

PAPL

Padmanabh Alloys & Polymers Ltd.

13

**THIRTEENTH ANNUAL REPORT
2007 - 2008**

TWELTH ANNUAL REPORT

BOARD OF DIRECTORS

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

BANKERS

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

AUDITORS

M/s Nilkanth Desai & Associates
Chartered Accountants - Surat

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 THIRTEENTH 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 Tuesday, 30th day of September, 2008 at 11.00 am to transact the following business:-

1. To consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2008, 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.Md.Farouk Suleman Darvesh who retires by rotation and being eligible offers himself for reappointment.
3. To, appoint Director in place of Mr.Bhikhubhai M 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 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.Bhikhubhai M Desai as Whole Time Director of the Company for a period of 5 years with effect from 01.09.2008 on remuneration and the term and conditions mentioned below:
 - a) **Salary:** Rs.15000/- per month in the grade of Rs.15000-2000-29000.
 - b) **Perquisites:**
 - i) Housing: HRA at 10% of Salary
 - ii) Medical reimbursement: of expenses incurred for self and family subject to a ceiling of one month salary in a year.
 - iii) Personal accident insurance: the annual premium shall not exceed Rs.4000/-.
 - iv) Leave Travel Concession: for self and family, once in a year incurred in accordance with the rules of the Company.
 - v) *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.
 - vii) Telephone at residence and car for use on Company's business will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Wholetime Director.
 - viii) Earned Leave: on full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of services, subject to the further condition that leave accumulated but not availed of will not be allowed to be encashed beyond eight months.
 - ix) Facility of helpers, Gardner etc. subject to ceiling of Rs.1000 per month.

RESOLVED further that in the event of loss or inadequacy of profits in the company, Mr. Bhikhubhai M 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

Date: 30/08/2008

Vijay D Vashi
Wholetime Director

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 Saturday, 20th September, 2008 to Tuesday, 30th September, 2008 (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.
8. An explanatory statement pursuant of section 173 of the Companies Act, 1956 is annexed hereto.

ANNEXURE TO THE NOTICE

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

ITEM No.5

The Board of Directors have approved the appointment of Mr.Bhikhubhai M Desai as a Wholetime Director w.e.f.01.09.2008 in their meeting on 30.08.2008 on terms and conditions contained nt subject to the approval of shareholders.Mr.Bhikhubhai M Desai is by Qualification B E Civil.He is having business back ground.He will look after factory Administration,Finance,Accounts and other related matters.

This explanation together with accompanying notice is and should be treated as an abstract u/s 302 of companies act 1956.

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: 30/08/2008

Vijay D Vashi
Wholetime Director

DIRECTORS' REPORT

To,
The Members,

The Directors present their Report with Audited Statement of Accounts for the year ended 31st March, 2008.

Financial Statements:

[Rs. In lacs]

Particulars	Year Ended	
	31/03/2008	31/03/2007
Sales including other Income	633.53	612.93
Profit/(loss) before Interest & Depreciation	34.43	19.54
Add/Less: Interest	12.05	14.80
Depreciation	17.96	18.00
Net Profit / (Loss)	3.85	(13.24)
Balance brought forward	(452.17)	(438.93)
Balance/(Loss) Carried Forward	(448.32)	(452.17)

DIVIDEND: In view of meager amount of profit earned 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.633.53 against Rs.612.93 in the previous year registering the growth of about 3.36%. The net profit during the year under review amounted to Rs.3.84 Lacs as against loss of Rs.13.24 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 27 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 31st March, 2008 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. Md. Farouk Suleman Darvesh & Mr. Bhikhubhai M Desai by retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Mr. Bhikhubhai M Desai has been appointed as wholetime director with effect from Dt. 01.09.2008. The Notice convening annual general meeting includes proposals for reappointment of directors & appointment of wholetime directors. Dr. Pradip A Desai resign as director with effect from Dt. 01/07/2008. Board places on record his appreciation of contribution made by him during his tenure as director.

