

VALLABH POLY PLAST INTERNATIONAL LIMITED

: Regd. Office :

194, Jawahar Nagar, Road No. 3, Goregaon (W), Mumbai - 400 062.

: Factory :

720/7B, Somnath Road, Dabhel, Daman - 396210 (U. T.)

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ELEVENTH ANNUAL REPORT 2004 - 2005

VALLABH POLY PLAST INTERNATIONAL LTD.

ELEVENTH ANNUAL REPORT 2004 - 2005

BOARD OF DIRECTORS

Chairman & Director	Shri Satish D. Jain
Jt. Managing Director	Shri Kiran U. Rathod
Directors	Shri Vinod U. Rathod
Auditors	M/s. DAMANI & SHAH Chartered Accountant, Mumbai.
Registered Office	194, Jawahar Nagar, Road No. 3, Goregaon (W), Mumbai - 400 062.
Factory	720/7B, Somnath Road, Dabhel, Daman - 396 210(U.T.)

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NOTICE

Notice is hereby given that the 11th Annual General Meeting of the Members of ***VALLABH POLY PLAST INTERNATIONAL LIMITED*** will be held at its Registered Office at 194, Jawahar Nagar, Road No. 3, Goregaon (W), Mumbai: 400 062 on ***Saturday, August 27, 2005 at 11.00 A.M.*** to transact the following business:

ORDINARY BUSINESS:

- 1.To receive, consider and adopt the Balance Sheet as at March 31, 2005 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors' and Auditor's thereon.
- 2.To appoint a Director in place of Shri Kiran U. Rathod, who retires by rotation, and being eligible, offers himself for reappointment.
- 3.To appoint the Auditors' and fix their remuneration.

***For and on behalf of the
Board of Directors***

Place: Mumbai

Date : June 30, 2005

***SATISH D. JAIN
CHAIRMAN.***

REGISTERED OFFICE:

194, Jawahar Nagar, Road No. 3,
Goregaon (W),
Mumbai: 400 062.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, *August 25, 2005* to Saturday, *August 27, 2005* (both days inclusive.)

3. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.

4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & public holidays between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.

5. For convenience of members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of meeting. The proxy of a member should mark on the attendance slip as 'proxy'.

6. IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTORS' REPORT & AUDITOR'S REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.

7. Members are requested to bring their copies of the reports to Annual General Meeting.

8. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with share certificates to the Company.

9. In order to exercise strict control over the transfer documents, members are requested to send the transfer documents/ correspondence, if any, directly to the Registered Office of the Company.

DIRECTORS' REPORT

Your Directors hereby present the Eleventh Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2005.

FINANCIAL HIGHLIGHTS:

	{Rs. In lacs}	
	<i>31/03/2005</i>	<i>31/03/2004</i>
Profit/Loss before interest & depreciation	(13.42)	(121.03)
<i>Less: Interest/Bank Charges</i>	0.10	00.13
<i>Less: Depreciation</i>	4.09	13.06
Net Profit before Tax	(17.61)	(134.22)
<i>Less: Provision for Tax</i>	NIL	NIL
Income Tax of earlier year	(11.15)	
Profit/Loss Available for Appropriation	(28.76)	(134.22)
<i>Appropriations:</i>		
Balance carried to Balance Sheet	<i>(28.76)</i>	<i>(134.22)</i>

DIVIDENDS:

Your Directors regret that they are unable to recommend any dividend in view of the loss incurred by your Company for the year ended March 31, 2005.

OPERATIONS:

Inspite of the financial crunch faced by your Company during the financial year 2004-2005, your Directors could able to run the Company's operations as a going concern. As a result of which, your Company could able to achieve Sales Turnover of Rs. 369.60 lacs for the year ended March 31, 2005 as compared to Rs.317.22 lacs during the financial year 2003-2004.

All round efforts were made by the Directors to cut the cost at every level of the Company's activities and due to active co-operation received by your Company from all concerned, your Directors could able to keep the costs of operations at a minimum level due to which loss has been reduced.

PROVISION OF SICA, 1985:

Your Board wishes to inform the Members that your Company's case in the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against point no.5 of BIFR order which was scheduled for hearing on 30/08/2004 was cancelled due to non-availability of Bench and further it was informed by AAIFR to your Company that the subsequent date of hearing of the said case would be communicated at a later date.

Further, your Company's case came up for hearing on 04/01/2005 in Bombay High Court and it was decided by the said Honorable Court that it would not make any further hearing in the said matter till AAIFR finally disposes off the Company's case.

BANKING FACILITIES.

Your company has received a legal notice from Debt Recovery Tribunal (DRT). Further, at the hearing held on 01/02/2005 at the Debt Recovery Tribunal [DRT], it was decided by DRT that it would not make any further hearing in the said matter till AAIFR finally disposes off the Company's case.

Even though your company has received notice of winding up recall of loan & DRT notice the Directors of your Company are still hopeful of One Time Settlement (OTS) with Company's Bankers and the negotiations in this regard are in process. No interest has been provided during the year in view of the above.

