

# **FLEXOFILM**

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## **Annual Report & Accounts 2004**

**BOARD OF DIRECTORS** : KUNAL THIRANI -MANAGING DIRECTOR  
: KRISHNA KUMAR SADANI -EXECUTIVE DIRECTOR  
: VEENA DEVI THIRANI -DIRECTOR  
: MADHAVI THIRANI -DIRECTOR  
: SURAJ P. JAKHANWAL -BIFR NOMINEE  
: RANJAN P. GUPTA -INDEPENDENT DIRECTOR  
: VIJAY D. AJGAONKAR -INDEPENDENT DIRECTOR

**AUDITORS** : M/S. BHATTER & COMPANY  
CHARTERED ACCOUNTANTS, MUMBAI.

**BANKERS** : THE SARASWAT CO-OPERATIVE BANK LIMITED

**REGISTERED OFFICE** : B-22, MIDC INDUSTRIAL AREA,  
WALUJ, AURANGABAD-431136  
PHONE +91-240-2554915/2554209  
FAX +91-240-2554119

**WORKS** : UNIT-I  
B-22, MIDC INDUSTRIAL AREA,  
WALUJ, AURANGABAD-431136  
PHONE: +91-240-2554915/2554209  
FAX: +91-240-2554119

UNIT-II  
GUT NO.74, VILLAGE FAROLA,  
TALUKA PAITHAN, DIST. AURANGABAD  
MAHARASHTRA  
PHONE: +91-2431-251663/251664  
FAX: +91-2431-251661

**SHARE REGISTRAR AND  
TRANSFER AGENTS** : M/S INTIME SPECTRUM REGISTRY LIMITED  
C-13, PANNALAL SILK MILLS COMPOUND,  
L.B.S. MARG, BHANDUP (W)  
MUMBAI - 400 078

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## NOTICE

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of Flexo Film Wraps (India) Ltd. will be held on Thursday, the 9<sup>th</sup> June 2005 at 9:30 A.M. at the Registered Office of the Company situated at B-22, MIDC Industrial Area, Waluj, Aurangabad to transact the following business:

### I. ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> December, 2004 and Profit and Loss Account for the year ended on that date together with report of Board of Directors and Auditors thereon.
- 2) To appoint Director in place of Smt. V. D. Thirani, who retires by rotation and being eligible offers herself for reappointment.
- 3) To appoint auditors and fix their remuneration.

### II. SPECIAL BUSINESS:

- 4) To consider and if thought fit to pass with or without modification the following resolution as **ordinary resolution**:

**"RESOLVED** That pursuant to the provisions of section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and any other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if any, the approval of the members of the company be and is hereby accorded to the re-appointment of Shri Kunal Thirani as a Managing Director of the Company for a further period of five years with effect from 20<sup>th</sup> January, 2005, on the terms and conditions as set out in the draft agreement including remuneration as approved by the Remuneration Committee of the company with liberty to the Remuneration Committee to alter and vary such remuneration, but at no time the remuneration payable to the Managing Director exceed the limit prescribed in part II of Schedule XIII of the Companies Act, 1956 as existing and as may be amended from time to time and in case of the company has no profits or its profit are inadequate in any financial year, the Managing Director would be entitled to receive the remuneration upto the limit of minimum remuneration as prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956 as existing or as amended from time to time.

**RESOLVED FURTHER** That the Managing Director will also be entitled to reimbursement of all entertainment and other expenses actually and property incurred for the business of the Company.

**RESOLVED FURTHER** That the Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof."

- 5) To consider and if thought fit to pass with or without modification the following resolution as **ordinary resolution**:

**"RESOLVED** That pursuant to the provisions of section 198, 269, 309 read with schedule XIII and any other applicable provisions of the Companies Act, 1956, and subject to the approval of the Central Government, if any the approval of the members of the company be and are hereby accorded to the re-appointment of Shri Krishna Kumar Sadani as a Executive Director of the company for a further period of five years with retrospective effect from 28<sup>th</sup> June, 2003 on the terms and conditions as set out in the draft agreement including remuneration as approved by the Remuneration Committee of the company with liberty to the Remuneration Committee to alter and vary such remuneration but at no time the remuneration payable to the Executive Director shall exceed the limit prescribed in part II of Schedule XIII of the Companies Act, 1956 as existing and as may be amended from time to time and in case of the company has no profits or its profit are inadequate in any financial year, the Executive Director would be entitled to receive the remuneration upto the limit of minimum remuneration as prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956 as existing or as amended from time to time.

