

# Gujarat Propack Limited

# Propack

# FILMS

Annual Report  
and Accounts 1996-97

*2/10/97*

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## Gujarat Propack Limited

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### BOARD OF DIRECTORS

JAYARAMDAS M. PATEL  
*Chairman*

ROHIT J. PATEL

Y. C. AMIN

NIHCHAL H. ISRANI

PRANAV R. PATEL

R. P. PAREKH  
*(Nominee of ICICI)*

BHARAT H. PATEL  
*Managing Director*

KHURSHID N. PATELL  
*Executive Director*

**CHIEF GENERAL MANAGER  
(FINANCE) & COMPANY SECRETARY**  
R. GANESH

**BANKERS**  
STATE BANK OF INDIA

**AUDITORS**  
A.J. SHAH & CO.  
*Chartered Accountants*

**SOLICITORS**  
KANGA & CO.

**REGISTERED OFFICE & PLANT :**  
PLOT 359-B, BASKA VILLAGE,  
TAL : HALOL, DIST : PANCHMAHAL.  
GUJARAT 389 350.

**KARJAN UNIT**  
VEMARDI ROAD  
NAVI JITHARDI VILLAGE  
NEAR INOX, OFF. N. H NO. 8  
TAL. KARJAN, DIST. VADODARA-391 240.

**ADMINISTRATIVE OFFICE :**  
10TH FLOOR, NEPTUNE TOWERS,  
PRODUCTIVITY ROAD,  
ALKAPURI, VADODARA-390 005.  
GUJARAT.

## Gujarat Propack Limited

### DIRECTORS REPORT

To

The Members,

Your Directors have pleasure in presenting their Annual Report together with the Audited Accounts for the year ended 31st March, 1997.

#### FINANCIAL RESULTS: (Rs. in Lakhs)

	Year ended 31.03.1997	Year ended 31.03.1996
Your Company has during the Year ended 31st March, 1997 earned an Operating Profit of	1176.95	1354.29
From which have to be deducted:		
Interest	594.77	442.61
Depreciation	210.03	184.48
Leaving a Profit of	372.15	727.20
Provision for Taxation	48.01	172.00
Leaving a Net Profit of	324.14	555.20
Balance brought forward from Previous Year	160.49	162.00
	484.63	717.20
Excess (Short) Provision for Taxation in respect of earlier years	(0.02)	(1.86)
Total Amount available for appropriation which has been appropriated as under:	484.61	715.34
Proposed Dividend for the year ended 31st March, 1997	57.49	79.85
Corporate Dividend Tax	5.75	—
Debenture Redemption Reserve	175.00	25.00
General Reserve	25.00	450.00
Balance carried forward:	221.37	160.49

#### PROPOSED DIVIDEND:

Considering the operating results for the year under review and with a view to conserve resources, your Directors recommend Dividend at the rate of 18% for the year ended 31st March, 1997 for your approval.

#### OPERATIONS:

The production of BOPP film for the year under review

was 5468 tonnes as against 5396 tonnes in the previous year. The production remained at the same level since the plants were operating at optimum capacity.

The production of Cast Film during the year was 302 MT and the company is now able to promote the product so as to increase the production and sales further.

During the second half of the year, the working of the company was adversely affected on account of new capacities coming on stream in the BOPP film industry. However, taking into account conditions under which the company was operating the performance for the year can be considered as satisfactory.

#### CURRENT YEAR:

The project for substantial expansion of BOPP Film making capacity at the greenfield site near Karjan in Vadodara district has since been completed and commercial production will start shortly.

The production including trial production for the first two months of the year is 1180 tonnes and will increase during the year substantially because of the additional output coming from the new Karjan plant.

In spite of continued adverse demand supply situation your company is confident of selling its entire production because of its established customer base and strong sales network. Further, the company has successfully re-entered the export market to broad base its over all market.

Considering the available fiscal incentives and for reasons of better management and control of operations, it was thought prudent to shift the operations of the Dadra Unit in the Union Territory of Dadra and Nagar Haveli and centralise with existing plants near Vadodara.

#### RESEARCH & DEVELOPMENT:

The Company has earned its eminent position in the BOPP industry in India through continued efforts in R & D activities and films which were under test and trial have been commercially launched in the current year.

Other developments in the pipeline are targetted to yield new applications which can increase market of BOPP film and improve the product mix of your company in future.

#### PROPOSED RIGHTS ISSUE

Your Directors have proposed to make a Rights Equity Issue in the near future to augment long term resources to meet the increased working capital requirements consequent to the implementation of the expansion project.

#### DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri R. J. Patel and Shri N.H. Israni retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

During the year Shri M.L. Bhakta vacated the office as

## Gujarat Propack Limited

Director of the Company. Your Directors take this opportunity to place on record their deep appreciation of the valuable guidance and sagacious counsel extended by Shri M.L. Bhakta during his tenure as Director.

### **FIXED DEPOSITS:**

At the close of the year, there were nine unclaimed deposits aggregating to Rs. 93,000/-

### **INSURANCE:**

The Company's assets have been adequately insured.

### **PARTICULARS REQUIRED AS PER SECTION 217**

#### **(1) (e) OF THE COMPANIES ACT, 1956:**

A statement giving information as per Section 217 (1) (e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is appended hereto forming part of this Report.

### **PARTICULARS OF EMPLOYEES:**

A statement giving particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is appended hereto also forming part of this Report.

### **PERSONNEL:**

**STATEMENT PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 & THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.**

#### **A: CONSERVATION OF ENERGY:**

Energy saving systems have been implemented in the Expansion Project at Karjan by investment in equipments that would reduce energy consumption. Company would continue its efforts in this direction.

#### **B: TECHNOLOGY ABSORPTION:**

The technical know-how agreement of the Company related only to the extent of import of drawings for machinery and there had been no import of technology. The Company is not using any imported technology inputs in its manufacturing operations.

#### **C: FOREIGN EXCHANGE EARNINGS & OUTGO:**

- (i) Total Foreign Exchange used : Rs. 3806.23 Lakhs.
- (ii) Total Foreign Exchange earned : Rs. 3.83 Lakhs.

**STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.**

**EMPLOYED THROUGHOUT THE FINANCIAL YEAR UNDER REVIEW AND WERE IN RECEIPT OF REMUNERATION FOR THE FINANCIAL YEAR IN THE AGGREGATE OF NOT LESS THAN RS. 3,00,000/-**

Name : Patel B.H.; Age (Years) : 52; Designation : Managing Director; Remuneration Gross Rs. : 9,50,644/-; Qualification(s) : Dip. Printing Tech. U.K.; Experience Years : 32; Date of Commencement of Employment : 1.4.1987; Last Employment and position held before joining the Company : Vijay Flexible Containers Limited, Managing Director.

Name : Patell K. N.; Age (Years) : 53; Designation : Executive Director; Remuneration Gross : Rs. 7,65,270/-; Qualification(s) : B. A., L.L.B., M.B.A.; Experience Years : 26; Date of Commencement of Employment : 1.1.1987; Last Employment and position held before joining the Company : Vijay Flexible Containers Limited, General Manager (Operations).

Name : Balaji V.; Age (Years) : 40; Designation : Executive Vice President, Remuneration Gross : Rs. 4,38,228/-; Qualification(s) : M.Sc. (Appl. Chem); Experience Years : 18; Date of Commencement of Employment : 1.2.1986; Last Employment and position held before joining the Company : M M Rubber Company Ltd., Asst. Manager, Technical.

- NOTES: 1. Nature of employment and other terms and conditions of service of Shri B. H. Patel, Managing Director and Shri K. N. Patell, Executive Director are governed by contract
2. The gross remuneration shown above comprises Salary, Commission, House Rent Allowance, Monetary value of perquisites as per the Income Tax Rules, 1962, Company's contribution to Provident Fund, Leave Travel Assistance and Reimbursement of Medical Expenses.

On behalf of the Board of Directors

J.M. PATEL

CHAIRMAN

Mumbai, 27th June, 1997.

## Gujarat Propack Limited

### Report of the Auditors

To  
The Members,

We have audited the Balance Sheet of Messrs GUJARAT PROPACK LIMITED, as at 31st March, 1997 together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

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 appears from our examination of the books.

3. This Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account:

4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to Note no 1G(4) relating to exchange rate fluctuation and note No. 1 (I) relating to accounting of leave encashment and other items as detailed in the said note both being deviations from accounting standards 11 and 15 respectively of the Institute of Chartered Accountants of India and read together with the notes thereon 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 March, 1997.

and

(b) In the case of Profit and Loss Account, of the profit for the year ended on that date.

5. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we consider appropriate and as per the information and explanations given to us, we further report that :

(i) The Company has maintained proper records showing full particulars including quantitative details and situations of all its Fixed Assets. We are informed that the company has a programme of physical verification once in every three years which in our opinion is reasonable. As the fixed assets were verified during the year 1995-96, the same have not been verified this year.

(ii) None of the fixed assets have been revalued

during the year.

