



# PROMACT PLASTICS LIMITED

[CIN: L25200GJ1985PLC007746]

## 33<sup>RD</sup> A N N U A L R E P O R T 2 0 1 6 - 2 0 1 7



# PROMACT PLASTICS LIMITED

[CIN: L25200GJ1985PLC007746]

## 33<sup>RD</sup> ANNUAL REPORT 2016-17

BOARD OF DIRECTORS	:	<b>Mr. Miteshkumar A. Patel</b> Chairman <b>Ms. Payalben J. Patel</b> Managing Director <b>Mr. Dharmendrakumar B. Patel</b> Director <b>Ms. Nikitaben J. Patel</b> Director <b>Mr. Ankit J. Patel</b> Director
CFO	:	<b>Mr. Vipul F. Bhavsar</b>
BANKERS	:	<b>The Mehsana Urban Co.op. Bank Ltd.,</b> <b>(Multi State Scheduled Bank)</b> Mehsana.
STATUTORY AUDITORS	:	<b>M. M. Salvi &amp; Co.,</b> Chartered Accountants, Mehsana.
SECRETARIAL AUDITORS	:	<b>Kashyap R. Mehta &amp; Associates,</b> Company Secretaries, Ahmedabad.
REGISTERED OFFICE	:	106, Harikrupa Chambers, Behind National Chambers, Ashram Road, Ahmedabad-380 009.
FACTORY	:	392 to 403, GIDC Estate, Phase-II, Dediyanan, Mehsana-384 002.
REGISTRAR & SHARE TRANSFER AGENTS	:	<b>Link Intime India Private Limited</b> 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xavier's College Corner, Off C. G. Road, Ahmedabad - 380 006.

CONTENTS	PAGE NOS.
Notice	1-8
Directors' Report including Corporate Governance & Secretarial Audit Report	9-29
Independent Auditors' Report	30-34
Balance Sheet	35
Statement of Profit & Loss	36
Cash Flow Statement	37
Notes to Financial Statement	38-49

## NOTICE

**NOTICE** is hereby given that the **33<sup>RD</sup> ANNUAL GENERAL MEETING** of the members of **PROMACT PLASTICS LIMITED** will be held as scheduled below:

Date : 22<sup>nd</sup> September, 2017  
Day : Friday  
Time : 3.00 p.m.  
Place : Banquet Hall of Hotel Kanak, Opp. Gujarat College,  
Ellisbridge, Ahmedabad – 380 006

to transact the following business :

### **ORDINARY BUSINESS :**

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2017, the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Nikitaben J. Patel (DIN: 03092770), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers herself for re-appointment.
3. To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, M/s. B. M. Modi & Co, Chartered Accountants (Firm Registration No.106477W), be and are hereby appointed as Auditors of the Company to hold office for 5 years from the conclusion of this 33<sup>rd</sup> Annual General Meeting (AGM) till the conclusion of the 38<sup>th</sup> AGM of the Company to be held in the year 2022 (subject to ratification of their appointment at every AGM), at such remuneration as shall be fixed by the Board of Directors of the Company.”

### **SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 188, 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Company do hereby accord its approval to the elevation of Ms. Payalben J. Patel as Managing Director of the Company, not liable to retire by rotation, for a period of 3 years with effect from 21<sup>st</sup> November, 2016 on the terms and conditions and the remuneration mentioned hereunder (which have been approved by Nomination and Remuneration Committee) and that she be paid remuneration (even in the year of losses or inadequacy of profit) by way of Salary, perquisites and Commission not exceeding the amount thereof as set out in the Explanatory Statement which is permissible under Section II of Part II of Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the extent and scope of Salary and Perquisites as specified in the Explanatory Statement be altered, enhanced, widened or varied by the Board of Directors in accordance with the relevant provisions of the Companies Act, 2013 for the payment of managerial remuneration in force during the tenure of the Managing Director without the matter being referred to the Company in General Meeting again.”

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 94 and such other applicable provisions of the Companies Act, 2013 (‘the Act’) and the relevant rules, circulars and notifications made there under (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), the consent of the Members of the Company, be and is hereby accorded to maintain the Register of Members together with the Index of members of the Company under Section 88 of the Act and copies of the Annual Returns under Section 92 of the Act at the office premises of Link Intime India Private Limited, Registrar and Transfer Agent (RTA), 506-508, Amarnath Business Centre-1 (ABC-1), Beside Gala Business Centre, Near St. Xavier’s College Corner, Off C. G. Road, Ahmedabad – 380 006, and such other places as the RTA, shift its office from time to time.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such things, deeds, matters and take all such actions as may be required from time to time for giving effect to the above resolution and matters related thereto.”

### **Registered Office:**

106, Harikrupa Chambers,  
Behind National Chambers,  
Ashram Road,  
Ahmedabad-380 009.  
Date : 20<sup>th</sup> July, 2017.

