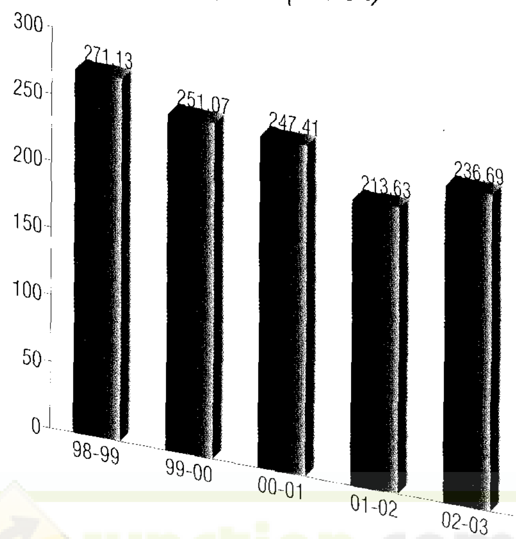
38th

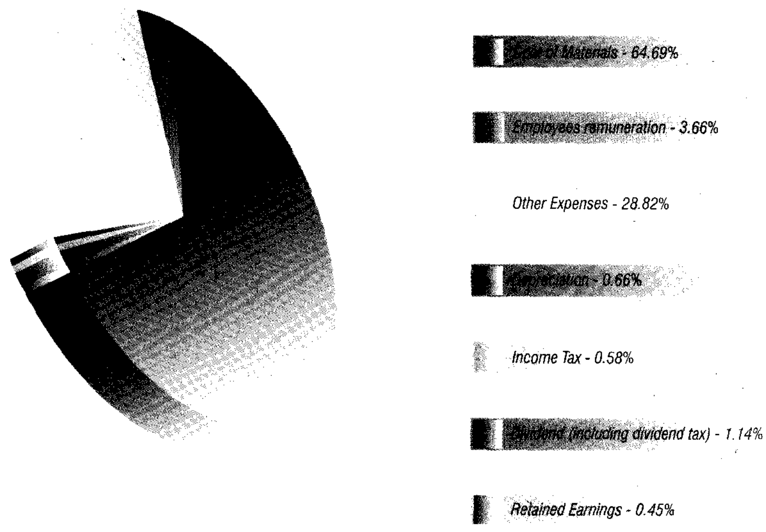
Annual Report

2002-2003

Blow Plast Ltd.

Income (Rs. Cr.)





Distribution of Income

A n n u a l R e p o r t

DIRECTORS

MR. DILIP G. PIRAMAL *Chairman*
MR. B. C. DALAL
MR. G. L. MIRCHANDANI
DR. GITA D. PIRAMAL
MR. M. J. TIBREWALA
MR. SUDHIR JATIA *Managing Director (w.e.f. 7.6.2003)*
MR. K. C. GUPTE *Director (Finance)*
MR. A. G. WAREY *Managing Director (upto 6.6.2003)*

COMPANY SECRETARY

MR. MILIND D. PURANIK

AUDITORS

M/S. M. L. BHUWANIA & CO.
Chartered Accountants

M/S. SURESH SURANA & ASSOCIATES
Chartered Accountants

BANKERS

Canara Bank
Syndicate Bank
State Bank of India
Bank of India
Allahabad Bank

REGISTERED OFFICE

88-C, Old Prabhadevi Road,
Mumbai - 400 025.

REGISTRARS & SHARE TRANSFER AGENTS

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (West),
Mumbai - 400 078

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38th Annual General Meeting

Date – 16th December, 2003
Day – Tuesday
Time – 3.30 p.m.
Place – Auditorium of The Synthetic & Art Silk Mills' Research Association (SASMIRA), Dr. Annie Besant Road, Worli, Mumbai - 400 025

MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF ANNUAL REPORT TO THE ANNUAL GENERAL MEETING.

