



**PROMACT PLASTICS LIMITED**

**29<sup>TH</sup>**  
**A N N U A L**  
**R E P O R T**  
**2 0 1 2 - 2 0 1 3**

## 29<sup>TH</sup> REPORT 2012-13

**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** : 392 to 403, GIDC Estate, Phase-II,  
Dediyasan, 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 **29<sup>TH</sup> ANNUAL GENERAL MEETING** of the members of **PROMACT PLASTICS LIMITED** will be held as scheduled below:

Date : 27<sup>th</sup> September, 2013  
Day : Friday  
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 Statement of Profit and Loss of the year ended on 31<sup>st</sup> March, 2013 and the Balance Sheet as on that date along with the Directors' Report and Independent Auditors' Report thereon.
2. To appoint a Director in place of Mr. Ankit J. Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Dharmendrakumar B. Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
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, 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 mortgage or charge by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of any Bank, Financial Institution or any other lender to secure Financial Assistance up to ` 25 Crores that may be lent/advanced to the Company by such Bank, Financial Institution or such other lender together with interest thereon at the rate, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to Bank, Financial Institution or any such lender under Financial Assistance Agreement to be entered into by the Company in respect of the such Financial Assistance."

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorised to finalise with the Bank, Financial Institution or any such lender the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

6. To consider and if thought fit to, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in super session of all the earlier resolutions passed at the Board Meeting/General Meeting if any, pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sums of money, from time to time from any one or more of the Company's bankers and/or from any other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advance or deposits, loans, debentures or bill discounting or otherwise whether unsecured or secured so that the moneys to be borrowed together with moneys already borrowed by the Company (apart from



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temporary loans obtained from Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, however that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ` 25 Crores (Rupees twenty five crores only)."

### Registered Office:

106, Harikrupa Chambers,  
Behind National Chambers,  
Ashram Road,  
Ahmedabad-380 009.  
Date : 16<sup>th</sup> July, 2013

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 7<sup>th</sup> September, 2013 to Friday, the 27<sup>th</sup> September, 2013 (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.

### ANNEXURE TO THE NOTICE:

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

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

The Company is planning to borrow funds from any Bank, Financial Institution or any other lender to meet its short term and long term financial requirements. Normally such Financial Assistance are to be secured by hypothecation / pledge of the Company's entire goods movables and other assets, present and future, including documents title to goods and other assets such as book-debts, outstanding moneys, receivables, claims, bills, invoices, documents, contracts, engagements, securities, investments and rights and all machinery, present and future, and are to be further secured by a deposit of all title deeds of the existing immovable properties of the Company with intent to create a security in favour of such Bank, Financial Institution or such other lender on such terms and conditions.

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 in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

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Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Bank may be regarded as, disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copy of Draft Financial Assistance Agreement and correspondence of the Company with such Bank, Financial Institution or such other lender are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

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

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

The proposed increase in the borrowing power of the Board is required in view of certain borrowing proposed to be made by the Company from Financial Institution/Banks/other lender. The Board of Directors feel that the limit be raised to ` 25 crores. The Resolution at item No.6 is of an enabling nature and would authorise the Directors to borrow from time to time sums not exceeding ` 25 crores. The Resolution would be in the super session of the earlier resolution passed at the Board of Directors meeting of the Company, if any.

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

### **Registered Office:**

106, Harikrupa Chambers,  
Behind National Chambers,  
Ashram Road,  
Ahmedabad-380 009.  
Date : 16<sup>th</sup> July, 2013

**By Order of the Board,**

**Payalben J. Patel**  
*Chairperson*

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present the TWENTYNINTH ANNUAL REPORT together with the Audited Statement of Accounts for the financial year 2012-13 ended on 31<sup>st</sup> March, 2013.

**1. FINANCIAL RESULTS:**

( ` in Lacs)

Particulars	2012-2013	2011-2012
(Loss) before Interest and Depreciation	(44.87)	(40.30)
Add : Interest	131.58	131.13
(Loss) before Depreciation	(176.45)	(171.43)
Add : Depreciation	49.28	55.40
(Loss) before Exceptional items	(225.73)	(226.83)
Add: Exceptional items (Loss on sale of Plant & Machinery)	62.41	-
(Loss) before tax	(288.14)	(226.83)
Less : Deferred Tax Asset	-	59.75
(Loss) for the year after Tax	(288.14)	(167.08)
(Debit) Balance brought forward from Previous year	(832.99)	(665.91)
(Debit) Balance carried to Balance Sheet	(1121.13)	(832.99)

**2. DIVIDEND:**

As the Company has accumulated losses, your Directors are unable to recommend any Dividend for the Year 2012-13.

**3. SALES & WORKING RESULTS:**

The Sales during the year 2012-13 was ` 411.53 Lacs as compared to ` 1038.91 lacs during the year 2011-12. The Loss before Interest and Depreciation during the year 2012-13 was of ` 44.87 Lacs against as compared to ` 40.30 lacs during the year 2011-12. As the Company had to provide for Interest of ` 131.58 Lacs during the year under review, the Loss before Depreciation was ` 176.45 lacs the year under review, compared with Loss of ` 171.43 lacs during 2011-12. The Company provided ` 49.28 lacs for Depreciation and therefore Loss before tax stood at ` 225.73 lacs during the year under review compared to Loss of ` 226.83 lacs for the year 2011-12. After taking into account Exceptional items of ` 62.41 Lacs, the Net Loss for the year under review stood at ` 288.14 lacs as against Net Loss of ` 167.08 lacs during 2011-12.

**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. Mr. Ankit J. Patel and Mr. Dharmendrakumar B. 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, 2013 being end of the financial year 2012-13 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. CORPORATE GOVERNANCE:**

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

**9. 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.

**10. LISTING:**

The Equity Shares of the Company are listed on Ahmedabad Stock Exchange Limited and BSE Limited and the Company has paid Annual Listing Fees to both the Stock Exchanges upto the year 2013-14.

**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. M. M. Salvi & Co., Chartered Accountants, Mehsana were appointed as Auditors for the year 2012-13 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.

**11.5 POSTAL BALLOT:**

The Board of Directors of the Company is in the process of inviting offers for disposal of Land and Building of the Company. The necessary consent of the members under section 293(1)(a) of the companies Act, 1956 by way of Postal Ballot will be obtained at appropriate time.



## **PROMACT PLASTICS LIMITED**

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**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,**

Place : Ahmedabad.  
Date : 16<sup>th</sup> July, 2013

**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	2012-13	2011-12
<b>A. Power and fuel Consumption</b>		
1. Electricity		
a) Purchased Units	299651	1149007
Total amount ( ` in lacs)	25.24	76.13
Rate/Unit `	8.24	6.63
b) Through Diesel Generator		
Units	-	-
Total amount ( ` in lacs)	-	-
Cost/Unit `	-	-
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, 2013

**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 25 <sup>th</sup> September, 2012 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	—	—	2	N

\* Private companies excluded.

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

Name of Director	Mr. Ankit J. Patel	Mr. Dharmendrakumar B. Patel
Date of Birth	28-09-1981	28-02-1963
Date of Appointment	29-05-2010	31-10-2008
Expertise in specific functional areas	Factory Administration and Computer Software Programming	Administration & Management
List of Public Limited Companies in which Directorships held	—	—
Chairmanship of the Committees of the Board of Directors of the Company	—	Audit Committee

##### 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 14-05-2012, 16-07-2012, 06-11-2012, 23-11-2012 and 13-02-2013.