



# PROMACT PLASTICS LIMITED

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24<sup>TH</sup>  
A N N U A L  
R E P O R T  
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**TWENTYFOURTH ANNUAL REPORT 2007-08**

**BOARD OF DIRECTORS** : Shri Babubhai A. Patel *Chairman*  
Shri Rameshbhai S. Patel *Director*  
Shri Kamlesh H. Amin *Director*  
Shri Vishnubhai P. Patel *Director*  
Shri Ajit A. Patel *Director*

**PRINCIPAL BANKERS** : The Mehsana Urban Co.op. Bank Ltd.,  
Mehsana.

**AUDITORS** : M/s. R. R. S. & Associates,  
Chartered Accountants,  
Ahmedabad.

**REGISTERED OFFICE** : 106, Harikrupa Chambers,  
Behind National Chambers,  
Ashram Road,  
Ahmedabad-380 009.

**FACTORY** : 391 to 404, GIDC Estate, Phase-II,  
Dediyasan, Mehsana-384 002.

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**NOTICE**

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

Date : 30<sup>th</sup> September, 2008  
Day : Tuesday  
Time : 12 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 31<sup>st</sup> March, 2008 and the Balance Sheet as on that date along with 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 a Director in place of Shri Rameshbhai S. Patel, who retires by rotation and, being eligible, offers himself for reappointment.
4. 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:**

5. 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 the Board of Directors of the Company, mortgaging and/or charging all the immovable and movable properties of the Company wheresoever situate, present and future and the whole of the undertaking of the Company in favour of The Mehsana Urban Co-operative Bank Limited to secure the payment of not exceeding Rs. 6,00,00,000/- (Rupees Six Crores only) at any particular time of loan / interest, cost and all other money, expenses payable to lender."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalize with lenders, documents for creating mortgage and/or charge and reserving the right 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 : 30<sup>th</sup> June, 2008.

By the Order of the Board,

**Babubhai A. Patel**  
Chairman

**NOTES :**

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business at Item No. 5 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 Tuesday, the 9<sup>th</sup> September, 2008 to Tuesday, the 30<sup>th</sup> September, 2008 (both days inclusive).
  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.
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5. Members are requested to:
- 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.
  - 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 of the Equity Shares is INE818D01011.

**ANNEXURE TO THE NOTICE:**

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

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

Mehsana Urban Co. Op. Bank, Mehsana Branch has sanctioned/increased/ renewed Financial Assistance of Rs. 6,00,00,000/- (Rupees Six Crores only) to the Company to meet Working Capital requirements.

As per the Sanction Letter of Mehsana Urban Co. Op. Bank, Mehsana Branch, 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 Mehsana Urban Co. Op. Bank, Mehsana Branch 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.

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

Copy of the Letter of Sanction of Mehsana Urban Co. Op. Bank, 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.

Your Directors recommend the Resolution.

**Registered Office:**  
106, Harikrupa Chambers,  
Behind National Chambers,  
Ashram Road,  
Ahmedabad-380 009.  
Date : 30<sup>th</sup> June, 2008.

By the Order of the Board,

**Babubhai A. Patel**  
Chairman

## ANNUAL REPORT 2007-2008

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the TWENTYFOURTH ANNUAL REPORT together with the Audited Statement of Accounts for the financial year 2007-08 ended on 31<sup>st</sup> March, 2008.

## 1. FINANCIAL RESULTS

	2007-2008	(Rs.in Lacs) 2006-2007
Profit / (Loss) Before Interest and Depreciation	617.08	(586.25)
Less : Interest	105.11	85.98
Profit / (Loss) before Depreciation	511.97	(672.23)
Less : Depreciation	53.93	65.02
Profit / (Loss) before tax	458.04	(737.25)
Less : Provision for tax	6.65	-
Provision for Deferred Tax	(83.52)	11.76
Provision for Fringe Benefit Tax	0.10	0.11
Income Tax for earlier years	0.29	32.55
Profit / (Loss) after tax	534.52	(781.67)
Previous Years expenses	0.74	2.31
Profit / (Loss) after Previous years expenses	533.78	(783.98)
(Debit) Balance brought forward from Previous year	(1098.30)	(314.31)
(Debit) Balance carried to Balance Sheet	(564.52)	(1098.30)

## 2. DIVIDEND

As the Company has huge accumulated losses as on 31<sup>st</sup> March, 2008 your Directors are unable to recommend any Dividend for the Year 2007-08.

## 3. SALES &amp; WORKING RESULTS:

The Sales during the year 2007-08 was Rs. 1353 lacs as compared to Rs. 609 lacs during the year 2006-07.

