



ASIA PACK LIMITED

**14th ANNUAL REPORT
1998-99**



ASIA PACK LIMITED

BOARD OF DIRECTORS

T. S. Bhandari - Chairman
R. V. Parikh - Managing Director
A. Bhandari - Whole Time Director

AUDITORS

Shah Patni & Co.,
Chartered Accountants, Jaipur

REGISTRARS & SHARE TRANSFER AGENTS

Ankit Consultancy Pvt. Ltd.
2nd Floor, Alankar Point,
Gita Bhawan Chauraha,
A. B. Road,
Indore (M.P.)

BANKERS

Bank of India

REGISTERED OFFICE

H-34-39, RIICO Industrial Area,
Sukher, Udaipur - 313 001



ASIA PACK LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fourteenth Annual General Meeting of the members of the company will be held at its Registered office H-34-39, RIICO Industrial Area Sukher, Udaipur on Saturday 8th April, 2000 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Director Reports', Auditor Reports' and Audited Balance Sheet as at 31st July, 1999 and Profit & Loss Account for the year ended on that date.
2. To appoint Director in place of Mr. Arvind Bhandari, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting unit the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications the following resolution(s):

AS AN ORDINARY RESOLUTION (S).

4. "RESOLVED THAT pursuant to section 198, 269, 309 and 311 and other applicable provisions, if any of the Companies Act, 1956, Shri Arvind Bhandari, Whole time Director of the company, who fulfills the conditions specified in Part - I and II of Schedule XIII to the Companies Act, 1956 be and is hereby re-appointed as Whole Time Director of The company for further period of Five years effective from 1st April, 2000 on the following terms and condition and remuneration mentioned below and further subject to maximum scale laid down in Part II of Schedule XIII.
 - a) Salary: In the scale of Rs. 22000-17500-25500-20000-29500 with annual increments subject to maximum scale laid down in Part II of Schedule XIII. This includes dearness allowance or other allowances not specified otherwise hereafter.
 - b) Perquisites: The perquisite will comprise of Housing/House rent allowance, Leave Travel Reimbursement, Fees for clubs and personal accident insurance. This will be provided as under
 - (i) Housing : (a) The expenditure by the company on hiring unfurnished accommodation for the whole time director will be subject to the ceiling of 50% of the salary over and above 10% payable by them.
 - (b) In case the accommodation is owned by the company 10% of the salary by the Whole Time Director shall be deducted by the company or
 - (c) In case no accommodation is provided by the company the Whole Time Director shall be entitled to House Rent Allowance subject to ceiling laid down in (a) above.
 - (ii) Medical reimbursement: Expenses incurred for him and his family members subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
 - (iii) Leave Travel Concession: For self and his family in a year incurred in accordance with the rules of the company.
 - (iv) Club Fees: Fees of clubs subject to a maximum of two clubs. This however will not include admission and life membership fees.
 - (v) Personal accident insurance: Premium not exceeding Rs. 5000/- per annum.
 - (vi) Provident fund & Pension fund: Contribution to Provident Fund and Pension Fund, Superannuation Fund and Annuity Fund as per rules of the company.
 - (vii) Gratuity: The gratuity payable should not exceed half month's salary for each completed year of service, subject to a ceiling of Rs. 3,50,000/-.
 - (viii) Car & Telephone: Provision for car with driver and telephone at the residence. The provision for car and telephone at residence for Company's business shall not be considered as perquisite. However, the company to the Whole Time Director shall bill personal long distance call and use of car for private purpose.

The above perquisites shall be allowed in addition to salary. The perquisites however, shall be restricted to an amount equal to the annual salary or Rs. 2,50,000 per annum, whichever is less, as prescribed in Part II of the said schedule XIII. Contribution of provident fund, superannuation fund, Gratuity or annuity fund will not be included in the computation of the aforesaid ceiling on the perquisites to the extent that these either singly or put together are not taxable under the Income tax Act.



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"RESOLVED FURTHER that the agreement, incorporating the terms of appointment and remuneration is placed in this meeting and initialed by the Chairman thereof for the purpose of identification be and is hereby approved and Shri R. V. Parikh, Managing Director, of the Company be and is hereby authorized to Sign the agreement on behalf of the company."

"RESOLVED FURTHER that pursuant to Sub-section (2) of the Section 269, read with Part III of Schedule XIII of the Act, a return be filed with the Registrar of the Companies."

