

Gujarat Propack Limited

Annual Report and Accounts 2001-2002

Gujarat Propack Limited

BOARD OF DIRECTORS

ASHOK JAIPURIA
Chairman

SUSHIL KUMAR MITTAL

RANBIR MUKHERJEE

MUJIB MUNDEWADI
(Nominee of ICICI)

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

BANKERS
STATE BANK OF INDIA

AUDITORS
B. K. SHROFF & CO.
Chartered Accountants

Report

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 - 390 005.
GUJARAT.

Gujarat Propack Limited**Gujarat Propack Limited**

Regd. Office : Plot No. 359-B, Baska Village, Taluka : Halol, Dist : Panchmahal, Gujarat 389350.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of GUJARAT PROPACK LIMITED will be held at Plot No. 359-B, Baska Village, Taluka : Halol, Dist. Panchmahal, Gujarat 389 350, on Thursday, the 20th June, 2002 at 11.30 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2002, the Balance Sheet as at 31st March, 2002 and the Reports of the Board of Directors and the Auditors.
2. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

3. To consider and if thought fit, to pass with or without modifications, the following Resolution as an **ORDINARY RESOLUTION** :
 "RESOLVED THAT Shri Ashok Jaipuria for whose appointment a notice has been received from a shareholder of the Company in pursuance of Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."
4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an **ORDINARY RESOLUTION** :
 "RESOLVED THAT Shri Sushil Kumar Mittal for whose appointment a notice has been received from a shareholder of the Company in pursuance of Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."
5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an **ORDINARY RESOLUTION** :
 "RESOLVED THAT Shri Ranbir Mukherjee for whose appointment a notice has been received from a shareholder of the Company in pursuance of Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

Registered Office :
 Plot No. 359-B,
 Baska Village, Taluka : Halol,
 Dist. : Panchmahals, Gujarat 389350

By Order of the Board of Directors
 N. L. Moorjani
 C.G.M. (Finance) & Company Secretary

New Delhi, 17th April, 2002

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE GENERAL MEETING MAY APPOINT A PROXY, WHO NEED NOT BE A MEMBER, TO ATTEND AND TO VOTE ON HIS/HER BEHALF. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books shall remain closed from Thursday, 6th June, 2002 to Thursday, 20th June, 2002, both days inclusive.
3. Members are requested to notify immediately, changes in their addresses, if any, to the Company's Registered Office, quoting their Folio Number so that communications are correctly dispatched.
5. To avoid multiple communications, please intimate the Company for consolidation, if any, of the shares held under more than a one folio number by you singly or jointly with others in the same sequence. Please also send the relevant share certificates for the said purpose.

Gujarat Propack Limited**ANNEXURE TO THE NOTICE****Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.**

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the items of Special Business mentioned in the accompanying Notice dated 17th April, 2002 and should be taken as forming part of the said Notice :

ITEM NO. 3

Item no. 3 relates to appointment of Shri Ashok Jaipuria as a Director of the Company retiring by rotation. Shri Ashok Jaipuria was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 31st December, 2001. Shri Ashok Jaipuria holds the office of a Director upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956.

A notice under Section 257 of the Companies Act, 1956 has been received by the Company from a shareholder intending to propose Shri Ashok Jaipuria as Director of the Company retiring by rotation. Shri Ashok Jaipuria possesses a degree in Associates of Arts in Business Administration and Diploma in Marketing Science and is a leading Industrialist and Chairman and Managing Director of Cosmo Films Ltd. Your Board is of the opinion that his vast knowledge and experience in the BOPP Film Industry would be valuable to the Company. His appointment is therefore, commended for approval.

None of the Directors of the Company are concerned or interested in this resolution except Shri Ashok Jaipuria.

ITEM NO. 4

Item No. 4 relates to appointment of Shri Sushil Kumar Mittal as a Director of the Company retiring by rotation. Shri Sushil Kumar Mittal was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 31st December, 2001. Shri Sushil Kumar Mittal holds the office of a Director upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956.

