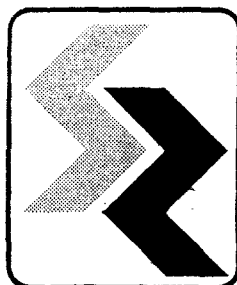

ANNUAL REPORT

2002-2003

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SHREE RAMA

**SHREE RAMA
MULTI-TECH LIMITED**



THE BOARD OF DIRECTORS

MR. VIKRAM R. PATEL	:	Chairman & Managing Director
MR. SHARAD C. PATEL	:	Executive Director
MR. PRAKASH R. PATEL	:	Executive Director
MR. PRAVEEN BHATIA	:	Director
MR. PRAKASH D. TRIVEDI	:	Director (Alternate Rashmikan M. Desai)
MR. SHARAD JOBANPUTRA	:	Director
MR. D. MOHANTY	:	UTI Nominee Director
MR. K. C. JANI	:	IDBI Nominee Director
MR. S. R. BHANDARI	:	Director
MR. SHEKHAR G. VYAS	:	Director

Company Secretary

MRS. RAJESHWARI SHARMA

Auditors

H. V. VASA & CO.

Chartered Accountants
Ahmedabad

Share Transfer Agent

KARVY CONSULTANTS LIMITED

Karvy House, Banjara Hills, 46, Avenue-4,
Street No.1, Hyderabad-560 034.

Registered Office

Ram Niyas-1, Khanpur,
Ahmedabad-380 001. Gujarat.

Plants :

1. Block No. 1557, Village : Moti-Bhoyan
Kalol-Khatraj Road, Taluka : Kalol, Dist. : Gandhinagar, Gujarat.
2. 195/1, Ashima Complex, Karannagar,
Taluka : Kadi, Dist. : Mehsana, Gujarat.
3. Block No. 425, Village : Ambaliyara
Dist. : Mehsana, Gujarat.
4. R. S. No. 15/2,3,4,6, 16/1,2
Opp. Whirlpool, Thirubhuvanai, Pondicherry 605 107.



DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting their Report for the period ended on 31st December, 2003.

RESULTS

(Rs.in Lacs)

Particulars	2002 - 2003 15 Months	2001 - 2002 12 Months
Sales and Other Income	7749.69	13422.82
Profit before write off of fixed assets, Debtors, Loss on sale of raw materials, interest, depreciation & tax	3977.90	3854.87
Interest	6131.02	4632.71
Depreciation	3275.11	2582.19
Profit/(Loss) before write off and Tax	(5428.23)	(3360.04)
Write off of Fixed Assets & Debtors and loss on sale of Raw Materials	1091.03	2794.36
Profit/(Loss) Before Tax	(8989.58)	(6154.40)
Deferred Tax [As per AS-22]	(2683.04)	0.00
Profit/(Loss) after Tax	(6306.54)	(6154.40)
Prior Period Adjustments and Extraordinary Items	(212.72)	(155.00)
Profit/(Loss) for the year	(6519.26)	(5999.40)
Add: Balance of Profit and Loss Account	(3166.37)	1790.27
Amount available for Appropriations	(9685.63)	(4209.13)
Appropriations:		
Debenture Redemption Reserve	0.00	(166.67)
Dividend on Equity Shares	0.00	(795.00)
Tax on Dividends	0.00	(81.09)
Balance Carried Forward	(9685.63)	(3166.37)
Total	(9685.63)	(4209.13)

Reserves and Dividend : Your Directors request you to note that no amount is being transferred to the Reserves and no dividend on Equity shares for the period ended 31st December 2003, is being recommended, taking into account the losses incurred by the Company.

Operations : The period under review was encouraging as the Company maintained its performance on a quarter to quarter basis and the trend of sales has been encouraging. Many initiatives at the plant level such as initiation of efforts to be certified under ISO, introduction of systems for micro level monitoring and cost control to enhance profitability. Further, the capacity has been augmented by installing a new tubing machine and balancing equipments have been added to debottleneck logistic constraints in operations. The Company has successfully developed newer versatile laminated which find applications across industry segments thus opening up possibilities of renewed thrust to tap the emerging pharma & food markets.