5. "RESOLVED THAT pursuant to section 198, 269, 309 and 311 and other applicable provisions, if any of the Companies Act, 1956, Shri Ramesh Vallabh Parikh, Managing Director of the company, who fulfills the conditions specified in Part - I and II of Schedule XIII to the Companies Act, 1956 be and is hereby re-appointed as Managing Director of The company for further period of Five years effective from 1st April, 2000 on the following terms and condition and remuneration mentioned below and further subject to maximum scale laid down in Part II of Schedule XIII.
 - c) Salary: In the scale of Rs. 22000-1750-25500-2000-29500 with annual increments subject to maximum scale laid down in Part II of Schedule XIII. This includes dearness allowance or other allowances not specified otherwise hereafter.
 - d) Perquisites: The perquisite will comprise of Housing/House rent allowance, Leave Travel Reimbursement, Fees for clubs and personal accident insurance. This will be provided as under
 - (i) Housing : (a) The expenditure by the company on hiring unfurnished accommodation for the Managing director will be subject to the ceiling of 50% of the salary over and above 10% payable by them.
 - (b) In case the accommodation is owned by the company 10% of the salary by the Managing Director shall be deducted by the company or
 - (c) In case no accommodation is provided by the company the Managing Director shall be entitled to House Rent Allowance subject to ceiling laid down in (a) above.
 - (ii) Medical reimbursement: Expenses incurred for him and his family members subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
 - (iii) Leave Travel Concession: For self and his family in a year incurred in accordance with the rules of the company.
 - (iv) Club Fees: Fees of clubs subject to a maximum of two clubs. This however will not include admission and life membership fees.
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 - (vii) Gratuity: The gratuity payable should not exceed half month's salary for each completed year of service, subject to a ceiling of Rs. 3,50,000/-.
 - (viii) Car & Telephone: Provision for car with driver and telephone at the residence. The provision for car and telephone at residence for Company's business shall not be considered as perquisite. However, the company to the Managing Director shall bill personal long distance call and use of car for private purpose.

The above perquisites shall be allowed in addition to salary. The perquisites however, shall be restricted to an amount equal to the annual salary or Rs. 2,50,000 per annum, whichever is less, as prescribed in Part II of the said schedule XIII. Contribution of provident fund, superannuation fund, Gratuity or annuity fund will not be included in the computation of the aforesaid ceiling on the perquisites to the extent that these either singly or put together are not taxable under the Income tax Act.

"RESOLVED FURTHER that the agreement, incorporating the terms of appointment and remuneration is placed in this meeting and initialed by the Chairman thereof for the purpose of identification be and is hereby approved and Shri Arvind Bhandari, Whole Time Director, of the Company be and is hereby authorized to Sign the agreement on behalf of the company."

"RESOLVED FURTHER that pursuant to Sub-section (2) of the Section 269, read with Part III of Schedule XIII of the Act, a return be filed with the Registrar of the Companies."

REGISTERED OFFICE
H-34-39, RIICO INDUSTRIAL AREA,
SUKHER, UDAIPUR - 313001.
Dated: 17th February 2000

For and on behalf of the Board

(ARVIND BHANDARI)
Whole Time Director.



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NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY IN ORDER TO BE VALID SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Explanatory statement relating to item no. 4 & 5 pursuant to section 173(2) of the Companies Act 1956 is annexed hereto.
3. The register of members and Share Transfer Books of the Company will remain closed from Tuesday the 4th April, 2000 to Saturday the 8th April, 2000 (both day inclusive).
4. Member are requested to notify change, in their address, if any, immediately to the Company's Registrars and Share Transfer Agents.
5. Members desiring any information on Annual Accounts are requested to write the Company at least 7 days before the meeting.

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956.

The following Explanatory Statement sets out the material facts relating to the special business mentioned in the accompanying Notice dated 17th February 2000.

FOR ITEM NO. 4 & 5

The appointment of Shri Arvind Bhandari as the Whole Time Director and Shri R. V. Parikh as Managing Director is effective till 31st March 2000 only and remuneration being within the scale of 15000-12500-17500-15000-20500. The present basic salary of the Whole time Director & Managing Director is Rs. 20500. It is desired to re-appoint Shri Arvind Bhandari as Whole Time Director and Shri R. V. Parikh as Managing Director of the company for which they are eligible to be re-appointed with effect from 1st April, 2000.