DIRECTORS:

Shri Kiran U. Rathod retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Further, Shri Satish D. Jain and Shri Kiran U. Rathod, Managing Director & Jt. Managing Director of the Company voluntarily vacated the said Offices w.e.f. 24/01/2005, but shall continue to act as the Directors of the Company.

DISCLOSURE UNDER THE STOCK EXCHANGE LISTING AGREEMENT:

In accordance with the amended Listing Agreement with respective Stock Exchanges, it is hereby confirmed that the Company's Shares are listed at the Stock Exchanges at The Stock Exchange, Mumbai (Regional Exchange for the Company) and at The Stock Exchange, Ahmedabad.

FIXED DEPOSITS:

The Company has not accepted deposits from public within the meaning of Section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo forms part of this report and is given by way of Annexure.

AUDITORS:

M/s. Damani & Shah, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE:

Due to grim financial position of the Company and since the Company is formally ordered to be wound up by BIFR, it was difficult for your Company to attract

independent eminent persons having considerable experience and expertise on the Board of your Company. Hence, it was not possible for your Board to comply with the provisions of Clause 49 of the Corporate Governance.

PARTICULARS OF EMPLOYEES:

The Company has no employees of the specified categories under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended up to date.

DEMATERIALIZATION OF SHARES OF THE COMPANY:

As the members are aware, your Company has already made an application to National Securities Depository Limited & Central Depository Services (India) Limited (hereinafter referred to as the said Depositories) for admission of Company's shares in demat mode. However, till date the said Depositories have deferred their decision to admit the securities of the Company on the reason for erosion of its net worth.

DIRECTORS' RESPONSIBILITY STATEMENT, pursuant to Sec. 217(2AA) of the Companies Act, 1956:

- (i) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

EXPLANATION UNDER SECTION 217(3) OF THE COMPANIES ACT, 1956:

Note No. (v) to Auditors' Report:

The Company has prepared its Books of Accounts on a "Going Concern" basis since the Company has already filed an Appeal with AAFIR against the BIFR Order dated 13/01/2004 against Point No. 5. The Company is also negotiating with its Bankers for One Time Settlement (OTS) of its total outstanding consisting of Term Loan as well as Working Capital Facilities (including interest thereon) and the Management is hopeful of successful negotiations with the Company's Bankers and accordingly the Books of Accounts have been prepared on "Going Concern" basis.

Note No. (vii) to Auditors' Report read with Note No. 4 to Notes to Accounts Schedule O (II):

As the Company is negotiating with its Bankers for OTS, the Company is hopeful of getting waiver in payment of Interest, Additional Interest and Liquidated Damages. Accordingly, the liability on this account is not quantified and hence the same has not been provided for in the Books of Accounts.

On the basis of valuation report for Plant & Machinery dated 7th October 2003 & Land & Building dated 22nd March 2004, impairment loss of Rs.67.66 Lacs has been created. Directors are in a opinion that value of Asset has been same on 1st April, 2004 as per above referred valuation report and effect of same accordingly provided.

Note No. (vii) to Annexure to Auditors' Report:

Presently the Company is suffering from financial crunch because of which it is economically unviable for the Company to set up separate Internal Audit System commensurate with the size and nature of its business.

Note No. (xi) to Annexure to Auditors' Report:

During the preceding financial years (i.e. 2001-2002, 2002-2003, 2003-2004 & 2004-2005) and last quarter of 2000-2001, Company has suffered heavy losses, due to which Company's Net Worth eroded fully during those years because of which the Company has to make a reference to BIFR and the Company's financial position was in total mess because of which the Company could not pay its dues to its Bankers including interest. However, now the Company is sincerely hopeful of OTS with its Bankers.

Note No. (xvii) to Annexure to Auditors' Report:

Due to resource crunch, the Company could not meet only those expenses, which were necessary to keep the Company afloat. Under such circumstances, the Company could not ascertain whether the funds raised on short term basis were utilized for long term investments or whether long term funds have been used to finance short term assets.

APPRECIATION:

Your Directors express their warm appreciation to the Company's Bankers and all the employees of the Company for their continued support and co-operation.

*For and on behalf of the
Board of Directors*

*Place: Mumbai
Date : June 30, 2005*

SATISH D. JAIN
DIRECTOR

KIRAN U.RATHOD
DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

Information in terms of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

Company uses electricity as major source of energy. Adequate steps for power factor improvement have been taken wherever feasible.

FORM A

Form for disclosure of particulars with respect to conservation of energy:

Particulars	Current Year (31/03/2005)	Previous Year (31/03/2004)
1. Power & Fuel Consumption:		
1. Electricity Unit		
Purchased (KWH)	433008	498530
Total Amount (Rs.)	12,06,182	13,39,222
Rate/Unit (Rs.)	2.79	2.69
4. Others		
II. Consumption Per Unit of Production:		
Plastic, Layflat Tubings (Rolls)/Bags/Kg.	0.33/unit	0.39/unit

B. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings : NIL

Outgo: NIL

**For and on behalf of the
Board of Directors**

Place: Mumbai
Date : June 30, 2005

SATISH D. JAIN
DIRECTOR

KIRAN U.RATHOD
DIRECTOR