**RESOLVED FURTHER** That the Executive Director will also be entitled to reimbursement of all entertainment and other expenses actually and properly incurred for the business of the Company.

**RESOLVED FURTHER** That the Executive Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof."

6) To consider and if thought fit to pass with or without modification the following resolution as **ordinary resolution**:

**"RESOLVED** That pursuant to the provisions of section 255, 257 and other applicable provision, if any, of the Companies Act, 1956, Shri Ranjan P. Gupta who was appointed as additional director by the Board of Directors of the company, be and is hereby appointed as Director of the Company liable to retire by rotation."

7) To consider and if thought fit to pass with or without modification the following resolution as **ordinary resolution**:

**"RESOLVED** That pursuant to the provisions of section 255, 257 and other applicable provision, if any, of the Companies Act, 1956, Shri Vijay D. Ajgaonkar who was appointed as additional director by the Board of Directors of the company, be and is hereby appointed as director of the Company liable to retire by rotation."

8) To consider and if thought fit to pass with or without modification the following resolution as **Special Resolution**:

**"RESOLVED** That the Articles of Association of the Company be altered by deleting the article no. 93 of the Articles of Association and the following new article be substituted in its place:

"93. Unless otherwise determined by the company in General Meeting a Director shall not be required to be registered in respect of any Equity Shares as Director's Qualification."

9) To consider and if thought fit to pass with or without modification the following resolution as **Special Resolution**:

**"RESOLVED** That the approval of the Company be and is hereby given to delist the securities from the Calcutta Stock Exchange Association Ltd."

Place: Aurangabad  
Date: 07.05.2005

**BY ORDER OF THE BOARD OF DIRECTORS**  
**KUNAL THIRANI**  
**MANAGING DIRECTOR**

#### NOTES:

1. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is enclosed and forms part of this notice.
2. MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF & A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy forms, duly stamped should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 03.06.2005 to 09.06.2005 (both days inclusive).
4. All the documents referred to in accompanying notice are open for inspection at the registered office of the company on all working days except Sunday and Holidays between 11:00 a.m. to 5:00 p.m. upto the date of Annual General meeting.
5. The members are requested to intimate to Share Transfer Agents of the Company changes, if any, in their Registered Address at an early date and bring the copy of the Annual Report and Attendance Slip with them to the Annual General Meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 4**

Shri Kunal Thirani managing the affairs of the company since his inception in the Board, i.e. 27.09.1990 and re-appointed as Managing Director of the Company on 20.01.2000 for five years. His tenure of period has ended on 19.01.2005, the Board of Directors has re-appointed him as Managing Director w.e.f. 20.01.2005 for further period of five years in their meeting held on 4<sup>th</sup> January, 2005 and remuneration has been approved by the Remuneration Committee in their meeting held on 30.04.2005. The Board is of the opinion that his vast experience and knowledge will prove beneficial for the future growth and developments of the company.

The salary and perquisites of the Managing Director are set out hereunder:

Salary : Rs. 30,000 - 5000 -- 40000 p.m.

Perquisites : In addition to salary, the Managing Director will also be eligible for perquisites, restricted to an amount equal to the annual salary. For this purpose, perquisites are classified into three categories, Part A, B and C as follows:

**CATEGORY "A"**

1. Housing: The house rent allowance will be subject to 60% of the salary over and above 10% payable by him.
2. Children Education Allowance: Rs. 6,000/- p.m.
3. Medical Reimbursement: Expenses incurred by him and his family subject to a ceiling of one month salary in one year or three months salary for a period of three years.
4. Leave Travel Expenses: Leave travel expenses for him and his family once in a year incurred as per the rule specified by the company.
5. Club Fees: Club fees subject to a maximum of two clubs. This will not include admission and life membership fees.
6. Personal Accident Insurance: Premium not exceeding Rs. 4000/- per annum.

**CATEGORY "B"**

1. Contribution to Provident Funds, Pension/Superannuation fund will not be included in computing the ceiling on the perquisites to the extent, these either singly or put together are not taxable under the Income Tax Act. Gratuity payable should not exceed half month salary for each completed year of service.
2. Encashment of leave at the end of tenure will not be included in the computation of ceiling on perquisite.

**CATEGORY "C"**

Provision of Car and Telephone: Provision of car for use on the company business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed to the individual concerned by the company.

Your Directors recommend the resolution for your approval. Shri Kunal Thirani, Smt. Madhavi Thirani, Director and Smt. V.D. Thirani, Director are concerned or interested in this resolution.