- (iii) The stocks of finished goods, stores and spares and raw materials have been physically verified by the management at reasonable intervals during the year other than certain items lying with third parties in respect of which confirmations have been obtained.
- (iv) In our opinion, the procedures of physical verification of the aforesaid stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) In our opinion, the discrepancies noticed on physical verification of the aforesaid stocks, as compared to book records, were not material and the same have been properly dealt with in the books of account.
- (vi) In our opinion, the valuation of the aforesaid stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
- (vii) The Company has taken unsecured loans from Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. The terms and conditions of the said loans are not prima facie prejudicial to the interest of the company. As explained to us, there is no Company under the same Management as the Company within the meaning of Section 370 (1-B) of the Companies Act, 1956.
- (viii) Other than a Loan granted to an employee who was subsequently appointed as Executive Director, the Company has not granted any loans, secured or unsecured to Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As explained to us, there is no Company under the same management as the Company within the meaning of Section 370 (1-B) of the Companies Act, 1956.
- (ix) Loans and advances in the nature of loans have been given to the employees and they are repaying the principal amounts as stipulated and are also regular in payment of interest wherever applicable.
- (x) In our opinion and according to the information and explanations given to us, there are adequate internal



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control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.

- (xi) In our opinion and according to the information and explanations given to us, the transactions of purchase of materials and sale of goods, made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods or the prices at which the transactions for similar goods have been made with other parties.
- (xii) As explained to us, the Company has a procedure for determination of unserviceable or damaged raw materials, stores and finished goods. The necessary adjustments for the loss in respect thereof have been made in the accounts.
- (xiii) In our opinion and as per the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder with regard to the deposits accepted from the public.
- (xiv) The Company in our opinion is maintaining reasonable records for the sale and disposal of the realisable scrap. According to the information and explanations given to us, the Company has no by-products.

- (xv) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- (xvi) The maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
- (xvii) The Company is regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities except a minor delay in one case.
- (xviii) There were no amounts outstanding as at the last day of the financial year in respect of undisputed Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which were due for more than six months from the date they become payable.
- (xix) According to the information and explanation given to us and on the basis of records examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- (xx) The Company is not a Sick Industrial Company within the meaning of Section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For A. J. SHAH & CO.  
Chartered Accountants

P. A. SHAH  
Partner

Mumbai, 27th June, 1997

**Gujarat Propack Limited****Balance Sheet**

as at 31st March, 1997

	Schedule	As at 31.3.97 (Rs. in Lakhs)	As at 31.3.96 (Rs. in Lakhs)
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds :</b>			
Share Capital	1	319.46	319.46
Reserves & Surplus	2	1845.98	1585.10
		<u>2165.44</u>	<u>1904.56</u>
<b>Loan Funds :</b>			
Secured Loans	3	5291.11	2387.91
Unsecured Loans	4	950.46	440.37
Deferred Payment Credits	5	14.29	28.57
		<u>6255.86</u>	<u>2856.85</u>
		<u>8421.30</u>	<u>4761.41</u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	6	3796.81	3161.67
Less : Depreciation		1343.07	1127.09
<b>Net Block</b>		<u>2453.74</u>	<u>2034.58</u>
Add: Capital Work-in-Progress (including pre-operative expenses)		<u>4146.99</u>	<u>546.27</u>
		<u>6600.73</u>	<u>2580.85</u>
<b>Investments</b>	7	1.01	0.01
<b>Current Assets, Loans &amp; Advances :</b>			
Inventories	8	1547.17	1110.48
Sundry Debtors	9	1239.70	1388.70
Cash & Bank Balance	10	84.73	95.62
Loans & Advances	11	979.85	637.70
		<u>3851.45</u>	<u>3232.50</u>
<b>Less : Current Liabilities &amp; Provisions</b>	12	<u>2044.67</u>	<u>1074.51</u>
<b>Net Current Assets</b>		<u>1806.78</u>	<u>2157.99</u>
<b>Miscellaneous Expenditure :</b>			
(to the extent not written off or adjusted)	13	12.78	22.56
		<u>8421.30</u>	<u>4761.41</u>
<b>Note on Accounts</b>	19		

As per our report of even date

For A.J. SHAH & CO.  
Chartered AccountantsP. A. SHAH  
Partner

Mumbai, 27th June, 1997

J. M. PATEL Chairman  
R. J. PATEL Director  
B. H. PATEL Managing Director  
K. N. PATELL Executive DirectorR. GANESH  
Company Secretary

Mumbai, 27th June, 1997