

Gujarat Propack Limited

Propack

FILMS

**Annual Report
and Accounts 1997-98**



Gujarat Propack Limited

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AG	✓
AGM	NA	NA	SE	✓
YE	✓			

no more

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, BARODA-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, 1998.

FINANCIAL RESULTS: (Rs. in Lacs)

	Year ended 31.03.1998	Year ended 31.03.1997
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Your Company has during the Year ended 31st March, 1998 earned an Operating Profit of	866.11	1176.95
From which have to be deducted:		
Interest	556.45	594.77
Depreciation	205.91	210.03
Leaving a Profit of	103.75	372.15
Provision for Taxation	12.00	48.01
Leaving a Net Profit of	91.75	324.14
Balance brought forward from Previous Year	221.37	160.49
	313.12	484.63
Excess (Short) Provision in respect of earlier years		
Depreciation	1.46	—
Expenses	8.79	—
Provision for Taxation	—	(0.02)
Total Amount available for appropriation which has been appropriated as under:	323.37	484.61
Proposed Dividend for the year ended 31st March, 1998	38.33	57.49
Corporate Dividend Tax	3.83	5.75
Debenture Redemption Reserve	175.00	175.00
General Reserve	10.00	25.00
Balance carried forward:	96.21	221.37

PROPOSED DIVIDEND:

In view of the operating results for the year under review, your Directors are pleased to recommend the Dividend at the rate of 12% for the year ended 31st March, 1998 for your approval.

OPERATIONS :

The production of BOPP film including trial production from the new plant for the year under review was 8817 tonnes as against 5573 tonnes in the previous year.

The pressure on selling prices continued during the year in view of the imbalance between supply and demand. Though there was a fall in the cost of raw material, this could not be retained by the company because of

competition.

CURRENT YEAR:

The production for the first three months of the year is 2384 tonnes.

As stated earlier the BOPP industry is faced with excess capacity in relation to demand on account of new capacities which has come into the market during the last two years. It is normal for capital intensive industries, like ours, to have such demand supply position. Your directors are confident that the company will be able to overcome the current market situation because of its strong customer base, consistent quality and reliable service besides the cost reduction measures it has undertaken. Further the Company expects higher capacity utilisation in view of the new plant having stabilised. The new value added products introduced will give better sales realisation.

FUTURE PROSPECTS :

In order to maintain growth and leadership position in the BOPP film industry, your Company has made prudent investment by undertaking the substantial expansion project at Karjan. The new plant is designed to produce films of international quality and meet the challenging requirements of company's valued customers. The film from the new plant has received encouraging response from the market.

The demand for consumer goods, especially processed foods, is expected to grow considerably in the coming years and your company with its expanded capacity is well poised to secure maximum gain from that growth.

The compact sizes of your company's three plants permit the company to tailor make films even for small orders and supply just in time at the most economical cost. This gives your company a competitive edge in the market place.

RESEARCH & DEVELOPMENT:

Your Company has constantly invested in research and new product developments. While a number of new films for specific end use applications are under various stages of development, your Directors are happy to say that its two new products just introduced have received encouraging response from the customers.

PREFERENTIAL ISSUE :

Your Directors have in the current year obtained shareholder's approval and made allotment of shares to the promoters which has raised the equity of the Company from Rs. 319.41 lacs to Rs. 519.41 lacs through issue of 20,00,000 Equity shares of the face value of Rs. 10/- each at a premium of Rs. 5/- per share.

DADRA UNIT :

As mentioned in the Director's Report of the previous year the company has closed its Dadra Unit and shifted the plant and machinery to its Baska Factory and the

Gujarat Propack Limited

land and building of the Dadra Unit have been sold in the current year.

DIRECTORS :

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

FIXED DEPOSITS:

At the close of the year, there were three unclaimed deposits aggregating to Rs. 35,000/-

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 given in Annexure I 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 given in Annexure II forming part of this Report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report & Accounts are

being sent to the Shareholders excluding the statement of particulars of employees under Section 217 (2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

PERSONNEL:

Industrial relations continued to be cordial. Your Directors place on record their appreciation to all the employees for their co-operation.

AUDITORS:

The Auditors of the Company M/s. A.J. Shah & Company retire at this Annual General Meeting and are eligible for reappointment. You are requested to appoint Auditors to hold office until the conclusion of next Annual General Meeting and fix their remuneration.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the valuable support and co-operation received from the Company's Bankers, Financial Institutions, Central Government and Government of Gujarat.

On Behalf of the Board of Directors

J.M. PATEL

Chairman

Mumbai, 14th July, 1998.

ANNEXURE 1

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, 1998.

A: CONSERVATION OF ENERGY:

Energy saving system 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. 1489.82 Lacs.
- (ii) Total Foreign Exchange earned : Rs. 64.56 Lacs.

Gujarat Propack Limited

Report of the Auditors

To
The Members,

We have audited the Balance Sheet of GUJARAT PROPACK LIMITED, as at 31st March, 1998 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. The 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. 1 (I) relating to accounting of leave encashment and other items as detailed in the said note being deviation from accounting standard 15 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, 1998.

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 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 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 only 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 control procedures commensurate with the size of the Company and the nature of its business for the

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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 generally regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
- (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 became payable.
- (xix) According to the information and explanations 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

NANDITA PAREKH
Partner

Mumbai, 15th July, 1998.

Gujarat Propack Limited**Balance Sheet**

as at 31st March, 1998

	Schedule	As at 31.3.98 (Rs. in Lacs)	As at 31.3.97 (Rs. in Lacs)
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	319.46	319.46
Reserves & Surplus	2	1905.82	1845.98
		2225.28	2165.44
Loan Funds :			
Secured Loans	3	5508.64	5291.11
Unsecured Loans	4	939.05	950.46
Deferred Payment Credits	5	0.00	14.29
		6447.69	6255.86
		8672.97	8421.30
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	6	9145.96	3796.81
Less : Depreciation		1559.56	1343.07
Net Block		7586.40	2453.74
Add: Capital Work-in-Progress (including pre-operative expenses)		0.00	4146.99
		7586.40	6600.73
Investments	7	1.01	1.01
Current Assets, Loans & Advances :			
Inventories	8	1466.44	1547.17
Sundry Debtors	9	1103.71	1239.70
Cash & Bank Balance	10	153.63	84.73
Loans & Advances	11	804.02	979.85
		3527.80	3851.45
Less : Current Liabilities & Provisions	12	2451.73	2044.67
Net Current Assets		1076.07	1806.78
Miscellaneous Expenditure :			
(to the extent not written off or adjusted)	13	9.49	12.78
		8672.97	8421.30
Notes on Accounts	19		

As per our report of even date

For A.J. SHAH & CO.
Chartered AccountantsNANDITA PAREKH
Partner

Mumbai, 15th July, 1998

R. GANESH
Company Secretary

J. M. PATEL Chairman

Y. C. AMIN Director

B. H. PATEL Managing Director

Mumbai, 14th July, 1998