FINANCIAL HIGHLIGHTS

YEARS ENDED	31st March 1994	31st March 1995	31st March 1996	31st March 1997
A. SUMMARISED BALANCE SHEET				
Assets Employed :				
Fixed Assets (Net)	31,487	131,317	264,079	255,004
Investments	134,380	129,429	297,873	434,810
Net Current Assets	245,760	452,208	352,297	392,148
	411,627	712,954	914,249	1,081,962
Financed By :				
Shareholders' Funds	332,823	404,611	661,041	673,770
Loan Funds	78,804	308,343	253,208	408,192
Deferred Tax Liability	—	—	—	—
	411,627	712,954	914,249	1,081,962
B. SUMMARISED OPERATIONS				
Sales	1,825,949	2,188,759	2,539,505	2,582,991
Gross Profit after interest	83,363	114,944	146,275	135,149
Depreciation	4,512	10,619	24,806	31,882
Profit before Taxation & Extraordinary Item	78,851	104,325	121,469	103,267
Extraordinary Item	—	—	—	—
Taxation (including deferred tax)	36,700	12,000	1,000	47,000
Profit after Tax	42,151	92,325	120,469	56,267
Dividends (including dividend tax)	16,965	21,000	24,500	44,000
Retained Earnings	24,380	71,325	95,969	12,267
C. KEY RATIOS/PERCENTAGES				
Profit before Tax/Sales %	4.31	4.76	4.78	4.00
Profit after Tax/Shareholders' Funds %	12.66	22.81	18.22	8.35
Earnings per Equity Share (Rs.)	**7.45	15.38	**17.21	*3.52
Net Worth per Equity Share %	554.7	674.3	826.3	421.1
Sales : Fixed Assets (Net)	58:1	16:1	10:1	10:1
Current Ratio	2.8:1	4.1:1	2:1	2:1
Dividend %	30	35	35	25
D. BONUS/RIGHTS ISSUES	1:2 (Rights)			

* Based on increased capital after Bonus Issue.
** Pro-rata based on weighted Average Capital.

Annual Repo

31st March 1998	31st March 1999	31st March 2000	31st March 2001	31st March 2002	Rupees '000 31st March 2003
190,907	189,600	163,258	147,217	126,796	**116,100**
631,507	733,069	719,258	463,333	463,333	**427,114**
340,662	344,561	318,378	347,947	221,323	**156,375**
1,163,076	1,267,230	1,200,894	958,497	811,452	**699,589**
671,556	697,102	705,553	527,525	519,595	**416,214**
491,520	570,128	495,341	430,972	270,305	**267,199**
—	—	—	—	21,552	**16,176**
1,163,076	1,267,230	1,200,894	958,497	811,452	**699,589**
2,509,546	2,657,030	2,432,642	2,372,884	2,096,438	**2,334,672**
124,938	135,550	120,591	67,079	48,388	**71,506**
22,468	22,875	23,257	18,032	16,104	**15,644**
102,470	112,675	97,334	49,047	32,284	**55,862**
—	3,083	6,834	207,228	4,144	**4,426**
34,600	34,000	30,000	17,700	3,839	**13,623**
67,870	75,592	60,500	(175,881)	24,301	**37,813**
44,000	44,400	44,400	—	16,000	**27,075**
23,870	31,192	16,100	—	12,518	**10,618**
4.08	4.12	3.72	—	1.34	**2.39**
10.11	10.84	8.57	—	4.68	**9.08**
4.24	4.72	3.78	—	1.52	**2.36**
419.7	435.6	440.9	329.7	324.7	**260.1**
13:1	14:1	15:1	16:1	17:1	**20:1**
1.7:1	1.8:1	1.9:1	2.2:1	1.7:1	**1.5:1**
25	25	25	—	10	**15**
1:1 (Bonus)					

DIRECTORS' REPORT

Your Directors present their 38th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2003.

(Rs. in Crores)

	Year Ended 31.03.2003	Year Ended 31.03.2002
Sales, Income from Operations & Other Income	**236.69**	213.64
Gross Profit	**7.14**	4.84
Depreciation	**1.56**	1.61
Profit before tax & extraordinary items	**5.58**	3.23
Extraordinary items	**0.44**	0.41
Tax Provision	**1.90**	0.74
Add : Deferred Tax	**0.54**	0.35
Profit / (Loss) after tax	**3.78**	2.43
Add / (Less) Prior year adjustment	**(0.01)**	0.42
Profit brought forward from previous year	**1.18**	—
Profit available for appropriation	**4.95**	2.85

OVERALL PERFORMANCE AND OUTLOOK

The turnover for the year under review at Rs. 236.69 crores was higher by 11% as compared to previous year (Rs. 213.64 crores). The Net Profit after Tax of Rs. 3.78 crores was higher by 56% (previous year Rs. 2.43 crores). This was possible mainly due to various marketing and cost control initiatives undertaken by the company during the year.

