



# PROMACT PLASTICS LIMITED

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## TWENTIETH A N N U A L R E P O R T 2 0 0 3 - 2 0 0 4

**PROMACT PLASTICS LIMITED**

**TWENTIETH ANNUAL REPORT 2003 - 04**

**BOARD OF DIRECTORS :**

Shri Babubhai A. Patel	<i>Chairman</i>
Shri Rameshbhai S. Patel	<i>Wholetime Director</i>
Shri Atmaram A. Patel	<i>Director</i>
Shri Kamlesh H. Amin	<i>Director</i>
Shri Vishnubhai P. Patel	<i>Director</i>
Shri Ajit A. Patel	<i>Director</i>

**PRINCIPAL BANKERS :**

Dena Bank,  
Raj Mahal Road Branch,  
Mehsana.

**AUDITORS :**

Shri Pulin Purohit,  
*Chartered Accountants,*  
Ahmedabad.

**COMPANY LAW CONSULTANT :**

Shri Kashyap R. Mehta  
*Company Secretary*  
Ahmedabad.

**REGISTERED OFFICE :**

106, Harikrupa Chambers,  
Behind National Chambers,  
Ashram Road,  
Ahmedabad-380 009.

**FACTORY :**

**Unit No.1:**

125, GIDC Estate, Nagalpur,  
Mehsana-384 002.

**Unit No.2:**

391 to 404, GIDC Estate, Phase-II,  
Dediyasan, Mehana-384 002.

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**ANNUAL REPORT 2003-2004****NOTICE**

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

Date : 17th September, 2004  
 Day : Friday  
 Time : 12.00 Noon  
 Place : Conference Hall of Hotel City Pride,  
 Opp. Gurukul, Drive - In Road,  
 Ahmedabad - 380 052.

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, 2004 and the Balance Sheet as on that date alongwith the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Vishnubhai P. Patel, who retires by rotation and, being eligible, offers himself for reappointment.
3. 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.

**SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Babubhai A. Patel be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Ajit A. Patel be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider, and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge by the Board of Director of the Company of all the

immovable and movable properties of the Company wheresoever situate, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of Dena Bank, Raj Mahal Road Branch, Mehsana (the Bank) to secure Financial Assistance of Rs. 730 lacs (Rupees seven hundred thirty lacs only) lent and advanced/agreed to be lent/advanced to the Company by the Bank together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, costs, expenses and other monies payable by the Company to the Bank under the Agreement for Financial Assistance/Letter of Sanction/ Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said Financial Assistance."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with Dena Bank the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above Resolution."

**Registered Office:**

106, Harikrupa Chambers,  
 Behind National Chambers,  
 Ashram Road,  
 Ahmedabad-380 009.  
 Date : 30th June, 2004.

By the Order of the Board,

**Rameshbhai S. Patel**  
*Wholetime Director*

**NOTES :**

1. The relevant Explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business at Items Nos. 4 to 6 set out in the Notice is annexed hereto.
2. 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.
3. Pursuant to Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 1st September, 2004 to Friday, the 17th September, 2004 (both days inclusive) for the purpose of 20th Annual General Meeting.
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.

## PROMACT PLASTICS LIMITED

### 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.

6. The Equity Shares of the Company are now available for dematerialisation, as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN No. of the Equity Shares is INE818D01011.

### ANNEXURE TO THE NOTICE :

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Items Nos. 4 to 6 in the accompanying Notice dated 30th June, 2004 and should be taken as forming part of the notice.

#### In respect of Item No. 4:

The Board of Directors of the Company in their meeting held on 23rd February, 2004 appointed Shri Babubhai A. Patel as an Additional Director of the Company.

As per Article 137 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, he will hold the office upto the date of this General Meeting.

As required under the provisions of Section 257 of the Companies Act, 1956, notice has been received from some of the members signifying their intention to propose him as candidate for office of the Director.

Shri Babubhai A. Patel is concerned or interested in the said business, since it relates to his appointment as Director of the Company. Except him, none of the Directors is in any way concerned or interested in the said business.

#### In respect of Item No. 5:

The Board of Directors of the Company in their meeting held on 23rd February, 2004 appointed Shri Ajit A. Patel as an Additional Director of the Company.

As per Article 137 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956,

he will hold the office upto the date of this General Meeting.

As required under the provisions of Section 257 of the Companies Act, 1956, notice has been received from some of the members signifying their intention to propose him as candidate for office of the Director.

Shri Ajit A. Patel is concerned or interested in the said business, since it relates to his appointment as Director of the Company. Except him, none of the Directors is in any way concerned or interested in the said business.

#### In respect of Item No. 6:

Dena Bank, Raj Mahal Road Branch, Mehsana has sanctioned Financial Assistance of Rs. 730 lacs (Rupees seven hundred thirty lacs only) to the Company to takeover of account from State Bank of India, Mehsana for meeting Working Capital and other financial needs of the Company.

