annual Report

1996-97



PROMACT PLASTICS LIMITED

13th Annual Report 1996-97

Board of Directors	Shri Naranbhai N. Patel	<i>Chairman & Managing Director</i>
	Shri Rameshbhai S. Patel	<i>Wholetime Director</i>
	Shri Kirankumar A. Patel	<i>Director</i>
	Shri Jayantibhai N. Patel	<i>Director</i>
	Shri Babubhai A. Patel	<i>Director</i>

Bankers	State Bank of India	— Mehsana
	The Visnagar Nagrik Sahakari Bank Ltd.	— Ahmedabad
	The Mehsana Urban Co-op. Bank Ltd.	— Mehsana

Auditors	M. M. Salvi & Co. Chartered Accountants, Mehsana
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Company Law Consultant	Kashyap R. Mehta Company Secretary, Ahmedabad.
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Registered Office	106, Harikrupa Chambers, Behind National Chambers, Ashram Road, Ahmedabad-380 009.
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Factory : Unit No. 1	125, G.I.D.C. Estate, Nagalpur, Mehsana-384 002.
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Unit No. 2	391 to 404, G.I.D.C. Estate, Phase-II, Dediyanan Mehsana-384 002.
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THIRTEENTH ANNUAL REPORT 1996-97

NOTICE

NOTICE is hereby given that the **THIRTEENTH ANNUAL GENERAL MEETING** of the Members of **PROMACT PLASTICS LIMITED** will be held as scheduled below :

Date : 13th September, 1997
Day : Saturday
Time : 11.00 A.M.
Place : Ahmedabad Textile Mills' Association Hall,
 Ashram Road, Ahmedabad-380 009

to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Profit and Loss Account of the Year ended on 31st March, 1997 and the Balance Sheet as on that date alongwith the Directors' Report and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Babubhai A. Patel, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Jayantibhai N. Patel, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

By order of the Board

Naranbhai N. Patel

Place : Ahmedabad.

Date : 28th June, 1997.

Chairman & Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF, AND PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
2. Pursuant to section 154 of the companies Act, 1956, Teger of Members and Share Transfer Register Books of the Company will remain closed from **Tuesday, the 2nd September, 1997 to Saturday, the 13th September, 1997 (both days inclusive).**
3. Dividend when sanctioned at the Annual General Meeting will be payable on and after **1st October, 1997** to those members whose names stand on the Register of Members of the Company on 13th September, 1997.
4. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
5. Members are requested to :
 - a) Intimate, if Shares are held in the same name or in the same order and names, but in more than one account to enable the Company to club the said accounts into one account.
 - b) Notify immediately the change in their registered address, if any, to the Company.

PROMACT PLASTICS LIMITED**DIRECTORS' REPORT TO THE MEMBERS**

Dear Shareholders,

Your Directors have pleasure in presenting the THIRTEENTH ANNUAL REPORT together with the Audited Statement of Accounts for the financial year 1996-97 ended on 31st March, 1997.

1. FINANCIAL RESULTS

	(Rs. in Lacs)	
	For the Year	Previous Year
	1996-97	1995-96
Operating Profit	172.28	160.33
(before Interest & Depreciation)		
Less : Interest	85.73	70.84
Profit before Depreciation	86.55	89.49
Less : Depreciation	33.62	30.38
Profit before tax	52.93	59.11
Less : Provision for tax	8.25	10.50
Profit after tax	44.68	48.61
Balance brought forward from previous year	37.64	34.80
Surplus available for appropriation	82.32	83.41
APPROPRIATIONS :		
1) General Reseve	—	6.00
2) Proposed Dividend	39.77	39.77
3) Corporate Tax on Dividend	3.98	—
4) Balance carried to Balance Sheet	38.57	37.64
	82.32	83.41

2. DIVIDEND

Your Directors, on the basis of the working results during the year, have recommended for your consideration the payment of Dividend for the Financial Year 1996-97 ended 31st March, 1997 at the rate of Re. 1.00 (Previous Year : Re. 1.00 per Share, subject to tax) per Share on 39,76,500 Equity Shares of Rs. 10/- each. The dividend will be tax-free in the hands of shareholders.

3. PRODUCTION, SALES & WORKING RESULTS

The production of HDPE/PP Woven Sacks and Fabrics during the Year under review was 190.76 lacs pcs. compared to 234.28 lacs pcs. during 1995-96. The sales during the year under review for HDPE/PP Sacks and Fabrics was 191.90 lacs pcs. compared to 232.21 lacs pcs during 1995-96. The turnover of the Company was Rs. 1619 lacs against Rs. 1625 lacs for the Year 1995-96.

THIRTEENTH ANNUAL REPORT 1996-97

The Operating Profit of the Company was higher during the year under review at Rs. 172.28 lacs compared to Rs. 160.33 lacs during 1995-96. Due to higher interest charges during 1996-97, the Profit before Depreciation was lower during the year under review at Rs. 86.55 lacs compared to Rs. 89.49 lacs during 1995-96. The Company had to absorb higher Depreciation and, therefore, the Profit before Tax during the year under review was Rs. 52.93 lacs compared to Rs. 59.11 lacs during 1995-96. After making necessary provisions for Taxation, the Profit after tax during the year under review stood at Rs. 44.68 lacs compared to Rs. 48.61 lacs during 1995-96.

In view of the general recessionary trend and economic fall-out during 1996-97, your Directors hope that you will find the working of the Company during the year under report satisfactory.

4. MODERNISATION, EXPANSION AND FUTURE PLANS

Your Directors are pleased to report that the Company has plans to increase the installed capacity to manufacture HDPE/PP Fabrics/Sacks by 1800 TPA in a year or two.