Detailed analysis of the operations of the company is included in the Management Discussion and Analysis forming part of the Annual Report.

The company looks to the year ahead with confidence.

Reserves of the Company now stand at Rs. 25.75 crores.

DIVIDEND

Your Directors had on 23rd September, 2003 approved payment of Interim Dividend of Rs. 1.50 per share (@ 15%) for the year 2002-03. This Interim Dividend was paid in October, 2003. The Board recommends for your approval that the Interim Dividend be taken as final dividend for the year.

FINANCIAL RESTRUCTURE

Pursuant to the approval of Members at the Extraordinary General Meeting held on 31st March, 2003 and the subsequent confirmation of the Bombay High Court on 8th October, 2003, the company has set off an amount of Rs.1178.19 lacs towards diminution in value of certain Investments, and write off of certain Receivables, the recovery of which is doubtful against the Share Premium Account. This set off has been given effect to in the Accounts for the year ended 31st March, 2003 and would enable the company to reflect more appropriately its future operational performance and efficiency and enhance shareholder value through increase in Return on Capital Employed.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

i) that in the preparation of the annual accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures.

ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates 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 and of the profit of the Company for that year under review.

iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) that the Directors have prepared the accounts for the financial year ending 31st March, 2003 on a 'going concern' basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance, are made a part of the Annual Report.

INSURANCE

All the assets of your Company, including Buildings and Equipments etc. have been adequately insured.

DEPOSITORY

As the members are aware, our company's shares are traded compulsorily in electronic form and your company has established connectivity with both the depositories, i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the company's shares on either of the Depositories as aforesaid.

PUBLIC DEPOSITS

The company has not received instructions from 97 depositors for repayment of deposits amounting to Rs. 10.82 lacs as at 31st March, 2003. Since then 37 deposits totaling Rs. 4.44 lacs have been either repaid or renewed.

DIRECTORS

Mr. A. G. Warey resigned as Managing Director & Director w.e.f. 6th June, 2003. The Directors place on record its appreciation for the valuable services rendered by Mr. A. G. Warey during his tenure as Managing Director.

Mr. Sudhir Jatia has been appointed as Managing Director w.e.f. 7th June, 2003. The approval of the Shareholders is being sought to the appointment and remuneration payable to Mr. Sudhir Jatia.

Dr. Gita D. Piramal and Mr. M. J. Tibrewala, Directors retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS

M/s. M. L. Bhuwania & Co., Chartered Accountants and M/s. Suresh Surana & Associates, Chartered Accountants, the Auditors of the company retire at the ensuing Annual General Meeting and have expressed their willingness to continue, if so appointed.

CONSERVATION OF ENERGY, ETC.

Additional information as required in terms of the provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure 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 annexed herewith and forms part of this report (Annexure A).

PARTICULARS OF EMPLOYEES

Particulars required under Section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is given in Annexure (B) to the Director's Report.

ACKNOWLEDGEMENT

Your Directors record their gratitude to the Financial Institutions, Banks and other Government departments for their assistance and co-operation during the year. Your Directors also wish to place on record their appreciation of the dedicated services of the employees of the company.

On behalf of the Board of Directors
DILIP G. PIRAMAL
Chairman

Mumbai
Dated : 29th October, 2003

A N N E X U R E (A)

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPAINES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A) CONSERVATION OF ENERGY

a) Energy conservation measures taken :
The company is predominantly a marketing and investment company and hence its energy consumption is relatively low.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
Please refer to the explanation provided in (a) above.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : Not applicable

d) Total energy consumption and energy consumption per unit of production : Form 'A' of the annexure to the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, is not applicable.

B) TECHNOLOGY ABSORPTION

Not applicable

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange used and earned during the year :

	Amount (Rupees in lacs)
Used	51.50
Earned	Nil

On behalf of the Board of Directors

Mumbai
Dated : 29th October, 2003

DILIP G. PIRAMAL
Chairman

A N N E X U R E (B)

STATEMENT REQUIRED UNDER SECTION 217 (2-A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED, REFERRED TO IN THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2003 & FORMING PART THEREOF.

