

# **15<sup>th</sup> ANNUAL REPORT**

## **2003-2004**



**IRPLAST ADHESIVES INDIA LIMITED**

For Irplast Adhesives India Ltd.

*K. S. Sharma*  
Authorised Signatory

**PLEASE NOTE THAT NO GIFT WHATSOEVER WILL BE  
DISTRIBUTED TO SHAREHOLDERS AT THE A.G.M.**

**IRPLAST ADHESIVES INDIA LIMITED****BOARD OF DIRECTORS**

Mr. P. K. Nanda	Chairman
Mr. Kavir Laroia	Managing Director
Mr. Raman Mehta	Director
Mr. M. D. Gujrati	Director

**BANKERS**

ICICI Bank Ltd.

**AUDITORS**

Sanjeev Mittal & Associates  
Chartered Accountants  
New Delhi.

**REGISTERED OFFICE**

Plot No. 7, Roz-Ka-Meo, Industrial Area,  
Sohna-122103, Distt.- Gurgaon, Haryana

**STOCK EXCHANGE LISTING**

The Delhi Stock Exchange Association Ltd.  
DSE House, 3/1, Asaf Ali Road  
New Delhi - 110 002

The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai - 400 001

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## IRPLAST ADHESIVES INDIA LIMITED

### NOTICE TO THE MEMBERS

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of the Company will be held on Wednesday the 21<sup>st</sup> day of July, 2004 at 10.00 A.M. at the Registered Office of the Company at Plot No.7, Industrial Area, Roz-Ka-Meo, Sohna-122103 Distt. Gurgaon, Haryana to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2004 and the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
2. Mr. M. D. Gujrati retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

For and on behalf of the Board

Sohna, 23<sup>rd</sup> June, 2004  
Registered Office :  
Plot No. 7, Industrial Area,  
Roz-Ka-Meo, Sohna.

Kavit Laroia  
Managing Director

### **Notes:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A proxy form duly completed and signed should be deposited at the registered office of the Company not less than 48 hours before the commencement of meeting in default where of the instrument shall not be treated as valid.

2. Members are requested to advise immediately any correction / change in address to the Company / Registrar & Share Transfer Agents M/s. Indus Portfolio Private Limited, G-65, Bali Nagar, New Delhi – 110015 quoting reference of the Registered Folio Number.
3. Shareholders holding shares in the same name or in the same order of names but in several folios, are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one single folio.
4. Any member desirous of obtaining any information/ clarification on the enclosed accounts should submit the query in writing at the Registered Office of the Company at least 10 days before the date of the Annual General Meeting.
5. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours on all working days between 10.00 A.M. to 12.00 A.M. up to the date of the Annual General Meeting.
6. Members are requested to bring the attendance slip duly completed at the meeting.
7. Members are requested to bring their copy of Annual Report along with them at the meeting.
8. Pursuant to the provisions of section 154 of the Companies Act, 1956 the Register of Members and Share Transfer Books of the Company will remain closed for two days from Tuesday, 20<sup>th</sup> July, 2004 to Wednesday, 21<sup>st</sup> July, 2004.
9. **PLEASE NOTE THAT NO GIFT WHATSOEVER WILL BE DISTRIBUTED TO SHAREHOLDERS AT THE A.G.M.**

## IRPLAST ADHESIVES INDIA LIMITED

### DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the Fifteenth Annual Report together with Audited Accounts for the year ended on 31<sup>st</sup> March, 2004.

#### FINANCIAL RESULTS & OPERATIONS

The Company achieved sales of Rs.6.27 million compared with Rs.0.93 million of the previous year. This is mainly attributable to addition of new customers and due to other initiatives taken to increase the sales. The company is committed to carry on the efforts to increase sale as at present there is under utilisation of the installed capacity.

Company has negative margin during the year mainly due to trial/test losses on application of various chemical composition to produce adhesive tape.

Further loan amounts of Rs 5.08 million in foreign currency were raised from the Principal shareholder, making a total of Rs 38.86 million. These loans were raised mainly for meeting working capital requirements.

