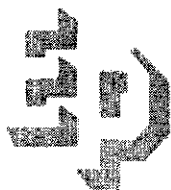


# **Ecoplast Limited**

Seventeenth Annual Report and Statement of Accounts for the year ended 31st March, 1999

# **17**



# Ecoplast Limited

## Seventeenth Annual Report 1998-99

<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. Motilibai 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. Tel. : 2873831 Fax : 2844160 Website : www.tata.com/tsrl	
<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 Address</b>	: ecoplast@bom3.vsnl.net.in	

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## **NOTICE TO MEMBERS**

NOTICE is hereby given that the SEVENTEENTH 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 30th July, 1999, to transact the following business:-

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date, and the Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. J.A. Moos, who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit to pass the following resolution with or without modification as an Ordinary Resolution.

### **APPOINTMENT OF MANAGING DIRECTOR**

"RESOLVED THAT, pursuant to the provisions of Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956 including Schedule XIII to the Companies Act, 1956 as amended up-to-date, consent be and is hereby accorded to the re-appointment of and the remuneration, perquisites and allowances paid or provided to Mr. P.P. Kharas as the Managing Director of the Company for a period of five years with effect from 16th June, 1999 on the terms and conditions mentioned in the draft agreement (initialed by Mr. P.D. Karkaria, Director of the Company for the purposes of identification) tabled before and specifically approved by this meeting.

"RESOLVED FURTHER THAT, consent be and is hereby accorded to the Board of Directors of the Company to vary or increase the remuneration and perquisites including the monetary value thereof as stated in the Agreement as the Board may deem fit as in agreement with the relevant provisions of the Act in force for the time being, however the remuneration payable to Mr. Kharas will be within the parameters laid down in Schedule XIII of the Act or any amendment thereto or modifications or statutory enactment thereof or any rules and regulations framed thereunder and that the terms and conditions of the aforesaid agreement between the Company and the Managing Director shall be modified to give effect to such variation or increase accordingly.

"RESOLVED FURTHER THAT, in the event of loss or inadequacy of profits in any financial year during the tenure of Mr. Kharas as the Managing Director of the Company, the remuneration and perquisites as set out in the Draft Agreement to be paid or provided to Mr. Kharas as minimum remuneration, provided

that the total remuneration by way of salary, perquisites and allowances shall not exceed the ceiling provided in Section II of Part II of Schedule XIII of the Act or such other perquisites as may be provided in the Schedule XIII as may be amended from time to time and any statutory re-enactment thereof."

4. To consider and if thought fit to pass the following resolution with or without modification as an Ordinary Resolution

### **APPOINTMENT OF EXECUTIVE DIRECTOR**

"RESOLVED THAT, pursuant to the provisions of Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956 including Schedule XIII to the Companies Act, 1956 as amended up-to-date, consent be and is hereby accorded to the re-appointment of and the remuneration, perquisites and allowances paid or provided to Mr. J.B. Desai as the Executive Director of the Company for a period of five years with effect from 16th June, 1999 on the terms and conditions mentioned in the draft agreement (initialed by the Chairman for the purposes of identification) tabled before and specifically approved by this meeting.

"RESOLVED FURTHER THAT, consent be and is hereby accorded to the Board of Directors of the Company to vary or increase the remuneration and perquisites including the monetary value thereof as stated in the Agreement as the Board may deem fit as in agreement with the relevant provisions of the Act in force for the time being, however the remuneration payable to Mr. Desai will be within the parameters laid down in Schedule XIII of the Act or any amendment thereto or modifications or statutory enactment thereof or any rules and regulations framed thereunder and that the terms and conditions of the aforesaid Agreement between the Company and the Executive Director shall be modified to give effect to such variation or increase accordingly.