**ITEM NO. 5**

Shri Krishna Kumar Sadani has been working as Chief Executive of the Company since April, 95 and after evaluating his performance he has been appointed as Executive Director by the members of the company for a period of five years with effect from 28.06.1998. His tenure has expired on 27.06.2003 and looking his rich experience in the functioning of the company, the Board of Directors re-appointed him as an Executive Director with retrospective date from 28.06.2003 for a period of five years in their meeting held on 4<sup>th</sup> January, 2005 and remuneration has been approved by the Remuneration Committee in their meeting held on 30.04.2005 with retrospective effect. The Board is of the opinion that his vast experience and knowledge will prove beneficial for the future growth and developments of the company.

The salary and perquisites of the Executive Director are set out hereunder:

Salary: Rs. 25000-5000-30000 p.m.

Perquisites : In addition to salary, the Executive Director will also be eligible for perquisites, restricted to an amount equal to the annual salary. For this purpose, perquisites are classified into three categories, Part A, B and C as follows:

**CATEGORY "A"**

1. Housing: The house rent allowance will be subject to 60% of the salary over and above 10% payable by him.
2. Children Education Allowance: Rs. 2,000/- p.m.
3. Medical Reimbursement: Expenses incurred by him and his family subject to a ceiling of one month salary in one year or three months salary for a period of three years.
4. Leave Travel Expenses: Leave travel expenses for him and his family once in a year incurred as per the rule specified by the company.



5. Club Fees: Club fees subject to a maximum of two clubs. This will not include admission and life membership fees.

6. Personal Accident Insurance: Premium not exceeding Rs. 4000/- per annum.

### **CATEGORY "B"**

1. Contribution to Provident Funds, Pension/Superannuation fund will not be included in computing the ceiling on the perquisites to the extent, these either singly or put together are not taxable under the Income Tax Act. Gratuity payable should not exceed half month salary for each completed year of service.

2. Encashment of leave at the end of tenure will not be included in the computation of ceiling on perquisite.

### **CATEGORY "C"**

Provision of Car and Telephone: Provision of car for use on the company business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed to the individual concerned by the company.

Your Directors recommend the resolution for your approval. None of directors except Shri Krishna Kumar Sadani is concerned or interested in this resolution.

### **ITEM NO. 6**

Shri Ranjan P. Gupta was appointed as Additional Director by the Board of Director of the Company in their meeting held on 30.04.2005. He holds office upto the date of this Annual General Meeting, as required by section 257 of the Companies Act, 1956, the Company has received a notice in writing along with deposit from members signifying their intension to propose him as a candidate for the office of the director.

Shri Ranjan P. Gupta is Legal Consultant and has worked around 24 years in the Legal Department of the SICOM Ltd. a financial institution. He is specialized in drafting all the security documents in respect of the loan sanctioned, scrutinizing the title deeds, finalization of the sale deeds, agreement etc.

The Board is of the opinion that the appointment of Shri Ranjan P. Gupta as a Director would be in the best interest of the Company. None of directors except Shri Ranjan P. Gupta is concerned or interested in this resolution.

### **ITEM NO. 7**

Shri Vijay D. Ajgaonkar was appointed as Additional Director by the Board of Director of the Company in their meeting held on 30.04.2005. He holds office upto the date of this Annual General Meeting, as required by section 257 of the Companies Act, 1956, the Company has received a notice in writing along with deposit from members signifying their intension to propose him as a candidate for the office of the director.

Shri Vijay D. Ajgaonkar is Financial Consultant. He has worked with State Bank of India around 20 years and opted for voluntary retirement in 1990 from SBI and joined Times Guaranty Financial Ltd. as head of its Merchant Banking. After serving four years he started working as free lancer in finance field. He specializes in project finance, long term finance through equity and preference capital, short term finance from institutions as also working capital finance from banks, institutions, etc.

The Board is of the opinion that the appointment of Shri Vijay D. Ajgaonkar as a Director would be in the best interest of the Company. None of directors except Shri Vijay D. Ajgaonkar is concerned or interested in this resolution.

### **ITEM NO. 8**

The Company is required to appoint independent directors in the Board of Directors of the Company for compliance with the requirement of the corporate governance clause of the Listing Agreement. Therefore, the directors decided to alter the existing article no. 93, which required to hold one equity share as Director's Qualification, so that the directors should not be compel to hold any number of equity shares of the company.

