



# PAPL

**PADMANABH ALLOYS & POLYMERS LTD.**



**TWELTH ANNUAL REPORT**  
**2006 - 2007**

**TWELTH ANNUAL REPORT****BOARD OF DIRECTORS**

Mr. Bhikhubhai M. Desai	Chairman
Mr. Vijaybhai D. Vashi	Wholetime Director
Mr. Chetan M. Desai	Wholetime Director
Mr. Nilesh N. Gandhi	Director
Mr. Mohamad Farouk, Suleman Darvesh	Director
Mr. Dilipbhai K. Desai	Director
Mr. Pradip A. Desai	Director
Mr. Nilesh A. Desai	Director
Mr. Hemal R Desai	Wholetime Director

**BANKERS**

Canara Bank : 1st Floor, Trade House, Nanpura, Surat

**AUDITORS**

M/s Nilkanth Desai & Associates : Surat.  
Chartered Accountants

**REGISTERED OFFICE & FACTORY**

N.H.No.8, Village: Palsana 394315, Dist.Surat (Gujarat)

**LISTING WITH**

The Stock Exchange, Mumbai      ▪ Vadodara Stock Exchange, Vadodara

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**NOTICE**

To Members,

NOTICE is hereby given that the TWELTH Annual General Meeting of Shareholders of M/s PADMANABH ALLOYS & POLYMERS LTD. will be held at the Registered Office of the Company at N.H.No.8, Village: Palsana-394315, Dist.Surat on Saturday, 29<sup>th</sup> day of September, 2007 at 11.00 am to transact the following business:-

1. To consider and adopt the audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2007, the Balance Sheet as at that date together with the report of the Board of Directors and the Auditors thereon.
2. To, appoint Director in place of Mr.Nilesh A. Desai who retires by rotation and being eligible offers himself for reappointment.
3. To, appoint Director in place of Mr.Pradip A Desai who retires by rotation and being eligible offers himself for reappointment
4. To appoint Auditors of the Company from conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Nilkanth Desai & Associates, Chartered Accountants, retiring auditors of the Company are eligible for re-appointment.

**SPECIAL BUSINESS:**

5. To consider and, If thought fit to pass with or without modification, the following resolution as a Ordinary Resolution:-

“RESOLVED THAT Mr.Hemal R Desai who was appointed as an additional director and holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member under the provision of section 257 of the Companies Act-1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director.

6. To consider and, If thought fit to pass with or without modification, the following resolution as Special Resolution:-

RESOLVED THAT in accordance with the provisions of Section 198,269,309,314 and other applicable provisions of the Companies Act-1956 the Company hereby accords its consent and approves the appointment of Director Mr.Hemal R Desai as Whole Time Director of the Company for a period of 5 years with effect from 29.08.2007 on remuneration and the term and conditions mentioned below:

a) SALARY

Rs.7,000/- per month in the grades of Rs.7,000-1500-25000

b) PERQUISITES

i) Housing:H.R.A 20% of the salary per month

ii) Medical Reimbursement :

Reimbursment of expenses incurred for self and family subject to a ceiling of One & half month salary in a year.

iii) Personal Accident Insurance :

Personal Accident Insurance, the Annual Premium shall not exceed Rs.2000/-

iv) Leave Travel Concession:

Leave Travel Concession for self and family, once in a year incurred in accordance with the rules of the Company.

v) Company's Contribution :

Company's Contribution to Provident Fund, Super Annuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

vi) Gratuity as per the rules of the Company but shall not exceed half month's salary for each completed year of service.

RESOLVED further that in the event of loss or inadequacy of profits in the company, Mr.Hemal R Desai shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified in schedule XIII to Companies Act,1956.

RESOLVED further that the Board of Directors be and hereby authorized to take such steps as may be necessary,expedient or desirable to give effect to this resolution.

Place : Palsana/Surat

By the order of the Board

Dat : 29/08/2007

**Vijay D. Vashi**  
Chairman

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.
2. The instrument appointing a proxy in order to be effective shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
3. Members are requested to notify change in their address, if any, immediately to the Company at this Registered Office.
4. The Register of Member and share transfer books of the Company will remain closed from Wednesday, 19<sup>th</sup> September, 2007 to Saturday, 29<sup>th</sup> September, 2007 (both days inclusive)
5. Members seeking further information on the Accounts or any other matter contained in the notice are requested to write to the Company at least 7 days before the meeting so that relevant information can be kept ready at the meeting.
6. Members are requested to bring their copy of the Annual Report to the Annual General Meeting, as a measure of economy no extra copy of the Annual Report will be supplied at the meeting.
7. The information pertaining to reappointment of Director in terms of clause 49 of the Listing Agreements with Stock Exchanges are furnished in the report on Corporate Governance published in this Annual Report.

**ANNEXURE TO THE NOTICE**

Explanatory statement pursuant to Section 173(2)  
Of the Companies Act, 1956.

**ITEM No.5**

Mr.Hemal R Desai was appointed as an Additional Director of the Company with effect from 29.08.2007 pursuant to section 260 of the Companies Act, 1956. Mr.Hemal R Desai will hold office of Director up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr.Hemal R Desai for the office of Director under the provision of section 257 of the Companies Act, 1956.

Mr.Hemal R Desai is by Qualification B E Mechanical. He has good business background. The director recommend the resolution for approval of the shareholders.

None of the Director of the Company other than Mr.H R Desai, Mr.B M Desai & Mr.Chetam M Desai is interested in this resolution.

**ITEM No.6**

The Board of Directors have approved the appointment of Mr.Hemal R Desai as a Wholetime Director w.e.f.29.08.2007 in their meeting on 29.08.2007 on terms and conditions contained in draft statement subject to the approval of shareholders. Mr.Hemal R Desai is by Qualification B E Mechanical. He is young and having business back ground. He will look after factory administration marketing, purchase and other related matters.

None of the Directors of the Company other than Mr.B M Desai, Mr.Hemal R Desai & Mr.Chetam M Desai is interested in this resolution.

Directors recommend the resolution for approval at meeting.

Place : Palsana/Surat

By the order of the Board

Date : 29/08/2007

**Vijay D. Vashi**  
Wholetime Director

**DIRECTORS' REPORT**

To,  
The Members,

The Directors present their Report with Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2007.

<b>Financial Statements:</b>	<b>[Rs. In lacs]</b>	
	<b>Year Ended</b>	
Particulars	31/03/2007	31/03/2006
Sales including other Income	612.93	511.51
Profit/(loss) before Interest & Depreciation	19.57	14.91
Add/Less: Interest	14.80	12.16
Depreciation	18.00	18.49
Net Profit / (Loss)	(13.24)	(15.74)
Balance brought forward	(438.93)	(423.19)
Balance/(Loss) Carried Forward	(452.17)	(438.93)

DIVIDEND: In view of loss incurred during the year under review, your Directors do not recommend any dividend for the year.