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 behalf of the Board

Date: 30/08/2008

Vijay D Vashi
Wholetime Director

Chetan M Desai
Wholetime Director

ANNEXURE-A TO THE DIRECTOR'S REPORT 2007

PARTICULARS OF ENERGY CONSERVATIONS, TECHNOLOGY 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 and Development (R&D):

- a. 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 masterbatches and compounds for automobiles, consumer durables, coolers and plastic molded furniture industry.
- b. Benefit derived as a result of above R&D: Production process have improved resulting in enhanced productivity, efficiency through out and value addition.
- c. 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.

d. 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 an effort to provide better quality to the customer and to compete effectively in the market place.

(C) Foreign Exchange Earnings & Outgo:

	2007-08 (Rs.)	2006-2007 (Rs.)
Foreign Exchange Used	Nil	Nil
Foreign Exchange Earned	19,08,723	76,04,238

Place: Palsana/Surat

For and behalf of the Board

Date: 30/08/2008

Vijay D Vashi
Wholetime Director

Chetan M. Desai
Wholetime Director

ANNEXURE-1 TO THE DIRECTORS' REPORT

Report on Corporate Governance for the year ended 31st March, 2008

PAPL's Philosophy on code of Governance

Padmanabh Alloys & Polymers Ltd's (PAPL) business objective and that of its management 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 31st March, 2008 or for the year 2007-08 as applicable is tabulated hereunder.

<i>Director</i>	<i>No. of board meetings attended</i>	<i>Attendance at previous AGM on 29-09-2007</i>	<i>No. of outside Directorship held</i>	<i>No. of Membership/ Chairmanship in other Board Committees</i>	<i>Executive / Non executive / Independent</i>
Mr.V.D.Vashi	4	Present	-	-	Executive
Mr.C.M.Desai	5	Present	-	-	Executive
Mr.B.M.Desai	4	Present	-	2	Non-executive
Mr.N.N.Gandhi	-	Not Present	-	-	Do
Mr.F.S.Darvesh	-	Not Present	5	-	Do
Mr.N.A.Desai	1	Not Present	-	2	Do
Mr.D.K.Desai	5	Present	-	2	Do
Mr.H R Desai	2	Present	-	-	Executive

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.Bhikhubhai M Desai & Mr.Md.Farouk Suleman Darvesh being eligible offer themselves for appointment.

<i>Name of the Director</i>	Mr.Bhikhubhai M Desai	Mr.Md Farouk Suleman Darvesh
<i>Age</i>	53	56
<i>Qualification</i>	B.E.Civil	F.Y.Commerce
<i>Expertise in specific functional area</i>	Business	Business
<i>List of Companies in which outside Directorship hold</i>	-	-
<i>Chairman / Member of Committee of the Board of Directors of the Company</i>	2	-
<i>Chairman / Member of Committee of Directors in Other Company</i>	-	-

Board Meeting held during year 2007-2008

During the year 2007-08 four Board Meetings were held 27th April, 2007, 30th July, 2007, 29th Aug 2007, 29th October, 2007 and 30th January, 2008.

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 2007-2008 on 25/04/2007, 25/07/2007, 26/10/2007 and 25/01/2008 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. D. K. Desai & Mr.N A Desai an Independent Director & Mr.Mihir Mehta was the Compliance Officer.

Complaints received from shareholders and investors during the year 2007-08 have generally been solved to the satisfaction of the Complainants.

All valid requests for share transfer received during 2007-2008 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.

<i>Name of the Director</i>	<i>Sitting Fees Rs.</i>	<i>Salaries, Allowances and Perquisites Rs.</i>	<i>Commission Rs.</i>	<i>Total Rs.</i>
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	5,000	-	-	5,000
Mr.P.A.Desai	-	-	-	-
Mr.N.A.Desai	1,000	-	-	1,000

GENERAL BODY MEETINGS

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

Year	Venue	Date	Tim
2006-2007	Palsana	29 th September 2007.	11.00 AM
2005-2006	Palsana	30 th September, 2006	11.00 AM
2004-2005	Palsana	26 th September, 2005	11.00 AM

There was no resolution put through postal ballot.

