

## 22ND ANNUAL REPORT 2005-06

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*GOPALA POLYPLAST LTD.*

**BOARD OF DIRECTORS**

Shri Mahendra Soman - Chairman (from 31/07/2006)  
 Shri Prashant Soman - Chairman (upto 31/07/2006)  
 Shri Shreeprakash Soman (upto 31/01/2006)  
 Shri Manoj Soman - Managing Director  
 Shri Manish Soman - Executive Director  
 Shri Jugal Kishore Khetawat  
 Shri Lalit Tulsyan  
 Shri Ramprakash Khatod  
 Shri Sanjeev Taparia (from 26/06/2006)

**REGISTERED OFFICE**

158/164, Kalbadevi Road,  
 Mumbai - 400 002

**22nd ANNUAL GENERAL MEETING**

Date 18th September 2006  
 Day Monday  
 Time 11 00 a m  
 Place Kilachand Room, 2nd Floor,  
 India Merchant Chambers,  
 Church Gate, Mumbai - 400 020

**REGISTRAR & TRANSFER AGENT**

MCS Limited  
 101 1st Floor, Shatdal Complex,  
 Opp Bata Show Room,  
 Ashram Road, Ahmedabad- 380 009

As a measure of economy , copies of the  
 Annual Report will not be distributed at the  
 Annual General Meeting Shareholders are  
 requested to bring their copies to the Meeting

**WORKS**

643/B, Kadi Thol Road,  
 Nani Kadi, Kadi,  
 Dist Mehsana

**WORKS & ADMINISTRATIVE OFFICE**

485, Santej Vadsar Road,  
 Santej - 382 721, Taluka Kalol,  
 Dist Gandhinagar

**AUDITORS**

M/s V K Moondra & Co  
 Chartered Accountants

**BANKERS**

IDBI Ltd  
 Dena Bank

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**GOPALA POLYPLAST LTD.****NOTICE**

Notice is hereby given that the 22nd Annual General Meeting of GOPALA POLYPLAST LIMITED will be held at Kilachand Room, 2nd Floor, India Merchant Chambers, Church Gate, Mumbai - 400 020 on 18th September, 2006 at 11 00 a m to transact the following business

**ORDINARY BUSINESS**

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit & Loss Account of the Company for the year ended on that date and the reports of the Board of Directors and Auditors thereon
- 2 To appoint a Director in place of Mr Ramprakash Khatod, who retires by rotation and being eligible, offers himself for reappointment
- 3 To declare dividend on Preference Shares
- 4 To appoint a Director in place of Mr Lalit Tulsyan, who retires by rotation and being eligible, offers himself for reappointment
- 5 To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution

"RESOLVED THAT a written certificate pursuant to provision to sub-section (1) of section 224 of the Companies Act, 1956, having been received from M/s V K Moondra & Co, Chartered Accountants, Ahmedabad, the said M/s V K Moondra & Co, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be agreed upon between the Board of Directors or any committee thereof and the said M/s V K Moondra & Co,

**SPECIAL BUSINESS**

- 6 To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution
- "RESOLVED THAT Shri Sanjeev Taparia, a Director who is appointed as an Additional Director in the meeting of Board of Directors held on 26th June 2006 and who holds office as such upto the date of 22nd Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his

intention to propose Shri Sanjeev Taparia as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Director by rotation"

- 7 To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution

"RESOLVED THAT Shri Mahendrakumar Somani, a Director who is appointed as an Additional Director in the meeting of Board of Directors held on 31st July, 2006 and who holds office as such upto the date of 22nd Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri Mahendrakumar Somani as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Director by rotation"

By Order of the Board

Date 31st July, 2006  
Place Mumbai

**MANOJ SOMANI**  
Managing Director

**NOTES :**

- 1 The relevant Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item no 6 and 7 above are annexed thereto
- 2 The Register of Members and Share Transfer Books of the Company will remain closed from 12th September, 2006 to 18th September, 2006 (Both days inclusive)
- 3 The Preference Dividend if declared, will be paid to those preference shareholders whose names appear in the Register of Members on 18th September, 2006
- 4 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company Proxies in order to be effective must be received by the Company not less than 48 hours before the time fixed for the meeting