Management Discussion and Analysis:

- a) **Operations :** The sales including other income for the year under review were Rs.612.93 against Rs.511.51 in the previous year registering the growth of about 20%. The loss during the year under review amounted to Rs.13.24 Lacs as against Rs.15.74 Lacs in the previous year.
- b) **Outlook :** The year under review saw a steep rise in the international prices of polymers the main raw material for making company's products. The Company was to a great extent able to pass on the increase burden to the customer. The Company has also taken steps like cost cutting measure,operational efficiency etc.to reduce the overhead cost in order to sustain the business activity.The medium term and long term outlook for the company's products is very good. The automobile sector is growing at very high rate. Company has already entered in the automobile sector and acquired significant business, which has a good realization. The company has also given major trust on exports and doing well, which will result in improving company's performance.
- c) **Internal Control System :** The Company is maintaining an adequate internal control system including procedures. The Company has a system to conduct regularly a review of the financial and operating controls at various places and levels in the company. Further the company has appointed audit committee which regularly reviews with management, external audits and adequacy of internal control system.
- d) **Human Resources :** Company currently employs 35 employees which comprises of qualified and trained in technical and managerial skills. It is company's first priority to enrich its employees by prompting learning and enhancing their knowledge by product training and arranging relevant program.

The company continued to have cordial and harmonious relations with its employees.

The information as per section 217(2A)(b)(ii) of the Companies Act,1956 read with the companies (Particulars or Employees) Rules 1975 is not furnished, as no employee of the Company falls within the limits prescribed.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Information required as per the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules. 1988, is given in the Annexure-A to this Report.

**Fixed Deposit: The Company has not accepted any deposits during the year under review:**

#### **Directors' responsibility statement:**

Pursuant to section 217(2AA) of the Companies Act, the Directors confirm that.

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- b) Appropriate accounting policies have been selected and applied consistently and judgment and estimates made 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 ended 31<sup>st</sup> March, 2007 and the Profit and Loss account for that year,
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding assets of the Company and preventing and detecting fraud and other irregularities;
- d) The annual accounts have been prepared on a going concern basis.

#### **Corporate Governance:**

Being a listed company, necessary measures are taken to comply with the listing agreements with Stock Exchanges. A report on Corporate Governance along with a certificate of compliance from Auditors as per Annexure B form part of this report.

**DIRECTORS:**Mr.Pradip A Desai,Mr.Nilesh A Desai retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.Mr.Hemal R Desai Additional Director also holds position

**ANNEXURE TO THE NOTICE**

Explanatory statement pursuant to Section 173(2)

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**ITEM No.5**

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Mr.Hemal R Desai is by Qualification B E Mechanical. He has good business background. The director recommend the resolution for approval of the shareholders.

None of the Director of the Company other than Mr.H R Desai, Mr.B M Desai & Mr.Chetam M Desai is interested in this resolution.

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None of the Directors of the Company other than Mr.B M Desai, Mr.Hemal R Desai & Mr.Chetam M Desai is interested in this resolution.

Directors recommend the resolution for approval at meeting.

Place : Palsana/Surat

By the order of the Board

Date : 29/08/2007

**Vijay D. Vashi**  
Wholetime Director**DIRECTORS' REPORT**

To,

The Members,

The Directors present their Report with Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2007.

<b>Financial Statements:</b>	<b>[Rs. In lacs]</b>	
	<b>Year Ended</b>	
<b>Particulars</b>	<b>31/03/2007</b>	<b>31/03/2006</b>
Sales including other Income	612.93	511.51
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Balance/(Loss) Carried Forward	(452.17)	(438.93)

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upto ensuing Annual General Meeting. A notice has been received from member proposing him as Director. Board recommend the appointment of Mr. Hemal R Desai as Wholetime Director on remuneration and terms as included in Notice of Annual General Meeting read with explanatory statement.

## Auditors and Auditor's Report:

M/s Nilkanth Desai & Associates, Chartered Accountants, Auditors of the Company retire and are eligible for reappointment. The Company has received a certificate from the Auditor to the effect that their reappointment, if made, will be within the prescribed limits under section 224(1-B) of the Companies Act, 1956.

The notes on accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments.

## Acknowledgement

The Directors would like to place on record their appreciation for the support and co-operation extended by Canara Bank and Central and State Government Authorities and employees of the Company.

Place : Palsana/Surat

For and on behalf of the Board

Chetan M. Desai

Wholetime Director

Dat : 29/08/2007

## ANNEXURE-A TO THE DIRECTOR'S REPORT 2007

### PARTICULARS OF ENERGY CONSERVATIONS, TECHONLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

(A) Conservation of Energy: Adequate measures have been taken to avoid wastage of energy. The requirements for disclosure with respect to conservation of energy is not applicable to the Company.

(B) Technology absorption: Research an Development (R&D):

- Specific area in which R&D was carried out by the Company: Research and Development has continuously been carried out for improvement in quality of existing product and development of new improved product. The development of different grades of master batches and compounds for automobiles, consumer durables, coolers and plastic molded furniture industry.
- Benefit derived as a result of above R&D: Production process have improved resulting in enhanced productivity, efficiency through out and value addition.
- Future plan of action: R&D effort will continue for upgrading the quality of masterbatches and compounds so as to increase extensive use in cooler, automobile & furniture segments. Steps are continuously being undertaken to upgrade the processing technology development of innovative products and maximum production capacities at optimum cost.
- Expenditure on R&D : Rs. NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION: The Company is continuously taking steps to improve the product and process technology in en effort to provide better quality to the customer and to compete effectively in the market place.

### (C) Foreign Exchange Earnings & Outgo:

	2006 -07 (Rs.)	2005 2006 (Rs.)
Foreign Exchange Used	Nil	Nil
Foreign Exchange Earned	76,04,238	27,61,674

For and on behalf of the Board

Place : Palsana/Surat

Vijay D Vashi

Chetan M. Desai

Dat : 29/08/2007

Wholetime Director

Wholetime Director



**ANNEXURE-1 TO THE DIRECTORS' REPORT****Report on Corporate Governance for the year ended 31<sup>st</sup> March, 2007****PAPL's Philosophy on code of Governance**

Padmanabh Alloys & Polymers Ltd's (PAPL) business objective and that of its management and employment and employees is to manufacture and market the Company's products in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees, business partners and the national economy. PAPL is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employee. In addition to compliance with regulatory requirements. PAPL endeavors to ensure that standards of ethical conduct are met throughout organization.

**Board of Directors**

Composition, Attendance at the Board Meeting and the last Annual General Meeting, outside Directorships and other Board Committee.

