



PROMACT PLASTICS LIMITED

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PROMACT PLASTICS LIMITED

TWENTYSIXTH ANNUAL REPORT 2009-10

BOARD OF DIRECTORS

Ms. Payalben J. Patel	Chairperson
Mr. Babubhai A. Patel	Director
Mr. Dharmendrakumar B. Patel	Director
Mr. Shyamlal Gupta	Director
Ms. Nikitaben J. Patel	Director
Mr. Ankit J. Patel	Director

PRINCIPAL BANKERS

The Mehsana Urban Co.op. Bank Ltd.,
Mehsana.

AUDITORS

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

COMPANY LAW CONSULTANTS

Mr. Kashyap R. Mehta,
Company Secretary,
Ahmedabad.

REGISTERED OFFICE

106, Hanikrupa 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 **TWENTYSIXTH ANNUAL GENERAL MEETING** of the members of **PROMACT PLASTICS LIMITED** will be held as scheduled below:

Date : 30th September, 2010
 Day : Thursday
 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 31st March, 2010 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 Mr. 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 Ms. Payalben J. 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 Ms. Nikitaben J. 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 Mr. Ankit J. 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 a Special Resolution:
 "RESOLVED THAT pursuant to Section 149 (2A) of the Companies Act, 1956 and any other applicable provisions if any, consent of the members of the Company be and is hereby accorded to commence other objects as mentioned under Object No. 8, 17 and 36 of sub clause C under the main clause III of the Memorandum of Association of the Company:
- (8) To purchase or otherwise acquire any land, building or premises and to turn in to account, develop, improve, alter, demolish or let out for the purpose of carrying on the business of hotel, motel, restaurant, coffee house, lodging, house keeper or related business which can be conveniently or usefully carried on in connection with the aforesaid business of the Company.
 - (17) To carry on the business as organisers, developers, contractors or owners or dealers in any land, residential buildings, commercial buildings, shops, offices or any other buildings and for the purposes to purchase, take on lease, acquire, hold, develop, prepare building sites, construct, reconstruct, repair, maintain, pull down, alter, improve, decorate, furnish, sell, market, give on hire purchase or on instalment or deal in any land, residential buildings, commercial buildings, shops, offices, club houses, works and sanitary conveniences of all kinds and to lay out roads, drainage pipes, water pipes and electric installations and to set apart land for pleasure gardens and recreation grounds or otherwise improve the land or any part thereof.
 - (36) To carry on the business of all or any kind of iron and steel makers, founders, steel melters, steel shapers, slitters, and manufacturers, assemblers, mechanical engineers and fabricators, contractors, tool makers, brass foundries, metal workers, manufactures of steel, metal and malleable grey casting including ferrous,



PROMACT PLASTICS LIMITED

nonferrous, special and alloy steel, spring steel, forging quality steel manufacturers, processors of all types of forged components, railway tracks, wagons and components and all other types of rounds, nails, tools, all types of hardware items, platemakers, wire drawers, galvanizers, japanners, re-rollers, annealers, enamellers, saddlers, packing case makers, die makers, gas makers and electroplaters."

Registered Office:

106, Harikrupa Chambers,
Behind National Chambers,
Ashram Road,
Ahmedabad-380 009.
Date : 29th May, 2010.

By the Order of the Board,

Payalben J. Patel
Chairperson

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 Wednesday, the 8th September, 2010 to Thursday, the 30th September, 2010 (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.
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 29th May, 2010 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 29th May, 2010 appointed Ms. Payalben J. Patel as Director of the Company. As per the Articles of Association of the Company and section 260 of the Companies Act, 1956, she 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 her as candidate for office of the Director.

Ms. Payalben J. Patel is M.B.A. and is having practical experience in the field of Banking, Accounts, Finance and Statutory Audit.

Ms. Payalben J. Patel is concerned or interested in the said business, since it relates to her appointment as Director of the Company. Ms. Nikitaben J. Patel and Mr. Ankit J. Patel may also be deemed as interested as they are relatives of Ms. Payalben J. Patel. Except them, 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 29th May, 2010 appointed Ms. Nikitaben J. Patel as Director of the Company. As per the Articles of Association of the Company and section 260 of the Companies Act, 1956, she 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 her as candidate for office of the Director.