As per the Sanction Letter of Dena Bank, Raj Mahal Road Branch, Mehsana, the Financial Assistance is to be secured by charge over the immovable/movable properties of the Company, both present and future.

Section 293(1)(a) of the Companies Act, 1956 provides inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since the charging by the Company of its immovable/movable properties as aforesaid in favour of Dena Bank may be regarded as disposal of the Company's properties/undertakings. It is, therefore, necessary for the members to pass resolution under Section 293(1)(a) of the Companies Act, 1956.

Copy of the Letter of Sanction of Dena Bank, Raj Mahal Road Branch, Mehsana and copies of the relevant documents/ agreement/ correspondence are open for inspection between 11.00 A.M. to 1.00 noon on any working day prior to the date of the meeting.

None of the Directors is in any way concerned or interested in the aforesaid resolution.

Your Directors recommend the Resolution.

#### Registered Office:

106, Harikrupa Chambers,  
Behind National Chambers,  
Ashram Road,  
Ahmedabad-380 009.  
Date : 30th June, 2004.

By the Order of the Board,

**Rameshbhai S. Patel**  
Wholtime Director

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Dear Shareholders,

Your Directors present the TWENTIETH ANNUAL REPORT together with the Audited Statement of Accounts for the financial year 2003-04 ended 31st March, 2004.

**1. FINANCIAL RESULTS**

	2003-2004	(Rs.in Lacs) 2002-2003
Operating Profit (Before Interest & Depreciation)	368.85	376.39
Less : Interest	162.38	185.70
Profit before Depreciation	206.47	190.69
Less : Depreciation	67.99	61.88
Profit before tax	138.48	128.81
Less : Provision for tax	10.39	9.66
Provision for Deferred Tax	42.93	39.93
Profit after tax	85.17	79.22
Balance brought forward from Previous year	(7.52)	(86.74)
Balance carried to Balance Sheet	47.65	(7.52)

**2. DIVIDEND**

In view of the carried forward losses, your Directors regret their inability to recommend any dividend on Equity Shares of the Company for the year 2003-04.

**3. PRODUCTION, SALES & WORKING RESULTS**

The production of HDPE/PP Woven Sacks during the year under review was 337.91 lacs pcs. compared to 377.08 lacs pcs. during 2002-03. The sales during the year under review for HDPE/PP Sacks was 354.41 lacs pcs. compared to 378.21 lacs pcs. during 2002-03. The turnover during the year under review was Rs. 3195 lacs against Rs. 3173 lacs during 2002-03.

The Operating Profit (Before Interest and Depreciation) was Rs. 368.85 lacs against Rs. 376.39 lacs during 2002-03. As the Company had to provide for Interest of Rs. 162.38 lacs during the year under review, the Profit before Depreciation was Rs. 206.47 lacs during the year under review, compared with Rs. 190.69 lacs during 2002-03. After providing for Taxation and Deferred Tax Liability, the Net Profit for the year under review stood at Rs. 85.17 lacs against Net Profit of Rs. 79.22 lacs during 2002-03.

**4. MODERNISATION, EXPANSION AND FUTURE PLANS**

Your Directors are pleased to report that the Company has started fruitful earnings from expansion project. The installed capacity is now 6,750 M. T. per annum.

**5. ISO 9002**

Your Company is maintaining all necessary quality standards as prescribed while receiving ISO 9002 Certification from UKAS Quality Management.

**6. FINANCE**

6.1 During the year under review, the Company regularly paid Principal and Interest to the Financial Institutions/Banks.

## PROMACT PLASTICS LIMITED

- 6.2 The Company is at present enjoying Working Capital facilities of Rs. 730 lacs from Dena Bank Raj Mahel Road Branch, Mehsana.
- 6.3 The Income-tax and Sales-tax Assessment of the Company have been completed upto Assessment Year 2001-02 and the Financial Year 2002-03 respectively.

### 7. DIRECTORS

- 7.1 Two of your Directors, Shri Naranbhai N. Patel, Managing Director and Shri Jayantibhai N. Patel resigned from the Board of Directors w.e.f. 23rd February, 2004. The Board placed on record its sense of appreciation for the guidance, advice and services rendered during their tenure as Directors of the Company.
- 7.2 The Board of Directors, in their meeting held on 23rd February, 2004 appointed Shri Babubhai A. Patel and Shri Ajit A. Patel as Additional Directors of the Company. The Board is of the firm opinion that looking to their experience and qualification, the Company will benefit a lot by such appointment. The Board recommend the resolution for regularisation of their appointment.
- 7.3 One of your Directors viz. Shri Vishnubhai P. Patel retires by rotation in term of Articles 150 and 151 of the Articles of Association of the Company. He, however, being eligible, offers himself for re-appointment.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) that 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 a true and fair view of the state of affairs of the Company at 31st March, 2004 being end of the financial year 2003-04 and of the Profit of the Company for the year;
- (iii) that the Directors have taken proper and sufficient care for 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) that the Directors have prepared the annual accounts on a going concern basis.