Above information as on 31<sup>st</sup> March, 2007 or for the year 2006-07 as applicable is tabulated hereunder.

Director	No.of board meetings attended	Attendance at previous AGM on 26-09-2005	No.of outside Directorship held	No.of Membership / Chairmanship in other Board Committees	Executive / Non-executive / Independent
Mr.V.D.Vashi	4	Present	1	-	Executive
Mr.C.M.Desai	4	Present	-	-	Executive
Mr.B.M.Desai	4	Present	1	2	Non-executive
Mr.N.N.Gandhi	-	Not Present	-	-	Do
Mr.F.S.Darvesh	-	Not Present	5	-	Do
Dr.P.A.Desai	-	Not Present	-	-	Non-executive & independent
Mr.N.A.Desai	-	Not Present	-	2	Do
Mr.D.K.Desai	3	Present	-	1	Do

**Details of Directors being appointed and reappointed**

Pursuant to clause 49 of the Listing Agreements with Stock Exchange, the following information is furnished about Directors proposed to be appointed Mr.Hemal R Desai being eligible offer themselves for appointment.

Name of the Director	Mr.Hemal R Desai	Mr.Pradip A Desai	Mr.Nilesh A Desai
Age	26	46	46
Qualification	B.E.Michanical	B.A.M.S	B.Com
Expertise in specific functional area	Business	Medical Practitioner	Business
List of Companies in which outside Directorship hold	-	-	-
Chairman / Member of Committee of the Board of Directors of the Company	-	-	1
Chairman / Member of Committee of Directors in Other Company	-	-	-

**Board Meeting held during year 2006-2007**

During the year 2006-07 four Board Meetings were held 29<sup>th</sup> April, 2006, 29<sup>th</sup> July, 2006, 30<sup>th</sup> October, 2006 and 29<sup>th</sup> January, 2007.

**BOARD COMMITTEES**

**Audit Committee:** The Audit committees comprises of Mr.B.M.Desai, Mr.Dilipbhai K. Desai and Mr.N.A.Desai all being Non-Executive and Independent Directors, Mr.B.M.Desai is the Chairman of the Audit Committee. The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. The Audit Committee met 4 times during the year 2006-2007 on 27/04/2006, 25/07/2006, 24/10/2006 and 25/01/2007 all the directors have attended the meetings.

**Shareholders Committee**

Shareholder/Investor Grievance Committee is headed by Mr.B.M.Desai, a Non-Executive Director and Mr. N. A. Desai an Independent Director & Mr.Mihir Mehta was the Compliance Officer.

Complaints received from shareholders and investors during the year 2006-07 have generally been solved to the satisfaction of the Complainants.

All valid requests for share transfer received during 2006-2007 have been acted upon by the Company and no such transfer is pending.

**Remuneration Committee**

Matters of remuneration of Executive Directors are considered by the Board of Directors of the Company with the interested Executive Director(s), not participating or voting. The terms of remuneration of Executive Directors are approved by the Shareholders at the Annual General Meeting. Therefore no separate remuneration committee has been constituted.

The remuneration policy of the Company is based on the need to attract the best available talent and be in line with the industry level.

Name of the Director	Sitting Fees Rs.	Salaries, Allowances and Perquisites Rs.	Commission Rs.	Total Rs.
Mr.V.D.Vashi	-	1,84,800	-	1,84,800
Mr.C.M.Desai	-	1,58,400	-	1,58,400
Mr.B.M.Desai	4,000	-	-	4,000
Mr.N.N.Gandhi	-	-	-	-
Mr.F.S.Darvesh	-	-	-	-
Mr.D.K.Desai	3,000	-	-	3,000
Mr.PA.Desai	-	-	-	-
Mr.N.A.Desai	-	-	-	-

**GENERAL BODY MEETINGS**

Location and time of three Annual General Meeting / General Meeting are as under:

Year	Venue	Date	Tim
2005 -2006	Palsana	30th September, 2006	11.00 AM
2004 -2005	Palsana	26th September, 2005	11.00 AM
2003 -2004	Palsana	20th September, 2004	11.00 AM

There was no resolution put through postal ballot.

**Disclosures**

During the year 2006-2007, the Company had no materially significant related party transaction which is considered to have potential conflict with the interest of the Company at large. Attention is drawn to Note 8 to schedule 15 to the Accounts.

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

# PADMANABH ALLOYS & POLYMERS LTD.

Annual Report 2006-2007

The Company has adopted a code of conduct for its director and employees. This code of conduct has been communicated to each of them.

## MEANS OF COMMUNICATION

The Quarterly, Half-yearly and Annual Results are generally published by the Company in the Indian Express, Vadodara and in Nav Gujrat Times, Surat. The Company currently does not have a website. Official news releases are sent to the stock exchanges at Mumbai, Vadodara where shares of the Company are listed.

## Management Discussion and Analysis Report

(Within the limits set by the Company's competitive position)

Industry structure and developments, opportunities and threats, segment-wise or product-wise performance, outlook, risks and concerns of the Company and discussion of financial performance with respect to the operational performance, has been covered in the Directors' Report more specially under the section on management discussion and analysis. The Company has an adequate internal control system. There has been non material development Resources / Industrial relations during the period covered by this Annual Report. Manpower figures of the Company as on 31.03.2007 was 35.

## GENERAL SHAREHOLDER INFORMATION

Date and Time	:	Saturday, 29 <sup>th</sup> September, 2007 at 11.00 a.m.
Venue	:	N.H.No.8, Palsana, Dist.Surat
Financial Calendar	:	2007-08
First Quarter Results	:	End July, 2007
Second Quarter Results	:	End Oct, 2007
Third Quarter Results	:	End January, 2008
Fourth Quarter Results	:	End April, 2008

Date of Book Closure: 19<sup>th</sup> September, 2007 to 29<sup>th</sup> September, 2007, both days inclusive.

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: Not applicable

Listing on Stock Exchange and Stock Code

Share of the Company are listed at Vadodar Stock Exchange, Vadodara and the Stock Exchange, Mumbai (Stock Code 531779)

Market Price Date: High/Low in each month of 2006-2007 on the Stock Exchange, Mumbai:

Performance in comparison to BSE Sensex

[Source: [www.bseindia.com](http://www.bseindia.com)]

Registrar and Transfer Agents, Share Transfer System

The Company has an in-house share transfer facility share transfers are processed and returned in the normal course within an average period of 25 to 30 days from the date of receipt, if the documents are clear in all respects.

