



**PROMACT PLASTICS LIMITED**

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**PROMACT PLASTICS LIMITED****TWENTYFIFTH ANNUAL REPORT 2008-09**

**BOARD OF DIRECTORS** : **Shri Babubhai A. Patel** *Chairman*  
**Shri Sachin N. Patel** *Director*  
**Shri Arvindbhai N. Patel** *Director*  
**Shri Dharmendrakumar B. Patel** *Director*  
**Shri Shyamlal H. Gupta** *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,  
Dediyan, Mehsana-384 002.

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**NOTICE**

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

Date : 30<sup>th</sup> September, 2009  
 Day : Wednesday  
 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, 2009 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 Babubhai A. 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, the following Resolution as an Ordinary Resolution:  
 "RESOLVED THAT Shri Sachin N. 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, the following Resolution as an Ordinary Resolution:  
 "RESOLVED THAT Shri Arvindbhai N. 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, the following Resolution as an Ordinary Resolution:  
 "RESOLVED THAT Shri Dharmendrakumar B. Patel be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:  
 "RESOLVED THAT Shri Shyamlal H. Gupta be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**Registered Office:**

106, Harikrupa Chambers,  
 Behind National Chambers,  
 Ashram Road,  
 Ahmedabad-380 009.  
 Date : 30<sup>th</sup> June, 2009.

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 Nos. 4 to 7 as 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 29<sup>th</sup> September, 2009 to Wednesday, the 30<sup>th</sup> September, 2009 (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.
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

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 AS REQUIRED UNDER 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 Item Nos. 4 to 7 of the accompanying notice dated 30<sup>th</sup> June, 2009 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 31<sup>st</sup> October, 2008 appointed Shri Sachin N. Patel as an Additional Director of the Company.

As per the Articles of Association of the Company and section 260 of the Companies Act, 1956, he will hold the office up to 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 Sachin N. Patel is dynamic businessman and is holding degree of B. E. Civil. He has over all experience of 8 years in various fields of business including steel industry.

Shri Sachin N. Patel is concerned or interested in the said business, since it relates to his appointment as Director of the Company. Shri Arvindbhai N. Patel may also be deemed as interested as Shri Sachin N. Patel is his relative. 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 31<sup>st</sup> October, 2008 appointed Shri Arvindbhai N. Patel as an Additional Director of the Company.

As per the Articles of Association of the Company and section 260 of the Companies Act, 1956, he will hold the office up to 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 Arvindbhai N. Patel is dynamic businessman and is holding degree of B.A. He has over all experience of 10 years in various fields of business including steel industry.

Shri Arvindbhai N. Patel is concerned or interested in the said business, since it relates to his appointment as Director of the Company. Shri Sachin N. Patel may also be deemed as interested as Shri Arvindbhai N. Patel is his relative. Except him, none of the Directors is in any way concerned or interested in the said business.

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

The Board of Directors of the Company in their meeting held on 31<sup>st</sup> October, 2008 appointed Shri Dharmendrakumar B. Patel as an Additional Director of the Company.

As per the Articles of Association of the Company and section 260 of the Companies Act, 1956, he will hold the office up to 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 Dharmendrakumar B. Patel is dynamic businessman and is Graduate. He has over all experience of 20 years in various fields of business including Real Estate industry.

Shri Dharmendrakumar B. 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. 7:

The Board of Directors of the Company in their meeting held on 31<sup>st</sup> October, 2008 appointed Shri Shyam Lal H. Gupta as an Additional Director of the Company.

As per the Articles of Association of the Company and section 260 of the Companies Act, 1956, he will hold the office up to 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 Shyam Lal H. Gupta is dynamic businessman and is B.A. He has over all experience of 30 years in various fields of business including Real Estate industry.

Shri Shyam Lal H. Gupta 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.

#### Registered Office:

106, Harikrupa Chambers,  
Behind National Chambers, Ashram Road,  
Ahmedabad-380 009.  
Date : 30<sup>th</sup> June, 2009.

By the Order of the Board,

**Babubhai A. Patel**  
Chairman

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the TWENTYFIFTH ANNUAL REPORT together with the Audited Statement of Accounts for the financial year 2008-09 ended on 31<sup>st</sup> March, 2009.