RESOLVED FURTHER THAT, in the event of loss or inadequacy of profits in any financial year during the tenure of Mr. Desai as the Executive Director of the Company, the remuneration and perquisites as set out in the Draft Agreement to be paid or provided to Mr. Desai as minimum remuneration, provided that the total remuneration by way of salary, perquisites and allowances shall not exceed the ceiling provided in Section II of Part II of Schedule XIII of the Act or such other perquisites as may be provided in the Schedule XIII as may be amended from time to time and any statutory re-enactment thereof."

5. 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.

By Order of the Board

**M. S. MOHOLKAR**

*Secretary*

Place : Mumbai

Dated: 25th May, 1999.

**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 7th July, 1999 to 16th July, 1999 (both days inclusive)
- (c) Dividend as recommended by the Directors for

the year ended 31st March, 1999 if declared, will be payable to those shareholders whose names appear in the Register of Members as at the close of business on 9th July, 1999 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) 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.

## ANNEXURE TO NOTICE

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

#### Resolution Item No. 3 :

The Board of Directors of the Company has re-appointed Mr. P.P. Kharas as the Managing Director of the Company at its Board Meeting held on 25th May, 1999 for a period of five years with effect from 16th June, 1999, subject to the consent of the shareholders. The re-appointment of Mr. Kharas as the Managing Directors does not require the approval of the Central Government under section 269 of the Companies Act, 1956, as the re-appointment and remuneration payable to him, as given below, are within the parameters specified in Schedule XIII of the Companies Act, 1956.

Mr. P.P. Kharas is one of the original promoters of the Company and is associated with the Company for the last 17 years. He graduated in Chemistry from Bombay University and obtained post-graduate diplomas in Industrial Chemistry & Chemical Engineering from the University of Technology, Loughborough, England. He held senior business management positions in Union Carbide India Ltd.

He is a well known figure in Plastics Processing Industry and earlier was the President of the Organization of Plastics Processors of India. His thorough knowledge and long experience of the Plastics Processing Industry will be a great asset to the Company. It is therefore considered in the interest of the Company to continue him as the Managing Director for a further period of five years from 16th June, 1999.

The principal terms and conditions of the Agreement between the Company and Mr. Kharas are as follows:-

#### A. SALARY & ALLOWANCES

- a. Salary : A consolidated Salary of Rs. 45,000/-  
In the grade of Rs. 45000-4500-67500
- b. H.R.A. : At 10% of salary
- c. Increment : Rs. 4500 p.a. due on 16th June every year.
- d. Commission : One percent of the net profit of the company subject to a ceiling of 25% of salary.



## Ecoplast Ltd.

**B. PERQUISITES:** Perquisites shall be restricted to an amount equal to the annual salary.

**a) Provident Fund**

Company's contribution towards Provident fund in accordance with the rules and regulations of the company, equal to one month's salary per annum but not exceeding 12 percent of the salary as laid down under the Income-tax Rules, 1962.

**b) Superannuation**

Company's contribution towards superannuation fund in accordance with the rules and regulations of the company equal to two months salary per annum, but shall not, together with the company's contributions to the Provident fund, exceed 27 per cent of the salary, as laid down under the Income Tax Rules, 1962.

**c) Gratuity**

Gratuity in accordance with rules of the company but not exceeding one half month's salary for each completed year of service.

**d) Medical benefit for self and family**

Reimbursement of expenses actually incurred, for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

**e) Leave Travel Allowance**

Leave Travel Concession for self and family, once in a year incurred in accordance with the rules of the company.

**f) Leave**

On full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of service, subject to the further condition that leave accumulated but not availed of will not be allowed to be encashed beyond ten months.

**g) Free use of Company's Car**

Mr. Kharas shall be provided with Company's car and driver for the day to-day performance of his duties. The use of car for private purpose shall be billed by the Company.

**h) Personal Accident Insurance**

Personal Accident Insurance will be provided, the amount of the annual premium whereof shall not exceed Rs. 4,000/-.

**i) Free telephone facility at residence**

Telephone will be provided. Personal long distance calls on telephone shall be billed by the company.