**By Order of the Board,**

**Miteshkumar A. Patel**  
**Chairman**

**NOTES :**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business in the Notice is annexed hereto.
2. The Register of Members and Share Transfer Books will remain closed from **8<sup>th</sup> September, 2017 to 22<sup>nd</sup> September, 2017** (both days inclusive) for the purpose of Annual General Meeting (AGM).
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY OR PROXIES TO ATTEND AND, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 (FIFTY) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER SHAREHOLDER.

The instrument of Proxy in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxy form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution / authority, as applicable.

4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company, a certified copy of Board Resolution/ Authorisation document authorising their representative to attend and vote on their behalf at the AGM.
5. Members holding shares in the dematerialized mode are requested to intimate all changes with respect to their bank details, ECS mandate, nomination, power of attorney, change of address, change in name, etc, to their Depository Participant (DP). These changes will be automatically reflected in the Company's records, which will help the Company to provide efficient and better service to the Members. Members holding shares in physical form are requested to intimate the changes to the Registrar & Share Transfer Agents of the Company (RTA).
6. Details under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 issued by The Institute of Company Secretaries of India in respect of Directors seeking re-appointment/appointment/ confirmation at the ensuing Annual General Meeting is provided in the Corporate Governance Report forming part of the Annual Report. The Directors have furnished the requisite declarations for their appointment / re-appointment.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their DPs with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.
8. The members are requested to intimate to the Company, queries, if any, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
9. The Shareholders holding Shares in Physical form are advised to seek their shareholding changed to dematerialised form since in terms of SEBI and Stock Exchange guidelines no physical shares can be traded in the Stock Exchanges.
10. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's RTA. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
11. Members/Proxies are requested to bring duly filled attendance form along with their copy of Annual Report at the Meeting. Copies of Annual Report will not be distributed at the Meeting.
12. All documents referred to in the Notice and Explanatory Statement shall be available for inspection by members at the Registered Office of the Company during the business hours between 11.00 a.m. to 1.00 p.m. on all working days of the Company up to the date of the Annual General Meeting.
13. To support the "Green Initiative", Members who have not registered their e-mail addresses so far, are requested to register their e-mail address with the Registrar & Share Transfer Agents of the Company for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
14. In support of the 'Green Initiative' announced by the Government of India, electronic copies of the Annual Report for 2016-17 and this Notice inter alia indicating the process and manner of e-voting along with Attendance Form and Proxy Form are being sent by email to all the Members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes, unless any Member has requested only for a hard copy of the same. For Members who have not registered their email address, physical copies will be sent to them in the permitted mode. The Notice of AGM will also be available on the Central Depository Services (India) Limited ("CDSL"), [www.cdslindia.com](http://www.cdslindia.com), [www.evotingindia.com](http://www.evotingindia.com)

**15. VOTING THROUGH ELECTRONIC MEANS**

- (a) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions, the Company is pleased to offer the facility of voting through electronic means and the business set out in the Notice above may be transacted through such electronic voting. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ('remote e-voting') is provided by Central Depository Services (India) Limited.
- (b) The facility for voting through ballot paper shall be made available at the AGM, and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot. **E-voting facility will not be made available at the AGM venue.**
- (c) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- (d) The remote e-voting period commences **at 9.00 a.m. on Tuesday, 19<sup>th</sup> September, 2017 and ends at 5:00 p.m. on Thursday, 21<sup>st</sup> September, 2017.** During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date i.e. 15<sup>th</sup> September, 2017**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for e-voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast the vote again.
- (e) The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date.

**The procedure and instructions for remote e-voting are, as follows:**

- (i) Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Now click on "Shareholders" to cast your votes.
- (iii) Now, fill up the following details in the appropriate boxes:

User ID	a. For CDSL: 16 digits Beneficiary ID
	b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
	c. Members holding shares in Physical Form should enter Folio Number registered with the Company

- (iv) Next, enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are holding shares in demat form and has forgotten the existing password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.



(vii) If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the ten digit sequence number which is printed on Postal Ballot / Address Slip.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (ii).</p>

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on Electronic Voting Sequence Number (EVSN) of PROMACT PLASTICS LIMITED.

(xii) On the voting page, you will see 'Resolution Description' and against the same, the option 'YES/NO' for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the 'RESOLUTIONS FILE LINK' if you wish to view the entire Resolution details.

(xiv) After selecting the Resolution, you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.

(xv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on 'Click here to print' option on the Voting page.

(xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xviii) Note for Non – Individual Members and Custodians:

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (f) In case you have any queries or issues regarding remote e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (g) **Mr. Kashyap R. Mehta, Proprietor, M/s. Kashyap R. Mehta & Associates, Company Secretaries, Ahmedabad** has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- (h) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of 'Ballot Paper' for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility. **E-voting facility will not be made available at the AGM venue.**
- (i) The Scrutinizer shall, immediately after the conclusion of voting at AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company and make, not later than two days from the conclusion of meeting, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same. Thereafter, the Chairman or the person authorised by him in writing shall declare the result of the voting forthwith.
- (j) The Results declared along with the Scrutinizer's Report shall be placed on the website of CDSE-[www.evotingindia.com](http://www.evotingindia.com), [www.cdslindia.com](http://www.cdslindia.com) immediately after the result is declared by the Chairman; and results shall also be communicated to the Stock Exchanges.





