



**PROMACT PLASTICS LIMITED**

**27<sup>TH</sup>**  
**A N N U A L**  
**R E P O R T**  
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## **TWENTYSEVENTH ANNUAL REPORT 2010-11**

<b>BOARD OF DIRECTORS</b>	:	<b>Ms. Payalben J. Patel</b>	Chairperson
		<b>Mr. Dharmendrakumar B. Patel</b>	Director
		<b>Mr. Shyamlal Gupta</b>	Director
		<b>Ms. Nikitaben J. Patel</b>	Director
		<b>Mr. Ankit J. Patel</b>	Director
<b>PRINCIPAL BANKERS</b>	:	<b>The Mehsana Urban Co.op. Bank Ltd.,</b> Mehsana.	
<b>AUDITORS</b>	:	<b>M/s. R. R. S. &amp; Associates,</b> Chartered Accountants, Ahmedabad.	
<b>COMPANY LAW CONSULTANTS</b>	:	Mr. Kashyap R. Mehta, Company Secretary, Ahmedabad.	
<b>REGISTERED OFFICE</b>	:	106, Harikrupa Chambers, Behind National Chambers, Ashram Road, Ahmedabad-380 009.	
<b>FACTORY</b>	:	391 to 404, GIDC Estate, Phase-II, Dediyasan, Mehsana-384 002.	
<b>REGISTRAR &amp; SHARE TRANSFER AGENTS</b>	:	<b>M/s. Link Intime India Private Limited</b> 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad - 380 009.	

**Dear Members,**

As you know, the Ministry of Corporate Affairs has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by companies through electronic mode, vide its Circular Nos. 17/2011 & 18/2011 dated 21<sup>st</sup> April, 2011 and 29<sup>th</sup> April, 2011, respectively.

Your Company proposes to deliver electronically various communication/documents such as Notice of General Meeting, Annual Reports, Postal Ballot documents and such other necessary communication/documents from time to time to the Members, who have provided their email address to their Depository Participant (DP). Members holding shares in physical form and who are desirous of receiving the communication/documents in electronic form, are required to inform their email address to the Registrar and Transfer Agent of the Company.

Email addresses as registered in your respective DP accounts in the records of the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) which will be periodically downloaded, will be deemed to be your registered email address for serving the necessary communication/documents. Thus, the necessary communication would be sent in electronic form to the registered email address. Members, who wish to inform any updations/changes of their email address, are requested to promptly update the same with their DP/the Registrar and Transfer Agent of the Company, as the case may be, from time to time.

As a member of the Company, you will be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of the requisition from you.

We request you to support this initiative and opt for the electronic mode of communication by submitting your email address to your DP or to the Company, as the case may be, in the interest of the environment.



*Save Environment Save U'r self*  
**GO GREEN !**

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**NOTICE**

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

Date : 26<sup>th</sup> September, 2011  
Day : Monday  
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, 2011 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. Dharmendrakumar B. Patel, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Shyamlal Gupta, 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. 2,00,00,000/- (Rupees two 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 finalise 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> May, 2011.

By the Order of the Board,

**Payalben J. Patel**  
*Chairperson*



## PROMACT PLASTICS LIMITED

### 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 Wednesday, the 21<sup>st</sup> September, 2011 to Monday, the 26<sup>th</sup> September, 2011 (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 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. 2,00,00,000/- (Rupees two Crores only) to the Company to meet financial requirements of the Company.

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> May, 2011.

By the Order of the Board,

**Payalben J. Patel**  
Chairperson

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present the TWENTYSEVENTH ANNUAL REPORT together with the Audited Statement of Accounts for the financial year 2010-11 ended on 31<sup>st</sup> March, 2011.

**1. FINANCIAL RESULTS**

(Rs.in Lacs)

Particulars	2010-2011	2009-2010
Profit Before Interest and Depreciation	3.06	104.90
Less : Interest	102.84	108.62
(Loss) before Depreciation	(99.78)	(3.72)
Less : Depreciation	58.28	60.28
(Loss) before tax	(158.06)	(64.00)
Add : Deferred Tax Asset	63.29	237.02
Profit / (Loss) after tax	(94.77)	173.02
Add : Previous Years' Income	-	5.32
Profit / (Loss) for the year	(94.77)	178.34
(Debit) Balance brought forward from Previous year	(571.14)	(749.48)
(Debit) Balance carried to Balance Sheet	(665.91)	(571.14)

**2. DIVIDEND**

As the Company has accumulated losses, your Directors are unable to recommend any Dividend for the Year 2010-11.

**3. SALES & WORKING RESULTS:**

The Sales during the year 2010-11 was Rs.1037 lacs as compared to Rs.1091 lacs during the year 2009-10.

The Profit before Interest and Depreciation during the year 2010-11 was Rs.3.06 lacs as against Profit of Rs. 104.90 lacs during 2009-10. As the Company had to provide for Interest of Rs.102.84 lacs during the year under review, the Loss before Depreciation was Rs. 99.78 lacs during the year under review, compared with Loss of Rs. 3.72 lacs during 2009-10. The Company provided Rs. 58.28 lacs for Depreciation and therefore Loss before tax stood at Rs. 158.06 lacs during the year under review compared to Loss of Rs. 64 lacs for the year 2009-10. After taking into account Deferred Tax Asset, the Net Loss for the year under review stood at Rs.94.77 lacs as against Net Profit of Rs.173.02 lacs during 2009-10.

**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:**

One of your Directors viz. Mr. Babubhai A. Patel ceased to be Director upon resignation w.e.f. 29<sup>th</sup> May, 2010. Two of your Directors viz. Mr. Dharmendrakumar B. Patel and Mr. Shyamlal Gupta retire by rotation in terms of 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:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;



## PROMACT PLASTICS LIMITED

- (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, 2011 being end of the financial year 2010-11 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. 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.

### 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 2011-12.

### 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. R. R. S. & Associates, Chartered Accountants were appointed as Auditors for the year 2010-11 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.

#### 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 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.

### 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 : 30<sup>th</sup> May, 2011.

**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.

<b>FORM - A</b>		
Disclosure of particulars with respect to Conservation of Energy		
Particulars	2010-11	2009-10
<b>A. Power and fuel Consumption</b>		
1. Electricity		
a) Purchased Units	<b>13,01,248</b>	14,18,088
Total amount (Rs. in lacs)	<b>77.48</b>	87.93
Rate/Unit Rs.	<b>5.95</b>	6.20
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. Unit of Production</b>		
Products	HDPE Fabrics/Sacks	

For and on behalf of the Board,

Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2011.

**Payalben J. Patel**  
Chairperson