Your directors commend the resolutions set out at item No. 4 & 5 of the Notice for your approval.

The above may be treated at an abstract of the terms of contract/agreement between the Company and Shri Arvind Bhandari and Shri R. V. Parikh respectively pursuant to Section 302 of the Companies Act, 1956.

Shri Arvind Bhandari and Shri R. V. Parikh are interested in the resolutions, which pertain to their re-appointment and/or remuneration payable to each of them.

Save and except above, none of the other Directors of the Company is, in any way, concerned or interested in the resolution(s).

REGISTERED OFFICE :

For & on behalf of Board

H-34-39, RIICO INDUSTRIAL AREA,

SUKHER,

UDAIPUR - 313 001.

(Arvind Bhandari)

Dated : 17th February, 2000

Whole Time Director



ASIA PACK LIMITED

DIRECTORS' REPORT

To
The Members.

Directors of your company have pleasure in submitting their 14th Annual Report together with the Audited Accounts of the company for the period ended 31st July 1999.

	(Rs. in Laacs)	
FINANCIAL RESULTS	1998-99	1997-98
Sales and other income	1340.94	1534.23
Operating Profit	242.82	224.03
Profit / (Loss) before Interest, Depreciation & Taxation	92.54	29.56
Interest	218.27	195.09
Depreciation	46.28	45.48
Profit/(Loss) before Tax	(172.01)	(211.01)
Provision for Taxation	0.00	0.00
Profit/(Loss) After Tax	(172.01)	(211.01)
Prior Period Adjustment	17.11	1.12
Transfer from General Reserve	0.00	5.11
Profit/(Loss) brought forward from earlier year	(37.46)	169.56
Balance carried to Balance Sheet	(226.58)	(37.46)

DIVIDEND

Your Directors are not recommending any dividend for the year due to inadequacy of profits in the year.

OPERATIONS

The main reason for the loss were:

1. Low capacity utilisation due to partial implementation of weaving division and delay in achieving rated production efficiencies.
2. Costs incurred towards establishment of All India wide dealer distributor network and brand promotion were incurred out of working capital as revenue expenditure.
3. Steep reduction in international market prices due to devaluation & economic crisis in Far East.



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4. PP woven sack activity became unviable due to withdrawal of sales tax incentive (after completion of the stipulated time period) and uneconomical size.
5. In ability to sustain high cost of borrowing.

Sales during the year have declined from Rs. 1534.23 Lacs to Rs. 1340.94 Lacs. The reduction in sales is mainly on account of reduction in merchant export by Rs. 46.47 Lacs and production of woven sack/fabric on job work basis of an equivalent market price of Rs. 175 lacs. The capacity utilization of PE Tarpaulin improved from 46% to 56% and sales have increased from 1038 MT to 1200 MT. Performance during second half of the previous year and first half of current year show encouraging trends. The capacity utilization improved from 47 % in first of 1998-99 to 64 % in second half and 80% for the period Aug'99 to Dec'99.

Though company has strong export market base and has been awarded largest exporter of PE Tarpaulin awarded by The Plastic Export Promotion Council (PLEX Council), the domestic market realisation are relatively better hence company has been concentrating on domestic market sales. An all India wide Dealer Distributor net work under "EMPIRE" and "KORTARP" brands has been established with about 300 Dealer/Distributors.

These steps have started yielding results and domestic market sale of PE Tarpaulins increased by 69% during 1998-99. The performance during current year reflects that the domestic market is likely to improve substantially.

Company has also approached its bankers to restructure the credit facilities with a view to make available need based working capital finance, reduce the cost of debt and release of fresh term loan against unavailed term loan for partially implemented weaving unit so that the idle assets can be put to productive use and the increase the contribution from captive manufacturing of fabric.

PUBLIC DEPOSITS

The company has not accepted any deposits from public in terms of Section 58A of the Companies Act, 1956.

AUDITORS' REPORT

As regards the observation of the auditors in their report, the relevant notes on the accounts are self-explanatory.

PERSONNEL

None of the employees was in receipt of emoluments aggregating to Rs. 50000/- or more per month if employed for the part of the year or Rs. 6,00,000/- or more per year, if employed for the full year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE



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EARNINGS AND OUT GO:

In pursuance of section 217 (1) (e) of the Companies Act, 1956 read together with the companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, the relevant information is provided herein below: -

(I) CONSERVATION OF ENERGY

- (a) The company has taken adequate steps like using imported and superior raw materials for energy conservation.
- (b) The company has installed three D.G. Sets to cover the entire plant capacity thereby saving energy on frequent start-ups in Extrusion/Lamination Plant.
- (c) The Company is not covered for disclosure requirements in Form 'A' of Annexure of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

(II) TECHNOLOGY ABSORPTION

(A) RESEARCH & DEVELOPMENT

- (a) Regular research and development activities for improvement in quality of existing products and production process for better productivity are being carried out.
- (b) Development of new qualities of products is being continued.

(B) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- (a) The company is constantly taking steps to absorb better technology with a view to reduce the cost of production and improve the product quality. The Company has entered into Technical Collaboration with a leading Korean Company M/S Jung Shin Co. Ltd. for providing Technical know How for PE Tarpaulin Project.
- (b) Due to technology adoption the company has been able to produce PE Tarpaulins to match international standards and earned substantial foreign exchange.
- (c) Technology imported

PRODUCT	TECHNOLOGY FROM	YEAR OF IMPORT	STATUS OF ABSORPTION
P.E. Tarpaulins	Jung Shin Co. Ltd., Seoul, Korea	1995	Fully absorbed



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(III) TOTAL FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Foreign Exchange Earnings	:	Rs. 3,99,94,600
2. Foreign Exchange Outgo	:	Rs. 3,07,81,974

DIRECTORS

Mr. Arvind Bhandari is due to retire at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

AUDITORS

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

ACKNOWLEDGMENT

The Directors acknowledge with gratitude the co-operation extended by its Bankers, Bank of India, various financial institutions, Companies, the State and Central Government Departments.

The Directors also wish to place on record their appreciation to the team of Executives, Staff and Workers who have shown devotion and efficiency in performing their job.

For and behalf of the
ASIA PACK LIMITED.

(T. S. Bhandari)
Chairman

Place : UDAIPUR

Dated : 17th February, 2000



ASIA PACK LIMITED

AUDITORS' REPORT

The Shareholders,
ASIA PACK LIMITED,

We have audited the attached Balance Sheet of ASIA PACK LIMITED as at 31st July, 1999 and the annexed Profit & Loss Account of the Company for the year ended on that date and report as follows:-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of these books.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account as submitted to us.
4. In our opinion the Profit and Loss Account and the Balance Sheet comply with the Accounting Standard referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable, except to the extent of;

Including interest to bank on working capital facilities as an element of cost and interest on term loan for tarpaulin activity as a component of production overheads for valuation of year end inventory and thus not in accordance with the ICAI recommended AS-2. Non-compliance to AS-2 for valuation of Inventories has thus resulted into inventories being over stated to the extent of Rs. 45.46 lacs as at the close of the year (Previous year Rs. 21.86 Lacs) and loss for the year being understated to the extent of Rs. 23.60 lacs.

5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to:

non provision of reasonable amounts against capital good advances of Rs. 20.25 lacs featuring as "Capital work in progress"; Rs. 2.07 lacs as "Loans to others" (Refer to para 13 to Sch. "O"); Rs. 81.54 lacs advances to suppliers of goods (Refer to para 14 to Sch. "O") and Rs. 24.08 lacs against Debtors (refer to para 14 to schedule "O"), considered doubtful, with resultant effect upon the losses for the year to such extent.

read together with other notes to schedule annexed give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view,

- a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st July, 1999 and
- b) In the case of the Profit and Loss Account of the loss for the year ended 31st July, 1999.
6. 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, on the basis of such checks of books and records of the Company as we considered appropriate and as per information and explanations given to us, we further report that:
 - i) The Company has compiled all details showing full particulars including quantitative details and situation of fixed assets, updation of records is however in progress. We have been informed that the fixed assets have been physically verified by the management during the year and no discrepancies were noticed on such verification.
 - ii) The Company revalued Leasehold Land, Factory Building and main Plant & Machinery as on 31-03-1994 on the basis of their net current value/market value then, as per valuation made by Firm of Registered Approved Valuers and a Firm of Chartered Engineers, respectively. The difference between