Your Directors recommend the resolution for your approval. None of directors is concerned or interested in this resolution.

### **ITEM NO. 9**

Keeping in view almost nil trading of the shares of the Company on the Calcutta Stock Exchange and with the object of saving recurring expenses on listing fees payable to the said stock exchange, the board of directors approved the delisting of the company's securities from the Calcutta Stock Exchange, in their meeting held on 30th April, 2005. The Company's securities would continue to be listed in The Stock Exchange, Mumbai having nation wide trading-terminals enabling the investors to trade in the shares of the Company readily.

Your Directors recommend the resolution for your approval. None of directors is concerned or interested in this resolution.

**BY ORDER OF THE BOARD OF DIRECTORS**

**KUNAL THIRANI**

**MANAGING DIRECTOR**

Place: Aurangabad

Date: 07.05.2005

**DIRECTORS' REPORT**

Your Directors are pleased to present the 19<sup>th</sup> Annual Report together with the audited Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> December 2004.

**1. FINANCIAL RESULTS:**

Rs. in lakhs

Particulars	Current Year 31 <sup>st</sup> Dec. 2004	Previous Year 31 <sup>st</sup> Dec. 2003	Increase/ (Decrease)	% Change
Sales	1454.41	1297.40	157.01	12.10
Raw Material Consumption	961.75	825.92	135.83	16.44
PBIDT	87.79	132.39	(44.60)	(33.69)
Less: Interest	93.83	75.90	17.93	23.62
PBDT	(6.04)	56.42	(62.46)	(110.70)
Less: Depreciation & Amortization	86.66	87.60	(0.94)	(1.07)
PBT	(92.70)	(31.11)	61.59	197.97
Less: Provision for Tax	—	—	—	—
PAT	(92.70)	(31.11)	61.59	197.97

- PERFORMANCE:** There was an increase of Rs. 157 lakhs in sales, the loss has increased by Rs. 61.59 lakhs due to overall increase in raw material cost, manufacturing & other expenses, employee cost and interest cost.
- DIVIDEND:** In view of the current year losses, the Board has not recommended any dividend for the year ended 31<sup>st</sup> December 2004.
- FIXED DEPOSIT:** Your Company has not accepted any deposits under Section 58A of the Companies Act, 1956 from the public.
- INSURANCE:** All the properties of the company including Plant & Machinery, Stores and Stocks, wherever necessary and to the extent required have been adequately insured.
- PERSONNEL:** The Company continues to maintain cordial relations with the workman and staff. Your Directors wish to express their appreciation to all the employees of the company for their continued support and contribution.
- DIRECTORS:** Shri Pramod Khaitan expressed his unwillingness to be re-appointed as director due to his ill health, the Board place on record its sincere appreciation for the valuable guidance and suggestion given by Shri Pramod Khaitan during his tenure.  
During the year Shri Ranjan P. Gupta and Shri Vijay D. Ajgaokar were appointed as Additional Directors by the Board in their meeting held on 30.04.2005. The Company has received notice from the members signifying their candidature for the appointment of Shri Ranjan P. Gupta and Shri Vijay D. Ajgaokar as Directors of the Company. The Board recommends their appointment.  
Smt. V.D. Thirani, retire by rotation and being eligible, offer herself for reappointment at the ensuing Annual General Meeting.  
Shri Kunal Thirani was re-appointed as Managing Director of the Company on 20.01.2000 for five years and is entrusted with substantial power of management. Since the tenure of Shri Kunal Thirani has expired on 19.01.2005 and the Board of Directors has given approval to re-appoint him as Managing Director of the Company in their meeting held on 4<sup>th</sup> January, 2005, and remuneration has been approved by the Remuneration Committee in their meeting held on 30.04.2005, an approval of the members is sought to re-appoint Shri Kunal Thirani as the Managing Director of the Company w.e.f. 20.01.2005 for further period of five years.  
Shri Krishna Kumar Sadani was appointed as the Executive Director of the Company on 28.06.1998 for five years. Since the tenure of Shri Krishna Kumar Sadani has already expired on 27.06.2003 and the Board of Directors of the Company has given approval to re-appoint him as Executive Director of the Company for

further period of five years with retrospective effect from 28th June, 2003 in their meeting held on 4th January, 2005, and remuneration has been approved by the Remuneration Committee in their meeting held on 30.04.2005 with retrospective effect, an approval of the members is sought to re-appoint Shri Krishna Kumar Sadani as the Executive Director of the Company with retrospective effect from 28th June, 2003 for further period of five years.