Disclosures

During the year 2007-2008, 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.

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 31.03.2008 was 27.

GENERAL SHAREHOLDER INFORMATION

Date and Time	:	Tues day, 30 th September, 2008 at 11.00 a.m.
Venue	:	N.H.No.8, Palsana, Dist.Surat
Financial Calendar	:	2008-09
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: 20th September, 2008 to 30th September, 2008, 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 2007-2008 on the Stock Exchange, Mumbai:

Performance in comparison to BSE Sensex

[Source: 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 31/03/2008

Category	Number of Shares	Percentage of total shares
Promoters and associates	2360400	43.61
Foreign institutions investors	00	00
Public Financial Institutions	00	00
Mutual Funds	299500	5.53
Nationalised banks and other banks	00	00
NRIs and OBCs	500200	9.24
Others (Includes holding of Corporate Bodies)	2253200	41.62
Total	5413300	100

Distribution of shareholding as on 31/03/2008

No of Shares	Number of shareholders	Number of shares	Percent of total shares
1 to 250	21	2500	0.04
251 to 500	457	252800	4.66
501 to 1000	307	276600	5.10
1001 to 2000	110	198900	3.67
2001 to 3000	130	345400	6.40
3001 to 4000	31	113800	2.10
4001 to 5000	56	274400	5.07
5001 to 10000	98	833900	15.41
10001 and above	58	3115000	57.55
Total	1268	5413300	100

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-395315, Dist.Surat

Email for investors: chetandesai00@hotmail.com

Place: Palsana/Surat

For and behalf of the Board

Date: 30/08/2008

Vijay D Vashi
Wholtime Director

Chetan M. Desai
Wholtime 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 31st March, 2008, 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 31st March, 2008, 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.

Place: Palsana/Surat

For and behalf of the Board

Date: 30/08/2008

Vijay D Vashi
Wholtime Director

Chetan M. Desai
Wholtime Director

AUDITORS' REPORT

To the Shareholders:

1. We have audited the attached balance sheet of Padmanabh Alloys & Polymers Ltd. as at March 31, 2008 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, 2008 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, 2008;
 - b. in so far as it relates to the Profit & Loss Account, of the profit for the year ended on March 31, 2008; and
 - c. in so far as it relates to the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Palsana/Surat

Date: 30/08/2008

For, **Nilkanth Desai & Associates**
Chartered Accountants,

(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.70.66 Lacs from 6 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 be 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.460389 (Rs.99476 of FY 2005-06+ Rs.180930 of FY 2006-07+Rs.179983 of FY 2007-08), VAT payable of Rs.254700 from April'2006 to March'2008,Excise duty Payable Rs.504298 Previous Year ,GST Payable for 2005-06 Rs.7733 & CST Payable for 2005-06 Rs.207990,Professional Tax Payable Rs.10,620 of FY 2007-08]
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 31/03/2008 for the period of more than six months.
 10. The Company has accumulated losses of Rs. 448.32 Lacs in excess of 50% of its net worth and company has earned profit during the current year or Rs.3.84 Lacs (Previous year Loss of Rs. 13.24 Lacs), and cash Profit of Rs.21.80 Lacs (Previous year of Rs. 4.76 Lacs).
 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: Palsana/Surat

For, **Nilkanth Desai & Associates**
Chartered Accountants,

Date: 30/08/2008

(N.P.DESAI)
Proprietor

PADMANABH ALLOYS & POLYMERS LTD.**13th Annual Report 2007-2008****BALANCE SHEET AS AT 31st MARCH, 2008**