**ANNEXURE TO THE NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF SPECIAL BUSINESSES MENTIONED IN THE NOTICE OF 33<sup>RD</sup> ANNUAL GENERAL MEETING DATED 20<sup>TH</sup> JULY, 2017.**

**In respect of Item No. 4:**

In conformity with the provisions of Section 102 of the Companies Act, 2013, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at items No. 4 in the accompanying Notice dated 20<sup>th</sup> July, 2017 and should be taken as forming part of the notice.

Shareholders may recall that in the 26<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2010, Ms. Payalben J. Patel was appointed as Director of the Company.

The Board of Directors, on the recommendation on Nomination and Remuneration Committee, in their meeting held on 21<sup>st</sup> November, 2016 has elevated Ms. Payalben J. Patel as Managing Director for a period of 3 years i.e. from 21<sup>st</sup> November, 2016 to 20<sup>th</sup> November, 2019.

The major terms of the remuneration of Managing Director are as under:

**I. PERIOD:**

The term of the Managing Director shall be for a period of 3 years from 21<sup>st</sup> November, 2016 to 20<sup>th</sup> November, 2019 (not liable to retire by rotation).

**II. REMUNERATION:**

**A. SALARY:**

The Managing Director shall be entitled to salary upto ` 1,00,000/- per month.

**B. PERQUISITES:**

1. The Managing Director shall be entitled to reimbursement of medical expenses for herself and family subject to a ceiling of half month's salary per year or one and half months' salary over a period of three years.
2. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
3. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
4. Encashment of leave at the end of the tenure.
5. Free use of Company's car with driver for Company's business and free telephone facility at residence.
6. Leave Travel Concession for self and family at a rate not exceeding one month's salary for one year or three months' salary in a block of three years.

**III.** The Managing Director shall be entitled to reimbursement of expenses incurred by her in connection with the business of the Company.

**IV.** The Managing Director shall not, so long as she functions as such, become interested or otherwise concerned directly or through her spouse and/or minor children in any selling agency of the Company without the prior approval of the Central Government.

**V. DUTIES:**

Subject to the superintendence, direction and control of the Board of Directors of the Company, the Managing Director shall be entrusted with substantial powers of management and also such other duties and responsibilities as may be entrusted to her by the Board of Directors from time to time. The headquarter of the Managing Director shall be at Ahmedabad or at such place as the Board of Directors may decide from time to time.

**VI. TERMINATION:**

The Managing Director may be removed from her office for gross negligence, breach of duty or trust if the Company in its General Meeting to that effect passes a Special Resolution. The Managing Director may resign from her office by giving 90 days' notice to the Company.

**VII. COMPENSATION:**

In the event of termination of office of Managing Director takes place before the expiration of tenure thereof, Managing Director shall be entitled to receive compensation from the Company for loss of office to the extent and subject to limitation as provided under section 202 of the Companies Act, 2013."

The following are the details of interest of Directors/ Key Managerial Personnel/ Relative of Director/ Relative of Key Managerial Personnel:

Sr. No	Category	Name of Interested Director / KMP	Financial Interest	Non- Financial Interest
1.	Director	Ms. Payal J. Patel	Relates to her Elevation as Managing Director, she may be deemed to be concerned or interested in the business	
2.	Key Managerial Personnel	-	-	-
3.	Relative of Director	Mr. Ankit J. Patel Mr. Nikita J. Patel	Relates to Elevation of Ms. Payal J. Patel as Managing Director, who is a relative of these Directors and, therefore, they may be deemed to be concerned or interested in the business	
4.	Relative of Key Managerial Personnel	-	-	-

The following are the information required under Section II of Part II of Schedule V of the Companies Act, 2013:

Sr. No	Particulars	Information
<b>I</b>	<b>GENERAL INFORMATION</b>	
1	Nature of industry	HDPE/ PP Woven Fabrics/ Bags/ Tarpaulin/ Import and Export of Agri Products & others
2	Date or expected date of commencement of commercial production	Existing
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.
4	Financial performance based on given indicators	₹ 1222.57 lakh turnover (2016-17)
5	Exports performance and net foreign exchange collaborations	₹ 1222.57 lakh turnover (2016-17)
6	Foreign investments or collaborations, if any.	N.A.
<b>II</b>	<b>INFORMATION ABOUT THE APPOINTEE</b>	
1	Background details	M.B.A
2	Past remuneration	N.A.
3	Recognition or awards	-
4	Job profile and her suitability	More than 6 years on the Board of the Company as a Non-Executive Director
5	Remuneration proposed	₹ 1,00,000/- per month
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t the country of his origin.)	Remuneration is in commensurate with experience & qualifications. It is lower compared to industry standard formula.
7	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Ms. Payal J. Patel is the Managing Director of the Company.