Categories of shareholding as on 31/03/2007

Category	Number of Shares	Percentage of total shares
Promoters and associates	2928000	54.0950
Foreign institutions investors	0	0
Public Financial Institutions	0	0
Mutual Funds	299500	5.5327
Nationalised banks and other banks	0	0
NRIs and OBCs	500200	9.2400
Others (I ncludes holding of Corporate Bodies)	1685600	31.1323
Total	5413300	100.0000

**Distribution of shareholding as on 31/03/2007**

No of Shares	Number of shareholders	Number of shares	Percent of total shares
1 to 250	14	1600	0.03
251 to 500	443	221100	4.08
501 to 1000	251	227700	4.20
1001 to 2000	99	178200	3.29
2001 to 3000	126	333900	6.17
3001 to 4000	30	109800	2.03
4001 to 5000	52	254400	4.70
5001 to 10000	94	786300	14.53
10001 and above	55	3300300	60.97
Total	1164	5413300	100.00

Dematerialisation of share and liquidity: NIL

Plant Location: The Company's plants are locate at PALSANA

Address of correspondence: N.H.No.8, Village-Palsana-394315, Dist.Surat

Email for investors: [papl@bom2.vsnl.net.in](mailto:papl@bom2.vsnl.net.in) ; [papl@worldgatein.com](mailto:papl@worldgatein.com)

Place : Palsana/Surat

For and on behalf of the Board

**Vijay D Vashi**

**Chetan M. Desai**

Date : 29/08/2007

Wholetime Director

Wholetime Director

**ANNEXURE-B****AUDITOR'S REPORT ON CORPORATE GOVERNANCE**

To,

The Members of

Padmanabh Alloys & Polymers Ltd.

We have examined the compliance of conditions of Corporate Governance by Padmanabh Alloys & Polymers Ltd. for the year ended 31<sup>st</sup> March, 2007, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The Compliance of conditions of corporate is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the condition of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2007, no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the company. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**for Nilkanth Desai & Associates  
Chartered Accountants**

Place: Surat

Date: 29/08/2007

**[N.P.Desai]**

Proprietor

**AUDITORS' REPORT**

**To the Shareholders:**

1. We have audited the attached balance sheet of Padmanabh Alloys & Polymers Ltd. as at March 31, 2007 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Company (Auditors' Report) Order, 2003 issued by the Central Government in terms sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that;
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit;
  - ii. in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of these books;
  - iii. the Balance Sheet and Profit and Loss Account and Cash flow Statement referred to in this report are in agreement with the books of accounts;
  - iv. in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with accounts standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v. on the basis of the written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - vi. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a. in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
    - b. in so far as it relates to the Profit & Loss Account, of the loss for the year ended on March 31, 2007; and
    - c. in so far as it relates to the Cash Flow Statement, of the cash flows for the year ended on that date.

for Nilkanth Desai & Associates  
Chartered Accountants,

PLACE: SURAT

DATE: 29/08/2007

(N.P.DESAI)  
Proprietor

**ANNEXURE TO THE AUDITOR'S REPORT  
(Referred to in Paragraph (3) of our report of even date).**

1. a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets
- b) All the fixed assets have not been physically verified by the management during the year but there is regular program for verification, which in our opinion is reasonable having regards to the size of the Company and nature of its assets. The Company has substantially completed the reconciliation of its physical inventory of Fixed Assets with the book records. No material discrepancies were noticed on physical verification
- c) During the year, Company has not disposed off any substantial/major part of fixed assets.
2. a) As explained to us, inventory has been physically verified during the year by the management. In our opinion frequency of verification is reasonable.
- b) In our opinion and according to information and explanation given to us and on the basis of our examination the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to size of the Company and the nature of its business.
- c) In our opinion and according to information and explanation given to us and on the basis of our examination of records inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of accounts.
3. a) The company has taken unsecured loans of Rs.40.27 Lacs from 5 directors listed in the Register maintained under 301 of the Companies act, 1956; however company has not granted any loan to parties listed in register maintained under section 301;
- b) in our opinion, the rate of interest and terms and conditions on which loans have been taken are not prejudicial to the interest to company.
- c) According to information and explanation given to us, in our opinion, parties from whom the loans and advances in the nature of loans have been taken, where stipulations are made, the company is regular in repayment of the principal amount and interest as stipulated.
- d) According to information and explanation given to us, in our opinion, there is no overdue amount of loans taken from the parties listed in the Register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according the information and explanation given to us there is an adequate internal control procedure commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets, and with regards to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
5. a) In our opinion, and according to information and explanation given to us, all the transaction that need to the entered into the register maintained in pursuance of section 301 of the act have been so entered;
- b) As per the examination of records and according to information and explanations given to us the transaction made in pursuance of contract or arrangement entered in the register maintained under section 301 exceeding the value of five lakhs rupees during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to information and explanation given to us, in our opinion, the company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975 with regard to the deposits accepted from the public. No order was passed by the National Company Law Tribunal.
7. According to information and explanation given to us, in our opinion, Company has internal audit system commensurate with the size of Company and nature of its business.
8. We have been informed by the management that no cost record have been prescribed by the Central Government under section 209(1)(d) of the companies act, 1956 in respect of products manufactured by the Company.
9. a) As per the records of the Company, the company is generally regular in depositing with appropriate

authority undisputed statutory dues including income tax, excise duty, cess and other statutory dues applicable to it except public provident fund and VAT where there was delay in depositing with appropriate authorities. [PF payable Rs.571128 (Rs.164093 of FY 2004-05+Rs.66600 of January'06 to March'06+Rs.340435 of FY 2006-07), VAT payable of Rs.518076 from October'2005 to March'2007,Excise duty Payable Rs.504198 Previous Year NIL,GST Payable for 2005-06 Rs.7733 & CST Payable for 2005-06 Rs.207990]

- b) According to information and explanation given, there was no disputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty there was no outstanding, as at 31/03/2007 for the period of more than six months.
10. The Company has accumulated losses of Rs.452.17 Lacs in excess of 50% of its net worth and company has incurred cash profit during the current year or Rs.4.76 Lacs and cash Profit of Rs.7.82 Lacs during the preceding financial year.
  11. Based on our audit procedure and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in repayments of dues to financial institutions and banks.
  12. As per the records of the company, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
  13. According to information and explanation given to us, we are of the opinion that the company is neither a chit fund nor a nidhi/mutual benefit society. Hence in our opinion, the requirements of para 4(xiii) of the order do not apply to the Company.
  14. As per the records of the company and the information and explanation given to us by the management the company is not dealing in shares, securities, debentures and other investment.
  15. According to information and explanation given to us, as per the records of the company, the company has not given any guarantee for loans by others from bank or financial institutions.
  16. To the best of our knowledge and belief and according to information and explanation given to us, No term loan was obtained by the Company during the period under review.
  17. According to information and explanation give to us; on overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long-term investment by the company. No long term funds have been used to finance short term assets except permanent working capital.
  18. The company has not made any preferential allotments to the parties and companies covered under register maintained under section 301 of the companies act, 1956.
  19. As per the records of the company the company has not issued any debenture.
  20. The company has not raised money by any public issues during the year.
  21. Based upon the audit procedure performed and information and explanations given by the management, we report that no frauds on or by the company has been noticed or reported during the course of our audit.