**GOPALA POLYPLAST LTD.**

- 5 Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting
- 6 Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready
- 7 In terms of Section 205A and 205C of the Companies Act, 1956, any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. Unclaimed Dividend for the financial year ending 31st March, 1999 will be transferred in November -2006 to Investor Education and Protection Fund. Shareholders who have not encashed the Dividend Warrants for the year 1998-99 are, therefore, requested to immediately forward the same to the Company for payment

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 6**

The Board of Directors appointed Shri Sanjeev Taparia as an Additional Director on 26/06/2006 pursuant to the provision of Article 92 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 to hold the office upto the date of forthcoming Annual General Meeting

The Company has received notice in writing alongwith the deposit of Rs. 500/- from a member in terms of Section 257 of the Act signifying his intention to propose Shri Sanjeev Taparia for the office of Director.

Shri Sanjeev Taparia is willing to act as Director of the Company, if appointed, and has filed his consent pursuant to Section 264 (1) of the Companies Act, 1956. Shri Sanjeev Taparia is an

Industrialist and has very wide experience in Finance, Accounts, Marketing and Human Resource activities

Your Directors commend the resolution for approval

None of the Directors is concerned or interested in the resolution, except Shri Sanjeev Taparia

**ITEM NO. 7**

The Board of Directors appointed Shri Mahendrakumar Somani as an Additional Director on 31/07/2006 pursuant to the provision of Article 92 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 to hold the office upto the date of forthcoming Annual General Meeting

The Company has received notice in writing alongwith the deposit of Rs. 500/- from a member in terms of Section 257 of the Act signifying his intention to propose Shri Mahendrakumar Somani for the office of Director

Shri Mahendrakumar Somani is willing to act as Director of the Company, if appointed, and has filed his consent pursuant to Section 264 (1) of the Companies Act, 1956. Shri Mahendrakumar Somani has a very long business experience

Your Directors commend the resolution for approval

None of the Directors is concerned or interested in the resolution, except Shri Mahendrakumar Somani himself and his sons Shri Manoj Somani and Shri Manish Somani

By Order of the Board

Date 31st July, 2006  
Place Mumbai

**MANOJ SOMANI**  
**Managing Director**

**GOPALA POLYPLAST LTD.****Details of the Directors seeking appointment in forthcoming Annual General Meeting (in pursuance of clause 49 Of the Listing Agreement)**

Name of Director	Mr Ram Prakash Khatod	Mr Lalit Tulsyan
Date of Birth	07/11/1972	05/02/1960
Date of appointment	31/07/2002	24/06/2000
Expertise in specific functional areas	Finance and Accounts	Industrialist
Qualifications	B Com A C A	B Com
List of Companies in which Directorship held as on 31/03/2006	1 Online Leafin Pvt Ltd 2 Hingiri finlease Pvt Ltd 3 Vijaybhan Investment and Consultancy Pvt Ltd 4 Pantheon Securities Pvt Ltd 5 Naresh Securities Pvt Ltd	1 Tulsyan NEC Limited 2 Tulsyan Power Limited 3 Cosmic Global Limited
Chairman / Membership of the Committees of the Board of the Companies on which he is a Director	Gopala Polyplast Limited Audit Committee Chairman Remuneration Committee Member Shareholders/Investors Grievance Committee-Chairman	Gopala Polyplast Limited Audit Committee – Member Remuneration Committee - Member

Name of Director	Mr Sanjeev Taparia	Mr Mahendrakumar Soman
Date of Birth	29/07/1967	02/10/1947
Date of appointment	26/06/2006	31/07/2006
Expertise in specific functional areas	Finance and Accounts Marketing and Human Resource activities	Business
Qualifications	B Com A C A	S S C E
List of Companies in which Directorship held on the date of appointment	1 Famy Care Limited 2 Gyan Plantations Ltd 3 Makrand Plantations Ltd 4 Saroj Plantations Ltd 5 Famy Steri Limited 6 Ken Pack Pharma Pvt Ltd 7 Subh Graha Pravesh P L 8 Beach HealthCare Pvt Ltd 9 Vastu Shining Builders P L	1 Gopala Kraft Pack Private Limited 2 Navjeevan Synthetics Pvt Ltd 3 Parag Velvets Private Ltd
Chairman / Membership of the Committees of the Board of the Companies on which he is a Director	Gopala Polyplast Limited Audit Committee – Member Remuneration Committee Chairman	Nil

