



apcotex lattices limited
Annual Report 1998-99


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

Chairman
Managing Director
Director
Director
Director
Director
Director

REGISTERED OFFICE

49-53, Mahavir Centre, Plot No. 77,
Sector 17, Vashi, Navi Mumbai 400 703
Telephone : (022) 789 2631/32/35/36
Fax : (022) 789 2575

CORPORATE OFFICE

N.K. Mehta International House,
178, Backbay Reclamation,
Babubhai M. Chinai Marg, Mumbai-400 020.
Telephone : (022) 283 8302/04
Fax : (022) 283 8291

COMPANY SECRETARY

Anand V. Kumashi

FACTORY

Plot No. 3/1, Talaja Industrial Estate of MIDC,
P.O. Talaja, Dist Raigad 410 028, Maharashtra
Telephone : (022) 741 2239/2360/1611/1613
Fax : (022) 741 2052

AUDITORS

SHAH & CO. CHARTERED ACCOUNTANTS

Shah & Co.
Chartered Accountants

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.
Telephone : (022) 821 5235
Fax : (022) 835 0456

BANKERS

State Bank of India



apcotex lattices limited

NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of **apcotex lattices limited** will be held at **NAVI MUMBAI SPORTS ASSOCIATION, Sector 6, Vashi, Navi Mumbai 400 703** on **10th September, 1999** at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the accounts for the year ended 31st March, 1999 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri Atul C. Choksey, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri M.G. Patel, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Girish C. Choksey, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint M/s. Shah & Co., Chartered Accountants as Auditors of the Company, and fix their remuneration.

SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable, the Articles of Association of the Company be and are hereby altered as under :

"After Article 64, a new Article 64A be inserted as under :

Nomination 64A Notwithstanding anything stated in any Articles, a holder or joint holders of shares or debentures, may nominate, in accordance with the provisions of Section 109A of the Companies Act, 1956, and in the manner prescribed thereunder, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of such holder(s). Any such nominations so made shall be dealt with by the Company in accordance with the provisions of Section 109B of the Companies Act, 1956".

By order of the Board
For **apcotex lattices limited**

ANAND V. KUMASHI
Company Secretary

Date : July 30, 1999

Registered Office :

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

NOTES :

1. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
2. A member entitled to attend and vote, is entitled to appoint a proxy to attend and, on a poll, vote instead of himself/herself. A proxy need not be a member. Proxies in order to be effective must be received by the Company at its

Registered Office not later than forty-eight hours before the commencement of the meeting.

3. The Register of Members and Share Transfer Books of the Company will remain closed from **25th August, 1999** to **8th September, 1999** (inclusive of both days). Dividend recommended by the Directors, if approved by the members at the Annual General Meeting, will be paid on or after 10.09.99 to those Members whose names appear on the Register of Members as on 8.09.99.
4. Members are requested to notify the changes, if any, in their address to the Company's Registrars at the earliest.
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature registered with the Company, for admission to the meeting hall.
6. Members are hereby informed that the Company has transferred to the Central Government all unclaimed dividends relating to the accounting years upto 31.3.1995. Members who have not collected dividends for any accounting year upto and including 31.3.1995 are requested to make an application to the Registrar of Companies, Maharashtra, Hakoba Compound, Mumbai Industrial Estate, Kalachowki, Chinchpokli (East), Mumbai 400 033 for an order for payment of such uncollected dividends. Such application has to be made in the prescribed Form No. II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government Rules, 1978). Separate communications are forwarded with the Report to such shareholders whose dividend/s as above, have been last transferred to the Central Government, under the aforesaid rules.
7. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Managing Director at least seven days in advance of the meeting so that the information required may be made readily available at the meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956.)

Item No. 7 :

The Companies (Amendment) Act, 1956 has, inter alia, made a provision through Sections 109A and 109B whereby a holder or joint holders of shares or debentures can nominate a person to whom all the rights in the shares or debentures of a Company shall vest in the event of death of such holder(s). Such a nominee can elect either to be registered himself as the holder of the shares or debentures or make such transfer of the shares or debentures as the deceased holder(s) of shares or debentures could have made. It is, proposed to incorporate a new article in the Articles of Association of the Company providing for nomination facility in accordance with the provisions of Section 109A and 109B of the Companies Act, 1956.