5. FINANCE

- 5.1 During the year under review, the Company has repaid Rs. 35.43 lacs to the Financial Institutions/Banks by way of Principal loan amount.
- 5.2 During the year under review, the Company has been disbursed Term Loans of Rs. 22.14 lacs from Gujarat State Financial Corporation Limited (GSFC) and The Mehsana Urban Co-Operative Bank Limited.
- 5.3 The Company is at present enjoying Working Capital facilities of Rs.260 lacs from State Bank of India, Janta Super Market Branch, Mehsana.
- 5.4 The Income-tax and Sales-tax Assessment of the Company have been completed upto Assessment Year 1994-95 and 1995-96 respectively.

6. DIRECTORS

Shri Hargovanbhai M. Patel relinquished his office as Joint Managing Director and Director of the Company with effect from 1st April, 1997. Your Directors place on record sense of appreciation for the services rendered by Shri Hargovanbhai M. Patel during his tenure as Joint Managing Director.

Two of your Directors viz. Shri Babubhai A. Patel and Shri Jayantibhai N. Patel retire by rotation in term of Articles 150 and 151 of the Articles of Association of the Company. They, however, being eligible, offer themselves for re-appointment.

7. PROMISE VS. PERFORMANCE

As per Clause 43 of the Listing Agreement with the Stock Exchanges, we furnish the following informations :

7.1 Utilisation of Issue proceeds.

The funds raised through Public Issue of 20,00,000 Equity Shares of Rs. 10/- each for Cash at par aggregating to Rs. 200 lacs in April, 1994 have been deployed for the Objects of the Issue mentioned in the Prospectus dated 18th March, 1994.

PROMACT PLASTICS LIMITED

7.2	Projections Vs. Performance:	(1996-97)	(Rs. in Lacs)
	Particulars	Projections	Performance
	Sales	1444.22	1618.69
	PBIDT	240.03	172.28
	Profit after Tax	118.31	44.68
	EPS (Rs)	2.96	1.13
	Dividend (%)	15 %	10 %

8. GENERAL**8.1 INSURANCE**

The Company's properties including Plant, Machinery, Stock, Store etc., continue to be adequately insured against risks, such as fire, riot, strikes etc.

8.2 AUDITORS

The present Auditors of the Company M/s. M. M. Salvi & Co., Chartered Accountants, Mehsana will retire at the ensuing Annual General Meeting of the Company. They have submitted certificate for their eligibility for re-appointment under section 224 (1-B) of the Companies Act, 1956. The notes of the Auditors to the accounts are self-explanatory.

8.3 PARTICULARS OF EMPLOYEES

There is no employee drawing remuneration for which information is required to be submitted under section 217 (2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

8.4 DONATION

During the Year under report, the Company donated Rs. 19,600/- for religious/charitable purposes.

8.5 DEPOSITS

The Company has not invited/accepted any Deposits from public within the meaning of Section 58 A of the Companies Act, 1956 and Rules made thereunder.

9. PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 IS AT ANNEXURE-I.**10. ACKNOWLEDGMENT**

Your Directors are pleased to take this opportunity to express sincere gratitude for the assistance and continued co-operation extended by Promoters, Financial Institutions, Banks, Government Authorities, Shareholders, Suppliers and Customers.

Your Directors also wish to place on record their deep appreciation of the contribution made by employees at all levels towards the growth of the Company.

Place : Ahmedabad.

Date : 28th June, 1997.

By order of the Board

Naranbhai N. Patel

Chairman & Managing Director

THIRTEENTH ANNUAL REPORT 1996-97

ANNEXURE - I

A. CONSERVATION OF ENERGY

- a) Energy consumption measures taken and implemented and its impact :
- The Company has replaced 4 Water Pumps for Tap Plant by Monoblock Water Pump using 3 AMP power load instead of 6 AMP powerload used earlier.
 - The Company has installed capacitors of advanced features and have used proper grade of grease and oil for maintenance of machineries.
 - Saving in electrical consumption to a large extent.
- b) Total Energy consumption of Energy Consumption per unit of production as per Form A prescribed in the Rules is annexed to this report.

B. TECHNOLOGY ABSORPTION

- a) Efforts made in the technology absorption :
- The Company is using indigenous technology which is the latest technology anywhere and the Company is implementing the recommendations received from machinery suppliers for advancement of technology. The Company has not carried out any specific Research and Development activities except for routine quality improvement and process development.
- b) Total Foreign Exchange earned and used :
The Company has earned no foreign exchange and spent Rs. 143.72 lacs by way of import of raw materials in the current year.

FORM-A

Disclosure of particulars with respect to Conservation of Energy

A. Power & Fuel Consumption		Current Year April 1996 March 1997	Previous Year April 1995 March 1996
1. Electricity			
a) Purchased			
Units		21,36,610	23,87,562
Total amount (Rs. in Lacs)		60.05	52.34
Rate/Unit Rs.		2.81	2.19
b) Own Generation			
Through Diesel Generator			
Units		3,35,787	1,93,375
Total amount (Rs. in lacs)		10.51	6.52
Cost/Unit Rs.		3.13	3.37
2. Coal		Nil	Nil
3. Furnance Oil		Nil	Nil
4. LSHS		Nil	Nil
B. Consumption per Ton of Production			
Products		HDPE Fabrics/Sacks	
Electricity	Unit	1,081	1,075

Place : Ahmedabad.
Date : 28th June, 1997.

By order of the Board
Naranbhai N. Patel
Chairman & Managing Director