

**Annual Report
and Accounts 2000-2001**



Gujarat Propack Limited

Gujarat Propack Limited

BOARD OF DIRECTORS

JAYARAMDAS M. PATEL
Chairman

ROHIT J. PATEL

Y. C. AMIN (upto 19.04.2001)

NIHCHAL H. ISRANI

S. H. JUNNARKAR

P. N. SHAH (w.e.f. 13.06.2001)

PRANAV R. PATEL

R. P. PAREKH
(Nominee of ICICI)

BHARAT H. PATEL
Managing Director

KHURSHID N. PATELL
Executive Director

**CHIEF GENERAL MANAGER
(COMMERCIAL) & COMPANY SECRETARY**
N. L. MOORJANI

BANKERS
STATE BANK OF INDIA

AUDITORS
A.J. SHAH & CO.
Chartered Accountants

SOLICITORS
KANGA & CO.

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

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

ADMINISTRATIVE OFFICE :
NEPTUNE TOWERS,
PRODUCTIVITY ROAD,
VADODARA
GUJARAT - 390 005.

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, 2001.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	Year ended 31.03.2001	Year ended 31.03.2000
Your Company has during the Year ended 31st March, 2001 earned a Gross Profit of	1803.95	1065.04
Less: Interest and Finance Cost	1334.81	1520.77
Cash Profit/(Loss)	469.14	(455.73)
Less: Depreciation	451.95	430.94
Leaving a Profit / (Loss) of	17.19	(886.67)
Provision for Taxation	1.45	0.50
Leaving a Net Profit / (Loss) of	15.74	(887.17)
Balance brought forward from Previous Year	--	--
	15.74	(887.17)
Excess / (Short) Provision in respect of earlier years	--	--
Depreciation	--	--
Expenses	(5.42)	8.64
Provision for Taxation	0.00	3.76
	10.32	(874.77)
Add : Amount transferred from General Reserve	--	(874.77)
Total amount available for appropriation which has been appropriated as under :	10.32	--
Debenture Redemption Reserve	10.00	--
General Reserve	0.32	--
Balance Carried Forward	--	--

PROPOSED DIVIDEND

In view of the inadequate profits for the year under review, your Directors propose to skip the Dividend for the year ended 31st March, 2001.

OPERATIONS

The production of BOPP Film for the year under review was 12532 tons as against 10023 tons in the previous year. During the year, both Karjan and Baska plants operated at optimum capacity.

During the year under review, your Company achieved a turnover of Rs. 129.90 crores as compared to Rs. 102.73 crores for the previous year representing an increase of 26%. The increase in production was on account of upgradation and modernization of the Karjan Plant completed at the end of last year. The operating profit of the Company for the year under review improved significantly owing to higher price realization, coupled with

higher sales and better cost management. The interest cost has also reduced from Rs. 15.21 crores in the preceding year to Rs. 13.35 crores during the year under review.

CURRENT YEAR

During the current year, additional BOPP Film capacities are likely to come into the market, which may affect the healthy supply and demand situation currently prevailing in the industry. However, your Company is confident of meeting the situation through further increase in production, reduction in interest cost, better product mix and implementing steps for cost reduction.

FUTURE PROSPECTS

Your Company has focused its entire attention on the domestic market and enjoys the trust of all the major consumers of BOPP Film. BOPP Film consumption in our country is still at a low level and hence for some years to come, the industry will enjoy healthy growth rate.

During the year under review, your Company launched its label film for the soft drink industry. This film has successfully displaced imported films and has large domestic and international market. Like the tobacco film, in which your Company enjoys clear market leadership, label film, being a performance film, has the potential of becoming another product of the Company which has a growing market and potential for strong customer loyalty.

RESEARCH & DEVELOPMENT

Your Company has earned its leadership position in the domestic market through close interaction with its customers leading to focused research and development efforts to serve the Indian market. There are a number of promising products under development, which will be launched after due process of trials.

DEBENTURES

During the year under review your Company redeemed 14% Secured Redeemable Non Convertible Debentures aggregating to Rs. 100.00 lacs. Moreover, IDBI has sanctioned 15% Secured Redeemable Non Convertible Debentures aggregating to Rs. 5 crores.

DIRECTORS

Shri Y. C. Amin retired from the Board of your Company with effect from 19th April, 2001. Your Directors wish to place on record their appreciation of the services rendered by Shri Y. C. Amin during his tenure as a Director. The casual vacancy has been filled up by appointing Shri P. N. Shah as a Director, pursuant to the provisions of Section 262 of the Companies Act, 1956 and Article 136 of the Articles of Association of the Company.

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

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of knowledge and belief and in accordance to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956.

1. That in the preparation of the Annual Accounts for the year ended 31st March, 2001, the applicable accounting

Gujarat Propack Limited

standards have been followed.

2. That appropriate accounting policies as mentioned in Note (1) Schedule 17 of the Annual Accounts have been selected and applied consistently, and have made judgments 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 ended 31st March, 2001 and of profit of the Company for that year.
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the annual accounts for the year ended 31st March, 2001 have been prepared on a going concern basis.

AUDIT COMMITTEE

The Audit Committee was formed in January 2001 and comprised of three Directors, Messrs Y. C. Amin, S. H. Junnarkar and R. J. Patel. The Chairman of the Committee was Shri Y. C. Amin. Subsequently, Shri S. H. Junnarkar was appointed as the Chairman of the Committee in June 2001. The Company Secretary, Mr. N. L. Moorjani, acts as the Secretary of the Committee. The Managing Director (in charge of finance) along with Statutory Auditors and Internal Auditors are invitees to the meeting.

