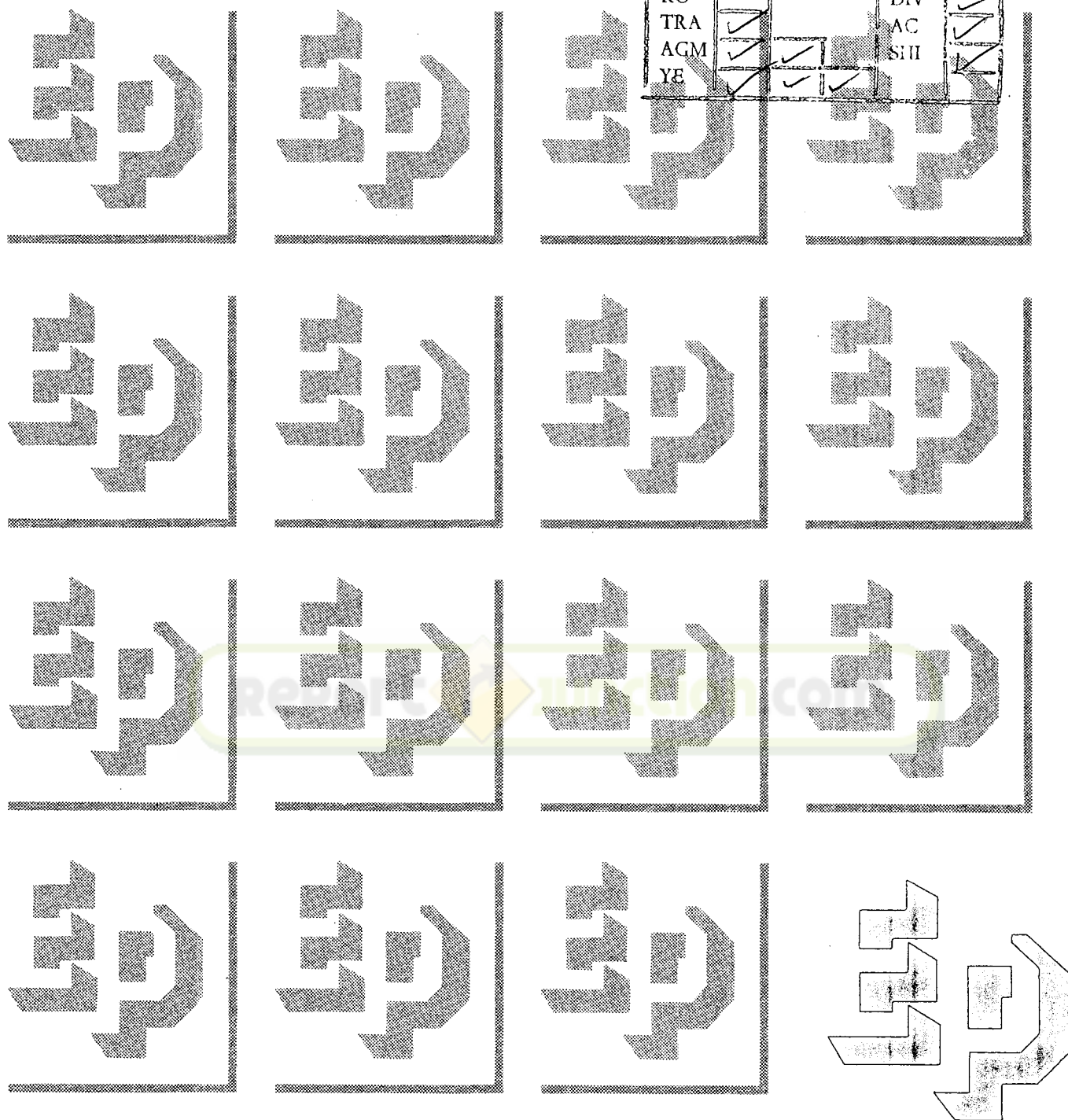


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AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

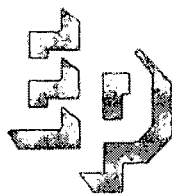


# 16<sup>TH</sup> ANNUAL REPORT

Sixteenth Annual Report and Statement of Accounts  
for the year ended 31st March, 1998