PLACE: SURAT

DATE: 29/08/2007

for Nilkanth Desai & Associates

Chartered Accountants,

(N.P.DESAI)

Proprietor

**BALANCE SHEET AS AT 31st MARCH, 2007**

	SCHEDULE NO	As at 31.03.07 Rs.	As at 31.03.06 Rs.
<b>SOURCE OF FUNDS</b>			
<b>SHARE HOLDERS' FUND:</b>			
Share Capital	1	57,065,000	57,065,000
Reserves and Surplus		-	-
		<b>57,065,000</b>	<b>57,065,000</b>
<b>LOAN FUNDS:</b>			
Secured Loans	2	8,373,793	8,159,968
Unsecured Loans	3	8,752,419	9,552,692
		<b>17,126,212</b>	<b>17,712,660</b>
		<b>74,191,212</b>	<b>74,777,660</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS:</b>			
Gross Block	4	46,322,731	46,322,731
Less: Depreciation		24,244,062	22,443,493
Net Block		<b>22,078,669</b>	<b>23,879,238</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>			
Inventories	5	7,817,091	12,886,855
Sundry Debtors	6	13,464,149	9,285,112
Cash and Bank Balances	7	1,284,924	72,919
Loans and Advances	8	3,398,383	3,312,765
		<b>25,964,547</b>	<b>25,557,651</b>
Less: Current Liabilities	9	19,069,729	18,552,672
NET CURRENT ASSETS		<b>6,894,818</b>	<b>7,004,979</b>
MISCELLANEOUS EXPENDITURE	10	-	-
PROFIT & LOSS ACCOUNT		<b>45,217,725</b>	<b>43,893,443</b>
		<b>74,191,212</b>	<b>74,777,660</b>
NOTES TO THE ACCOUNTS	15	-	-

Note: Schedule 1 to 10 and 15 referred to herein form as integral part of the Balance Sheet

As per our report of even date  
For, **Nilkanth Desai & Associates**  
Chartered Accountant

**[N.P.DESAI]**  
Proprietor

B.M.DESAI - Chairman

V.D.VASHI - Wholetime Director

C.M.DESAI- Wholetime Director

Place : Surat  
Date : 29/08/2007

Place : Palsana/Surat  
Date : 29/08/2007



**PADMANABH ALLOYS & POLYMERS LTD.****Annual Report 2006-2007****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007**

	<b>SCHEDULE NO</b>	<b>Year Ended 31.03.2007 Rs.</b>	<b>Year Ended 31.03.2006 Rs.</b>
<b>INCOME:</b>			
Sales		<b>61,195,740</b>	<b>50,937,635</b>
Other Income	11	<b>97,558</b>	<b>213,018</b>
Increase/(Decrease) in Stock	12	<b>(1,094,134)</b>	<b>(2,185,997)</b>
		<b>60,199,164</b>	<b>48,964,656</b>
<b>EXPENDITURE:</b>			
Materials	13	<b>39,290,531</b>	<b>30,263,566</b>
Manufacturing & Other Expenses	14	<b>11,194,502</b>	<b>10,691,073</b>
Excise Duty		<b>7,719,240</b>	<b>6,507,949</b>
Interest and Finance Charges		<b>1,480,864</b>	<b>1,216,144</b>
Depreciation		<b>1,800,569</b>	<b>1,849,265</b>
		<b>61,485,706</b>	<b>50,527,997</b>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>(1,286,542)</b>	<b>(1,563,341)</b>
<b>PROVISION FOR TAXATION</b>			
Fringe Benefit Tax		<b>37,740</b>	<b>10,610</b>
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>(1,324,282)</b>	<b>(1,573,951)</b>
<b>BALANCE BROUGHT FORWARD</b>		<b>(43,893,443)</b>	<b>(42,319,492)</b>
<b>BALANCE/(LOSS) CARRIED FORWARD</b>		<b>(45,217,725)</b>	<b>(43,893,443)</b>
<b>Earning per share Basic and Diluted (Net of Tax)</b>			
Face Value per share Rs.10			
Refer note 5 of Schedule 15		<b>(0.24)</b>	<b>(0.29)</b>

Notes to the Accounts

15

Note: Schedule 11 to 15 referred to herein form as integral part of the Profit and Loss Account.

As per our report of even date  
For, **Nilkanth Desai & Associates**  
Chartered Accountant

**[N.P.DESAI]**  
Proprietor

B.M.DESAI - Chairman

V.D.VASHI - Wholetime Director

C.M.DESAI- Wholetime Director

Place : Surat  
Date: 29/08/2007

Place : Paisana/Surat  
Date: 29/08/2007

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**SCHEDULE: 4: FIXED ASSETS:**

Description	Gross Block			Depreciation				Net Block		
	Cost as at 01.04.2006	Additions	Deduction	Cost as at 31.03.2007	Balance as at 01.04.2006	For the year	Deletion for the year	Balance as at 31.03.2007	As at 31.03.2007	As at 31.03.2006
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	1,991,625			1,991,625	0			0	1,991,625	1,991,625
BUILDING	10,171,243			10,171,243	3,455,478	339,720		3,795,198	6,376,045	6,715,765
PLANT & MACHINERIES	24,026,347			24,026,347	11,002,479	1,141,251		12,143,730	11,882,617	13,023,868
ELECTRICAL INSTALLATION	3,990,521			3,990,521	3,069,109	128,168		3,197,277	793,244	921,412
VEHICLES	476,268			476,268	434,855	10,722		445,577	30,691	41,413
MISCELLANEOUS FIXED ASSETS	1,522,549			1,522,549	1,145,618	51,112		1,196,730	325,819	376,931
LABORATORY EQUIPMENT	2,538,986			2,538,986	2,016,187	72,721		2,088,908	450,078	522,799
FURNITURE & OFFICE EQUIP.	1,605,192			1,605,192	1,319,787	56,875		1,376,642	228,550	285,425
<b>Total</b>	<b>46,322,731</b>			<b>46,322,731</b>	<b>22,443,493</b>	<b>1,800,569</b>		<b>24,244,062</b>	<b>22,078,869</b>	<b>23,879,238</b>
Previous Year	46,277,831			46,277,831	20,594,228	1,849,265		22,443,493	23,879,238	25,683,603

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

As at 31-03-2007 As at 31-03-2006

Rs. Rs.