### 9. DEMATERIALISATION OF EQUITY SHARES

The Company, to facilitate the Shareholders to hold their shareholding in Electronic Form, has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN No. allotted is INE818D01011.

### 10. CORPORATE GOVERNANCE:

The Report on Corporate Governance as required under Clause 49 of the Listing Agreement forms part of the Annual Report.

### 11. LISTING

The Equity Shares of the Company are listed on Ahmedabad and Mumbai Stock Exchanges and the Company has paid Annual Listing Fees to both the Stock Exchanges upto the year 2003-04.

**12. GENERAL****12.1 INSURANCE**

The Companies properties including plant, Machinery, Stock, store etc., continue to be adequately insured against risks, such as fire, riot, strikes etc.

**12.2 AUDITORS**

The present Auditors of the Company M/s. Pulin R. Purohit, Chartered Accountants, 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.

**12.3 PARTICULARS OF EMPLOYEES**

There is no employee drawing remuneration requiring Disclosure under Section 217(2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**12.4 DONATIONS**

During the year under report, the Company donated Rs. 0.82 lacs for religious/charitable purposes.

**12.5 DEPOSITS**

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

**13. PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 IS AT ANNEXURE - I.****14. 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.

For and on behalf of the Board,

Place : Ahmedabad  
Date : 30th June, 2004.

**Babubhai A. Patel**  
Chairman

**PROMACT PLASTICS LIMITED****ANNEXURE - I****A. CONSERVATION OF ENERGY :**

- a) Energy consumption measures taken and implemented and its impact.
1. Centralization of operation also save energy consumption.
  2. Installation of modern circular looms which give same production with less power consumption.
  3. Installation of one higher capacity compressor in place of three compressor with less power consumption.
  4. Installation of high capacity modern tape plant which reduce energy consumption.
  5. Installation of six suttlles modern circular looms which give bigger size of fabric with same power consumption.
- b) Total Energy consumption and 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 not earned or spent any foreign exchange during the year under review.

**FORM - A**

Disclosure of particulars with respect to Conservation of Energy

	2003-04	2002-03
<b>A. Power and fuel Consumption</b>		
1. Electricity		
a) Purchased Units	49,07,212	41,39,350
Total amount (Rs. in Lacs)	241.58	206.45
Rate/Unit Rs.	4.92	4.99
b) Through Diesel Generator		
Units	17,913	10,45,130
Total amount (Rs. in lacs)	0.91	51.42
Cost/Unit Rs.	5.08	4.92
2. Coal	Nil	Nil
3. Furnace oil	Nil	Nil
4. LSHS	Nil	Nil
<b>B. Consumption per ton of Production</b>		
Products	HDPE Fabrics/Sacks	
Electricity      Unit	942	925

For and on behalf of the Board,

Place : Ahmedabad  
Date : 30th June, 2004.

**Babubhai A. Patel**  
Chairman



**ANNUAL REPORT 2003-2004****REPORT ON CORPORATE GOVERNANCE****INTRODUCTION:**

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other Stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below:

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. The Company has implemented the mandatory requirements of the 'Code of Governance' as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis-a-vis the Stock Exchange Listing Agreement is presented below.

**2. BOARD OF DIRECTORS:****a) Composition and Category of Directors:**

Name of Directors	Category of Directorship	No. of other Directorships *	Committee (1) Membership/ (2) Chairmanship in other companies	No. of Board Meetings attended	Attendance at the AGM held on 17-09-2003 Yes(Y)/ No(N)
Naranbhai N. Patel Chairman & @ Managing Director	Executive	2	-	5	Y
Rameshbhai S. Patel Wholetime Director	Executive	-	-	6	Y
Jayantibhai N. Patel @	Non-Executive	2	-	5	Y
Atmaram A. Patel	Independent Non-executive	-	-	6	Y
Kamlesh H. Amin	Independent Non-executive	-	-	6	Y
Vishnubhai P. Patel	Independent Non-executive	-	-	6	Y
Babubhai A. Patel \$	Non-executive	-	-	1	Y
Ajit A. Patel \$	Non-executive	-	-	1	Y

\* Private companies excluded.

@ Ceased as Director w.e.f. 23-02-2004

\$ Appointed as Director w.e.f. 23-02-2004

**b) Details of the Directors seeking Appointment/Reappointment in forthcoming Annual General Meeting:**

Name of Director	Vishnubhai P. Patel	Babubhai A. Patel	Ajit A. Patel
Date of Birth	19-11-1963	01-06-1959	16-07-1971
Date of Appointment	25-03-2003	23-02-2004	23-02-2004
Expertise in specific functional areas	Administration and Accounts	Marketing and Administration	Accounts and Finance
List of Public Limited Companies in which Directorships held	-	-	-
Chairman/Member of the Committees of the Board of Directors of the Company	Audit Committee, Remuneration Committee and Shareholders' Grievances Committee	Audit Committee and Remuneration Committee	-
Chairman/Member of the Committees of Directors of other companies.	-	-	-