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting before you, the 22<sup>nd</sup> Annual report and the Audited Accounts for the financial year ended 31st March, 2006

**FINANCIAL RESULTS**

The Financial results of the Company are summarized below

	<i>Rs in Lacs</i>	
	<b>2005-06</b>	<b>2004-05</b>
<b>GROSS PROFIT (PBDIT)</b>	<b>976.98</b>	801 31
Less		
Interest & Financial Charges	<b>343.05</b>	360.70
Depreciation	<b>317.25</b>	336 97
<b>PROFIT BEFORE TAX</b>	<b>316.68</b>	103 64
Provision for Tax (incl Fringe Benefit Tax)	<b>31.47</b>	—
Deferred Tax	<b>72.27</b>	—
<b>PROFIT AFTER TAX</b>	<b>212.94</b>	<b>103.64</b>
Add		
Balance brought forward	<b>(205.24)</b>	(308 88)
Profit available for Appropriation	<b>7.70</b>	(205.24)
<b>APPROPRIATIONS</b>		
Proposed Preference Dividend	<b>6.75</b>	—
Tax on proposed Preference Dividend	<b>0.95</b>	—
Transfer from General Reserve	—	—
Balance carried forward to next year	—	(205.24)

**EQUITY / PREFERENCE DIVIDEND**

The Board of Directors has recommended dividend @ 1% on the Cumulative Redeemable Preference Share Capital of the Company for the year under review and the previous year (pro-rata) during which no dividend was declared. The dividend will be paid when declared by the shareholders in accordance with the law. However, in view of inadequate profits, your directors regret their inability to recommend dividend on Equity Shares for the year 2005-06

**EXPANSION & MODERNISATION****Woven Sacks Division**

The Company has successfully completed the modernization of our Extrusion capacity by replacing the old Tape Plant by a new Tape plant with higher capacity and better efficiency in terms of productivity, power consumption and labour cost. With the commissioning of the new plant the capacity of this division has gone up to 12500 MTPA from 9996MTPA. The capacity of this plant is further increased by 960 MTPA by changing the T-die in the month of June-06. Increase in the extrusion capacity has been suitably backed by installation of other balancing equipments like weaving looms & Automatic Finishing Machines.

**Label Division**

The Company has also expanded in the Label Division by adding up Two new Jacquard Looms imported from M/s Jakob Muller, AG Frick resulting into a 25% increase in the capacity. The Company has also installed new ancillary equipments in the form of Ultrasonic Cutting Machine, Cut & Fold Machine, Design Software to augment the production facilities and to cater to its customer base which now includes overseas customers also.

**General**

The Company has successfully commissioned the 1024 MW Natural Gas based captive power plant. This will not only entail savings in the energy costs but will also increase efficiency of the continuous process plants. Gas engines have been designed for continuous long runs with minimum frequency variations. Alongwith the plant the Company has also installed Heat Recovery equipment in the form of Vapour absorption chilling system thereby replacing the high power consuming compressor based chilling plants. This will further reduce the power cost.

**MANAGEMENT DISCUSSION AND ANALYSIS**

As required by Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report is appended.

**DIRECTORS**

Mr. Ramprakash Khatod and Mr. Lalit Tulsyan, retire by rotation at the forthcoming Annual General Meeting, and being eligible offer themselves for re-appointment.

**GOPALA POLYPLAST LTD.**

During the period under review Shri Shreeprakash Somani resigned from the Board of Directors. Your directors place on record their sincere appreciation for the guidance and valuable services rendered by Shri Shreeprakash Somani during his tenure as Director of the Company.

Shri Sanjeev Talaria, an Industrialist, has been appointed as an Additional Director of the Company pursuant to the provisions of the Article 92 of Articles of Association of the Company. The advantage of his vast industrial and business experience will thus be available to the benefit of the company. He will hold office until the date of the forthcoming Annual General Meeting and being eligible offers himself for re-election.