Ms. Nikitaben J. Patel is M. C. A. and is having practical experience in the field of Computer Software Programmer and also possesses knowledge about Hardware.

Ms. Nikitaben J. Patel is concerned or interested in the said business, since it relates to her appointment as Director of the Company. Ms. Payalben J. Patel and Mr. Ankit J. Patel may also be deemed as interested as they are relatives of Ms. Nikitaben J. Patel. Except them, 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 29th May, 2010 appointed Mr. Ankit J. Patel as 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.

Mr. Ankit J. Patel is Diploma in Computer Engineer and is having practical experience in the field of Computer Software Programming.

Mr. Ankit J. Patel is concerned or interested in the said business, since it relates to his appointment as Director of the Company. Ms. Payalben J. Patel and Ms. Nikitaben J. Patel may also be deemed as interested as they are relatives of Mr. Ankit J. Patel. Except them, none of the Directors is in any way concerned or interested in the said business.

In respect of Item No. 7:

The Company presently carries on the business as manufacturers, producers, buyers etc. and are also dealers of plastic polymer including all types of packing materials, HDPE/PP Woven Fabrics and Sacks. For the past some time, the Board of Directors of the Company has been considering proposals for diversifying the activities of the Company. Section 149(2A) of the Companies Act, 1956, requires that the members of the Company should approve, by special resolution, of the commencement of any new business by the Company included in the other objects of the Company in its Memorandum of Association as on that date. The business which the members are being requested to approve for commencement are within the scope of the sub clause C i.e. Other Objects No. 8, 17 and 36 of the main clause III of the Memorandum of Association of the Company.

In view of better future of real estate market and construction activities and metal business, the Board is actively thinking of diversifying the activities of the Company. The Board feels that the proposed activities of the Company will prove to be useful and beneficial to the Company and therefore commends the Special Resolution proposed for the Members acceptance.

The Board is hopeful that the proposed business can be combined conveniently and advantageously with the existing business of the Company under the existing circumstances.

Memorandum of Association of the Company and other relevant papers are open for inspection at the Registered Office of the Company during the normal business hours on any working day.

None of the Directors of the Company is concerned or interested in any way in the Special Resolution.

Registered Office:

106, Harikrupa Chambers,
Behind National Chambers,
Ashram Road,
Ahmedabad-380 009.
Date : 29th May, 2010.

By the Order of the Board,

Payalben J. Patel
Chairperson



DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the TWENTYSIXTH ANNUAL REPORT together with the Audited Statement of Accounts for the financial year 2009-10 ended on 31st March, 2010.

1. FINANCIAL RESULTS

(Rs.in Lacs)

Particulars	2009-2010	2008-2009
Profit / (Loss) Before Interest and Depreciation	104.90	(0.94)
Less : Interest	108.62	106.98
(Loss) before Depreciation	(3.72)	(107.92)
Less : Depreciation	60.28	61.34
Profit / (Loss) before tax	(64.00)	(169.27)
Less : Provision for tax	-	-
Add/(Less) : Deferred Tax Asset / (Liabilities)	237.02	(11.63)
Less : Provision for Fringe Benefit Tax	-	0.06
Profit / (Loss) after tax	173.02	(180.96)
Add / (Less) : Previous Years' (Expenses)/Income	5.32	(4.00)
Profit / (Loss) for the year	178.34	(184.96)
(Debit) Balance brought forward from Previous year	(749.48)	(564.52)
(Debit) Balance carried to Balance Sheet	(573.13)	(749.48)

2. DIVIDEND

As the Company has accumulated losses, your Directors are unable to recommend any Dividend for the Year 2009-10.

3. SALES & WORKING RESULTS:

The Sales during the year 2009-10 was Rs. 1091 lacs as compared to Rs. 1286 lacs during the year 2008-09.

The Profit before Interest and Depreciation during the year 2009-10 was Rs. 104.90 lacs as against Loss of Rs. 0.94 lacs during 2008-09. As the Company had to provide for Interest of Rs. 108.62 lacs during the year under review, the Loss before Depreciation was Rs. 3.72 lacs during the year under review, compared with Loss of Rs. 107.92 lacs during 2008-09. The Company provided Rs. 60.28 lacs for Depreciation and therefore Loss before tax stood at Rs. 64 lacs during the year under review compared to Loss of Rs. 169.27 lacs for the year 2008-09. After taking into account Deferred Tax Asset, the Net Profit for the year under review stood at Rs.173.02 lacs as against Net Loss of Rs.180.96 lacs during 2008-09.

