



**PROMACT PLASTICS LIMITED**

**28<sup>TH</sup>**  
**A N N U A L**  
**R E P O R T**  
**2 0 1 1 - 2 0 1 2**

## TWENTYEIGHTH ANNUAL REPORT 2011-12

**BOARD OF DIRECTORS** : **Ms. Payalben J. Patel** Chairperson  
**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. M. M. Salvi & Co.,**  
Chartered Accountants,  
Mehsana.

**COMPANY LAW CONSULTANTS** : Kashyap R. Mehta & Associates,  
Company Secretaries,  
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.

**REGISTRAR & SHARE  
TRANSFER AGENTS** : **M/s. Link Intime India Private Limited**  
Unit No 303, 3<sup>rd</sup> Floor Shoppers Plaza V,  
Opp. Municipal Market, Behind Shoppers Plaza II,  
Off C. G. Road, Ahmedabad - 380 009.

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**NOTICE**

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

Date : 25<sup>th</sup> September, 2012  
Day : Tuesday  
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 31<sup>st</sup> March, 2012 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 Ms. Payalben J. Patel, who retires by rotation and, being eligible, offers herself for reappointment.
3. To appoint a Director in place of Ms. Nikitaben J. Patel, who retires by rotation and, being eligible, offers herself 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.

**Registered Office:**

106, Harikrupa Chambers,  
Behind National Chambers,  
Ashram Road,  
Ahmedabad-380 009.  
Date : 16<sup>th</sup> July, 2012

**By Order of the Board,**

**Payalben J. Patel**  
*Chairperson*

**NOTES :**

1. 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.
2. Pursuant to Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 8<sup>th</sup> September, 2012 to Tuesday, the 25<sup>th</sup> September, 2012 (both days inclusive).
3. 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.
4. 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.
5. 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.

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present the TWENTYEIGHTTH ANNUAL REPORT together with the Audited Statement of Accounts for the financial year 2011-12 ended on 31<sup>st</sup> March, 2012.

**1. FINANCIAL RESULTS:**

(Rs.in Lacs)

Particulars	2011-2012	2010-2011
Profit /(Loss)before Interest and Depreciation	<b>(40.30)</b>	3.06
Less : Interest	<b>131.13</b>	102.84
(Loss) before Depreciation	<b>(171.43)</b>	(99.78)
Less : Depreciation	<b>55.40</b>	58.28
(Loss) before tax	<b>(226.83)</b>	(158.06)
Add : Deferred Tax Asset	<b>59.75</b>	63.29
(Loss) after tax	<b>(167.08)</b>	(94.77)
(Loss) for the year	<b>(167.08)</b>	(94.77)
(Debit) Balance brought forward from Previous year	<b>(665.91)</b>	(571.14)
(Debit) Balance carried to Balance Sheet (after adjusting General Reserve of Rs. 90.97 Lacs)	<b>(742.03)</b>	(665.91)

**2. DIVIDEND:**

As the Company has accumulated losses, your Directors are unable to recommend any Dividend for the Year 2011-12.

**3. SALES & WORKING RESULTS:**

The Sales during the year 2011-12 was Rs. 1038.91 Lacs as compared to Rs. 1037.02 lacs during the year 2010-11. The Loss before Interest and Depreciation during the year 2011-2012 was of Rs.40.30 Lacs against Profit of Rs. 3.06 lacs during 2010-11. As the Company had to provide for Interest of Rs.131.13 Lacs during the year under review, the Loss before Depreciation was Rs.171.43 lacs the year under review, compared with Loss of Rs.99.78 lacs during 2010-2011. The Company provided Rs. 55.40 lacs for Depreciation and therefore Loss before tax stood at Rs.226.83 lacs during the year under review compared to Loss of Rs.158.06 lacs for the year 2010-2011. After taking into account Deferred Tax Assets, the Net Loss for the year under review stood at Rs.167.08 lacs as against Net Loss of Rs. 94.77 lacs during 2010-2011.