None of the directors of the Company is interested in the said resolution.

By order of the Board
For **apcotex lattices limited**

ANAND V. KUMASHI
Company Secretary

Date : July 30, 1999

Registered Office :

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

Annual Report 1998-99

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting you this Thirteenth Annual Report of the Company and the audited Statements of Accounts for the year ended 31st March, 1999.

COMPANY PERFORMANCE

FINANCIAL HIGHLIGHTS

	1998-99 (Rs. in lacs)	1997-98 (Rs. in lacs)
GROSS SALES	29,86.96	28,69.15
Gross Profit Before Depreciation	3,09.19	4,57.66
Less : Depreciation	3,44.89	2,38.90
Provision for Tax	0.22	27.00
Profit/(Loss) After Tax	(35.92)	2,21.76
Add/(Less) Prior Year Adjustments	22.90	4.07
Profit/(Loss) for the period	(13.02)	225.83
Add : Balance brought forward from Previous year	2,51.68	2,30.00
Disposable Profit	2,38.66	4,55.83
The Directors recommend the appropriation of the disposable profit as under :		
Dividend on Equity Shares	84.08	1,40.14
Tax on proposed Dividend	9.25	14.01
Transfer to General Reserve	—	50.00
Balance carried to Balance Sheet	145.33	2,51.68

OPERATIONS DURING THE YEAR

The availability of raw materials & 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. 29,86.96 lacs for the year under review reflects a value growth of about 4.1% over the sales of Rs. 28,69.15 lacs in the previous year. The Company has incurred loss of only Rs. 13.02 lacs after meeting expenses of interest (Rs. 116.77 lacs), depreciation (Rs. 344.89 lacs) and prior year adjustments (Rs. 22.90 lacs), against profit of Rs. 2,25.83 lacs in the previous year. The performance of the Company was adversely affected by the recessionary trends in the country, particularly in tyre, paper and textile industries, coupled with stiff competition from cheaper imports of latexes and synthetic rubber.

DIVIDEND

Keeping the interest of the shareholders in mind, your Directors have recommended a dividend of Rs. 1.50 per Equity Share of Rs. 10/- each, even though the Company has incurred a loss of Rs. 13.02 lacs during the year under review. The equity dividend, if approved, would absorb Rs. 84.08 lacs out of Disposable Profit as above and will be paid to those shareholders whose names appear on the Register of Members on 8th September, 1999. The Dividend tax payable on the above dividend will absorb Rs. 9.25 lacs.

Reserves & Surplus as at 31st March, 1999 stands at Rs. 47,43.62 lacs (48,49.77 lacs).

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information sought under the provisions of Section 217(1)(e) 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 Statement of Accounts and Reports of the Board of Directors of Apcotex Financial Services Ltd. and the Auditors thereon for the year ended 31st March, 1999, are annexed.

FIXED DEPOSITS MATURED BUT NOT CLAIMED

Fixed Deposits from the public and the shareholders stood at Rs. 19.97 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

Members of the Safety Committee of the Company's Talaja Plant, reviewed the safety measures and their implementation, at their periodical meetings, to ensure adequate safety in material handling, control of pollution caused by liquid effluents, dust and emissions from chimney etc.. Samples were 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 of the Talaja Plant has been obtained from Maharashtra Pollution Control Board.

LISTING ARRANGEMENTS

The Company's Equity Shares stand listed on the Mumbai Stock Exchange and The National Stock Exchange. The Company has paid upto date listing fees to both the stock exchanges.

DEMATERIALISATION OF SHARES

Shareholders are aware that since November, 1998, dematerialisation of Company's shares has been activated through National Securities Depository Limited. For the convenience of the shareholders, the Company has entered into similar arrangement with Central Depository Services (India) Limited (CDSL). The process of dematerialisation of shares through CDSL will be activated soon.