#### **DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956**

The Directors hereby confirm, that they have

- i. followed in the preparation of the annual accounts, the applicable accounting standards along with proper explanation relating to material departures
- ii. 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 period,
- iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- iv. prepared the annual accounts on a going concern basis

#### **DEPOSITS**

The Company has not accepted any deposits to which the provisions of Section 58A of the Companies Act, 1956 are applicable.

#### **DELISTING OF EQUITY SHARES**

The equity shares of the Company are delisted from Ahmedabad Stock Exchange under the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 for voluntary delisting. The Company has also applied to the Calcutta Stock Exchanges for voluntary delisting approval whereof

is still awaited. However, the equity shares of the Company are continued to be listed on the Stock Exchange, Mumbai (BSE).

#### **CONSUMPTION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE EARNING AND OUTGO**

The information required under 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 is annexed hereto and forms part of this report.

The total foreign exchange out flow during the year on account of import of Machinery, Raw material, Spares and other expenses is Rs. 222.57 Lacs (Previous year – Rs. 161.02 Lacs).

#### **PERSONNEL**

The employee relation situation in your Company was satisfactory. Your Directors place on record their appreciation for the hard work and dedication of the employees in enhancing the productivity and effectiveness of the Organisation.

There is no employee who is in receipt of remuneration exceeding the limits specified under sub-section 2A of Section 217 of the Companies Act, 1956.

#### **CORPORATE GOVERNANCE**

As required by Clause 49 of the Listing Agreement, a Report on Corporate Governance is appended along with Certificate of Compliance from the Auditors.

#### **AUDITORS**

M/S V. K. Moondra & Co., Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting and are eligible for reappointment.

#### **ACKNOWLEDGMENT**

The company places on record its deep appreciation of the devoted services of the workers, executives and other staff of the Company who have contributed to the performance and the Company's inherent strength. Grateful thanks are also due to various Government Authorities, customers, investors, Banks and Financial Institutions for their continued support extended to the Company from time to time.

For and on behalf of the Board of Directors

Mumbai  
26th June 2006

Prashant Somani  
Chairman



**GOPALA POLYPLAST LTD.****ANNEXURE TO THE DIRECTOR'S REPORT****PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.****A. CONSERVATION OF ENERGY**

Energy conservation measures taken by the Company involves mainly selection & installation of energy efficient equipment and energy saving devices. The impact of above measures on the cost of production is not precisely ascertainable.

**B. TECHNOLOGY ABSORPTION****a. Research & Development**

The Company has not so far formally established a Research & Development wing. However it is getting its technology updated in consultation with the machinery manufacturers on a continuous basis.

**b. Technology absorption, adaptation & innovation**

The Company has not imported any technology.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs in Lacs)

	2005-06	2004-05
a Foreign Exchange Earnings	69.34	42.18
b Foreign Exchange Outgo	222.57	161.02

**FORM - A****DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****I. POWER & FUEL CONSUMPTION**

2005-06 2004-05

**Electricity**

1 Purchased from GEB Units (KWH)	2324271	2865478
Total Amount (Rs)	12,437,531	15,044,284
Rate per unit (Rs)	5.35	5.25

	2005-06	2004-05
2 Gas Consumption (in kg)	26792	16044
Total Amount (Rs)	718,801	555,853
3 Own Generation (through L D O)		
Total Units Generated (KWH)	108410	702984
Total Amount (Rs)	990,777	4,948,397
Units per Ltr (KWH)	3.31	3.55
Cost per unit (Rs)	9.14	7.04
4 Own Generation (F O)		
Total Units Generated (KWH)	3585040	4705148
Total Amount (Rs)	15,264,865	17,376,698
Units per Ltr (KWH)	3.73	3.36
Cost per unit (Rs)	4.26	3.69
5 Own Generation (CPP - Gas)		
Total Units Generated (KWH)	3533179	—
Total Amount (Rs)	10,005,702	—
Units/SCM	4.09	—
Cost per unit (Rs)	2.83	—

**II. CONSUMPTION PER UNIT OF PRODUCTION**

Product	PP Woven Sacks	
	2005-06	2004-05
Production (Tons)	10222	9387
Total No. of Units	8637590	7530060
Units per Ton (KWH)	845	802

**Note**

Quantitative details of Label Division cannot be compiled hence the relevant details are not given.



