

sansco lattices limited

Annual Report 1997-98

Five Years at a Glance

(Rs. in lakhs)

	1997-98	1996-97	1995-96	1994-95	1993-94
Gross Sales	2869.15	4407.43	3665.62	3159.12	2448.64
Net Sales	2426.20	3570.57	2971.08	2552.95	2001.14
Other Income	347.49	173.17	147.89	97.45	81.14
Total Income	2773.69	3743.74	3118.97	2150.40	2082.28
Profit Before Tax	248.76	673.55	630.61	581.97	421.24
Profit After Tax	221.76	493.55	455.61	406.97	226.24
Equity Share Capital	556.49	554.75	360.54	309.22	309.22
Reserves & Surplus	4849.77	4753.40	2420.23	1254.44	900.68
Net Worth (Net of Misc. Exp.)	5296.80	5186.14	2780.77	1563.66	1209.91
Book Value Per Share (Rs.)	94.49	92.52	77.13	50.57	39.13
Earnings Per Share (Rs.)	3.96	8.80*	12.64*	13.16	7.32
Dividend (%)	25	37	35	30	25
Gross Block	4346.66	2053.24	1788.19	1086.87	615.08
Net Block	3578.98	1486.53	1381.01	813.56	446.63

* On enhanced Share Capital

Distribution of Income

Mat. Cons.	50.70%
Empl. Remn.	5.52%
Overheads	21.96%
Interest	5.32%
Depreciation	7.53%
Tax	0.97%
Profits	8.00%




apcotex lattices limited
BOARD OF DIRECTORS

Atul C. Choksey
Dr. S. Rengachary
Girish C. Choksey
Bipin V. Jhaveri
Dr. S. Sivaram
Manubhai G. Patel
Amit C. Choksey
T. N. V. Ayyar

MD	✓		BKC	—
CS	NA		DPY	NA
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	S.H	✓
YE	✓	✓		

Chairman

Managing Director

Director

Director

Director

Director

Director

Director

*No along
FPS*

AUDITORS

Shah & Co.
Chartered Accountants

BANKERS

State Bank of India

REGISTERED OFFICE

49-53, Mahavir Centre,
Plot No. 77, Sector 17,
Vashi, Navi Mumbai 400 703

FACTORY

Plot No.3/1, Talaja Industrial
Estate of MIDC, P.O. Talaja,
Dist. Raigad 410 028,
Maharashtra

REGISTRARS AND SHARE TRANSFER AGENTS

MCS Limited
'Sri Venkatesh Bhavan'.
Plot No. 27, Road 11,
M.I.D.C. Area, Andheri (East),
Mumbai - 400 093.
Phone : 8215235 (6 Lines)
Fax : 8350456



apcotex lattices limited

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting you this Twelfth Annual Report of the Company and the audited Statements of Accounts for the year ended 31st March, 1998.

COMPANY PERFORMANCE

FINANCIAL HIGHLIGHTS

	1997-98 (Rs. in lacs)	1996-97 (Rs. in lacs)
GROSS SALES	28,69.15	44,07.43
Gross Profit Before Depreciation	4,57.66	8,34.61
Less : Depreciation	2,08.90	1,61.06
Profit Before Tax	248.76	673.55
Less : Provision for Taxation	27.00	1,80.00
Profit After Tax	2,21.76	4,93.55
Add : Balance brought forward from Previous year	2,30.00	1,50.00
Prior years' adjustments	4.07	5.11
Disposable Profit	4,55.83	6,48.66
The Directors recommend the appropriation of the disposable profit as under :		
Dividend on Equity Shares	1,40.14	1,67.92
Tax on Proposed Dividend	14.01	16.79
Transfer to General Reserve	50.00	2,33.95
Balance carried to Balance Sheet	2,51.68	2,30.00

OPERATIONS DURING THE YEAR

The availability of raw materials and packing materials in general, during the year was satisfactory. The cost of raw and packing material remained fairly steady during the year.

The Gross Sales of Rs. 28,69.15 lacs for the current year reflects a negative value growth of 35% over the sales of Rs. 44,07.43 lacs in the previous year. The profits before tax & depreciation is Rs. 4,57.66 lacs as against Rs. 8,34.61 lacs in the previous year. The performance of the Company was adversely affected by the poor off-take by the recession struck tyre, paper and textile industries, main consumers of the Company's products, coupled with stiff competition from cheaper imports of latexes and synthetic rubber. Your Directors consider the overall performance of the Company satisfactory, considering the business environment during the period under review.