The Company has engaged AIA Capital India P. Ltd., (the financial service arm of AIG) to undertake an exercise in business and debt restructuring of the Company. Based on their recommendation which inter alia consisted of recommendations for professionalizing the management, rationalizing product lines and revamping operations based on current market realities. These aspects were considered by the senior secured creditors in their meeting under the lead of IDBI and they made recommendations for appointment of an independent CEO & CFO and also defined the responsibility of the Committee of Directors comprising of independent directors and institutional nominees. The Company has implemented all the stipulations of the lenders and accordingly the operations of the Company are being overseen by the CEO. The Committee of Directors discuss the operational and organisational issues and advise the management suitably.

The Company has incurred loss on auction of consignments by custom authorities of fixed assets and stores-spares in transit. The Company was carrying the inventory of some of the raw materials over the last few years which has become non-usable partly due to damage from environment and obsolete in view of technological developments. These raw materials have been sold at discount after deliberations over the last 2 to 3 years as suggested by in house Committee, technical experts and consultants. This has resulted in a loss of Rs. 10.56 crores but has given cash flow of Rs. 3.53 crores which otherwise would have become total loss.

Future prospects and Revival initiatives : The industry segment in which we are operating was marked by capacity overhang in the last few years leading to severe price competition. The capacity overhang has evened out and there is a healthy rise in volumes in the last few months. Further, the price realisation which was experiencing a down trend has stabilised and the prices appear to be firming up. There has been a marked change in consumer preference in the user industry with low unit packs experiencing better off take. It appears that the lower price point of the FMCG industry is growing at a fast pace and this essentially means that there would be requirement of higher volumes in the near future and the existing capacity in the industry may not be sufficient to meet the demand. Further, the narrowing of fluctuations in seasonal off take clearly indicates that the demand for our products is bound to pick up.

At the operational level your Company has taken many initiatives which are bound to yield positive results in the near future. The Company has managed to add capacity by completing the capital work in progress which would result in horizontal integration and additional product lines. Your Company has now installed the state of art plant for the manufacturing of international quality flexible laminates. The growth witnessed by the flexible packaging industry world wide holds great promise. With the Indian economy showing signs of higher growth in the last 2-3 quarter it is expected that this industry would perform well in the near future. The retailing boom and the increasing tendency to consume processed, repacked food also hold great potential for the flexible packaging industry. Further, the desire for using life style drugs and the boom in the health care & pharmacy industry is expected to generate a variety of demand for flexible packaging which your Company is in a position to deliver due to the strong technology orientation and R & D capabilities.

Debt Restructuring : Your directors would like to inform you that the discussion with the lenders initiated in early 2002 has started yielding results and there is a principle acceptance among the lenders to restructure the debts of the Company. The restructuring package is expected to be finalised soon. We have been intimated by ARCIL that ICICI and SBI have assigned their debts to them. We have sought further information from SBI and ARCIL in this regard.

Fixed Deposit : The Company has not invited fixed deposits during the year under review pursuant to section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposit) Rules, 1975.

Corporate Governance : The philosophy of the Company on Corporate Governance is to create a good Corporate Culture, an efficient board, satisfying the aspiration of all the stakeholders including the shareholders. A report on Corporate Governance as well as a Management Discussion and Analysis Report of the Company is separately attached hereto as a part of this Annual Report as Annexure C.

Directors : In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company Mr. Sharad Jobanputra and Mr. Shekhar Vyas will retire at the ensuing Annual General Meeting of the



Company and being eligible, have offered themselves for re-appointment.

Directors' Responsibility Statement : Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in preparation of the annual accounts for the financial year ended 31st December, 2003, the appropriate accounting standards have been followed;
- (ii) that Directors have selected such accounting policies and applied them consistently and made judgement 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 loss of the Company for the period under review;
- (iii) that the Directors have taken proper and sufficient care 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) that the Directors have prepared the accounts for the period ended 31st December, 2003 on a going concern basis.

Personnel : The Company continued to enjoy peaceful industrial relations during the year and your Directors acknowledge and appreciate the hard working efforts of all their employees..

Particulars of Employees : The statement showing particulars of Employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is annexed hereto as Annexure 'A' and forms the part of this report.

Auditors : M/s. H. V. Vasa & Co., Chartered accountants, Ahmedabad, had been appointed as the Statutory Auditors during the year to hold office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their appointment as the Statutory Auditors of the Company.

Insurance : All the fixed and current assets of the Company are adequately insured.

Subsidiary Companies : The Company has established a manufacturing subsidiary in China and a wholly owned subsidiary in Mauritius, which acts as the investment arm for the Chinese subsidiary. The statement of accounts along with the Directors' Report and Auditors' Report as well as information in respect of Shree Rama (Mauritius) Limited and Shree Rama Multi-Pack (Guangzhou) Limited, the subsidiaries of your Company, pursuant to the provisions of section 212 of the Companies Act, 1956, are annexed hereto.