**SCHEDULE: 1 : SHARE CAPITAL:**

**AUTHORISED**

70,00,000 Equity Shares of Rs.10/- each 70,000,000 70,000,000

**ISSUED CAPITAL**

60,00,000 Equity Shares of Rs.10/- each 60,000,000 60,000,000

**SUBSCRIBED CAPITAL**

59,99,700 Equity Shares of Rs.10/- each 54,133,000 54,133,000

**PAID-UP CAPITAL**

54,13,300 (Previous Year 54,13,300) Equity Shares of

Rs.10/- each fully paid-up

Less: Allotment Money unpaid 0 0

Add: Forfeited Shares Account 2,932,000 2,932,000

57,065,000 57,065,000

NOTE: 5,86,400 Equity Shares of Rs.10/- each were forfeited and Rs.5/- collected on application Money transferred to Shares Forfeited Account.

**SCHEDULE: 2 : SECURED LOANS:**

Cash Credit / Supply Bill from Canara Bank 5,834,958 8,159,968

(Secured by hypothecation of Stocks of Raw Material, Finished Goods, Semi Finished Goods and Book Debts and secured by legal mortgage of Land and Buildings hypothecation of Plant and Machineries and collaterally secured by personal guarantees of four Directors & Corporate Guarantee of Padmanabh Polymers Pvt.Ltd.)

Working Capital Term Loan from Canara Bank 2,538,835 0

(Term Loan Secured by legal mortgage of Land and Building hypothecation of plant and Machinereries and collaterally secured by personal guarantees of four Directors & Corporate Guarantee of Padmanabh Polymers Pvt.Ltd)

8,373,793 8,159,968

**SCHEDULE: 3 : UNSECURED LOANS:**

Sales Tax Deferred 1,530,748 3,289,077

(Total Sales Tax Deferment of Rs.1,47,25,342 sanctioned. Out of which 91,77,120 utilised upto 28-10-2001)

Loans from Director 4,027,704 6,043,615

Director's Relative 3,193,967 220,000

8,752,419 9,552,692

**SCHEDULE: 5 : INVENTORIES:**

(As per inventory taken, valued and certified by the Management)

Raw Material [At Cost] 4,489,595 8,459,423

Packing Stock [At Cost] 103,430 93,887

Stores Stock [At Cost] 40,405 55,750

Semi Finished Goods [At Cost] 1,046,273 1,083,006

Finished Goods [At Cost or Market Value 2,137,388 3,194,789

whichever is lower]

7,817,091 12,886,855

**PADMANABH ALLOYS & POLYMERS LTD.****Annual Report 2006-2007****SCHEDULE FORMING PART OF THE ACCOUNTS**

As at 31-03-2007 As at 31-03-2006

Rs.

Rs.

**SCHEDULE: 6 : SUNDRY DEBTORS (UNSECURED AND CONSIDERED GOOD):**

Over Six Months (Considered Good)	2,165,574	3,382,998
Other Debts (Considered Good)	11,298,575	5,902,114
	<u>13,464,149</u>	<u>9,285,112</u>

**SCHEDULE: 7 : CASH AND BANK BALANCES:**

Cash on Hand	968,486	38,388
With Secured Banks:		
In Current Accounts	316,438	34,531
	<u>1,284,924</u>	<u>72,919</u>

**SCHEDULE : 8 : LOANS AND ADVANCES:**

(Unsecured and considered good)

Advances recoverable in cash or kind or for value to be received	810,507	726,778
Deposits	2,562,879	2,562,879
Balance with Central Excise	24,997	23,108
	<u>3,398,383</u>	<u>3,312,765</u>

**SCHEDULE: 9 : CURRENT LIABILITIES AND PROVISIONS:**

Current Liabilities

Creditors for Goods	14,220,543	13,878,110
Creditors for Others	4,849,186	4,644,562
Investor Education & Protection Fund		
- Unclaimed Dividend	Nil	Nil
- Interest on Debentures	Nil	Nil
	<u>19,069,729</u>	<u>18,522,672</u>

**SCHEDULE: 10 : MISCELLANEOUS EXPENDITURE:**

(To the extent not written off or adjusted)

Public Issue Expenses	0	0
	<u>0</u>	<u>0</u>

**SCHEDULE: 11 : OTHER INCOME:**

Scrap Sales	70,408	196,106
Profit on Sales of Vehicle	-	-
Miscellaneous Receipts	27,150	16,912
	<u>97,558</u>	<u>213,018</u>

**SCHEDULE: 12 : INCREASE/(DECREASE) IN STOCKS:**

Opening Stock

Finished Goods	3,194,789	4,070,055
Semi Finished Goods	1,083,006	2,393,737
	<u>4,277,795</u>	<u>6,463,792</u>
Less: Closing Stock		
Finished Goods	2,137,388	3,194,789
Semi Finished Goods	1,046,273	1,083,006
	<u>3,183,661</u>	<u>4,277,795</u>
Increase/(Decrease) in Stocks	<u>(1,094,134)</u>	<u>(2,185,997)</u>

**PADMANABH ALLOYS & POLYMERS LTD.****Annual Report 2006-2007****SCHEDULE FORMING PART OF THE ACCOUNTS**

	As at 31-03-2007	As at 31-03-2006
	Rs.	Rs.
<b>SCHEDULE: 13 : MATERIAL CONSUMED:</b>		
Raw Material	38,817,182	29,857,166
Packing Material	473,349	406,400
	<u>39,290,531</u>	<u>30,263,566</u>
<b>SCHEDULE: 14 : MANUFACTURING AND OTHER EXPENSES:</b>		
<b>PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salaries, Wages and Allowances	1,561,962	1,208,070
Staff Welfare Expenses	116,779	42,276
Company's contribution to Provident Fund	180,930	133,902
	<u>1,859,671</u>	<u>1,384,248</u>
<b>EXPENSES FOR MANUFACTURING, ADMINISTRATION AND SELLING</b>		
Stores and Spare Consumed	118,322	108,565
Power and Fuel	2,483,983	2,753,932
Insurance	243,087	337,257
Repairs to Machinery & Buildings	69,353	133,605
Car Expenses	229,934	202,181
Conveyance Expense	217,825	71,699
Post & Telephones	61,668	73,050
Travelling Expenses	30,489	152,811
Foreign Traveling Exp	37,200	0
Commission on Sales	211,288	339,614
Freight & Octroi	2,854,451	2,526,528
Legal & Consultancy	125,514	129,247
Rent & Taxes	96,000	251,583
Directors' Remuneration	312,000	340,000
Directors' Sitting Fees	7,000	8,000
Factory Expenses	0	37,240
Auditor Remuneration	0	50,500
Export Expense	1,871,256	668,536
Other Expenses	365,462	615,715
Public Issue Expense W/Off	0	506,762
	<u>9,334,831</u>	<u>9,306,825</u>
<b>TOTAL</b>	<u>11,194,502</u>	<u>10,691,073</u>

**SCHEDULE 15**

**NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2007 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE:**

**1. SIGNIFICANT ACCOUNTING POLICIES:**

- a. BASIS OF ACCOUNTING:** The financial statements are prepared under historical cost convention and accrual system of accounting in accordance with the requirement of the companies act, 1956, however
- i. Sales rejections are accounted on actual receipt of rejected goods.
  - ii. Price differences are accounted on actual settlement with the parties.
  - iii. Export Incentives, Insurance and other claims are accounted on cash basis.