8. **AUDITORS:** Bhatler & Company, Chartered Accountants, 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. **REMUNERATION TO EMPLOYEES:** Company has not employed any employee during the financial year or part of the financial year of the company who covered under the provisions of Sections 217(2A) read with the Companies (Particulars of Employees) Rules, 1975.
10. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:**
- A) Conservation of Energy: The Company is continuing its efforts to conserve energy.
- B) Technology Absorption: The Company is trying its best to achieve cost reduction and productivity by its in-house R&D.
- C) Foreign Exchange: Foreign Exchange Earning of the company is Rs. 16,72,021 for the year under review, whereas the outgo is Rs. 1,20,90,048 on account of raw material import and foreign visits for exports etc.
11. **DIRECTOR'S RESPONSIBILITY STATEMENT:** In order to make the directors of the company accountable towards safe guarding the interest of the company, the directors' responsibility statement is given:
- A) Adherence to the accounting standards: While preparing the annual accounts of the company, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- B) Accounting Policies: The directors has selected such accounting policies and applied them consistently and 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 and of the profit and loss for that period.
- C) Director's Responsibility: The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- D) Preparation of accounts on a going concern basis: The directors had prepares the annual accounts on a going concern basis.
12. **CORPORATE SOCIAL RESPONSIBILITY:** The Company is paying education allowance/expenses to its eligible workers and employees for one child.
13. **CORPORATE GOVERNANCE & COMPLIANCE CERTIFICATE:** As required under clause 49 of the Listing Agreement with the Stock Exchange, Corporate Governance and Management Discussion and Analysis Report form part of the annual report. A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.
14. **APPRECIATION:** Your Company and its Directors wish to extend their sincere thanks to the Central and State Governments, the Financial Institutions, Banks and Shareholders for their continuing co-operation and assistance.

On behalf of the Board of Directors

Place: Aurangabad  
Date: 07.05.2005

Kunal Thirani  
Managing Director



**CORPORATE GOVERNANCE REPORT****1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

Flexo Film Wraps (India) Ltd. believes that the Corporate Governance provides Transparency, Accountability and Disclosure in the operation of an organization, which are important tools for shareholders and other stake holders protection and also maximizes their long-term value. The Company respects the inalienable rights of its stakeholders to get true and correct information on the performance of the Company and considers itself a trustee of its shareholders.

**2. BOARD OF DIRECTORS:**

The Composition of the Board of Directors and attendance record of the directors are as follows:

Director	Executive/ Non Executive / Independent	Number of Board Meeting attended	Whether attended last AGM	No. of other Director -ships	Other Board Member -ship	Committees Chairman- ship
Mr. Kunal Thirani	Executive	5	Y	--	--	--
Mr. K.K. Sadani	Executive	4	Y	01	--	--
Mr. S.P. Jakhanwal (BIFR Nominee)	Independent	1	N	02	--	--
Mr. M. Asif* (UTI Nominee)	Independent	0	N	--	--	--
Mr. Pramod Khaitan	Independent	0	N	05	--	--
Mrs. V. D. Thirani	Non-executive	2	Y	01	--	--
Mrs. Madhavi Thirani	Non-executive	4	Y	--	--	--

\*UTI has withdrawn the nomination of Mr. M. Asif as a Director from the Board of the Company and the Board of Directors taken on record the resignation in their meeting held on 30.07.2004.

\*\* Other Directorship exclude Directorship held in Private Limited Companies.

There were five board meeting held during the year ended 31.12.2004. These were on 19.01.2004, 29.03.2004, 30.04.2004, 30.07.2004 and on 23.10.2004.

The Board, always meets in a month next of each quarter to review the quarterly results and other items on the agenda and when necessary, additional meetings are held.

The board has unfettered and complete access to any information within the Company and to any employee of the Company.

**Brief Details of Director seeking appointment/re-appointment:**

A. Shri Kunal Thirani seeking reappointment as Managing Director:

1. Name of the Director	Shri Kunal Thirani
2. Date of Birth	01.10.1969
3. Educational Qualification	B. Com.
4. Date of Appointment on Board	23.08.1990
5. Category of Director	Promoter Executive
6. Area of Expertise	Industrialist with vast experience in Plastic industry
7. Other Directorship in Public Ltd. Co.	Nil
8. Names of the committees of other bodies corporate in which Chairman	Nil
9. Names of the Committees of other bodies corporate in which member	Nil