A notice under Section 257 of the Companies Act, 1956 has been received by the Company from a shareholder intending to propose Shri Sushil Kumar Mittal as Director of the Company retiring by rotation. Shri Sushil Kumar Mittal possess a degree in Commerce and is a Chartered Accountant and presently working as Executive Director of Cosmo Films Ltd. Your Board is of the opinion that the vast knowledge and experience of Shri Sushil Kumar Mittal would be valuable to the Company. His appointment is therefore, commended for approval.

None of the Directors of the Company are concerned or interested in this resolution except Shri Sushil Kumar Mittal.

ITEM NO. 5

Item no. 5 relates to appointment of Shri Ranbir Mukherjee as a Director of the Company retiring by rotation. Shri Ranbir Mukherjee was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 31st December, 2001. Shri Ranbir Mukherjee holds the office of a Director upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956.

A notice under Section 257 of the Companies Act, 1956 has been received by the Company from a shareholder intending to propose Shri Ranbir Mukherjee as Director of the Company retiring by rotation. Shri Ranbir Mukherjee holds a B.Tech. (Mech) degree and is working as President of Cosmo Films Ltd. Your Board is of the opinion that the vast knowledge and experience of Shri Ranbir Mukherjee would be valuable to the Company. His appointment is therefore, commended for approval.

None of the Directors of the Company are concerned or interested in this resolution except Shri Ranbir Mukherjee.

Registered Office :

Plot No. 359-B,

Baska Village, Taluka : Halol,

Dist. : Panchmahals, Gujarat 389350

New Delhi, 17th April, 2002

By Order of the Board of Directors

N. L. Moorjani

C.G.M. (Finance) & Company Secretary

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, 2002.

FINANCIAL RESULTS

		(Rs. in lacs)
	2001-02	2000-01
Sales	10185	12808
Cash Profit/(Loss)	498	464
Depreciation	459	452
Profit before Tax	39	12
Provision for current Tax	2	2
Net Profit after current Tax	37	10
Provision for Deferred Tax	47	-
Net Profit/(Loss) after Deferred Tax	(10)	10
Add: Transferred from Debenture Redemption Reserve	18	-
Less: Transferred to General Reserve	8	-
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 2002.

DEPOSITORY SYSTEM

Your company shares have been notified for compulsory trading in demat form by SEBI w.e.f 13.08.2001. Members have the option of holding their shares in Demat form through any of depositories by opening account with the authorized depository participant.

OPERATIONS

The production for the year under review was 9769 tons as against 12624 tons in the previous year.

During the year under review, your Company achieved a turnover of Rs. 101.85 crores as compared to Rs. 128.08 crores for the previous year. We have achieved net profit after current tax of Rs. 37 lacs as compared to net profit of Rs. 10 lacs in the previous year.

TRADE RELATIONS

The Board desires to place on record its appreciation of the support and cooperation that your company received from bankers/suppliers/processors/distributors/dealers and all others associated with your Company. Your Company regards them as partners in progress.

PERSONNEL

The Board wishes to place on record its appreciation to all the employees for their support and contribution.

RESEARCH & DEVELOPMENT

To maintain its market leadership position, your Company is constantly making investments in R & D. As a result of these efforts, a number of new products were developed during the year under review, some of these have already been marketed while others need stabilization after which they will be offered for commercial use.

DIRECTORS

Shri R.P.Parekh resigned from the Board of your Company with effect from 1st October, 2001 due to withdrawal of nomination by ICICI Limited. Your Directors wish to place on record their appreciation of the services rendered by Shri R. P. Parekh during his tenure as a Director.

Shri N.H. Israni resigned from the Board of your Company with effect from 16th October, 2001. Your Directors wish to place on record their appreciation of the services rendered by Shri N. H. Israni during his tenure as a Director.

Shri Mujib Mundewadi was appointed as a Nominee Director with effect from 14th October, 2001 in view of his nomination being received from ICICI Ltd.

Consequent to the Share Purchase Agreement dated 15th October, 2001 entered into between Mr. Bharat H. Patel and Associates representing the erstwhile promoters of Gujarat Propack Limited and Cosmo Films Limited, the following Directors resigned with effect from 31st December, 2001.