Y2K COMPLIANCE

The Company has taken effective steps to achieve Y2K compliance which is expected to be achieved by the end of September, 1999. The cost to address the Y2K compliance is expected to be within Rs. 10.00 lacs.

BANKS & FINANCIAL INSTITUTIONS

Yours Directors wish to place on record their appreciation of the support from State Bank 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



apcotex lattices limited

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. The daily rated and weekly rated workers at factory have given a fresh charter of demands, which is being negotiated.

DIRECTORS

Sarvashri Atul C. Choksey, M.G.Patel and Girish C. Choksey retire by rotation and being eligible, offer themselves for reappointment.

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 : July 30, 1999

ANNEXURE TO DIRECTORS' REPORT

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY :

A. POWER AND FUEL CONSUMPTION

Electricity :	1998-99	1997-98
a) Purchased Units ('000 KWH)	2,674.46	2,511.23
Total amount (Rs. in lacs)	125.03	107.48
Rate/Unit (Rs.)	4.67	4.27
b) Own Generation :		
Through Diesel Generator		
Units ('000 KWH)	476.23	96.50
Units per ltr. of diesel oil	2.75	2.33
Cost/Unit (Rs.)	4.07	3.92

B. CONSUMPTION PER UNIT OF PRODUCTION

Synthetic Rubber Lattices		
Electricity (KWH/MT)	275	273
Synthetic Rubber		
Electricity (KWH/MT)	1,290	1,505

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 lattices 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 lattices.
- v. Newly developed lattices for textile and paper industries are undergoing trials.

Annual Report 1998-99

3. Further plan of action :

- Continued efforts towards identifying additional end uses that can be developed for existing products.
- Develop new products for identified new applications.

4. Expenditure on R & D during the Financial Year is as follows :

	(Rs. in lacs)	
	1998-99	1997-98
Capital	0.05	1.71
Recurring	27.20	15.12
	27.25	15.83

Total R & D expenditure as a percentage of turnover

1.10%

0.39%

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 : July 30, 1999

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 July 30, 1999 for the year ended 31st March, 1999

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. 6,00,000/- in terms of Section 217(2A)(i) :									
1	Dr. S Rengachary	55	Managing Director	12,32,216/-	M.Sc. (Tech), Ph.D.	02.08.1991	25	Asian Paints (India) Ltd.	General Manager - ApcoTex Division
2	Shri SK Lahiri	46	Marketing Manager	7,00,739/-	B.Sc. (Hons), B.Sc. (Tech), DMS	02.08.1991	23	Asian Paints (India) Ltd.	Sales Manager - ApcoTex Division
3	Shri BV Manjunath	49	Factory Manager	6,86,192/-	S.S.C., D.E.E.	02.08.1991	29	Asian Paints (India) Ltd.	Plant Engg. Executive - ApcoTex Division
4	Shri YB Gadgil	41	Project Manager	6,34,787/-	B.Tech. (Chem Engg.)	02.08.1991	19	Asian Paints (India) Ltd.	Plant Executive - ApcoTex Division
(b) Particulars of employees employed for part of the year who were in receipt of remuneration at the rate of not less than Rs. 50,000/- per month in terms of Section 217 (2A)(ii).									
NIL.									

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.

For and on behalf of the Board



ATUL C. CHOKSEY
Chairman

Mumbai : July 30, 1999



apcotex lattices limited

AUDITORS' REPORT

We have audited the attached Balance Sheet of Apcotex Lattices Limited as at 31st March, 1999 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 account 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 and comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

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, 1999 and
- ii. in so far as it relates to the Profit and Loss Account, of the 'Loss' for the year ended on that date.

For **SHAH & CO.**
Chartered Accountants

H. N. SHAH
Partner

Mumbai : July 30, 1999

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 except for raw and packing materials referred to in Note 20 in Schedule "M". 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 goods and materials and sale of goods and materials, made in pursuance of contracts or arrangements entered in the

Annual Report 1998-99

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 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 account 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, 1999 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 Provisions) Act, 1985.

For SHAH & CO.
Chartered Accountants

H. N. SHAH
Partner

Mumbai : July 30, 1999

Report  junction.com