**GOPALA POLYPLAST LTD****REPORT ON CORPORATE GOVERNANCE**

Report on Corporate Governance for the year 2005-06 as per clause 49 of the Listing Agreement is placed here in below

**1. Board of Directors :**

The Company is managed by Board of Directors comprising a non-executive Chairman, 2 executive directors and 3 non-executive directors. Of these directors, 2 are independent directors.

The composition of directors and their attendance at the board meetings during the year and at the last annual general meeting, as also the number of their other directorships/committee positions are given in the following tables -

**Table 1 : Composition of Board of Directors and number of other directorships and committee positions held as on 31st March, 2006**

Director	Executive / Non-executive Independent	Number of Directorship of other public companies	Committee positions	
			As Chairman	As member
Prashant Somani	Non-executive, Chairman	1	-	1
Manoj Somani	Executive	1	1	1
Manish Somani	Executive	1	-	2
Jugalkishore Khetawat	Non-executive	2	-	-
Lalit Tulsyan	Non-executive, Independent	3	-	1
Ramprakash Khatod	Non-executive, Independent	-	2	-

As mandated by the revised clause 49, the independent directors on the Company's Board

- Apart from receiving Directors remuneration, do not have any material, pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its associates which may affect the independence of the Director
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board
- Have not been executive of the Company in the immediately preceding three financial years
- Are not partners or executives or were not partners or executive during the preceding three years of the
  - Statutory Audit firm or the internal audit firm that is associated with the Company
  - Legal firm(s) and consulting firm(s) that have a material association with the Company
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect their independence
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares

**GOPALA POLYPLAST LTD****Table 2 : Attendance of Directors at Board Meetings and at the last AGM :**

Director	Number of Board Meetings		
	Held	Attended	Last AGM Attendance
Prashant Somani	9	9	Yes
Shreeprakash Somani (*)	7	7	Yes
Manoj Somani	9	8	Yes
Manish Somani	9	6	No
Jugalkishore Khetawat	9	5	No
Lalit Tulsyan	9	5	No
Ramprakash Khatod	9	9	Yes

(\*) Mr Shreeprakash Somani resigned from the Board of Directors w e f 31/01/2006

**Table 3 : No. of Board Meetings held and dates of meetings**

No of Board Meetings held during the year 2005-06	Dates of Meetings
9	27/04/2005, 02/06/2005, 10/06/2005 30/07/2005, 08/08/2005, 15/09/2005, 28/10/2005, 31/01/2006 and 20/02/2006 The maximum time gap between any two consecutive meetings did not exceed four months

**Disclosure regarding directors considered for appointment / re- appointment :**

At the annual General Meeting of the Company, Mr Lalit Tulsyan and Mr Ramprakash Khatod are retiring by rotation and being eligible for re-appointment are proposed to be re-appointed Their brief particulars are annexed with the notice convening Annual General Meeting

**Information placed before the Board of Directors :**

The Board of the Company was presented with all the relevant and necessary information at their meetings such as production, sales, capital expenditure budgets, actual performance statistics review of business, any legal proceedings by or against the Company, Share transfer compliance quarterly financial results, minutes of the meetings of the Audit Committee, Share Transfer Committee and Shareholders/Investors Grievance Committee, Staff matters including senior appointments, significant labour and human relations matters, and such other information

**2. Audit Committee :**

The Company had constituted a three-member Audit Committee on 31/07/2001 comprising of Mr Prashant Somani, Mr Manoj Somani and Mr Shreeprakash Somani in compliance with the requirement of Section 292A of the Companies Act, 1956 The Committee was reconstituted on 31/07/2002, comprising of non-executive directors of whom two are independent directors The members of the Committee are Mr Ramprakash Khatod, Chairman, Mr Prashant Somani, and Mr Lalit Tulsyan Mr Ramprakash Khatod, Chartered Accountant, has good financial and accounting knowledge The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 15/09/2005

The Broad terms of reference of the Audit Committee are as follows -

- 1 Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- 2 Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees
- 3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors