



ASIA PACK **L I M I T E D**

15th ANNUAL REPORT
1999-2000



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

REGISTERS & 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

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ASIA PACK LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifteenth 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 Thursday 26th April, 2001 at 3.00 PM to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st July, 2000, Profit & Loss for the year ended 31st July, 2000 and the report of Directors & Auditors thereon
2. To appoint Director in place of Mr. T. S. 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 until the conclusion of the next Annual General Meeting and to fix their remuneration.

REGISTERED OFFICE

H-34-39 RIICO INDUSTRIAL AREA,
SUKHER, UDAIPUR-313001.

For and on behalf of the Board

(R.V. PARIKH)

Managing Director

Dated : 3rd April, 2001

NOTES

1. A member entitled to attend and vote at the meetings 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. Member are requested to notify change, in their address, if immediately to the Company's Registrars and Share Transfer Agents.
3. Members desiring any information on Annual Accounts are requested to write the Company at least 7 days before the meeting.

REGISTERED OFFICE

H-34-39, RIICO INDUSTRIAL AREA,
SUKHER, UDAIPUR-313001.

For and on behalf of the Board

(R.V. PARIKH)

Managing Director

Dated : 3rd April, 2001



ASIA PACK LIMITED

DIRECTORS' REPORT

To,

The Members,

Directors of your company submit their 15th Annual Report together with the Audited Accounts of the company for the period ended 31st July 2000.

(Rs. in Lacs)

FINANCIAL RESULTS	1999-2000	1998-99
Sales and other Income	1444.19	1348.94
Profit/Loss before interest, depreciation and taxation	(76.50)	100.54
Interest	270.96	226.26
Extra ordinary and Unusual items	36.06	0.00
Depreciation	41.99	46.28
Loss before Tax	425.51	172.01
Provision for Taxation	0.00	0.00
Loss after Tax	425.51	172.01
Transfer from Investment Allowance Reserve	(12.54)	0.00
Loss brought forward from earlier year	226.58	37.46
Balance carried to Balance Sheet	671.08	226.58

DIVIDEND

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

OPERATIONS

The operations have slipped into losses due to :

1. Low capacity utilisation due to partial implementation of weaving division and delay in achieving rated production efficiencies.
2. Steep reduction in international market prices after devaluation & economic crisis in Far East.
3. PP woven Sack activity became unviable due to withdrawal of sales tax incentive (after completion of the stipulated time period) and uneconomical size.
4. Inability to sustain high cost of borrowing.
5. Export under Advance licence scheme pending replenishment by duty free material effecting profitability due to gradual reduction of import duty.
6. Imposition and increase in excise duty from 8% to 16% which company is unable to pass on to the customers due to competition from unorganized sector.



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Company has taken measures to arrest losses and bring the working to generate operating profits :

- a) Closure of loss making Woven Sack activity at Sukher and disposal of Land and Building at Sukher, generating realisation substantially above book value.
- b) Consolidation of all manufacturing facilities at one location i.e. Nai, Company has also approached bankers for release of term loan to implement weaving unit at Nai with enhanced capacity.
- c) Discontinuing merchant export activity which has also yielded losses.
- d) Company has submitted rehabilitation proposal to its bankers seeking reduction in borrowing cost, extension in repayment period and plan to increase installed capacity of PE Tarpaulin from 2160 MT to 3300 MT/Annum.
- e) Increase in domestic sales through dealer distributor net work under "EMPIRE & KORTARP" brands yielding better sales realisation and catering to 'calamity relief' related business with various International and Domestic NGO's.
- f) Company has approached to its bankers with a rehabilitation proposal requesting for reduction in interest rate, funding of amount charged towards interest during cash loss period as funded interest term loan and extension of moratorium period.

Your directors are confident that operation can be made profitable on implementation of above measures .

The closure of loss making activities and sole emphasis on PE Tarpaulin activity has resulted into improvement in performance during current year and losses have been curtailed to significant extent.

The Sales of PE Tarpaulin has improved from Rs. 943 Lacs to Rs. 1133 Lacs by 20% and capacity utilisation of PE Tarpaulin has increased from 56% to 67% in corresponding period.

During the year company started making fabric for captive consumption in its Woven Sack unit, Accordingly the Woven Sack sale reduced from Rs. 145.26 Lacs in previous year to Rs. 1.06 lacs in current year.

The production at Sukher unit was stopped from June'2000 due to illegal strike by workmen. Company decided to close down the unit w.e.f. 12th Oct,2000.

Company has also decided to close down Merchant Export activity, turnover of Merchant Export has reduced from Rs. 160.93 Lacs in previous year to Rs. 115.09 Lacs.

During the year company was awarded first prize by The Plastic Export Promotion Council (PLEX) for highest exports of PE Tarpaulin from the country during 1997-98.

However in view of reduction in international market prices after devaluation in Far East currencies Company has decided to improve its domestic market share. Company has been able to reduce the proportion of export sales from 64% in 97-98 to 43% in previous year, while continuing to increase overall production and sales.

