

# ***FLEXO FILM WRAPS (INDIA) LIMITED***

MD	✓		BKC	✓
CS	2/11		DPY	2/11
RC	✓		DIV	2/11
TRA	2/11		AC	✓
AGM	✓	2/11	SHI	✓
YE	✓	2/11		



**Annual Report And Accounts**

**1996-97**



# **FLEXO FILM WRAPS (INDIA) LIMITED**

## **DIRECTORS**

Shri V. K. Thirani - Chairman  
 Shri L.D. Thawani - Nominee of SICOM  
 Shri. Pramod Khaitan  
 Mrs. V.D. Thirani  
 Mrs. Madhavi Thirani  
 Shri. Kunal Thirani - Managing Director  
 Shri Alok Bhartia - Additional Director

## **CHIEF EXECUTIVE**

Shri. K. K. Sadani

## **AUDITORS**

Bhatter & Company  
 Chartered Accountants, Mumbai.

## **BANKERS**

The Saraswat Co.Operative Bank Limited

## **REGISTERED OFFICE**

B-22, M.I.D.C. Industrial Area,  
 Waluj, Aurangabad - 431136.  
 Phone : +91-240-554915 / 554209  
 Fax : +91-240-554119

## **WORKS**

### **Unit-I**

B-22, M.I.D.C. industrial Area,  
 Waluj, Aurangabad - 431136.  
 Phone : +91-240-554915 / 554209  
 Fax : +91-240-554119

### **Unit-II**

Village Farola, Taluka Paithan  
 Dist. Aurangabad  
 Maharashtra.  
 Phone : (02431) 41661 / 41662

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**NOTICE**

Notice is hereby given that the ELEVENTH ANNUAL GENERAL MEETING of the members of **FLEXO FILM WRAPS (INDIA) LIMITED**, will be held at its Registered Office at Plot No.B-22, M.I.D.C. Industrial Area, Waluj, Aurangabad - 431136, Maharashtra, on Saturday, the 27th day of September, 1997 at 3.00 p.m. to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet, as on that date and the Report of Directors and Auditors thereon.
2. To appoint Director in place of Mrs. V.D. Thirani, who retires by rotation and being eligible offers herself for reappointment.
3. To appoint Director in place of Mrs. Madhavi Thirani, who retires by rotation and being eligible offers herself for reappointment.
4. 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.

**SPECIAL BUSINESS :**

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :  
To appoint Shri. Alok Bhartia, who was appointed as an additional director by the Board of Directors of the company under Article 92 of the Articles of Association of the company and who holds office under the said Article and Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting, as a Director of the company, and in respect of whom the company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Shri Alok Bhartia as the candidate for the Office of the Director .  
"RESOLVED that pursuant to the relevant provisions of the Companies Act, 1956, including Section 257, Shri. Alok Bhartia be and is hereby elected and appointed as a Director of the Company, liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the companies Act, 1956 and supersession of the resolution passed at the earlier Annual General Meeting of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing money for and on behalf of the Company by way of loans, advances, deposits or otherwise, whether the same be secured or unsecured, on such terms and conditions as the Board of Directors may consider fit and appropriate notwithstanding the fact that the money so borrowed, together with the moneys already borrowed by the company (apart from temporary loans for working capital obtained from the company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose provided that the total amount which may be so borrowed by the Board of Directors outstanding at any time shall not exceed Rs.20 crores (Rupees Twenty crores)."

7. To consider and, if thought fit, to pass with or without modification (as may be permissible) the following resolution as a Special Resolution :

"RESOLVED that pursuant to Section 163 and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") the approval of the Company be and is hereby accorded for keeping the Register of Members, Index of Members, other related books and copies of all annual returns prepared under section 159 and other applicable provisions of the Act together with the copies of the certificates documents required to be annexed thereto under Section 161 and other applicable provisions of the Act, or any one or more of them and Books of Account relating to Farola unit, from the Registered Office of the company to Gut No.74, Village Farola, Aurangabad - 431105 from October 01, 1997.