The Profit before Interest and Depreciation during the year 2007-08 was Rs. 617.08 lacs (including profit on sale of assets of Rs. 483.99 lacs) against Loss of Rs.586.25 lacs during 2006-07. As the Company had to provide for Interest of Rs. 105.11 lacs during the year under review, the Profit before Depreciation was Rs. 511.97 lacs during the year under review, compared with Loss of Rs. 672.23 during 2006-07. The Company provided Rs. 53.93 lacs for Depreciation and therefore Profit before tax stood at Rs. 458.04 lacs during the year under review compared to Loss of Rs. 737.25 lacs for the year 2006-07. After taking into account Deferred Tax and other Taxes, the Net Profit for the year under review stood at Rs.534.32 lacs against Net Loss of Rs. 781.67 lacs during 2006-07.

## 4. FINANCE:

- 5.1 During the year under review, the Company was generally regular in payment of Principal and Interest to the Financial Institutions/Banks. The Company is enjoying Working Capital Facilities from Mehsana Urban Co-Operative Bank Limited.
- 5.2 The Income-tax and Sales-tax Assessment of the Company have been completed upto Assessment Year 2004-05 and the Financial Year 2005-06 respectively.

## 6. DIRECTORS:

Two of your Directors viz. Shri Vishnubhai P. Patel and Shri Rameshbhai S. Patel retire by rotation in terms of Articles 150 and 151 of the Articles of Association of the Company. They, however, being eligible, offer themselves for re-appointment.

## 7. 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:



## PROMACT PLASTICS LIMITED

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with 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 31<sup>st</sup> March, 2008 being end of the financial year 2007-08 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.

### 8. 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 allotted is INE818D01011.

### 9. CORPORATE GOVERNANCE:

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

### 10. 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 2008-09.

### 11. GENERAL:

#### 11.1 INSURANCE:

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

#### 11.2 AUDITORS:

The present Auditors of the Company M/s. R. R. S. & Associates, Chartered Accountants were appointed as Auditors for the year 2007-08 and as such they 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.

#### 11.3 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.

#### 11.4 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 there under.

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

### 13. 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.

## ANNUAL REPORT 2007-2008

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,

Ahmedabad-380 009.  
Date : 30<sup>th</sup> June, 2008.

**Babubhai A. Patel**  
Chairman

## ANNEXURE - I

## A. CONSERVATION OF ENERGY :

- a) Energy consumption measures taken and implemented and its impact.
  1. Centralization of operational so 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 compressors with less power consumption.
  4. Installation of high capacity modern tape plant which reduce energy consumption.
  5. Installation of six shuttles 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

	2007-08	2006-07
<b>A. Power and fuel Consumption</b>		
1. Electricity		
a) Purchased Units	16,08,128	13,40,304
Total amount (Rs. in lacs)	84.71	75.14
Rate/Unit Rs.	5.27	5.61
b) Through Diesel Generator		
Units	-	-
Total amount (Rs. in lacs)	-	-
Cost/Unit Rs.	-	-
2. Coal	-	-
3. Furnace oil	-	-
4. LSHS	-	-
5. Gas (Amt. In Lacs)	-	-

## B. Consumption per ton of Production

Products	HDPE Fabrics/Sacks
Electricity	Unit
	645

Note : Total electricity expenses from April, 2007 to March, 2008 was Rs. 87,70,511.52. First three month bill from April, 2007 to June, 2007 of Rs. 15,73,834.13 is capitalised.

For and on behalf of the Board,

Place : Ahmedabad  
Date : 30<sup>th</sup> June, 2008.

**Babubhai A. Patel**  
Chairman



## 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) Meetings Chairmanship in other companies	No. of Board attended	Attendance at the AGM held on 22 <sup>nd</sup> September, 2007 Yes(Y)/No(N)
Babubhai A. Patel, Chairman	Non-Executive	—	—	6	Y
Rameshbhai S. Patel,	Non-Executive	—	—	6	Y
Kamlesh H. Amin	Independent Non-executive	—	—	6	N
Vishnubhai P. Patel	Independent Non-executive	—	—	6	N
Ajit A. Patel	Non-Executive	—	—	6	Y

\* Private companies excluded.

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

Name of Director	Vishnubhai P. Patel	Rameshbhai S. Patel
Date of Birth	19-11-1963	01-06-1955
Date of Appointment	25-03-2003	01-05-1987
Expertise in specific functional areas	Administration & Accounts	Production and Management
List of Public Limited Companies in which Directorship held	—	—
Chairmanship of the Committees of the Board of Directors of the Company	Audit, Remuneration & Shareholders' Grievances Committee	Shareholders' Grievances Committee
Chairman/Member of the Committees of Directors of other companies.	—	—

## c) Board Procedures:

The Board of Directors meets once a quarter to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/Managing Director briefs the Directors at every Board Meeting, overall performance of the Company. All major decisions/approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, budgets, investment opportunities, Statutory Compliance etc. The meeting of the Board of Directors were held on 01-05-2007, 15-05-2007, 29-06-2007, 31-07-2007, 30-10-2007 and 31-01-2008.