1. Shri J.M. Patel
2. Shri R.J. Patel
3. Shri S.H. Junnarkar
4. Shri P.N. Shah
5. Shri Pranav R. Patel
6. Shri B.H. Patel
7. Shri K.N. Patell

Gujarat Propack Limited

Further, pursuant to the Share Purchase Agreement referred above, Shri Ashok Jaipuria, Shri Sushil Kumar Mittal and Shri Ranbir Mukherjee were appointed as Additional Directors on the Board of the Company with effect from 31st December, 2001 under Article 137 of the Articles of Association and Section 260 of the Companies Act, 1956 to hold office until the forthcoming Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, notices have been received from three shareholders of the Company intending to propose the appointment of Shri Ashok Jaipuria, Shri Sushil Kumar Mittal and Shri Ranbir Mukherjee as Directors liable to retire by rotation at the forthcoming Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act 1956, your Directors state that :

- (i) in the preparation of the annual accounts, applicable accounting standards have been followed;
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates are made so as to give a true and fair view of the state of affairs of the Company as of 31st March, 2002 and of the profit of the Company for the year ended on that date;
- (iii) 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;
- (iv) The annual accounts for the year ended 31st March, 2002 have been prepared on a going concern basis.

AUDIT COMMITTEE

The Audit Committee of the Company was formed in January 2001. However, due to the takeover of the Company by Cosmo Films Ltd and execution of the Share Purchase Agreement on 15th October, 2001 as stated above, the Directors of Gujarat Propack Limited representing Mr. Bharat H. Patel and Associates resigned from the Board with effect from 31st December, 2001

and consequently the Audit Committee was also dissolved.

The Audit Committee was reconstituted on 14th January, 2002 and comprises of Shri Sushil Kumar Mittal, Shri Mujib Mundewadi and Shri Ranbir Mukherjee.

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 11 unclaimed deposits aggregating to Rs.1,13,000/-.

STATUTORY STATEMENTS

Following information as per the requirements of the Companies Act, 1956 is given in separate statements annexed hereto, which form part of this report.

- a) Energy conservation, technology absorption and foreign exchange inflow/outgo pursuant to section 217(1) (e) of the Companies Act, 1956
- b) Particulars of employees pursuant to section 217 (2A) of the Companies Act, 1956.

AUDITORS

M/s. A.J. Shah & Company who were appointed as Auditors at the Seventeenth Annual General Meeting held on 22nd September, 2001 resigned as Auditors of the Company vide their letter 10th January, 2002 which was accepted by the Board of Directors on 14th January, 2002.

Pursuant to Section 224(6)(a) of the Companies Act, 1956, M/s. B.K. Shroff & Co., Chartered Accountants, New Delhi were appointed as Statutory Auditors by the Board on 14th January, 2002 and subsequently approved by the Members at the Adjourned Extra Ordinary General Meeting held on 15th March, 2002. M/s. B.K. Shroff & Co., Chartered Accountants retire at this Annual General Meeting and are eligible for reappointment.

APPRECIATION

Your Directors wish to place on record their appreciation for the whole-hearted and continued support extended by the investors, bankers and financial institutions.

On Behalf of the Board of Directors

ASHOK JAIPURIA

Chairman

New Delhi, 17th April, 2002.

Gujarat Propack Limited

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, 2002.

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. 833.20 lacs
(ii)	Total Foreign Exchange earned	:	Rs. 95.75 lacs

On Behalf of the Board of Directors

ASHOK JAIPURIA

Chairman

New Delhi, 17th April, 2002

PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956.

NAME	DESIGNATION/ NATURE OF DUTIES	GROSS ANNUAL REMUN- ERATION	QUALIFICATIONS	YEARS OF EXPER- IENCE	DATE OF COMMON CEMENT OF EMP- LOYMENT	AGE	LAST EMPLOYMENT NAME OF COMPANY	DESIGNATION
EMPLOYED FOR PART OF THE YEAR								
PATEL B.H.	Managing Director	10,94,255-	Dip.Printing Tech.	37	01-04-1987	56	Vijay Flexible Containers Limited.	Managing Director.
PATELL K.N.	Executive Director	9,35,305/-	B.A.,LL.B.,M.B.A.	31	01-01-1987	57	Vijay Flexible Containers Limited	General Manager (Operations)

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 / Maintenance Allowance, Monetary value of perquisites as per the Income Tax Rules, 1962, Company's contribution to Provident Fund, Superannuation Fund, Gratuity Fund and Leave Travel Assistance and reimbursement of Medical Expenses.