EXPANSION PLANS

The expansion of the synthetic rubber manufacturing capacity from 1,500 MT to 10,000 MT and creation of storage facilities have been completed as scheduled within the estimated project cost.

Projected * Vs Actual Utilisation of Funds

	Projected for the year ended 31.3.97	Actual for the year ended 31.3.98	Projected for the year ended 31.3.98	Actual for the year ended 31.3.98	Projected Total	Actual Total
Utilisation of Funds	2359.40	444.30	340.60	1813.04	2700.00	2257.34

* as per prospectus dated July 11, 1996.

DIVIDEND

Your Directors recommend a dividend of Rs. 2.50 per Equity Share of Rs. 10/- each. The equity dividend, if approved, would absorb Rs. 140.14 lacs and will be paid to those members whose names appear on the Register of Members on 3rd September, 1998. The Corporate Dividend tax payable on the above dividend will be Rs. 14.01 lacs.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1)(c) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

SUBSIDIARY COMPANY

As required by Section 212 of the Companies Act, 1956, the audited statements of accounts, along with the report of the Board of Directors of Apcotex Financial Services Ltd. and the Auditors' Report thereon for the year ended 31st March, 1998, are annexed.

FIXED DEPOSITS MATURED BUT NOT CLAIMED

Fixed Deposits from the public and the shareholders stood at Rs. 21.57 lacs at the end of the year. There were no deposits that had matured but were not claimed on this date.

INSURANCE

All insurable assets of the Company including inventories, buildings, plant and machinery, etc., loss of profit as also liability under legislative enactments, are adequately insured.

ECOLOGY AND SAFETY

Safety Committee members at their meetings review the safety measures and their implementation to ensure adequate safety in material handling, controlling pollution caused by liquid effluents, dust and emissions from chimney, etc.. Samples are periodically drawn and reports are submitted to the Pollution Control Board as required to ensure compliance with standards. Necessary consent to operate the expanded capacity has been obtained from Maharashtra Pollution Control Board.

BANKS & FINANCIAL INSTITUTIONS

Yours Directors wish to place on record their appreciation of the support from State Bank of India, Bombay Mercantile Co-operative Bank Limited, Industrial Credit and Investment Corporation of India Limited, Life Insurance Corporation of India and Unit Trust of India.

PERSONNEL

The Board wishes to place on record its appreciation of the contribution made by all employees during the year. During the year, the industrial relations with the employees were cordial. Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report.

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DIRECTORS

Sarvashri Girish C. Choksey, Bipin V. Jhaveri and Dr. S. Sivaram retire by rotation and being eligible, offer themselves for reappointment.

Your Directors wish to place on record their appreciation for the contribution made by Shri Abhay Vakil and Shri Mahendra C. Choksi who resigned as Directors of the Company.

AUDITORS

The Company's Auditors, M/s. Shah & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

PROSPECTS

Barring unforeseen events, your Directors view the prospects for the current year with optimism.

For and on behalf of the Board



ATUL C. CHOKSEY
Chairman

Mumbai : June 30, 1998.

ANNEXURE TO DIRECTORS' REPORT

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY :

A. POWER AND FUEL CONSUMPTION

Electricity :	1997-98	1996-97
a) Purchased Units ('000 KWH)	2,511.23	2,341.05
Total amount (Rs. in lacs)	107.48	92.84
Rate/Unit (Rs.)	4.27	3.96
b) Own Generation :		
Through Diesel Generator		
Units ('000 KWH)	96.50	1,32.04
Units per ltr. of diesel oil	2.33	2.18
Cost/Unit (Rs.)	3.92	4.05

B. CONSUMPTION PER UNIT OF PRODUCTION

Synthetic Rubber Latexes		
Electricity (KWH/MT)	273	202
Synthetic Rubber		
Electricity (KWH/MT)	1,505	1,130

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION :

RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R & D is carried out by the Company :
The R & D activities of the Company pertain to :
 - i. Development of new products to suit the changing market profile.
 - ii. Modification of existing products for upgradation of performance.
 - iii. Development and evaluation of alternative raw/packing materials and sources, for cost reduction and flexibility in the input materials management.
 - iv. Development of products to meet specific industrial applications.
 - v. Absorption of imported technology, if any.
 - vi. Improvement in process technology.
2. Benefits derived as a result of the above R & D :
 - i. Company has commercialised a range of latexes for various applications.
 - ii. Improvement in quality consistency of products.
 - iii. The recently commercialised grade of rubber has been finding increasing market acceptance.
 - iv. Contribution to reduced dependency on imported latexes.