Ecoplast Limited





# Ecoplast Limited

## Sixteenth Annual Report 1997-98

<b>Board of Directors</b>	: Mr. P. P. KHARAS Mr. JAYMIN B. DESAI Mr. BHUPENDRA B. DESAI – (Alternate to Mr. Bankim B. Desai) Mr. P. D. KARKARIA Mr. J. A. MOOS	– Chairman & Managing Director – Executive Director – Director  – Director – Director
<b>Secretary</b>	: Mr. M. S. Moholkar	
<b>Bankers</b>	: UNION BANK OF INDIA B. S. Marg, Mumbai – 400 023.	
<b>Legal Advisors</b>	: M. S. Bodhanwalla & Co. Motililbai Wadia Building, 22D, S. A. Brelvi Road, Fort, Mumbai – 400 001.	
<b>Auditors</b>	: M/s. AKKAD MEHTA & CO. Chartered Accountants, 10, Ketayun Mansion, Shahaji Raje Marg, Vile Parle (E), Mumbai – 400 057.	
<b>Share Registrars</b>	: Tata Share Registry Ltd. Army & Navy Building, 148, Mahatma Gandhi Road, Fort, Mumbai – 400 001.	
<b>Managers to the F. D. Scheme:</b>	Tata Share Registry Ltd. Maker Towers 'E' 18th Floor, Cuffe Parade, Mumbai-400 005.	
<b>Registered Office</b>	: National Highway No. 8, Water Works Cross Road, Abrama- Valsad, Valsad – 396 001, GUJARAT.	
<b>Head Office</b>	: 4, Magan Mahal, 215, Sir. M. V. Road, Andheri (E), Mumbai-400 069.	
<b>E-mail add</b>	: ecoplast@bom3.vsnl.net.in	

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## NOTICE TO MEMBERS

NOTICE is hereby given that the SIXTEENTH Annual General Meeting of the Company will be held at the Registered Office of the Company at National Highway No. 8, Water Works Cross Road, Abrama Valsad, Valsad-396 001, at 11.00 a.m. on Monday, 3rd August, 1998 to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the year ended on that date, and the Reports of Directors and the Auditors thereon.
2. To declare a dividend on Equity Shares for the financial year 1997-98.
3. To appoint a Director in place of Mr. B. B. Deasi who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and fix their remuneration. M/s. Akkad Mehta & Co., Chartered Accountants, retiring Auditors of the Company are eligible for reappointment.

### SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT, the Company do hereby accord its consent under Section 293(1) (a) of the Companies Act 1956 to mortgaging and/or charging by the Board of Directors of the Company, the Mumbai Office premises of the Company situated at 4, Magan Mahal, 215, Sir M. V. Road, Andheri (E), Mumbai-400 069, in favour of Union Bank of India, Mumbai, for securing a term loan of Rs. 36 lacs, together with interest cost, charges, expenses and any other monies payable by the Company and that the Board of Directors of the Company be and are hereby authorised to finalise the documents for creating the aforesaid mortgage and/or charge and to do all such acts, deeds and things as may be necessary to give effect to this resolution."

By Order of the Board  
**M. S. MOHOLKAR**  
*Secretary*

Place : Mumbai  
Dated: 25th May, 1998.

### Notes :

- (a) 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 SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED MUST BE RETURNED SO AS TO REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.
- (b) The Register of Members and the share transfer books of the Company will remain closed from 30th June, 1998 to 11th July, 1998, both days inclusive.
- (c) Dividend as recommended by the Directors for the year ended 31st March, 1998 if declared, will be payable to those shareholders whose names appear in the Register of Members as at the close of business on 11th July 1998 and the dividend warrants will be posted to them on or after the date of AGM.
- (d) Members who are holding shares in identical order of names in more than one account are requested to intimate to the Tata Share Registry Ltd., at their office situated at 148, Army & Navy Building, Mumbai-400 001, the ledger folio of such accounts together with the Share Certificates to enable the Company to consolidate all the holdings into one account. The Share Certificates will be returned to the members after making the necessary endorsement in due course.
- (e) Members are requested to bring their copy of the Annual Report at the Annual General Meeting. As a measure of economy no extra copies of the Annual Report will be supplied at the meeting.
- (f) Members are requested to notify any change in their address to the Tata Share Registry Ltd.
- (g) With a view to preventing fraudulent encashment of dividend warrants, members are advised to furnish to the company particulars of their bank account with a request to incorporate the same in the dividend warrant. A recommended format is enclosed at the end of the report for use of the members.
- (h) Members seeking further information on the Accounts or any other matter contained in the notice, are requested to write to the Company at least 7 days before the meeting so that relevant information can be kept ready at the meeting.