	SCHEDULE NO	As at 31.03.08 Rs.	As at 31.03.07 Rs.
SOURCE OF FUNDS			
SHARE HOLDERS' FUND:			
Share Capital	1	57,065,000	57,065,000
Reserves and Surplus			
		<u>57,065,000</u>	<u>57,065,000</u>
LOAN FUNDS:			
Secured Loans	2	6,863,054	8,373,793
Unsecured Loans	3	9,222,372	8,752,419
		<u>16,085,426</u>	<u>17,126,212</u>
		<u>73,150,426</u>	<u>74,191,212</u>
APPLICATION OF FUNDS			
FIXED ASSETS:			
Gross Block	4	45,679,478	46,322,731
Less: Depreciation		25,708,316	24,244,062
Net Block		<u>19,971,162</u>	<u>22,078,669</u>
CURRENT ASSETS, LOANS AND ADVANCES:			
Inventories	5	11,045,739	7,817,091
Sundry Debtors	6	12,357,514	13,464,149
Cash and Bank Balances	7	581,823	1,284,924
Loans and Advances	8	3,413,235	3,398,383
		<u>27,398,311</u>	<u>25,964,547</u>
Less: Current Liabilities	9	19,052,028	19,069,729
NET CURRENT ASSETS		<u>8,346,283</u>	<u>6,894,818</u>
PROFIT & LOSS ACCOUNT		<u>44,832,981</u>	<u>45,217,725</u>
		<u>73,150,426</u>	<u>74,191,212</u>
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

V.D.VASHI - Wholetime Director

C.M.DESAI - Wholetime Director

Place : Surat
Date: 30/08/2008

Place : Palsana/Surat
Date: 30/08/2008

PADMANABH ALLOYS & POLYMERS LTD.**13th Annual Report 2007-2008****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008**

	SCHEDULE NO	Year Ended 31.03.2008 Rs.	Year Ended 31.03.2007 Rs.
INCOME:			
Sales		63,099,435	61,195,740
Other Income	11	253,566	97,558
Increase/(Decrease) in Stock	12	(559,608)	(1,094,134)
		62,793,393	60,199,164
EXPENDITURE:			
Materials	13	40,510,278	39,290,531
Manufacturing & Other Expenses	14	10,282,029	11,194,502
Excise Duty		8,557,451	7,719,240
Interest and Finance Charges		1,205,159	1,480,864
Depreciation		1,795,942	1,800,569
		62,350,859	61,485,706
PROFIT/(LOSS) BEFORE TAXATION		442,534	(1,286,542)
PROVISION FOR TAXATION			
Fringe Benefit Tax		57,790	37,740
PROFIT/(LOSS) AFTER TAXATION		384,744	(1,324,282)
BALANCE BROUGHT FORWARD		(45,217,725)	43,893,443
BALANCE/(LOSS) CARRIED FORWARD		(44,832,981)	(45,217,725)
Earning per share Basic and Diluted (Net of Tax)			
Face Value per share Rs. 10			
Refer note 5 of Schedule 15		0.07	(0.24)
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

V.D.VASHI - Wholetime Director

C.M.DESAI- Wholetime Director

Place: Surat
Date: 30/08/2008

Place: Palsana/Surat
Date: 30/08/2008

SCHEDULE FORMING PART OF THE ACCOUNTS

SCHEDULE: 4: FIXED ASSETS:

Description	Gross Block			Cost as at 31.03.2008 Rs.	Depreciation			Net Block		
	Cost as at 01.04.2007 Rs.	Additions Rs.	Deduction Rs.		Balance as at 01.04.2007 Rs.	For the year Rs.	Deletion for the year Rs.	Balance as at 31.03.2008 Rs.	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
	LAND	1,991,625	0		0	1,991,625	0	0	0	1,991,625
BUILDING	10,171,243	0	0	10,171,243	3,795,198	339,720	0	4,134,918	6,036,325	6,376,045
PLANT & MACHINERIES	24,026,347	0	649,440	23,376,907	12,143,730	1,135,763	331,688	12,947,805	10,429,102	11,882,617
ELECTRICAL INSTALLATION	3,990,521	6,187	0	3,996,708	3,197,277	129,029	0	3,326,306	670,402	793,244
VEHICLES	476,268	0	0	476,268	445,577	10,722	0	456,299	19,969	30,691
MISCELLANEOUS FIXED ASSETS	1,522,549	0	0	1,522,549	1,196,730	51,112	0	1,247,842	274,707	325,819
LABORATORY EQUIPMENT	2,538,986	0	0	2,538,986	2,088,908	72,721	0	2,161,629	377,357	450,078
FURNITURE & OFFICE EQUIP.	1,605,192	0	0	1,605,192	1,376,642	56,875	0	1,433,517	171,675	228,550
Total	46,322,731	6,187	649,440	45,679,478	24,244,062	1,795,942	331,688	25,708,316	19,971,162	22,078,669
Previous Year	46,322,731	0	0	46,322,731	22,443,493	1,800,569	0	24,244,062	22,078,669	23,879,238

