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FIFTH ANNUAL REPORT

1997 - 98

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FIFTH ANNUAL GENERAL MEETING

DAY : Tuesday, the 29th September 1998

Time : 10.00 A.M.

Place : Hotel Cauvery Continental
37/11, Cunningham Road
Bangalore-560 052

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BOARD OF DIRECTORS

MD	✓	BKC	✓
CS	NA	DPY	NA
RO	✓	DIV	NA
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		✓

Shri R.P. Kanoria - Chairman

Shri Ashish Kanoria - Managing Director

Shri K.P. Padmanabha

Shri R.C. Saraf

Shri P. Thiruvengadam

Shri Rajiv Khaitan

Shri Siddhartha Kanoria

AUDITORS

M/s. Gowthama & Company

Chartered Accountants

Bangalore-560 069

BANKERS

STATE BANK OF HYDERABAD

SHARE TRANSFER AGENTS

M/s. Alpha Systems Pvt Ltd

30/1, Leeman's Complex

Cunningham Road

Bangalore-560 052

REGISTERED OFFICE

103, 1st Main, 7th Cross

Lower Palace Orchards

Bangalore-560 003

FACTORY

121A Bommasandra Industrial Area

Hebbagodi Village

Bangalore - 562158

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **Fifth Annual General Meeting** of the Company will be held on **Tuesday, the 29th September 1998 at 10.00 A.M. at Hotel Cauvery Continental, 37/11, Cunningham Road, Bangalore-560 052** to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as on 31.03.98 and the Profit and Loss Account for the year ended as on that date together with the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in the place of Shri R.P. Kanoria who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri Thiruvengadam, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold Office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting.

M/s. Gowthama & Company retire at this Annual General Meeting and are eligible for re-appointment.

By Order of the Board,

Place : Bangalore
 Date : 29 - 6 - 98

ASHISH KANORIA
Managing Director

NOTE :

1. A member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote at the Meeting instead of himself. The Proxy so appointed need not be a member of the Company. Proxy forms in order to be effective, should be deposited at the Registered Office of the Company at least 48 hrs before the meeting.
2. The Register of Members and Share Transfer Books will remain closed from 25.09.98 to 29.09.98 (both days inclusive).
3. Members are requested to notify immediately any change in their address to M/s Alpha Systems (P) Ltd., 30/1, Leeman's Complex, Cunningham Road, Bangalore - 560 052. Share Transfer Agents of our Company.
4. Members are requested to bring their copy of the Annual Report and attendance slip duly filled in to the Meeting.

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DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors place before you the Fifth Annual Report on the working of your Company and the Audited Statement of Accounts for the year ended 31.03.98.

1. PERFORMANCE OF THE COMPANY DURING THE YEAR UNDER REVIEW

The continuing general slow down in industrial activity accompanied by political uncertainty, has adversely affected several sectors of the economy. The consumer durables and automotive sectors continued to be hard hit and thereby affected the working of the Company. Further, the power situation compounded the problems in terms of poor, erratic supplies at ever higher costs. Lastly, the interest burden for the first full year of operations after implementation of project impacted the results.

During the year under review, the company could achieve a turnover of Rs.386.17 lacs a fall of 4.84% compared to last year. While profit before interest and depreciation was Rs.49.70 lacs as compared to Rs.45.15 lacs in 1997-98, the net loss for the year was Rs.36.49 lacs.

2. DIVIDEND

In view of the net loss, your Directors regret their inability to recommend dividend for the year 1997-98.

3. DEPOSITS

The Company has not accepted deposits from the public during the year under review.

4. DIRECTORS

Shri R.P.Kanoria and Shri Thiruvengadam retire by rotation and being eligible offer themselves for re-appointment.

5. AUDITORS

M/s. Gowthama and Company, Chartered Accountants, Bangalore, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

6. INFORMATION OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956

Details of the employees of the Company who have drawn remuneration exceeding the limits laid down under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO

The Company has taken adequate steps to conserve energy. There has been no technology absorption or Foreign Exchange earnings / outgo during the year under review.

8. DETAILS UNDER CLAUSE 43 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

The details as required to be given pursuant to clause 43 of the Listing Agreement with Stock Exchanges is as under.

	Projections	Performance
Sales (Rs. in lakhs)	1118.00	386.17
Net Profit / (Net Loss) (Rs. in lakhs)	231.51	(36.49)
EPS (Rs.)	4.77	—
Dividend (%)	15%	—

The shortfall in projections was mainly because of the sluggish conditions prevailing in the Indian economy along with acute power problems in the state.

9. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the support and assistance received from Banks, Financial Institutions, Central and State Government and employees of the Company.

for and on behalf of the Board

Place : Bangalore
 Date : 29 - 6 - 98

R.P. KANORIA
Chairman

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ANNEXURE TO THE DIRECTORS' REPORT

DETAILS OF EMPLOYEES PURSUANT TO SECTION 217(2A)

Name	Designation	Age	Gross Remuneration	Qualification	Experience	Date of Commencement of Employment	Last Employment & Designation
* ASHISH KANORIA	Managing Director	30	2,90,475.00	B.Com.	10 Yrs	09.04.94	Partner Precision Plastics Company

Shri Ashish Kanoria is a relative of Shri R.P.Kanoria and Shri Siddhartha Kanoria, Directors of the Company.

*Remuneration for part of the year exceeded the limits laid down U/s 217 (2A).

Place : Bangalore
Date : 29.6.98

R.P. KANORIA
Chairman

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/s. KANORIA PLASCHEM LIMITED, BANGALORE, as at March 31, 1998 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. We have obtained all the information and explanation which, to the best of our knowledge and belief were necessary for the purpose of our audit.
2. 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.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with Books of Account.
4. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - (i) in the case of the Balance Sheet of the State of Affairs of the Company as at March 31, 1998.
 - and
 - (ii) in the case of Profit and Loss Account of the Profit for the year ended on that date.

As required by Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government in exercise of powers conferred by Section 227 (4A) of the Companies Act, 1956.

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of all the Fixed Assets. The Fixed Assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. The physical verification of finished goods, stores, spare parts and raw-materials has been conducted by the Management at reasonable intervals.
4. As per information and explanation obtained, the procedure 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. There are no material discrepancies noticed on physical verification of stocks as compared to book records.