**j) Entertainment Expenses**

Mr. Kharas shall be entitled to reimbursement

of entertainment, travelling and other expenses actually and properly incurred in the course of legitimate business of the Company.

**k) Club Fees:**

Fees of Clubs subject to maximum of two clubs. This will not include admission and Life Membership fees.

## C. GENERAL

### Extension of Contract

On completion of 5 years contract, the company shall have the option to renew the contract for a further period of 5 years, on mutually agreed terms and conditions.

A copy of the draft Agreement referred to in Resolution no. 3 of the accompanying notice will be open for inspection by the Members at the registered office of the Company and the administrative office of the Company between 10.00 a.m. to 1.00 p.m. on any working day except Sunday.

The Explanatory Statement along with the notice of the Meeting should be treated as an abstract of the terms and conditions and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

The resolution is recommended for the approval of Members as an Ordinary Resolution.

None of the Directors except Mr. P.P. Kharas is concerned or interested in the aforesaid resolution.

### Resolution at item No. 4

The Board of Directors of the Company has re-appointed Mr. J.B. Desai as the Executive Director of the Company in its Board Meeting held on 25th May, 1999 for a period of five years with effect from 16th June, 1999, subject to the consent of the shareholders. The re-appointment of Mr. J.B. Desai as the Executive Directors does not require the approval of the Central Government under section 269 of the Companies Act, 1956, as the re-appointment and remuneration payable to him, as given below, are within the parameters specified in Schedule XIII of the Companies Act, 1956.

Mr. Jaymin B. Desai is a graduate Chemical Engineer (B.Chem. Eng.) from Karnataka University. Mr. Desai is associated with the operations of the Company for the last 14 years. Over the years he has put in tremendous efforts to organise and streamline the technical operations. He was also responsible for the capacity expansion and increased productivity. He is a very dedicated person. His leadership has helped establish good personnel relations and a superior work culture. It is therefore, in the interest

of the Company to continue him as the Executive Director of the Company for a further period of five years from 16th June, 1999.

The principal terms and conditions of the Agreement between the Company and Mr. J.B. Desai are as follows :-

#### A. SALARY & ALLOWANCES

- a. Salary : A consolidated Salary of Rs. 35,000/-.  
In the grade of Rs. 35000-3500-52500
- b. H.R.A. : At 10% of salary
- c. Increment : Rs. 3500 p.a. due on 16th June every year.
- d. Commission : One percent of the net profit of the company subject to a ceiling of 25% of salary.

**B. PERQUISITES:** Perquisites shall be restricted to an amount equal to the annual salary.

##### a) Provident Fund

Company's contribution towards Provident fund in accordance with the rules and regulations of the company, equal to one month's salary per annum but not exceeding 12 percent of the salary as laid down under the Income-tax Rules, 1962.

##### b) Superannuation

Company's contribution towards superannuation fund in accordance with the rules and regulations of the company equal to two months salary per annum, but shall not, together with the company's contributions to the Provident fund, exceed 27 per cent of the salary, as laid down under the Income Tax Rules, 1962.

##### c) Gratuity

Gratuity in accordance with rules of the company but not exceeding one half month's salary for each completed year of service.

##### d) Medical benefit for self and family

Reimbursement of expenses actually incurred, for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

##### e) Leave Travel Allowance

Leave Travel Concession for self and family, once in a year incurred in accordance with the rules of the company.

##### f) Leave

On full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of service, subject to the further condition that leave accumulated

but not availed of will not be allowed to be encashed beyond ten months.

##### g) Free use of Company's Car

Mr. Desai shall be provided with Company's car and driver for the day to-day performance of his duties. The use of car for private purpose shall be billed by the Company.

##### h) Personal Accident Insurance

Personal Accident Insurance will be provided, the amount of the annual premium whereof shall not exceed Rs. 4,000/-.

##### i) Free telephone facility at residence

Telephone will be provided. Personal long distance calls on telephone shall be billed by the company.