Gujarat Propack Limited

AUDITORS' REPORT

To,

The Shareholders,

We have audited the attached Balance Sheet of GUJARAT PROPACK LIMITED as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :

- i) 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,
- ii) 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 such books,
- iii) the Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account,
- iv) in our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in section 211 (3c) of the Companies Act, 1956.
- v) on the basis of the written representations received from the directors other than nominee directors appointed by public financial institutions who have been granted exemption from the provisions of Section 274(1)(g) of the Companies Act, 1956 by Government of India, Ministry of Law Justice and Company Affairs vide Circular No.2/5/2001-CL.V dated 22/3/2002 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 from being appointed as director under section 274(1)(g) of the Companies Act, 1956.
- vi) *Reference is drawn to note no. 6 on schedule 20 relating to changes in certain policies as compared to previous year in order to comply with the mandatory Accounting Standard (AS-2 Revised) and to make the accounting policies of the Company consistent with the accounting policies of the holding company Cosmo Films Limited resulting in the loss for the year to be higher by Rs.20.07 lacs. Had the accounting policies of earlier years been followed there would have been profit for the year of Rs.10.06 lacs (as against the reported figure of loss for the year of Rs.10.01 lacs) and Assets would have been Rs.6643.40 lacs (as against the reported figures of Rs.6623.33 lacs.)*
- vii) in our opinion and to the best of our information and according to the explanations given to us, the accounts give a true and fair view,

- a) in so far as it relates to the Balance Sheet, of the state of affairs of the company as at 31st March, 2002 and
- b) in so far as it relates to the Profit & Loss Account, of the loss for the year ended on that date.

For B. K. SHROFF & CO.
Chartered Accountants

Place : New Delhi
Dated : 17th April, 2002

O. P. Shroff
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, all the fixed assets have been physically verified by the management during the year according to a regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. Discrepancies noticed on such verification as compared to book records have been properly adjusted.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, spare parts and raw materials except in transit have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
5. The discrepancies noticed on verification of stocks as compared to book records were not material and these have been properly dealt with in the books of accounts.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year *except to the extent mentioned in note no. 6 on schedule 20.*

Gujarat Propack Limited

7. In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which unsecured loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956 are prima facie not prejudicial to the interest of the company.
8. In our opinion and according to the information and explanations given to us, other than the loan granted to an employee who was subsequently appointed as an Executive Director, the company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or to companies under same management, within the meaning of section 370 (1-B) of the Companies Act, 1956.
9. Parties including employees to whom loans or advances in the nature of loans have been given by the company are repaying the principal amount as per stipulation, wherever such stipulations exist and are also regular in payment of interest wherever applicable.
10. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of stores, raw materials including components, plants and machinery, equipment and other assets and with regard to the sale of goods.
11. In our opinion and according to the information and explanation given to us, the transactions of the purchase of goods and sale of goods, materials and services 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, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
12. As explained to us, the company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A of the Companies Act, 1956 and the (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted by it from the public.
14. In our opinion, reasonable records have been maintained by the company for the sale and disposal of realizable scrap. The company has no by-products.
15. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
16. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the products dealt with by the company for the year under review.
17. According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanation given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practices.
19. According to the information and explanation given to us, no undisputed amounts payable in respect of Income-Tax, Sales-Tax, Custom Duty and Excise Duty were outstanding as the 31st March, 2002 for a period of more than six months from the date they became payable.
20. 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.
21. In respect of trading activities of the company, it has been explained to us that there were no damaged goods during the year.

FOR B. K. SHROFF & CO.
Chartered Accountants

Place : New Delhi
Dated : 17th April, 2002

O. P. Shroff
Partner