Shri Y. C. Amin ceased to be a Member of the Committee with effect from 19th April, 2001 on his resignation as a Director.

Shri P. N. Shah was appointed as a Member of the Committee with effect from 13th June 2001 in the place of Shri Y. C. Amin, who resigned as a Director.

Quorum for a Committee Meeting is two Directors. The Committee had two meetings i.e. in March 2001 and June 2001 prior to the date of this report which was attended by all the Committee Members.

The powers and role of the Committee are as per the provisions of Section 292A of the Companies Act, 1956.

FIXED DEPOSITS

At the close of the year there were 8 unclaimed deposits

aggregating to Rs. 86,000/-

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

There are no employees for the financial year ending 31st March, 2001 who are in receipt of remuneration which in the aggregate was not less than Rs. 12 lacs per annum if employed throughout the year or were in receipt of the remuneration which in aggregate was not less than Rs. 1,00,000/- per month if employed for a part of the year, pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

PERSONNEL

Industrial relations continued to be cordial. Your Directors place on record their appreciation to all the employees for their support and contribution.

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.

ACKNOWLEDGMENT

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, 13th June, 2001.

ANNEXURE I

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, 2001.

A: CONSERVATION OF ENERGY:

Considering the importance of saving energy consumption, Company has been taking necessary steps from time to time to conserve energy wherever possible.

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. 1220.01 lacs.
- (ii) Total Foreign Exchange earned : Rs. 375.95 lacs.

On behalf of the Board of Directors

J.M. PATEL

Chairman

Mumbai, 13th June, 2001.

Gujarat Propack Limited

Report of the Auditors

To
The Members,

We have audited the attached Balance Sheet of GUJARAT PROPACK LIMITED, as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as were considered appropriate and as per the information and explanations given to us, we give in the annexure a statement on the matters specified in paragraph 4 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above.
 - (a) 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;
 - (b) in our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books;
 - (c) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act 1956, to

the extent applicable.

- (e) On the basis of written representations received from the directors of the company as at March 31, 2001 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as director of the company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
3. In our opinion and to the best of our information and according to the explanations given to us, the accounts, read together with;

Note no. 6 regarding non-availability of the information regarding outstanding liability of Small Scale Industries, and read together with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view :-

- (i) In the case of the Balance Sheet, of the state of affairs of the company, as at 31st March, 2001.
- and
- (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

For A. J. SHAH & CO.
Chartered Accountants

P. A. SHAH
Partner

Mumbai, 24th June, 2001.

Gujarat Propack Limited

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph (1) thereof)

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The company has program of physical verification at an interval of 3 years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. During the year the company has not verified its fixed assets.
- (ii) None of the fixed assets have been revalued during the year.
- (iii) As explained to us, 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 the book records, were not material and the same have been properly dealt with in the books of account.
- (vi) On the basis of our examination, we are of the opinion that the valuation of the aforesaid stocks is fair and proper in accordance with the normally accepted accounting principles and is on a basis consistent with the previous year.
- (vii) The Company has taken unsecured loans from Companies listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the said loans are not prima-facie prejudicial to the interest of the Company. Other than these the Company has not taken unsecured loans from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
- (viii) Other than a Loan granted to an employee (as stated in note no. 6 (a)) 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 are no companies under the same management as defined under sub-section (1B) 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 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 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) In our opinion the Company 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.

Gujarat Propack Limited

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| <p>(xv) In our opinion and according to the information and explanations given to us, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.</p> <p>(xvi) The maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.</p> <p>(xvii) The Company is regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.</p> <p>(xviii) According to the information and explanation given to us, 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.</p> | <p>(xix) According to the information and explanation given to us and on the basis of records of the company examined by us, no personal expenses have been debited to revenue accounts other than those payable under contractual obligations or in accordance with generally accepted business practices.</p> <p>(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.</p> <p>For A. J. SHAH & CO.
Chartered Accountants</p> <p>P. A. SHAH
Partner</p> <p>Mumbai, 24th June, 2001.</p> |
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Gujarat Propack Limited

Balance Sheet

as at 31st March, 2001

	Schedule	As at 31.3.01 (Rs. in Lacs)	As at 31.3.00 (Rs. in Lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	779.46	779.46
Reserves & Surplus	2	839.32	829.00
		1618.78	1608.46
Loan Funds			
Secured Loans	3	5429.46	5775.29
Unsecured Loans	4	307.97	548.06
		5737.43	6323.35
		7356.21	7931.81
APPLICATION OF FUNDS			
Fixed Assets			
	5		
Gross Block		9627.19	9567.52
Less : Depreciation		2840.77	2392.98
Net Block		6786.42	7174.54
Add: Capital Work-in-Progress		0.00	2.82
		6786.42	7177.36
Investments	6	0.01	0.01
Current Assets, Loans and Advances			
Inventories	7	1338.83	1584.40
Sundry Debtors	8	1881.03	1334.50
Cash & Bank Balances	9	151.16	277.87
Loans & Advances	10	308.11	415.91
		3679.13	3612.68
Less : Current Liabilities and Provisions	11	3180.61	2949.67
Net Current Assets		498.52	663.01
Miscellaneous Expenditure	12	71.26	91.43
TOTAL		7356.21	7931.81
Notes to the Accounts	17		

As per our report of even date

For A.J. SHAH & CO.
Chartered Accountants

P.A. SHAH
Partner

Mumbai, 24th June, 2001

N. L. MOORJANI
Company Secretary

J. M. PATEL *Chairman*
S. H. JUNNARKAR *Director*
R. J. PATEL *Director*
B. H. PATEL *Managing Director*
K. N. PATELL *Executive Director*

Mumbai, 13th June, 2001