PADMANABH ALLOYS & POLYMERS LTD.**13th Annual Report 2007-2008****SCHEDULE FORMING PART OF THE BALANCE SHEET**

As at 31-03-2008 As at 31-03-2007

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 (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 Machinereries and collaterally secured by personal guarantees of four Directors & Corporate Guarantee of Padmanabh Polymers Pvt.Ltd.)	5,366,276	5,834,958
Working Capital Term Loan from Canara Bank (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)	1,496,778	2,538,835
	6,863,054	8,373,793

SCHEDULE: 3 : UNSECURED LOANS:

Sales Tax Deferred (Total Sales Tax Deferment of Rs.1,47,25,342 sanctioned. Out of which 91,77,120 utilised upto 28-10-2001)	1,131,226	1,530,748
Loans from Director	7,066,145	4,027,704
Director's Relative	1,025,001	3,193,967
	9,222,372	8,752,419

SCHEDULE: 5 : INVENTORIES:

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

Raw Material [At Cost]	8,376,980	4,489,595
Packing Stock [At Cost]	16,510	103,430
Stores Stock [At Cost]	28,195	40,405
Semi Finished Goods [At Cost]	750,191	1,046,273
Finished Goods [At Cost or Market Value whichever is lower]	1,873,863	2,137,388
	11,045,739	7,817,091

PADMANABH ALLOYS & POLYMERS LTD.**13th Annual Report 2007-2008****SCHEDULE FORMING PART OF THE BALANCE SHEET**As at 31-03-2008 As at 31-03-2007
Rs. Rs.**SCHEDULE: 6 : SUNDRY DEBTORS (UNSECURED AND CONSIDERED GOOD):**

Over Six Months (Considered Good)		2,165,574
Other Debts (Considered Good)	12,357,514	11,298,575
	12,357,514	13,464,149

SCHEDULE: 7 : CASH AND BANK BALANCES:

Cash on Hand	411,589	968,486
With Secured Banks:		
In Current Accounts	170,234	316,438
	581,823	1,284,924

SCHEDULE : 8 : LOANS AND ADVANCES:

(Unsecured and considered good)		
Advances recoverable in cash or kind or for value to be received	843,052	810,507
Deposits	2,562,879	2,562,879
Balance with Central Excise	7,304	24,997
	3,413,235	3,398,383

SCHEDULE: 9 : CURRENT LIABILITIES AND PROVISIONS:

Current Liabilities		
Creditors for Goods	10,919,648	14,220,543
Creditors for Others	3,041,639	4,849,186
Other Liabilities	5,090,742	
Investor Education & Protection Fund		
- Unclaimed Dividend	Nil	Nil
- Interest on Debentures	Nil	Nil
	19,052,028	19,069,729

Year Ended Year Ended
31-03-2008 31-03-2007

Rs. Rs.

SCHEDULE: 11 : OTHER INCOME:

Scrap Sales	0	70,408
Profit on Sales of Fixed Asset	182,248	-
Miscellaneous Receipts	71,318	27,150
	253,566	97,558

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

Opening Stock		
Finished Goods	2,137,388	3,194,789
Semi Finished Goods	1,046,273	1,083,006
	3,183,661	4,277,795
Less: Closing Stock		
Finished Goods	1,873,863	2,137,388
Semi Finished Goods	750,191	1,046,273
	2,624,054	3,183,661
Increase/(Decrease) in Stocks	(559,608)	(1,094,134)

SCHEDULE: 13 : MATERIAL CONSUMED:

Raw Material	39,928,486	38,817,182
Packing Material	581,792	473,349
	40,510,278	39,290,531

PADMANABH ALLOYS & POLYMERS LTD.**13th Annual Report 2007-2008****SCHEDULE FORMING PART OF THE BALANCE SHEET**

As at 31-03-2008 As at 31-03-2007

Rs.