Sr. No.	Name of the Employee	Designation	Date of Joining	Age	Qualification	Experience in years	Remuneration Rs.	Last Employment held & Designation
1	Mr. Warey A. G.	Managing Director	1.8.1999	54	B.Tech (Hons).	33	2,588,069	V.I.P Industries Ltd. Managing Director

Notes :

1. Remuneration includes Salary, Bonus, Company's Contribution to Provident Fund, Gratuity fund, Superannuation fund, Leave Travel Assistance, Reimbursement of Medical expenses, other allowances, rent free accomodation and other perquisites as per Income Tax Rules.
2. Appointment of Mr. A. G. Warey Managing Director is contractual.
3. The above employee is not related to any of the Directors of the Company.

On behalf of the Board of Directors

Mumbai
Dated : 29th October, 2003

DILIP G. PIRAMAL
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENT

Four large players continue to dominate the organized sector market, but some Far East based companies who started their distribution in India have begun to make their presence felt in select markets.

The unorganized sector continued to flourish with estimated two-third market still dominated by them. A large number of these players have improved their product quality and price offerings.

Shift from hard luggage to soft luggage continues at a good pace at the top end of the market. A new trend that seems to be emerging, especially in South market is a big shift to Soft Luggage even at the very low price points.

Retail ambience of the luggage market has started to upgrade at a faster rate with the main players focusing on Franchise route. The growth of large format organized retailing is also putting pressure on the traditional speciality stores (dealers) to upgrade their retail practices.

B. OPPORTUNITIES AND THREATS

Evolving aesthetic standards, increased and differential duration travels present the biggest opportunity for organic growth of the industry. Casual bags for youth and increasing laptop ownership present significant growth opportunities. As marketers of luggage and travel products, your Company has already taken steps to get into these consumer need segments through it's Personal Products initiative.

A big opportunity continues to exist in converting a potential cheap local hard luggage buyer to Alfa, and a special drive to encash on the advertising efforts was undertaken by the Company by setting up Sales teams to focus on gaining distribution only in the small towns of India and the combined effort has paid off well with highest growth coming from ALFA brand.

Unorganised sector – both domestic and through imports continues to remain a threat, especially with their improving quality, lower prices and higher trade margins. At the top end, multi national brands remain a big threat to attract high discerning consumers. Your Company has taken steps to address the above by a) ensuring higher dealer retentions and b) by aggressively marketing Delsey. To add to the Brand building efforts, your Company has launched special initiative which encourages and helps traditional dealers in upgrading their stores.

C. SEGMENT/PRODUCT WISE PERFORMANCE

The Company is in a one segment business i.e. luggage. Company did well to reverse the trend of earlier two years of negative growth, and registered a growth of 12.48%. Besides growth in luggage and soft luggage product lines, company's new initiative in personal products is paying off well with a 90% growth in its sales. Further effort in this new business are planned to continue to build on this growth.

D. OUTLOOK

After two years of negative industry growth, this year turned out to be a good year with travel picking up. It is expected that the travel intensity and frequency are only going to grow for both business and leisure reasons and hence the industry prospects seem good for the next year. Through its better product portfolio, increased dealer retentions, increased distribution and better retail intervention, the company is geared to continue to garner a dominant share of the growth.

E. RISK & CONCERNS

Your Company is predominantly a marketing and distribution Company and therefore while it is not directly exposed to the risk of fluctuations in raw material prices or other manufacturing costs, these factors do affect the suppliers. In such case the suppliers may pass on the additional burden to the Company.

F. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an Internal Audit Department which carries out regular audit at branches and head office. The emphasis is on improvement in systems and operating efficiencies.

G. FINANCIAL PERFORMANCE VIS-À-VIS OPERATIONAL PERFORMANCE

1. SALES

The company has registered an impressive growth of 12.48% and has maintained its market share in the branded segment.

2. MARKET DISCOUNTS

The company continued its efforts in channel management to help dealers increase their retention without increasing its trade discounts and commission.

3. WORKING CAPITAL

The Company continues its efforts in further sharpening its forecasting and administering techniques to improve Working Capital management. The results of these efforts are reflected in significant reduction in the Net Working Capital.

4. PROFITS

The Profit after tax at Rs. 3.78 crores has registered an improvement of 56% over the previous year(Rs. 2.43 crores).

H. DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company has maintained excellent relationship with all employees during the year.

The total number of employees at the end of year 02-03 was 317 as against 355 at the end of year 01-02.