Company has renegotiated with Foreign Lender for conversion of External Commercial Borrowing from Pound Sterling to US\$ with effect from 31.03.2003 as well further reduction in interest rates. An application for same is pending before Reserve Bank of India for their approval. The approval if granted would reduce the loan liability of Company by appx. Rs. 7.30 million

The accumulated losses of the company had exceeded 50% of its entire network as at 31<sup>st</sup> March 2004. The board is quiet confident that, as a result of the measures undertaken particularly in the areas of marketing, production and finance and the way the company has started showing positive signs, the losses will be completely wiped off within a span of few years.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors' confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed;
2. The accounting policies are consistently followed and your Directors have applied them to give a true and fair view of the state of affairs of the Company and the loss of the Company for the financial year ended March 31, 2004;
3. 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. The annual accounts have been prepared on a going concern basis.

#### FIXED DEPOSITS

The Company has not accepted any fixed deposits from the Public or Shareholders or Employees under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

#### COMMENTS ON AUDITORS' REPORT

As regard point No.(vii) of Annexure to the Auditors Report regarding need of strengthening Internal Audit System, management has already initiated steps in consultation with the Auditors of the Company.



## **IRPLAST ADHESIVES INDIA LIMITED**

As regard the point No.(ix) Company has deposited Tax (TDS) to Central Govt. although there were some delay which has occurred due to the tuff financial position of the Company

Other observations of the Auditor's are self explanatory and /or explained in notes to account.

### **DIRECTORS**

Mr. M.D. Gujrati retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

### **AUDITORS**

M/s Sanjeev Tayal & Associates was appointed as Auditors of the Company in the last Annual General Meeting of the Company held on 03.09.2003. They hold office till the conclusion of this Annual General Meeting. M/s Sanjeev Tayal & Associates informed the Company that with effect from 30.12.2003 this Firm has been discontinued and new firm has been established in the name of M/s Sanjeev Mittal & Associates, as a partnership firm. The Board in its Meeting held on 30<sup>th</sup>, January, 2004 appointed M/s Sanjeev Mittal & Associates, Chartered Accountants, New Delhi to fill casual vacancy caused due to above.

M/s Sanjeev Mittal & Associates, Chartered Accountants, New Delhi retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

### **PARTICULARS OF EMPLOYEES**

There were no employees requiring disclosure in terms of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules 1975.

### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure "A" forming part of this report.

### **CONCLUSION**

The sale of this year is far more better than the previous year. The Company still needs to bring economy in its operations. The Company hopes to increase its market share this year.

For and on behalf of the Board

(P. K. Nanda)  
Chairman

Sohna, 23<sup>rd</sup> June, 2004  
Registered Office :  
Plot No. 7, Industrial Area,  
Roz-Ka-Meo, Sohna.

## IRPLAST ADHESIVES INDIA LIMITED

### ANNEXURE 'A' TO DIRECTORS REPORT

#### A. Conservation of Energy

The manufacturing process is not power-intensive in nature but still the Company has taken measures to reduce energy consumption and has installed energy efficient equipments.

#### B. Technology Absorption

##### Disclosure of particulars of Technology Absorption

##### i) Research and Development (R&D)

- |  |   |                |
|--|---|----------------|
| 1. Specific Areas in which R&D carried out by the Company  | : | _____N.A._____ |
| 2. Benefits derived as a results of the above R&D          | : | _____N.A._____ |
| 3. Future plan of Action                                   | : | _____N.A._____ |
| 4. Expenditure on R&D                                      |   |                |
| a) Recurring   | : | _____N.A._____ |
| b) Recurring   | : |                |
| c) Total R&D expenditure as a percentage of total turnover | : |                |

##### ii) Technology Absorption, Adaptation and Innovation

- |  |   |  |
|--|---|--|
| 1. Efforts in brief made towards technology absorption, adaptation and innovation. | : | The imported technology of manufacturing Hot-Melt Adhesives by die extrusion process has been fully absorbed by the Company.   |
| 2. Benefits derived as a result of the above efforts.                              | : | Introduction of superior quality of self adhesive tapes in the domestic market   |
| 3. In case of imported technology following information may be furnished           |   |  |
| a) Technology imported   | : | BOPP film coated with hot-melt adhesive by die extrusion process.  |
| b) Year of Import  | : | Technical Collaboration agreement was effective from 1989. Commercial production commenced from 1 <sup>st</sup> November, 1992 |
| d) Has technology been fully absorbed.   | : | Yes  |

#### C. Foreign Exchange earnings and outgo

There is no foreign exchange earning. Outgo of foreign exchange on account of import of Raw Materials amounted to Rs. 1.70 million (previous year Rs.2.26 million).