Rs.

SCHEDULE: 14 : MANUFACTURING AND OTHER EXPENSES:**PAYMENT TO AND PROVISION FOR EMPLOYEES**

Salaries, Wages and Allowances	1,673,145	1,561,962
Staff Welfare Expenses	14,348	116,779
Company's contribution to Provident Fund	179,983	180,930
	1,867,476	1,859,671

EXPENSES FOR MANUFACTURING, ADMINISTRATION AND SELLING

Stores and Spare Consumed	100,742	118,322
Power and Fuel	2,779,341	2,483,983
Insurance	204,490	243,087
Repairs to Machinery & Buildings	145,172	69,353
Car Expenses	225,654	229,934
Conveyance Expense	312,049	217,825
Post & Telephones	46,932	61,668
Travelling Expenses	2,766	30,489
Foreign Traveling Exp	0	37,200
Commission on Sales	327,438	211,288
Freight & Octroi	3,087,516	2,854,451
Legal & Consultancy	157,155	125,514
Rent & Taxes	96,000	96,000
Directors' Remuneration	312,000	312,000
Directors' Sitting Fees	10,000	7,000
Factory Expenses	10,394	0
Auditor Remuneration	25,000	0
Export Expense	137,676	1,871,256
Other Expenses	434,228	365,462
	8,414,553	9,334,831
TOTAL	10,282,029	11,194,502

SCHEDULE 15

NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2008 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE:

1. SIGNIFICANT ACCOUNTING POLICES:

- 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 there 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, CONTINGENT LIABILITIES AND CONTINGENT 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. CONTINGENT LIABILITIES:

[Rs. In Lacs] the public. No order was passed by the National Company Law Tribunal.

	As at 31/03/2008	As at 31/03/2007
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		
a. Profit / (Loss) after taxation as per profit and loss account	3,84,744	(13,24,282)
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)	0.07	(0.24)
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 Masterbatch and Compound Products.		

8. 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
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ii. Details relating to person referred to in item 1(ii) above

- Remuneration / Sitting Fees	3,19,000	3,19,000
- Outstanding Loan Payable	68,96,145	60,66,670

	As at 31/03/2008	As at 31/03/2007
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9. Auditors Remuneration:

Audit Fees	10,000	10,000
Taxation Matters	5,000	5,000
Tax Audit Fees	8,000	8,000
Other Services	<u>2,000</u>	<u>2,000</u>
	25,000	25,000
Service Tax 12.36%	<u>3,090</u>	<u>3,060</u>
Total	28,090	28,060

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
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13. Directors Remuneration:

Salaries and Allowances	3,12,000	3,12,000
Commission	Nil	Nil
Sitting Fees	10,000	7,000

14. a) Debt due from a company in which any Director is a Director

	Nil	Nil
--	-----	-----

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 of Schedule VI of the Companies Act, 1956.	II
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PADMANABH ALLOYS & POLYMERS LTD.

13th Annual Report 2007-2008

(A) Details regarding Licenced capacity, Installed capacity, Product etc.

Product	Unit	Year Ended 31-03-08		Year E nded 31-3-07	
		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	37.884	21.37	64.999	31.95
Production	MT	1355.905	591.60	1417.990	601.37
Turnover	MT	1357.593	631.70	1445.105	612.93
Closing Stock of FG	MT	36.196	18.73	37.884	21.37
<i>Note: Turnover and Production includes Job Work Sales</i>					
2. Goods for resales					
Opening Stock	MT	-	-	-	-
Purchase	MT	26.793	19.52	49.708	16.54
Sales	MT	26.793	21.69	49.708	18.38
Closing Stock	MT	-	-	-	-
<i>+ as certified by a Director on which Auditors have placed reliance, this being a technical matter.</i>					
(A) Consumption of Raw Materials:					
Polyethene, Granules, Minerals & Additives	MT	1340.757	40510278	1385697	39290531
(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		405,10,278		392,90,532
Stores & Spares					
Imported	-				
Indigenous	100		1,00,742		1,18,322
(E) Amount remitted in Foreign Currency towards dividend					
			Nil		Nil
(F) Earnings in Foreign Exchange					
FOB value Export of Goods			19,08,723		76,04,238