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## **ANNEXURE TO NOTICE**

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**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**

**Item No. 5 :**

The Company has recently purchased office premises, at 4 Magan Mahal, 215, Sir M.V. Road, Andheri (East), Mumbai - 400 069. In order to fund this purchase, the Company has availed of a new Term Loan of Rs.36 lacs from Union Bank of India. The Company is required to give the first charge over this property by way of an equitable mortgage.

Section 293(1)(a) of the Companies Act, 1956 provides inter alia that the Board of Directors shall not, without the consent of the Company in its general meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking/s of the Company. Accordingly, the sanction of the shareholders is sought to this resolution.

The said property belongs to the Daughter-in-law of Mr. B.B. Desai and under Section 6(c) of the Companies Act, she is a relative of the Director Mr. B.B. Desai.

None of the Directors of the Company except Mr. B.B. Desai is in any way concerned or interested with this item.

 By Order of the Board  
**M. S. MOHOLKAR**  
*Secretary*

Place : Mumbai

Dated: 25th May, 1998.



FINANCIAL HIGHLIGHTS	31.3.98	31.3.97	31.3.96	31.3.95	31.3.94
					(Rs. '000)
<b>OPERATION</b>					
Sales (net)	161,549	229,679	179,867	123,939	107,421
Other Income	861	1,051	1,021	1,529	425
Operating Income [Before depreciation and Investment Allowance]	10,430	26,111	21,422	18,765	15,116
Profit before tax	4,267	20,298	17,186	15,910	13,419
Profit after tax	3,817	15,348	16,086	9,510	6,394
Dividend & Corporate Tax thereon	1,980	6,600	5,400	2,780	1,500
Retained Earnings	1,837	8,748	10,686	6,730	4,894
Earnings per Share (Rs.) [On Face Value of Rs. 10/-]	1.27	5.12	5.36	5.13	12.79
<b>ASSETS</b>					
Gross Block	126,851 *	124,960 *	119,203 *	81,997 *	41,037 *
Net Block	96,041 *	100,312 *	100,369 *	67,399 *	29,283 *
Net Current Assets	64,849	70,511	49,308	54,767	29,560
Total Assets	186,905	214,721	201,214	144,880	73,111
<b>NET WORTH</b>					
Equity Capital	30,000	30,000	30,000	30,000	5,000
Reserves and Surplus	82,469 *	80,631 *	71,296 *	60,450 *	38,726 *
Net worth	112,469 *	110,631 *	101,296 *	90,450 *	43,726 *
Book value per share (Rs.) [On Face Value of Rs. 10/-]	@ 37.49 *	@ 36.88 *	@ 33.77 *	@ 30.15 *	87.45 *
<b>BORROWINGS</b>					
Long Term	14,623	21,333	26,170	15,925	1,974
Short Term	36,595	35,422	25,735	19,430	13,145
	51,218	56,755	51,905	35,355	15,119

\* Subsequent to revaluation of Fixed Assets

@ Subsequent to Issue of Bonus Shares in the ratio of 3 : 1

## Sixteenth Annual Report 1997 - 98

		31.3.98	31.3.97	31.3.96	31.3.95	31.3.94
<b>RATIOS</b>						
Profit/(Loss) before tax to Sales and Other Income	%	3	9	10	13	12
Profit/(Loss) before tax to Net Worth	%	4	18	17 *	18 *	31 *
Dividend to Equity Capital	%	6	20	18	15 **	30
Dividend to Net Worth [Yield]	%	1.76 *	5.97 *	5.33 *	3 *	3 *
Return on Capital Employed	%	11 *	21 *	18 *	17 *	30 *
Dividend Cover	Times	1.93	2.33	2.98	3.42	4.26
Current Ratio	Ratio	1.78:1	1.46:1	1.39:1	2.11:1	1.76:1
Long Term Debt : Equity	Ratio	0.49:1	0.71:1	0.87:1	0.53:1	0.12:1

\* Subsequent to revaluation of Fixed Assets

\*\* Pro-rata on enlarged Capital

## DISTRIBUTION OF GROSS INCOME

	31.3.98		31.3.97	
	%	Rs. '000	%	Rs. '000
1. Raw Material Cost	50.04	106,286	47.59	143,654
2. Manufacturing Cost	7.32	15,538	9.25	27,921
3. Employee Cost	2.86	6,084	1.45	4,380
4. Selling & Administrative Cost	4.89	10,395	4.47	13,507
5. Finance Cost	6.44	13,677	5.35	16,152
6. Depreciation	2.90	6,163	1.93	5,813
7. Dividend & Corporate Tax thereon	0.93	1,980	2.19	6,600
8. Corporate Taxes, Excise, Sales Tax and Octroi	23.74	50,431	24.88	75,110
9. Retained Earnings	0.86	1,837	2.90	8,748
<b>GROSS INCOME</b>	<b>100.00</b>	<b>212,391</b>	<b>100.00</b>	<b>301,885</b>



Ecoplast Ltd.

