

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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THIRTEEN ANNUAL REPORT 2006 - 2007

VALLABH POLY PLAST INTERNATIONAL LTD.

THIRTEEN ANNUAL REPORT 2006 - 2007

BOARD OF DIRECTORS

Director	Shri Satish D. Jain
Director	Shri Kiran U. Rathod
Director	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 12th 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, September 29, 2007 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Balance Sheet as at March 31, 2007 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 Mr. Vinod U. Rathod, who retire 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 : 01st September, 2007

SATISH D. JAIN
DIRECTOR.

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, **September 27, 2007** to Saturday, **September 29, 2007** (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. Members are requested to bring their copies of the reports to Annual General Meeting.

7. 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.

8. 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 Thirteenth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS:

	(Rs. In lacs)	
	31/03/2007	31/03/2006
Profit/Loss before interest & depreciation & before extra ordinary items	6.03	(25.73)
Less: Depreciation	1.49	2.89
Net Profit before Tax	4.54	(28.62)
Less: Provision for Tax	NIL	NIL
Less: Provision for FBT	0.04	0.05
Impairment Loss	NIL	18.76
Extra ordinary item	406.39	NIL
Profit/(Loss) Available for Appropriation	410.88	(47.43)
Balance carried to Balance Sheet	410.88	(47.43)

DIVIDENDS:

The Company has not earned any divisible profits for the year under review. However, the profits which are reflected in the Balance Sheet, are due to extraordinary income, which the Director have decided to Plough back in the business, so as to strengthen the company's financial position for the years to come. Hence, the Board do not recommend any dividend during the year under review.

OPERATIONS:

During the financial year under review, no production took place at the Company's factory at Daman. Due to the Company's inability to pay dues to its creditors, the Board has a discussion with Company's creditors and based on the said discussions, Company could be able to write off its dues to the tune of Rs. 47.75 lacs to the Company's main creditor. Simultaneously, other creditors which arose due to quality and rate difference claims also agreed to write off their respective dues to the tune of Rs. 8.65 lacs.

To further strengthen the Company's financial position, Directors, their relatives and friends unanimously resolved to write off their respective unsecured loans due to them by the Company to the tune of Rs. 14.30 lacs.

Based on the recommendations of BIFR, Bombay High Court at its hearing held has appointed Provisional Liquidator to take charge of the state of affairs of the Company. The Company received a letter to that effect from Provisional Liquidator on 23rd feb.07.

On the other hand, based on the successful negotiations with the Company's Bankers, viz. Bank of Baroda for OTS, Company filed an Application in Bombay High Court to review its earlier order of appointing Provisional Liquidator and prayed the Honourable Court to pass an appropriate order in this behalf.

The Honourable High Court based on the Company's Application heard the petition and passed an appropriate order to the effect that the Company's case be retransferred to BIFR. Accordingly, the Company filed a fresh application to BIFR.

BANKING FACILITY:

The Board of Directors are happy to inform you that after a long discussion & various meeting held with Bank officer at higher level, Company successfully negotiated with Bank of Baroda for OTS and same has been sanctioned by them to the co. Based on the said sanction of OTS the Bank withdraw its case filed against the Company with DRT.

Based on the said OTS, company has paid sum of Rs.85.00lacs to its bankers by taking unsecured loan from its relatives & friends & directors contribution to full-fill the OTS timely. The same was acknowledged by them vide their letter dated 25th July 07, and as a consequent to which N.O.C. given by them and charge on all company's properties was released by them.

GOING CONCERN CONCEPT:

Company accounts are prepared on the basis of the co. is as a Going concern. Since the passing of the order dated 31st December 2003 by the BIFR, the situation & circumstances have drastically changed in favour of the co. & the co. now in a position to restart its production activities and revive the business and provide the employment to its worker and make project viable.

Due to the Bank OTS and No liability of the unsecured Loan the interest burden on the company would become nil & consequently the cost of production would also reduce which would directly result into the company selling its product at a competitive rate, and its profit margin would increases.

Since there would be no monthly installment payable to the Bank and No creditors old balance is pending the Cash Flow of the company would increases which would consequently add to the net worth of the company.

The change of the Government Policy where by the production of 50 microns bags is mandatory instead of 20 microns. It is pertinent & important to note that higher production of 50 microns is easier in the machinery. Due to change in the Govt. policy, the company can achieve higher production of the 50 microns at lower cost which would directly result in more sale and consequent higher profit and cash flow.

Due to the tremendous growth of the malls and hyper market culture, the demand of the good plastic bags both for commercial and domestic use as also for packing purpose is ever increasing. Moreover, due to great potential in the growth of the consumer industries the demand of quality plastic bag is increasing.

Easy and cheaper availability of raw material from Local & by import which has become cheaper as import duty reduces and dollar become gone down.

It is further noted that the company is now in a very strong position to revive it self for the reasons stated above. Moreover due to the change in circumstances number of person are interested in investing in the company.

Company also planning to have joint venture with other companies to add some other value added products.

AUDITOR REMARKS UNDER SECTION 217(3):

Notes to the audited annual accounts are self explanatory and do not call for further explanation.

DIRECTORS:

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

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 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.

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.

APPRECIATION:

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

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

**Place: Mumbai
Date : 01st September 2007**

**SATISH D. JAIN
DIRECTOR**

**KIRAN U. RATHOD
DIRECTOR**