**BY THE ORDER OF THE BOARD**

Place : Aurangabad

Date : June 25, 1997

**KUNAL THIRANI**

**Managing Director**

**Regd. Office :** B-22, M.I.D.C. Area Waluj,  
Aurangabad - 431136.

**FLEXO FILM WRAPS (INDIA) LIMITED****NOTES :**

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend instead of himself. A proxy need not be a member of the Company. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the Annual General Meeting.
2. The Register of Member and Share Transfer books will remain closed from 21st Sept. 97 to 27th Sept. 97 (Both days inclusive).
3. Explanatory Statement pursuant to Section 173(2) of the companies Act, 1956, is enclosed herewith.
4. Shareholders intending to require information in respect of Accounts are requested to send their queries to the company at its registered office at least 7 days in advance of the Annual General Meeting.
5. Members are requested to notify the change in address, if any, promptly to the company quoting their folio numbers.

**Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956.****ITEM NO.5**

Mr. Alok Bhartia was appointed an Additional Director by the Board of Directors of the company on June 25, 1997 under Article 92 of the Company's Articles of Association. Under Section 260 of the Companies Act, 1956, Mr.Alok Bhartia holds office only up to the date of the forthcoming Annual General Meeting of the Company. Notice has been received from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Alok Bhartia for the office of the Director.

Mr. Alok Bhartia is an industrialist of high repute and his appointment will be a valuable addition to the Board.

Your Directors recommend the resolution at item no.5 for your approval. None of the Directors are in any way concerned or interested in this resolution.

**ITEM NO.6**

Pursuant to the resolution passed by the members at the earlier Annual General Meeting, the Board of Directors is authorised to borrow funds for and on behalf of the company from time to time, (apart from short-term finance or working capital limits from the banks) to the extent of Rs.10.00 crores (Rupees. Ten crores). In view of the setting up a new unit at Farola, the existing limit of Rs.10.00 crores is likely to be utilised. Therefore, it is proposed to enhance the borrowing limit to Rs.20.00 crores (Twenty Crores) pursuant to section 293 (1) (d) of the Companies Act, 1956.

Your Directors recommend the resolution at item no.6 for your approval. None of the Directors are in any way concerned or interested in this resolution.

**ITEM NO.7**

Under the provisions of the Companies Act, 1956, certain documents such as the Register and Index of Members, Annual Returns, other related books and certificates and Books of Account, etc. have to be kept at the Registered Office of the Company. However, these documents can be kept at any other place within the city, town or village in which the Registered Office of the Company is situated, with the approval of the shareholders to be accorded by a Special Resolution.

As the company's new unit situated at Farola has started operation, therefore the concerned staff members will be sitting at that unit, hence the related books and records of Share Transfer and the Books of Accounts of that unit will be kept at Gut # 74. Village Farola, Aurangabad-431136, as indicated in the resolution at item No.7.

Your Directors recommend the resolution at item No. 7 for your approval. None of the Directors are in any way concerned or interested in this resolution.

**FLEXO FILM WRAPS (INDIA) LIMITED****DIRECTOR'S REPORT**

Your Directors are pleased to present their Report on the Company's Operation together with the Audited Accounts for the year ended 31st March 1997.

**1. FINANCIAL RESULTS :**

	Current Year ended 31st March, 1997	(Rupees in Lacs) Previous Year ended 31st March, 1996
Sales	441.47	414.38
PBIDT	80.28	71.51
Less Interest	29.26	16.62
PBDT	51.02	54.89
Less Depreciation & Amortisation	18.36	8.75
PBT	32.66	46.14
Less Provision for MAT / TAX	3.50	16.50
PAT	29.16	29.64
Short Provision of Tax of earlier year	1.61	0.37
Balance available for appropriation	27.55	29.27
<b>APPROPRIATION</b>		
Proposed Dividend	--	7.52
Transferred to General Reserve	--	2.50
Balance Carried forward to Balance Sheet	27.55	19.25

**2. DIVIDEND**

The Board has not recommended any dividend for the year ended 31st March, 1997.