## SOURCES AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31ST MARCH, 1998

[Rs. '000]

	31.3.98	31.3.97
	Rs.	Rs.
<b>SOURCES OF FUNDS</b>		
Profit before tax	4,267	20,298
Depreciation and Preliminary Exp.	6,527	6,177
Increase in Borrowing	0	4,849
Excess provision of tax w/back	0	586
	<u>10,794</u>	<u>31,910</u>
<b>APPLICATION OF FUNDS</b>		
Expenditure on Fixed Assets	1,891	5,757
Increase in Working Capital	938	14,603
Decrease in Borrowing	5,535	0
Income-tax	450	4,950
Dividend & Corporate Tax thereon	1,980	6,600
	<u>10,794</u>	<u>31,910</u>



## DIRECTORS' REPORT

To  
The Shareholders,

The Directors present the **Sixteenth** Annual Report and Audited Accounts for the year ended 31st March, 1998.

### 1. FINANCIAL RESULTS

(Rs. '000)

	31.3.98	31.3.97
Gross Sales	214,284	302,688
Net Sales	161,549	229,679
Other Income	861	1,051
Sales and Other Income	162,410	230,730
Operating Profit (before Depreciation)	10,430	26,111
Less: Depreciation	6,163	5,813
Profit before tax	4,267	20,298
Less: Provision for tax	450	4,950
Profit for the year (after tax)	3,817	15,348
Balance brought forward	4,208	5,828
Transfer from Revaluation	1,046	1,046
Excess Provision for Tax Written Back	---	586
	9,071	22,808
<b>APPROPRIATION</b>		
Transfer to General Reserve	500	12,000
Dividend on Equity Shares	1,800	6,000
Corporate Dividend Tax	180	600
Balance carried forward	6,591	4,208
	9,071	22,808

### 2. OPERATIONS

Sales income was lower by 29% as compared to the previous year.

The Reduction in sales volume and income is attributed to a significant drop in film sales to a major customer, who lost market share due to competition from new entrants in the food commodities business.

The market, more precisely the business of most of our customers was in a state of turmoil from intense competition resulting from over-capacity and a significant down-turn in the growth trend of flexible packaging from the last three years.

The lower volumes and the squeeze on margins resulted in a reduction in profit-before-tax to Rs. 4.26 million, as compared to Rs. 20.3 million, last year.

Under these challenging circumstances, the Company had to remain focused on doing what it knows best :

- to innovate or develop film structures for those applications where the market provided new opportunities.
- to expand the range of proprietary or speciality films for laminating and packaging.
- to re-work and shape its strategy on product-mix and customer-mix in a manner that would safeguard the Company's future growth and profitability.

The ISO 9000 certified customers continued to rate the Company's films at the highest level.

### 3. DIVIDEND

With the reduced profits, and the need to conserve resources, the Board considered it prudent to recommend a lower dividend of 6% for the year, (as against 20% last year) on equity capital, for approval by members at the Annual General Meeting.

### 4. CAPITAL & FINANCE

The Company's Working Capital Limits with Union Bank of India was renewed at Rs. 30.0 million with some modifications to suit the Company's requirements.

The Bank sanctioned a Term Loan of Rs. 3.6 million, for the purchase of Mumbai Office premises.

### 5. BORROWINGS

Company continued accepting Fixed Deposits from the Public during the year under review. The Company has collected Rs. 4.65 million under the scheme during the year. At the close of the year there were no fixed deposits due for payment which remained either unclaimed or unpaid. The Company has complied with all the requirements of the Companies (Acceptance of Deposits) Rules 1975.

### 6. WHAT THE FUTURE HOLDS

As reported in the last Annual Report the versatility of flexible packaging with plastics, as well as its economic advantages, guarantees its continuing growth rate. The unfortunate circumstances and the performance for the year 1997-98 is not a reflection on the opportunities available for growth.

The Company is already well positioned to cater