##### j) Entertainment Expenses

Mr. Desai shall be entitled to reimbursement of entertainment, travelling and other expenses actually and properly incurred in the course of legitimate business of the Company.

##### k) Club Fees:

Fees of Clubs subject to maximum of two clubs. This will not include admission and Life Membership fees.

#### C. GENERAL

##### Extension of Contract

On completion of 5 years contract, the company shall have the option to renew the contract for a further period of 5 years, on mutually agreed terms and conditions.

A copy of the draft Agreement referred to in Resolution no. 4 of the accompanying notice will be open for inspection by the Members at the registered office of the Company and the administrative office of the Company between 10.00 a.m. to 1.00 p.m. on any working day except Sunday.

The Explanatory Statement along with the notice of the Meeting should be treated as an abstract of the terms and conditions and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

The resolution is recommended for the approval of Members as an Ordinary Resolution.

None of the Directors except Mr. J.B. Desai is concerned or interested in the aforesaid resolution.

By Order of the Board

**M. S. MOHOLKAR**

Secretary

Place : Mumbai

Dated: 25th May, 1999.


**Ecoplast Ltd.**

FINANCIAL HIGHLIGHTS	31.3.99	31.3.98	31.3.97	31.3.96	31.3.95
<b>OPERATION</b>					(Rs. '000)
Sales (net)	133,491	161,549	229,679	179,867	123,939
Other Income	1,104	861	1,051	1,021	1,529
Operating Income [Before depreciation and Investment Allowance]	5,862	10,430	26,111	21,422	18,765
Profit before tax	547	5,314	20,298	17,186	15,910
Profit after tax	547	4,864	15,348	16,086	9,510
Dividend & Corporate Tax thereon	0	1,980	6,600	5,400	2,780
Retained Earnings	547	2,884	8,748	10,686	6,730
Earnings per Share (Rs.) [On Face Value of Rs. 10/-]	0.18	1.62	5.12	5.36	5.13
<b>ASSETS</b>					
Gross Block	136,987	126,851	124,960 *	119,203 *	81,997 *
Net Block	99,825	96,041	100,312 *	100,369 *	67,399 *
Net Current Assets	49,900	64,849	70,511	49,308	54,767
Total Assets	182,049	186,905	214,721	201,214	144,880
<b>NET WORTH</b>					
Equity Capital	30,000	30,000	30,000	30,000	30,000
Reserves and Surplus	81,970	82,469	80,631 *	71,296 *	60,450 *
Net worth	111,970	112,469	110,631 *	101,296 *	90,450 *
Book value per share (Rs.) [On Face Value of Rs. 10/-]	37.32	37.49	36.88 * @	33.77 * @	30.15 * @
<b>BORROWINGS</b>					
Long Term	10,846	14,623	21,333	26,170	15,925
Short Term	29,343	36,596	35,422	25,735	19,430
	40,189	51,219	56,755	51,905	35,355

\* Subsequent to revaluation of Fixed Assets

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

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		31.3.99	31.3.98	31.3.97	31.3.96	31.3.95
<b>RATIOS</b>						
Profit before tax to Sales and Other Income	%	0.41	3	9	10	13
Profit before tax to Net Worth	%	0.49	5	18	17 *	18 *
Dividend to Equity Capital	%	0	6	20	18	15 **
Dividend to Net Worth [Yield]	%	0	1.76	5.97	5.33 *	3 *
Return on Capital Employed	%	8	12	21	18 *	17 *
Dividend Cover	Times	0	2.46	2.33	2.98	3.42
Current Ratio	Ratio	1.59:1	1.78:1	1.46:1	1.39:1	2.11:1
Long Term Debt : Equity	Ratio	0.36:1	0.49:1	0.71:1	0.87:1	0.53:1

\* Subsequent to revaluation of Fixed Assets

\*\* Pro-rata on enlarged Capital