**4. FINANCE:**

- 4.1 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.
- 4.2 The Income tax and Sales-tax Assessment of the Company have been completed upto Assessment Year 2009-10 and the Financial Year 2006 07 respectively.

**5. DIRECTORS:**

Two of your Directors viz. Ms. Payalben J. Patel and Ms. Nikitaben J. Patel retire by rotation in terms of Articles of Association of the Company. They, however, being eligible, offer themselves for re-appointment.

**6. 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, 2012 being end of the financial year 2011-12 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.

**7. 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.

**8. SEBI ORDER:**

Securities and Exchange Board of India vide their order dated 4<sup>th</sup> April, 2012 have prohibited the Company from buying, selling or dealing in securities in any manner or accessing the securities market directly or indirectly in any manner whatsoever for a period of one year from the date of order.

**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 2012-13.

**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. M. M. Salvi & Co., Chartered Accountants, Mehsana were appointed as Auditors for the year 2011-12 at the Extra Ordinary General Meeting and as such they will retire at the ensuing Annual General Meeting of the Company. They have submitted Certificate for their eligibility under Section 224 (1-B) of the Companies Act, 1956 for re-appointment as Auditors of the Company for the year 2012-13.

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.



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**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 : 16<sup>th</sup> July, 2012

**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	2011-12	2010-11
<b>A. Power and fuel Consumption</b>		
1. Electricity		
a) Purchased Units	<b>1149007</b>	1301248
Total amount (Rs. in lacs)	<b>76.13</b>	77.48
Rate/Unit Rs.	<b>6.63</b>	5.95
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 : 16<sup>th</sup> July, 2012

**Payalben J. Patel**  
Chairperson

**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 as on the date of this Report:**

Name of Directors	Category of Directorship	No. of other Directorships *	Committee (1) Membership (2) Meetings Chairmanship in other companies	No. of Board Meetings attended	Attendance at the AGM held on 26 <sup>th</sup> September, 2011 Yes(Y)/No(N)
Dharmendrakumar B. Patel	Independent Non Executive	—	—	5	Y
Shyamlal Gupta	Independent Non Executive	—	—	5	Y
Payalben J. Patel Chairperson	Non Executive	—	—	5	Y
Nikitaben J. Patel	Non Executive	—	—	5	Y
Ankit J. Patel	Non Executive	—	—	—	N

\* Private companies excluded.

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

Name of Director	Payalben J. Patel	Nikitaben J. Patel
Date of Birth	28-09-1981	11-06-1984
Date of Appointment	29-05-2010	29-05-2010
Expertise in specific functional areas	Banking, Finance, Accounts and Statutory Audit	Technical, Factory Management and Computer Software and Hardware Programming
List of Public Limited Companies in which Directorships held	—	—
Chairmanship of the Committees of the Board of Directors of the Company	Audit Committee, Remuneration Committee and Shareholders/Investors' Grievances Committee	Shareholders/Investors' 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, about the 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 02-05-2011, 30-05-2011, 05-08-2011, 11-11-2011 and 13-02-2012.



**3. AUDIT COMMITTEE:**

The Audit Committee consists of the following Directors as Members as on the date of Report:

Name of the Director	Expertise	Functions of the Committee	Attendance
Payalben J. Patel	All members are non-executive. Chair-person is independent Director and majority are independent. One member has thorough financial and accounting knowledge.	The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange(s) which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	All the members at the time of relevant audit committee meetings were present on: 30-05-2011, 05-08-2011, 11-11-2011 and 13-02-2012.
Shyamlal Gupta			
Dharmendra B. Patel , Chairman			

**4. REMUNERATION COMMITTEE:**

The Board Committee is vested with the responsibilities to function as per SEBI Guidelines and recommends to the Board Compensation Package for the Director. It also reviews from time to time the overall Compensation structure and related policies with a view to attract, motivate and retain employees.

The Remuneration Committee consists of the following Directors as Members as on the date of Report:

1. Ms. Payalben J. Patel, Chairman - Non Executive
2. Mr. Shyamlal Gupta - Non Executive Independent
3. Mr. Dharmendrabhai B. Patel - Non Executive Independent

Details of remuneration paid:

1. None of the Directors was paid any managerial remuneration during the year 2011-12.
2. No Sitting Fees, Commission or Stock Option has been offered to the Directors.