apcotex lattices limited

- v. Newly developed lattices for textile and paper industries are undergoing trials.
3. Further plan of action :
- i. Continued efforts towards identifying additional end uses that can be developed for existing products.
- ii. Develop new products for identified new applications.
4. Expenditure on R & D during the Financial Year is as follows :

	(Rs. in lacs)	
	1997-98	1996-97
Capital	1.71	0.71
Recurring	15.12	18.90
	<u>16.83</u>	<u>19.61</u>
Total R & D expenditure as a percentage of turnover	0.69%	0.55%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

No new technology has been acquired requiring the above.

IMPORTED TECHNOLOGY

No technology import has been made in the recent past.

OTHERS

The recognition of the in-house R & D facilities by the Department of Scientific & Industrial Research has been renewed up to 31st March, 2001.

FOREIGN EXCHANGE EARNINGS & OUTGO

The Company is assessing export potential for its products. Details of foreign exchange earnings and outgo are given in Notes 12 & 13 of Schedule 'M' to the accounts.

For and on behalf of the Board

ATUL C. CHOKSEY
Chairman

Mumbai : June 30, 1998.

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ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report dated June 30, 1998 for the year ended 31st March, 1998

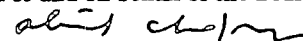
Sr. No.	Name	Age	Designation/ Nature of Duties	Remune- ration received	Qualifications	Date of Comm- encement of employment	No. of Years Experience	Last Employment Held Name of the Company	Designation
(a) Particulars of employees employed throughout the financial year and who are in receipt of remuneration of not less than Rs. 3,00,000/- in terms of Section 217(2A)(i) :									
1	Dr. S Rengachary	54	Wholetime Director	* 1168999/-	M.Sc. (Tech), Ph.D.	02.08.1991	24	Asian Paints (India) Ltd.	General Manager - Apcotex Division
2	Shri SK Lahiri	45	Marketing Manager	637153/-	B.Sc. (Hons), B.Sc. (Tech), DMS	02.08.1991	22	Asian Paints (India) Ltd.	Sales Manager - Apcotex Division
3	Shri BV Manjunath	48	Factory Manager	651585/-	S.S.C., D.E.E.	02.08.1991	28	Asian Paints (India) Ltd.	Plant Engg. Executive - Apcotex Division
4	Shri YB Gadgil	40	Project Manager	563696/-	B.Tech. (Chem Engg.)	02.08.1991	18	Asian Paints (India) Ltd.	Plant Executive - Apcotex Division
5	Shri A Mathews	36	Commercial Manager	428125/-	B.Com., ACA, AICWA	04.01.1995	10	Asian Paints (India) Ltd.	Manager
6	Shri Dhiren J Parekh	30	Company Secretary	379135/-	B.Com., ACA, ACS, Grad. C.W.A.	08.07.1993	5	-	-
7	Shri Isaac Eliezer Isaac	29	Commercial Executive	318847/-	B.Com., Grad. C.W.A.	11.08.1992	8	Bombay Tyres Intl. Ltd., Mumbai	Management Trainee
(b) Particulars of employees employed for part of the year who were in receipt of remuneration at the rate of not less than Rs. 25,000/- per month in terms of Section 217(2A) (ii)									
1	Shri TV Ramamurthy	33	Dy. Sales Manager	331534/-	M.Sc., M.Tech.	02.08.1991	9	Asian Paints (India) Ltd.	Sales Executive - Apcotex Division

Notes :

- Nature of employment whether contractual or otherwise :
 - The Employment of Dr. S. Rengachary is contractual for five years and terminable by six months notice on either side.
 - The Employments of the remaining persons are contractual and the terms and conditions are subject to the rules and regulations of the Company as in force from time to time.
- Relatives of Directors :
None of the above employees is related to any Director of the Company.
- Remuneration includes salary, conveyance allowance, arrears paid, house rent allowance, compensation under the Voluntary Retirement Scheme, Company's contribution to provident fund and superannuation funds, net expenditure on house, medical and leave travel allowance, etc. as well as, monetary value of the car perquisite as per Income Tax Rules. It excludes provision for accrued leave salary, the Company's contribution to Gratuity Fund and other Gratuity claims settled.

* Subject to the approval of the shareholders in General Meeting.