**3. PERFORMANCE**

**Waluj Unit** - The Waluj unit continues to maintain its growth. The unit achieved a turnover of Rs.439.37 lacs in 1996-97 as against Rs.414.38 over the previous year. The PBDT for 1996-97 stood at Rs. 64.73 lacs as against Rs.54.89 lacs over the previous year. The company concentrated on the better value added sales market and deleted the sales which undoubtedly would have increased the turnover, but would have a nil contribution to the bottom-lines. Due to this, though the sales grew only by 6.03%, the PBDT grew by 17.89%.

The Waluj unit was commenced in 1986 and in this 11 years of time span, the technology in use has become near obsolete. Therefore, your company has embarked upon a complete modernisation plan for this unit. The technology upgradation plan will involve replacement of almost all ancillary equipment and components of wear & tear and the latest electronic control system for the film extrusion line. In addition, certain equipment, such as an on-line two colour printing machine will be installed which will give the company a much wider marketing base and a clear edge over competition.

By this, the percentage of on-line wastages will be drastically reduced and at the same time, the quality of the end product will be at par with the world standards.

## **FLEXO FILM WRAPS (INDIA) LIMITED**

**Farola Unit** - Your Directors are pleased to inform that after facing teething & initial problems, the Farola unit has started its operations successfully in the month of March, 1997.

There was a delay of nearly 6 months in the commencement of commercial production. The Company received the cost overrun funds from the institutions and promoters in October 1996 and the plant & machinery was cleared from the customs immediately. The final trial runs for all films including special films could be completed only by the end of February, 1997 and the commercial production started on March 18, 1997.

Due to the on-going depressed Stock market conditions, the allotment money due to the company since July 1996, has still not been received fully. All efforts to persuade the investors to pay up are being made by the management. However, the inflow of these funds is slow.

In a nominal 14 days of working at the financial year end, the Farola unit could achieve a sale of Rs. 2.10 lacs and suffered a net loss of Rs.16.25 lacs during the year ended 31st March, 1997.

The company could not achieve the projected levels of turnover and profitability mainly because the actual commercial production of New Project commenced from 18.03.97 as against 01.04.96 on account of factors beyond the control of the management as stated above.

#### **4. FIXED DEPOSIT**

Your company has not accepted any deposits under Section 58A of the Companies Act, 1956 from the public.

#### **5. INSURANCE**

All the properties of the company including Plant & Machinery, Stores and Stocks, wherever necessary and to the extent required, have been adequately insured.

#### **6. PERSONNEL**

The company continues to maintain cordial relations with the workmen and staff. Your Directors wish to express their appreciation to all the employees of the company for their continued support and contribution.

#### **7. DIRECTORS**

Mrs. V.D. Thirani & Mrs. Madhavi Thirani retire from the Board by rotation and being eligible, offer themselves for reappointment.

#### **8. AUDITORS**

Auditors of the company retire at the conclusion of the ensuing Annual General Meeting and being eligible under Section 224 (1B) of the Companies Act, 1956 offer themselves for reappointment.

#### **9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :**

*A) Conservation of Energy :* The manufacturing process of the company is not power intensive. However, the company is continuing its efforts to conserve energy and saving in the consumption of electricity.

*B) Technology Absorption :* Based on the up-gradation of technology for the imported plant from Taiwan & Reifenhauer-Germany, for manufacture of Stretch, Lamination & Masking Film, our technical personnel are regularly doing various researches for product development, quality improvement, process modification and cost reduction etc.

*C) Foreign Exchange :* Foreign Exchange earning of the company is Nil for the year under review, whereas the outgo is Rs.6.19 Lacs on account of raw material import, foreign visits for exports, etc.

#### **10. PARTICULARS OF EMPLOYEES :**

The statement under Section 217(2A) of the Companies Act, 1956 read with the Companies(Particulars of Employees)Rules, 1975 forming part of the Director's Report is annexed.

#### **11. APPRECIATION :**

Your company and its Directors wish to extend their sincere thanks to the Central and State Government, the Financial Institutions, Banks and Shareholders for their continuing co-operation and assistance.

**On behalf of the Board**

Place : Aurangabad  
Date : June 25, 1997

**KUNAL THIRANI**  
Managing Director