**b. FIXED ASSETS & DEPRECIATION:**

- i. All fixed assets are shown at cost net of Cenvat less accumulated depreciation.
- ii. Depreciation on all fixed assets except Building and Plant & Machinery has been calculated on the WDV method at the rates and in the manner specified in the schedule XIV to the Companies Act, 1956.
- iii. Depreciation on Building and Plant & Machinery has been provided on Straight Line Method at the rates and in the manner specified in the schedule XIV to the Companies Act, 1956.

**c. INVENTORIES:**

- Raw Material & other material - at Cost
- Semi Finished Goods - at Cost
- Finished Goods - at lower or cost or Market Value

The cost for the purpose of valuation of Finished goods & semi finished goods includes material cost and direct conversion cost and overheads incurred for bringing goods to their present location and condition as well as excise duty wherever applicable.

- d. FOREIGN CURRENCY TRANSACTIONS:** Foreign currency transactions are accounted at the rate of exchanged in force at the time transactions are effected.
- e. RETIREMENT BENEFITS:** Provision for gratuity is made on the basis of an actual basis.
- f. CENVAT CREDIT:** Cenvat credit available is accounted by recording materials purchase at net of excise duty. Cenvat credit availed is accounted by way of adjustment against Excise duty payable on dispatch of finished goods.
- g. SALES:** Sales of goods is recognized at the point of dispatch to the customer. Sales include excise duty but exclude sales tax.
- h. IMPAIRMENT OF FIXED ASSETS:** Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

**i. PROVISIONS, CONTIGENT LIABILITIES AND CONTIGENT ASSETS**

**Provisions:-** Provision is recognised when

- i. The Company has a present obligation as a result of past event;
- ii. It is probable that an outflow of resources embodying economic benefit is expected to settle the obligation,
- iii. A reliable estimate can be made for the amount of obligation.

Provisions are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date.

**Contingent liability:-** Contingent Liability is disclosed in the case of

- i. As present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- ii. A possible obligation unless the probability of outflow of resources is remote.

**Contingent assets:-** Contingent Assets are neither recognised nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

**2. CONTIGENT LIABILITIES:**

	As at	As at
	31/03/20 07	31/03/2006
Contingent liabilities	-	-
Sales Bills Discounted and remaining unpaid	NIL	NIL

3. In view of Loss, No provision for taxation has been made

NIL                      NIL

4. The Company has during the Year adopted Accounting Standard (AS-22) Accounting for taxes on income issued by the Institute of Chartered Accountant of India, However in view of loss during the year and also in past, no deferred tax liability or assets has been created.

NIL                      NIL

5. Earning per share

NIL                      NIL

a. Profit-/ (Loss) after taxation as per profit and loss account

(13,24,282 )              (15,73,951 )

b. Weighted average number of equity shares outstanding

54,13,300                      54,13,300

c. Basic and diluted earning per shares in rupees (Face value - Rs.10 per share)

(0.24 )                      (0.29 )

6. There was no impairment loss on Fixed Assets on the basis of review carried out by the Management in accordance with Accounting Standard 28 issued by the Institute of Chartered Accountants of India.

7. SEGMENT REPORTING: The Company operates in a single segment Polymer Master batch and Compound Products.

**8. 1. RELATED PARTY DISCLOSURES:**

Related party disclosures are required by AS- 18 are given below:

a. RELATIONSHIP:

i. Other related party where common control exists Padmanabh Polymers Pvt. Ltd.

ii. Directors and Executives and their relatives.

1. Mr.V.D.VASHI      3. Mr.C.M.DESAI

2. Mr.B.M.DESAI      4. Mr.HEMAL DESAI

b. The following transactions were carried out with related parties in the ordinary course of business.

i. Details relating to (i) above

Rent received for Machinery/Car hire	96,000	96,000
--------------------------------------	--------	--------

ii. Details relating to person referred to in item 1 (ii) above

- Remuneration / Sitting Fees	3,19,000	3,51,200
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- Outstanding Loan Payable	60,66,670	61,63,615
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	As at 31/03/2007	As at 31/03/2006
9. Auditors Remuneration:		
Audit Fees	10,000	30,000
Taxation Matters	5,000	5,000
Tax Audit Fees	8,000	8,000
Other Services	2,000	2,000
	25,000	45,000
Service Tax 12.24%	3,060	4,600
Total	28,060	49,600
10. Previous Year figures have been regrouped / rearranged wherever necessary, so as to make them comparable with current years figure.		
11. Letters of confirmation have been sent to various parties of Sundry Debtors, Loans, Advances and Deposits, due adjustment if any well be made on receipt thereof.		
12. The Sundry Creditors includes (Amount due to Small Scale Units) Small Scale Units over Rs.1 Lacs and outstanding for more than 30 days (as per information available)		
M/s Swastik Fertilizer & Chemical	1,35,651	1,35,651
13. Directors Remuneration:		
Salaries and Allowances	3,12,000	3,40,000
Commission	Nil	Nil
Sitting Fees	7,000	,000
14. a) Debt due from a company in which any Director is a Director	Nil	48,272
b) Debt due from Directors (Maximum amount due during the period Rs.Nil)	Nil	Nil
15. Additional information pursuant to the provisions of paragraph (3) and (4) of the Para II of Schedule VI of the Companies Act, 1956.		



**PADMANABH ALLOYS & POLYMERS LTD.**

**Annual Report 2006-2007**

(A) Details regarding Licenced capacity, Installed capacity, Product etc.					
Product	Unit	Year Ended 31-03-07		Year Ended 31 3-06	
		Qty	Value	Qty	Value
1. Mineral Filled Thermoplastics Compound & Masterbatches					
Licenced Capacity	MT	N.A.	-	N.A.	-
Installed Capacity	MT	6900.000	-	6900.000	-
Opening Stock of FG	MT	64.999	31.95	74.529	40.70
Production	MT	1417.99	601.37	1222.750	500.63
Turnover	MT	1445.105	612.93	1232.2 89	509.38
Closing Stock of FG	MT	37.884	21.37	64.999	31.95
Note: Turnover and Production includes Job Work Sales					
2. Goods for resales					
Opening Stock	MT	-	-	-	-
Purchase	MT	49.708		158.484	37.11
Sales	MT	49.708	18.38	158.484	43.32
Closing Stock	MT	-	-	-	-
+ as certified by a Director on which Auditors have placed reliance, this being a technical matter.					
(A) Consumption of Raw Materials:					
Polythene, Granules, Minerals & Additives	MT	1385.697	39290531	1227.500	29857166
(B) Value of Imports on CIF Basis					
1. Raw Material			Nil		Nil
2. Components & Spare Parts			Nil		Nil
3. Capital Goods			Nil		Nil
(C) Expenditure in Foreign Currency					
			Nil		Nil
(D) Value of Raw Materials, Stores & Spares consumed:					
Raw Material					
Imported	-				
Indigenous	100		392,90,532		298,57,166
Stores & Spares					
Imported	-				
Indigenous	100		1,18,322		1,08,565
(E) Amount remitted in Foreign Currency towards dividend					
			Nil		Nil
(F) Earnings in Foreign Exchange					
FOB value Export of Goods			76,04,238		27,61,674