For and on behalf of the Board



ATUL C. CHOKSEY
Chairman

Mumbai : June 30, 1998.



apcotex lattices limited

AUDITORS' REPORT

We have audited the attached Balance Sheet of Apcotex Lattices Limited as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) 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.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.

- d) In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- i. in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998 and
- ii. in so far as it relates to the Profit and Loss Account, of the 'Profit' of the Company for the year ended on that date.

**For SHAH & CO.
Chartered Accountants**

**H. N. SHAH
Partner**

Mumbai : June 30, 1998.

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 1 of our report of even date.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. During the year, certain items of fixed assets have been physically verified by the management and there is a regular programme of verification, which in our opinion, is reasonable, having regard to the size of the Company and the nature of the fixed assets. No material discrepancies have been noticed in respect of the assets which have been physically verified during the year.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedure of physical verification of the stocks followed by the management are adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the stock records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks of finished goods, raw materials and work-in-process is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year. The consumable stores and spares are charged to production at the point of procurement.
7. The Company has not taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 which are, prima facie, prejudicial to the interests of the Company. We are informed that there are no companies under the same Management as this Company within the meaning of Section 370 (1-B) of the Companies Act, 1956.
8. In our opinion, considering the object and purpose and the circumstances in granting loans, the rate of interest and other terms and conditions on which loans have been granted to companies, firms or other parties listed in the register maintained under Section 301 are not, prima facie, prejudicial to the interests of the Company.
9. In respect of loans and advances in the nature of loans given by the Company, parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest. The Company has given interest free loans and advances in the nature of loans to employees of the Company, which are being repaid from time to time.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods.
11. In our opinion and according to information and explanations given to us, the transactions of purchase of

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goods and materials and sale of goods and materials, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- (Rupees fifty thousand only) or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials or the prices at which transactions for similar goods and materials have been made with other parties.

12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of or realisable by-products and scrap.
15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
16. We have broadly reviewed the books of accounts and other records maintained by the Company in respect of synthetic rubber where, pursuant to the rules made by the Central Government, the maintenance of cost records have been

prescribed under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie, the prescribed accounts and records have been maintained.

17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31st March, 1998 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us and on the basis of books and records of the Company examined by us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.

**For SHAH & CO.
Chartered Accountants**

**H. N. SHAH
Partner**

Mumbai : June 30, 1998.



apcotex lattices limited

BALANCE SHEET AS AT 31ST MARCH, 1998

	Schedules	As at 31st March, 1998 (Rs. in lacs)	As at 31st March, 1997 (Rs. in lacs)
FUNDS EMPLOYED			
SHAREHOLDERS' FUNDS			
Share Capital	A	5,56.49	5,54.75
Reserves and Surplus	B	48,49.77	47,53.40
		54,06.26	53,08.15
LOANS			
Secured	C	9,04.11	9,54.42
Unsecured		21.57	13.73
		9,25.68	9,68.15
TOTAL		63,31.94	62,76.30
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	D	43,46.66	20,53.24
Less : Depreciation		7,67.68	5,66.71
		35,78.98	14,86.53
Capital Work-in-Progress and Advances		3,10.58	6,80.37
		38,89.56	21,66.90
INVESTMENTS (At Cost)			
CURRENT ASSETS, LOANS AND ADVANCES	E	10,25.54	26,04.40
Inventories	F	4,50.99	5,28.06
Sundry Debtors		6,83.98	7,94.18
Cash and Bank Balances		14.61	1,52.43
Loans and Advances		7,25.03	4,31.54
Advance Payment of Taxes		17.44	2,08.83
		18,92.05	21,15.04
Less :			
CURRENT LIABILITIES AND PROVISIONS	G	5,84.67	7,32.05
NET CURRENT ASSETS		13,07.38	13,82.99
MISCELLANEOUS EXPENDITURE		1,09.46	1,22.01
(To the extent not written off or adjusted)			
TOTAL		63,31.94	62,76.30
Notes	M		

As per our Report of even date

ATUL C. CHOKSEY

Chairman

Dr. S. RENGACHARY

Managing Director

For SHAH & CO.
Chartered Accountants
 GIRISH C. CHOKSEY
 BIPIN V. JHAVERI
 MANUBHAI G. PATEL
 AMIT C. CHOKSEY
 T. N. V. AYYAR

Directors

H. N. SHAH
Partner

Mumbai : June 30, 1998.

Mumbai : June 30, 1998.