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 2008-09 and the Financial Year 2006-07 respectively.

6. DIRECTORS:

Ms. Payalben J. Patel, Ms. Nikitaben J. Patel and Mr. Ankit J. Patel were appointed as Directors by the Board of Directors w.e.f. 29th May, 2010. Mr. Sachin N. Patel and Mr. Arvindbhai N. Patel ceased to be Directors upon resignation w.e.f. 29th May, 2010. The Board recommends their appointment as provided in the Notice of 26th Annual General Meeting.

One of your Directors viz. Mr. 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 31st March, 2010 being end of the financial year 2009-10 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. CHANGE OF REGISTRAR AND TRANSFER AGENTS:

During the period under review the Registrar and Transfer Agents of the Company have been changed to M/s. Link Intime (India) Private Limited.

9. COMMENCEMENT OF OTHER OBJECTS IN THE COMPANY:

The Company proposes to commence new business as mentioned in Object no. 6, 17 and 36 under sub clause C of main clause III of the Memorandum of Association relating to real estate, construction and metal business so as to diversify the business activities of the Company. The Board is hopeful that the proposed business will benefit the Company. The Board recommends the resolution for approval of Members.

10. 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.

11. CORPORATE GOVERNANCE:

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

12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate section forming part of the Annual Report.

13. 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 2010-11.

14. RECONSTITUTION OF AUDIT COMMITTEE:

The Audit Committee is reconstituted w.e.f. 29th May, 2010 due to appointment of Ms. Payalben J. Patel and Ms. Nikitaben J. Patel and resignation of Mr. Sachin N. Patel and Mr. Arvind N. Patel as the Directors of the Company.

The Audit Committee consist of:

- | | |
|--------------------------------|-------------|
| 1. Ms. Payalben J. Patel | Chairperson |
| 2. Ms. Nikitaben J. Patel | Member |
| 3. Mr. Dharmendrabhai B. Patel | Member |



15. RECONSTITUTION OF REMUNERATION COMMITTEE:

The Remuneration Committee is reconstituted w.e.f. 29th May, 2010 due to appointment of Ms. Payalben J. Patel and Ms. Nikitaben J. Patel and resignation of Mr. Sachin N. Patel and Mr. Arvind N. Patel as the Directors of the Company. The Remuneration Committee consist of:

- | | | |
|----|-----------------------------|-------------|
| 1. | Ms. Payalben J. Patel | Chairperson |
| 2. | Ms. Nikitaben J. Patel | Member |
| 3. | Mr. Dharmendrabhai B. Patel | Member |

16. RECONSTITUTION OF SHAREHOLDERS GRIEVANCE COMMITTEE:

The Shareholders Grievance Committee is reconstituted w.e.f. 29th May, 2010 due to appointment of Ms. Payalben J. Patel, Ms. Nikitaben J. Patel and resignation of Mr. Sachin N. Patel and Mr. Arvind N. Patel as the Directors of the Company. The Shareholders Grievance Committee consists of:

- | | | |
|----|------------------------|-------------|
| 1. | Ms. Payalben J. Patel | Chairperson |
| 2. | Ms. Nikitaben J. Patel | Member |

17. GENERAL:

17.1 INSURANCE:

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

17.2 AUDITORS:

The present Auditors of the Company M/s. R. R. S. & Associates, Chartered Accountants were appointed as Auditors for the year 2009-10 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.

17.3 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.

17.4 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.

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

19. 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 : 29th May, 2010.

Payalben J. Patel
Chairperson

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		
Particulars	2009-10	2008-09
A. Power and fuel Consumption		
1. Electricity		
a) Purchased Units	14,18,088	16,30,592
Total amount (Rs. in lacs)	87.93	98.17
Rate/Unit Rs.	6.20	6.02
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. Unit of Production		
Products	HDPE Fabrics/Sacks	

For and on behalf of the Board,

Place : Ahmedabad
Date : 29th May, 2010.

Payalben J. Patel
Chairperson