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

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

(N.P.DESAI)
(Proprietor)
PLACE: SURAT
DATE: 30/08/2008

**BALANCE SHEET ABSTRACT
AND
COMPANYS 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	8
	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	73150	Total Assets	73150
SOURCE OF FUNDS			
Paid up Capital	57065	Reserve & Surplus	NIL
Secured Loans	6863	Un-secured Loan	922
APPLICATION OF FUNDS			
Net Fixed Assets	19971	Investments	NIL
Net Current Assets	8346	Misc. Expenditure	NIL
Accumulated Loss	44832		

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

Turnover	63353	Total Expenditure	62911
Profit / (Loss) Before Tax	442	Profit & Loss after Tax	384
Earning per shares (Rs.)	0.07	Dividend Rate %	NIL

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 of 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, 2008

	Year Ended	
	31st March, 2008	31st March, 2007
	Rs.	Rs.
(A) CASH FLOW FROM THE OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax and Extra Ordinary Item	442,534	(1,286,542)
Adjustments for:		
Depreciation	1,795,942	1,800,569
Preliminary Expenses	0	0
Interest Charges	1,205,159	1,480,864
Profit/Loss on sales of fixed assets	0	0
Operating Profit before working capital charges	3,443,635	1,994,891
Adjustments for changes in:		
Trade and Other Receivables	1,091,783	(4,264,655)
Inventories	(3,228,648)	5,069,764
Trade Payables	(17,701)	517,057
Cash Generated from operations	1,289,069	3,317,057
Direct Taxes Paid	57,790	37,740
Cash flow before Extraordinary items	1,231,279	3,279,317
Net Cash from Operating Activities	1,231,279	3,279,317
(B) CASH FLOW INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6,187)	0
Sales of Fixes Assets	317,753	0
Interest Received		0
Net Cash used in Investing Activities	311,566	0
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	0	0
Proceeds from Borrowings	(1,040,786)	(586,448)
Interest paid	(1,205,159)	(1,480,864)
Dividend & Corporate Dividend Tax paid	0	0
Net Cash used in Financing Activities	(2,245,945)	(2,067,312)
Net changes in Cash and Cash Equivalents (A+B+C)	(703,101)	1,212,005
Cash & Cash equivalents as at (Opening Balance)	1,284,924	72,919
Cash & Cash equivalents as at (Closing Balance)	581,823	1,284,924

Place: Palsana/Surat

V.D.VASHI - Wholetime Director

Date: 30/08/2008

C.M.DESAI - Wholetime Director

AUDITOR'S CERTIFICATE

We have examined the attached cash flow statement of Padmanabh Alloys & Polymers Ltd. for the year ended 31st March, 2008. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause - 32 with Mumbai & Vadodata Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss and Balance Sheet of the Company covered by our report 30th August, 2008 for the members of the Company.

For, **Nilkanth Desai & Associates**
Chartered Accounts

Place: Surat

Date: 30/08/2008

[N.P.DESAI]
Proprietor

PADMANABH ALLOYS & POLYMERS LTD.

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

13th Annual General Meeting
Tuesday, 30th September, 2008 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

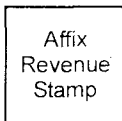
I/We _____
of _____ in the district of _____
being member/s of the above named Company hereby appoint _____

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 13th Annual General Meeting of the Company, to be held on Tuesday, 30th September, 2008 and at any adjournment thereof.

Signed the _____ day of _____ 2008

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.

Registered Office: N.H.No.8,

Village: Palsana 394315,

Dist.Surat (Gujrat)