Company has taken up major initiative to cater to large 'Calamity Relief' related business through national and international NGO's like UNICEF AND CARE. During the year company has supplied 15% of domestic sales in calamity relief related work, with large organised manufacturing base the company is ideally suited to cater to requirement of calamity relief work and provide large quantities of Tarpaulin as per internationally accepted quality at short notice.

PUBLIC DEPOSITS

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



ASIA PACK LIMITED

AUDITORS' REPORT

The relevant notes on accounts are self explanatory, as regards the erosion of 100% net worth of the company the board of director shall hold a meeting at the conclusion of Fifteenth Annual General Meeting to form an opinion and making reference to Board of Industrial and Financial Reconstruction (BIFR) under Sick Industrial Companies (Special Provision) Act 1985.

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 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 Broad 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 had 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
PE. 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. 4,69,86,855
2. Foreign Exchange Outgo	:	Rs. 2,07,56,216

DIRECTORS

Mr. T.S. Bhandari is due to retire at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

AUDITORS

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

ACKNOWLEDGMENT

The Directors acknowledge with gratitude the Co-operation extended by its Bankers, Bank of India, 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

(R. V. PARIKH)
Managing Director.

Place : UDAIPUR
Date : 09th December, 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, 2000 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 and to the best of our information, 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 Non compliance with AS-2 for valuation of inventories in so far as inclusion of bank interest (on working capital and term loan) as an element of cost and overstating the year end inventories as at the close of the year.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to:-
 - a) Non provisioning against doubtful advances continuing from previous years namely advances for capital goods Rs.20.25 lacs. , (Prev. Year Rs. 20.25 Lacs) ; advance to other suppliers Rs. 79.61 (Prev. Year Rs. 81.54 Lacs) ; Debts amounting to Rs. 36.53 Lacs (Prev. Year Rs 24.08 Lacs) and loans amounting to Rs. 1.64 Lacs (Previous year Rs. 2.07 Lacs) . The same consequently resulting into understatement of losses to such extent of Rs.138.03 Lacs (Prev. Year Rs. 127.94 Lacs).
 - b) Continuing to include interest on term loan and on working capital as an element of cost of inventories and consequently overstating the year end inventories by Rs. 26.19 Lacs (Previous Year Rs. 45.46 Lacs) with corresponding impact on the losses for the year. (Refer to Para 4 above)

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, 2000 and
 - b) In the case of the Profit and Loss Account of the loss for the year ended 31st July, 2000.
6. As required by the manufacturing and other companies (Auditor's 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) None of the fixed assets have been revalued during the year.
 - iii) As per information and explanations given, the stocks of finished goods, stores, spare parts and raw materials lying at different divisions has been physically verified by the management at reasonable



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- intervals and as at the close of the year with the assistance of an outside agency except for finished goods lying with Job workers and with third parties from whom necessary confirmations obtained.
- iv) According to the information and explanations given to us, the procedure for physical verification of the stocks followed by the company are reasonable. Physical verification of the stock by the management has been reasonable and adequate considering the size of the operations and nature of business activity except in case of stocks of work in process for which no records are maintained at the shop floor nor has been physically verified because of practical problems and hence has been considered on estimate basis based on corresponding stock tally.
 - v) Discrepancies between the book records and physical stocks noticed upon periodical verification, to the extent normal considering the size and nature of industry is adjusted in valuation of year end inventory. Discrepancies in process stocks resulting on account of wrong application of conversion factor continuing since past many years of 55.08 MT have been written off as shortage.
 - vi) In our opinion and on the basis of examination of stock records, valuation of year end inventories is not in compliance with the mandatory Accounting Standard for valuation of inventories (AS-2) to the extent reported at Para 4.1 above.
 - vii) Except for an interest free loan of Rs. 11.54 lacs (net of advance in another account of the same company) from a company under the same management taken during preceding year and remaining outstanding, the company has not taken any other loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - viii) The Company has not given loans and advances in the nature of loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956,
 - ix) Loans and Advances in the nature of loans given by the Company:
 - (a) The parties to whom loans or advances in the nature of loans have been given by the company have generally repaid the principal and interest regularly, except:
 - Loan to a trade party outstanding since earlier years of Rs. 1.64 Lacs has been shown as doubtful. The Company has taken effective legal steps for the recovery of balance and certain part recoveries effected during the year.
 - (b) Interest free loans and advances in the nature of loans to employees, without any stipulations as regards its repayments are being recovered, in due course.
 - x) In our opinion and according to the information and explanations given to us there is adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of stores items, raw materials including components, plant and machinery, equipments and other assets and with regard to sale of goods.
 - xi) According to the information and explanations given to us, there were no transaction of purchase of goods and materials from parties entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000/ or more in respect of each party.
 - xii) As explained to us, unserviceable and damaged raw materials, process stocks, traded goods and finished goods are determined by the Company and adequate provision for loss made while ascertaining the value of year end inventories. As regards value of unserviceable or damaged stores and spares being not material, the company does not follow any regular procedure for determining any value of the same.
 - xiii) According to the information and explanation given to us, the Company has not accepted any deposit from public in terms of section 58A of the Companies Act, 1956.