Note: Schedule 1 to 10 and 15 referred to above form as integral part of the Balance Sheet

As per our Report of even date  
for Nilkanth Desai & Associates  
Chartered Accountants

(N.P.DESAI)  
(Proprietor)  
PLACE: SURAT  
DATE: 29/08/2007

Mr. C.M.DESAI - Director  
Mr. V.D.VASHI - Director  
Mr. B.M.DESAI - Director

**BALANCESHEET ABSTRACT  
AND  
COMPANY'S GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

Registration No.	2	3	5	4	0
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State Code	0	4
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Balance Sheet Date	3	1	0	3	2	0	0	7
	Date		Month		Year			

**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (Amount Rs. In Thousands)**

Total Liabilities	<b>74190</b>	Total Assets	<b>74190</b>
<b>SOURCE OF FUNDS</b>			
Paid up Capital	<b>57065</b>	Reserve & Surplus	<b>NIL</b>
Secured Loans	<b>8373</b>	Un-secured Loan	<b>8752</b>
<b>APPLICATION OF FUNDS</b>			
Net Fixed Assets	<b>22078</b>	Investments	<b>NIL</b>
Net Current Assets	<b>6895</b>	Misc. Expenditure	<b>NIL</b>
Accumulated Loss	<b>45217</b>		

**IV. PERFORMANCE OF THE COMPANY (Amount Rs. in Thousands)**

Turnover	<b>61195</b>	Total Expenditure	<b>62519</b>
Profit / (Loss) Before Tax	<b>(1324)</b>	Profit & Loss after Tax	<b>1324</b>
Earning per shares (Rs.)	<b>(0.24)</b>	Dividend Rate %	<b>NIL</b>

**V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As per monetary terms)**

Product Description	Item Code No. (ITC Code)
Polythelene having specific gravity of less than 0.94	390110.00
Polythelene having specific gravity of 0.94 more	390120.00
Polymers of Vinyl Chloride or o f other Halogenated Olefins Primary Forms	3904

**CASH FLOW STATEMENT PREPARED PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES FOR THE YEAR ENDED 31st MARCH, 2007**

	Year Ended	
	31st March, 2007 Rs.	31st March, 2006 Rs.
<b>(A) CASH FLOW FROM THE OPERATING ACTIVITIES</b>		
Net Profit/(Loss) Before Tax and Extra Ordinary Item	(1,286,542)	(1,563,340)
Adjustments for:		
Depreciation	1,800,569	1,849,265
Preliminary Expenses	0	506,762
Interest Charges	1,480,864	1,216,144
Profit/Loss on sales of fixed assets	0	0
Operating Profit before working capital charges	1,994,891	2,008,831
Adjustments for changes in:		
Trade and Other Receivables	(4,264,655)	2,618,626
Inventories	5,069,764	(3,849,266)
Trade Payables	517,057	(312,190)
Cash Generated from operations	3,317,057	465,700
Direct Taxes Paid	37,740	10,610
Cash flow before Extraordinary items	3,279,317	455,189
Net Cash from Operating Activities	3,279,317	455,189
<b>(B) CASH FLOW INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	0	(44,900)
Sales of Fixes Assets	0	0
Interest Received	0	0
Net Cash used in Investing Activities	0	(44,900)
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	0	0
Proceeds from Borrowings	(586,448)	718,953
Interest paid	(1,480,864)	(1,216,144)
Dividend & Corporate Dividend Tax paid	0	0
Net Cash used in Financing Activities	(2,067,312)	497,190
Net changes in Cash and Cash Equivalents (A+B+C)	1,212,005	(86,901)
Cash & Cash equivalents as at (Opening Balance)	72,919	159,820
Cash & Cash equivalents as at (Closing Balance)	1,284,924	72,919

C.M.DESAI - Wholetime Director

Place: Palsana/Surat

Date: 29/08/2007

V.D.VASHI - Wholetime Director

**AUDITOR'S CERTIFICATE**

We have examined the attached cash flow statement of Padmanabh Alloys & Polymers Ltd. for the year ended 31st March, 2007. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause - 32 with Mumbai & Vadodara Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss and Balance Sheet of the Company covered by our report 29st August, 2007 for the members of the Company.

Nilkanth Desai & Associates  
Chartered Accounts  
[N.P.DESAI]

Place: Surat

Date: 29/08/2007

Proprietor

**PADMANABH ALLOYS & POLYMERS LTD.**

**Annual Report 2006-2007**

**PADMANABH ALLOYS & POLYMERS LTD.**

**Registered Office: N.H.No.8, Village: Palsana 394315, Dist.Surat (Gujrat)**

12<sup>th</sup> Annual General Meeting  
Saturday, 29<sup>nd</sup> September, 2007 at 11.00 a.m.

Place : At the Registered Office of the Company at:  
N.H.No.8, Village: Palsana 394315,  
Dist.Surat (Gujarat)

Signature of Member / Proxy attending the meeting \_\_\_\_\_

- Notes: 1. This meeting is only for members. Please, therefore, do not bring person in the meeting who is not a member.  
2. Please bring this attendance slip duly signed and hand it over to the representative of the company at the entrance of the meeting place.

**PADMANABH ALLOYS & POLYMERS LTD.**

**Registered Office: N.H.No.8, Village: Palsana 394315, Dist.Surat (Gujrat)**

**FORM OF PROXY**

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
being member/s of the above named Company hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_

as my/our Proxy to attend and vote for me/us on my/our behalf at the 11<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, 29<sup>th</sup> September, 2007 and at any adjournment thereof.

Signed the \_\_\_\_\_ day of \_\_\_\_\_ 2007.

Signature \_\_\_\_\_



N.B.: This proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

**BOOK - POST  
PRINTED MATTER**

**To,**

If undelivered, please return to :  
**PADMANABH ALLOYS & POLYMERS LTD.**  
Regd. Office : N. H. No. 8,  
Village Palsana - 394 315,  
Dist. Surat (Gujarat)