**5. SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE:**

The Board has constituted a Shareholders'/Investors' Grievances Committee for the purpose of effective redressal of the complaints of the shareholders such as Dematerialisation, Share Transfer, Non-receipt of Balance Sheet, Dividend Warrants etc.

The Shareholders' / Investors' Grievances Committee consists of Ms. Payalben J. Patel and Ms. Nikitaben J. Patel, Directors as the Members of the Committee as on the date of Report.

The Company received two complaints during the year and all were resolved to the satisfaction of the shareholders. There was no valid request for transfer of shares pending as on 31<sup>st</sup> March, 2012.

Ms. Payalben J. Patel, Director is the Compliance Officer for the above purpose.

**6. GENERAL BODY MEETINGS:**

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2008-09	30-09-2009	12 Noon	Conference Hall of Hotel City Pride, Opp.Gurukul, Drive-In Road, Ahmedabad - 380 052.
2009-10	30-09-2010	12 Noon	
2010-11	26-09-2011	12 Noon	

Pursuant to the provisions of Section 192 A of the Companies Act, 1956, there was no matter required to be dealt by the Company to be passed through postal ballot.

**7. DISCLOSURES:**

- a) The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company. The Company has no subsidiary.
- b) There was neither any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchange/s or SEBI during the year under review.

**8. MEANS OF COMMUNICATIONS:**

- a) In compliance with the requirements of the Listing Agreement, the Company regularly intimates Unaudited/ Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati).

Results are not displaying on Website and are not sent individually to the Shareholders.



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- b) During the year ended on 31<sup>st</sup> March, 2012, no presentations were made to Institutional Investors or analyst or any other enterprise.
- c) Management Discussion and Analysis forms part of the Annual Report.

### 9. SHAREHOLDERS' INFORMATION:

- a) Registered Office : 106, Harikrupa Chambers, Behind National Chambers, Ashram Road, Ahmedabad - 380 009.
- b) Annual General Meeting : Day : Tuesday  
Date : 25<sup>th</sup> September, 2012  
Time : 12.00 Noon.  
Venue : Conference Hall of Hotel City Pride, Opp. Gurukul, Drive-In-Road, Ahmedabad - 380 052.
- c) Financial Calendar :  
1st Quarter Results : 1<sup>st</sup> / 2<sup>nd</sup> week - August, 2012.  
Half-yearly Results : 1<sup>st</sup> / 2<sup>nd</sup> week - November, 2012.  
3rd Quarter Results : 1<sup>st</sup> / 2<sup>nd</sup> week - February, 2013.  
Audited yearly Results : End - May, 2013.
- d) Book Closure Dates : From : Saturday, the 8<sup>th</sup> September, 2012  
To : Tuesday, the 25<sup>th</sup> September, 2012  
(Both days inclusive).
- e) Dividend Payment Date : Not Applicable
- f) Listing of Shares on Stock Exchanges : 1. Ahmedabad Stock Exchange Limited, Kamdhenu Complex, 1st Floor, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad - 380 015.  
2. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.
- g) Stock Exchange Code : 

Stock Exchange	Code
ASE	45611
BSE	526494
- h) Stock Price Data :

The shares of the Company have been traded on The Stock Exchange, Mumbai during the period from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012. The details of which are as under:

Month	BSE		
	High (Rs.)	Low (Rs.)	No. of Shares Traded
April, 2011	2.59	2.16	37148
May, 2011	3.92	2.45	27094
June, 2011	3.75	3.00	3963
July, 2011	3.12	2.48	11130
August, 2011	3.18	2.78	8183
September, 2011	2.92	2.66	630
October, 2011	2.62	2.34	10372
November, 2011	2.46	1.94	17810
December, 2011	2.28	2.03	5156
January, 2012	2.67	2.28	8988
February, 2012	2.80	2.36	5565
March, 2012	2.70	2.27	15680