## 1. FINANCIAL RESULTS

	2008-2009	(Rs.in Lacs) 2007-2008
Profit / (Loss) Before Interest and Depreciation	(0.94)	617.08
Less : Interest	106.98	105.11
Profit / (Loss) before Depreciation	(107.92)	511.97
Less : Depreciation	61.34	53.93
Profit / (Loss) before tax	(169.27)	458.04
Less : Provision for tax	-	6.65
Provision for Deferred Tax	11.63	(83.52)
Provision for Fringe Benefit Tax	0.06	0.10
Income Tax for earlier years	-	0.29
Profit / (Loss) after tax	(180.96)	534.52
Previous Years' expenses	4.00	0.74
Profit / (Loss) after Previous years expenses	(184.96)	533.78
(Debit) Balance brought forward from Previous year	(564.52)	(1098.30)
(Debit) Balance carried to Balance Sheet	(749.48)	(564.52)

## 2. DIVIDEND

As the Company has accumulated losses, your Directors are unable to recommend any Dividend for the Year 2008-09.

## 3. SALES &amp; WORKING RESULTS:

The Sales during the year 2008-09 was Rs. 1286 lacs as compared to Rs. 1353 lacs during the year 2007-08.

The Loss before Interest and Depreciation during the year 2008-09 was Rs. 0.94 lacs as against Profit of Rs. 317.08 lacs during 2007-08. As the Company had to provide for Interest of Rs. 106.98 lacs during the year under review, the Loss before Depreciation was Rs. 107.92 lacs during the year under review, compared with Profit of Rs. 511.97 during 2007-08. The Company provided Rs. 61.34 lacs for Depreciation and therefore Loss before tax stood at Rs. 169.27 lacs during the year under review compared to Profit of Rs. 458.04 lacs for the year 2007-08. After taking into account Deferred Tax and other Taxes, the Net Loss for the year under review stood at Rs.180.96 lacs against Net Profit of Rs.534.32 lacs during 2007-08.

## 4. ISO 9002:

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

## 5. 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 2007-08 and the Financial Year 2005-06 respectively.

## 6. DIRECTORS:

Shri Sachin N. Patel, Shri Arvindbhai N. Patel, Shri Dharmendrakumar B. Patel and Shri Shyamal H. Gupta were appointed as Directors by the Board of Directors w.e.f. 31<sup>st</sup> October, 2008. Shri Rameshbhai S. Patel, Shri Kamlesh H. Amin, Shri Ajit A. Patel and Shri Vishnubhai P. Patel ceased to be Directors upon resignation w.e.f. 31<sup>st</sup> October, 2008. The Board recommends their appointment as provided in the Notice of 25<sup>th</sup> Annual General Meeting.



## PROMACT PLASTICS LIMITED

One of your Directors viz. Shri Babubhai A. Patel retires by rotation in terms of Articles 150 and 151 of the Articles of Association of the Company. He, however, being eligible, offers himself 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:

- (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, 2009 being end of the financial year 2008-09 and of the Loss 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 2009-10.

### 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 2008-09 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.

## ANNUAL REPORT 2008-2009

**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.

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, 2009.

**Babubhai A. Patel**  
Chairman

**ANNEXURE - I****A. CONSERVATION OF ENERGY :**

- a) Energy consumption measures taken and implemented and its impact.
  1. Centralization of operational to 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

	2008-09	2007-08
<b>A. Power and fuel Consumption</b>		
1. Electricity		
a) Purchased Units	16,30,592	16,08,128
Total amount (Rs. in lacs)	98.17	84.71
Rate/Unit Rs.	6.02	5.27
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>B. Consumption per ton of Production</b>		
Products		HDPE Fabrics/Sacks

For and on behalf of the Board,

Place : Ahmedabad  
Date : 30<sup>th</sup> June, 2009.

**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 30 <sup>th</sup> September, 2008 Yes(Y)/No(N)
Babubhai A. Patel, Chairman	Non-Executive	—	—	5	Y
Sachin N. Patel@	Independent Non-Executive	—	—	2	N
Arvindbhai N. Patel @	Independent Non Executive	—	—	2	N
Dharmendrakumar B. Patel @	Independent Non Executive	—	—	2	N
Shyamlal H. Gupta @	Independent Non Executive	—	—	2	N

\* Private companies excluded.

@ For part of the year

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

Name of Director	Sachin N. Patel	Arvindbhai N. Patel
Date of Birth	19-08-1978	02-05-1973
Date of Appointment	31-10-2008	31-10-2008
Expertise in specific functional areas	Accounts & Finance	Marketing
List of Public Limited Companies in which Directorship held	—	—
Chairmanship of the Committees of the Board of Directors of the Company	—	—
Chairman/Member of the Committees of Directors of other companies.	—	—

  

Name of Director	Dharmendrakumar B. Patel	Shyamlal H. Gupta
Date of Birth	28-02-1963	07-07-1952
Date of Appointment	31-10-2008	31-10-2008
Expertise in specific functional areas	Administration & Management	Finance
List of Public Limited Companies in which Directorship held	—	—
Chairmanship of the Committees of the Board of Directors of the Company	—	—
Chairman/Member of the Committees of Directors of other companies.	—	—