## IRPLAST ADHESIVES INDIA LIMITED

### CORPORATE GOVERNANCE

#### 1. Philosophy of the Company on Corporate Governance

The Company's policy is to operate as closely as possible to the provisions set out in Clause 49 of Bombay Stock Exchange's Listing Agreement. Many steps have already been taken and as a responsible corporate citizen, the Company is committed to improving its Corporate Governance to achieve best practice in similar industries.

#### 2. Board of Directors

The composition of Board of Directors as on 31<sup>st</sup> March, 2004 was as follows –

Mr. P.K. Nanda	Non-Executive Chairman
Mr. K. Laroia	Managing Director
Mr. R. Mehta	Independent Non-Executive Director
Mr. M.D. Gujrati	Independent Non-Executive Director

None of the above directors held memberships of other Boards and Committees (Private Limited companies/ Foreign companies not considered).

The Board held 5 meetings during the year: on 29<sup>th</sup> April, 30<sup>th</sup> July, 7<sup>th</sup> August, 30<sup>th</sup> October of 2003 and 30<sup>th</sup> January of 2004. All Directors attended all meetings except Mr. Raman Mehta who attended only three meetings i.e. Second, Third and Fourth meeting and Mr. P.K. Nanda who attended only two meetings i.e. First and Fifth. At last AGM Mr. Raman Mehta and Mr. M.D. Gujrati could not be present.

#### 3. Board Committees

**Audit Committee:** For the purpose of ensuring adequacy of internal controls and efficacy of internal and statutory audits and matters specified in Clause 49 as amended of the Listing Agreements and Section 292A of the Companies Act, 1956, the Board has constituted an Audit Committee comprising 3 non - executive Directors, M. D. Gujrati, P.K. Nanda, R. Mehta. Mr. Gujrati being an independent non-executive Director with financial and accounting background has been nominated as the chairman of the Committee. Four meetings were held during the year on April 24, July 28 and October 28 in 2003 and January 30 in 2004. All members attended all meetings except Mr. P.K. Nanda who attended First and Fourth meeting.

**Remuneration Committee:** This has been constituted for reviewing and determining remuneration, performance and related bonuses of management and consists of three non-executive Directors, R. Mehta, M. D. Gujrati, and P. K. Nanda who is the Chairman. No meeting was held during the year as there was no requirement of any review of remuneration.

**Shareholder Matters Committee:** This Committee has been constituted with P.K. Nanda and R. Mehta as members to look into the matters concerning redressal of shareholders' complaints. The Company has delegated share transfer powers to the Registrar and Share Transfer Agent M/s. Indus Portfolio Private Limited, G-65, Ball Nagar, New Delhi-110015. Four meetings were held during the year on April 24, July 14, October 10 of 2003 and January 30, 2004. All members attended the meetings. During the year, 9 complaints were received from the Shareholders and all the complaints have been satisfied. All the transfers received during the financial year are processed by the Registrar and Transfer Agents and no transfers are pending at the close of the financial year.

#### 4. General Body Meetings

The last three Shareholder Meetings, all Annual General Meetings, were held at the Company's Registered Office / Factory on September 3, 2003 June 5, 2002 and September 28, 2001.

No Special Resolution was put to vote in the aforesaid meetings and no resolution has been put through postal ballot at any time.

#### 5. Disclosure and Communication

Information on Related Parties and their transactions are set out in Note No. 9 of Schedule 18 to the Accounts. During the last three years, there were no strictures issued or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority except suspension of trading of securities by 'The Stock Exchange, Mumbai' and 'Delhi Stock Exchange' for late payment of listing fees and for non-payment of listing fees respectively. However the shares of the Company have been readmitted for trading on Delhi Stock Exchange since June, 2003 and on The Stock Exchange, Mumbai since September, 2003. The Company has communicated to all employees to approach Audit Committee directly without informing their supervisors on the observation of unethical or improper practice. The Company also hereby affirms that it has not denied any personnel access to the audit committee. The Company has published its quarterly results for the quarter ended June, 2003, September, 2003, December, 2003 and March, 2004 in "Pioneer" and "Veer Arjun" newspapers. The Company has also sent the floppies of all quarterly results to the Stock Exchanges for displaying the same on their web site.