Accounting Standards and Consolidated Financial Statements : Your Company has prepared the accounts in consonance with the accounting standards prescribed by ICAI. The Company has an investment subsidiary in Mauritius, which has invested in the subsidiary Company in China. The operations are not of material nature.

Conservation of Energy, Technology Absorption & Foreign Exchange : The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 with respect to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo is annexed hereto as Annexure 'B' and forms part of this Report.

Acknowledgements : The Directors take this opportunity to appreciate their valued customers, financial institutions, banks, governmental departments and shareholders for their prolonged supports and endeavours.

For and on behalf of the Board

Place : Ahmedabad
Date : 23rd February, 2004.

VIKRAM R. PATEL
Chairman & Managing Director

SHREE RAMA MULTI-TECH LIMITED



Annexure - 'A' To Directors' Report

Statement under Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors Report for the period ended 31st December, 2003.

A. The following were employed throughout the financial year and were in receipt of remuneration aggregating to atleast Rs.24 Lacs per annum.

Sr. No.	Name of the Employee	Age	Designation	Qualification	Experience in years	Last Employment	Date of joining	Amount (Rs.) (paid for period 1.10.02 to 31.12.03)
1.	Mr. Vikram R. Patel	54	Chairman & Managing Director	B.E., M.S. Mechanical	31	Shree Rama Packaging	17/12/93	30,00,000
2.	Mr. Sharad C. Patel	52	Executive Director	B.E., M.S. Chemical	28	Sanket Estate & Finance Pvt. Ltd.	17/12/93	28,16,398
3.	Mr. Prakash R. Patel	51	Executive Director	B.Com.	26	Vimpsan Agencies	01/01/97	28,24,853

Notes :

1. Remuneration includes salary, other allowances, perquisites and retirement benefits as applicable.
2. Nature of Employment in case of employees at serial no.1, 2 and 3 are contractual.
3. Mr.Vikram R. Patel, Chairman & Managing Director, Mr.Sharad C. Patel, Executive Director and Mr.Prakash R. Patel, Executive Director, are relatives of one another.

ANNEXURE - 'B' TO DIRECTORS' REPORT

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the Director's Report for the year ended 31st December, 2003.

A. Conservation of Energy :

- (1) **Energy conservation measures taken :** As a part of energy conservation, the Company maintains strict control over its energy consumption by way of effective monitoring of power consumed in the plant and the administrative blocks. The Company continuously undertakes studies to identify and implement energy saving scheme. The natural light dome in the roof of the plant building and the use of natural lights during the day time contributes to savings in electricity consumption.
- (2) **Additional investments and proposals, if any, being implemented for reduction of consumption of energy :** The Company plans to invest in energy savings devices of energy conservation equipments. The use of latest high lumen energy efficient fluorescent tubes and high frequency electronic ballast without compromising with the existing lux level saves energy. This has contributed to improved P.F., improved lux level and better life.
- (3) **Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods :** The Company is maintaining P.F. (power factor) in between from 0.950 to 0.999. Additional 100 KVAR capacitors are installed at various MCC. By doing this, distribution losses are reduced approximately 0.20% of total energy consumption. By estimating the load distribution across the plant, modifications has been done for uniform load distribution based on actual/correct load on DG Sets.

**B. Technology Absorptions, Adoptions and Innovation :**

1. **Efforts in brief made for technology absorption, adoption & Innovation :** The latest world-class technology applied in production process and the absorption of the technology as provided by some of the leading companies of the world have enabled the Company to constantly upgrade the technology. This has also brought innovation in the products and production process.

During the year under review the Research & Development Team has been able to manufacture cost effective tubes working closely with the Senior Product Development Personnel of FMCG Major. This has resulted in contracted supplied of huge quantities to our FMCG major. The Company has successfully developed various laminated structures for pharmaceuticals, cosmetics and dentifrice sectors. These developments are helping customers in maintaining high standard of their products at a very economical cost. As these sectors are moving to laminated tubes thus a huge market is opening up for your Company's products.

2. **Benefits derived as a result of the aforesaid efforts :** As a consequence of the above efforts the Company has been able to save cost and expand market base. It has further resulted in recurring savings and enabled to offer products with latest technology to the consumers.
3. **Import of Technology :** The Company has set up state of art facilities with technology imports from world leaders. The technology absorption is complete and we have now developed indigenous capabilities in areas of engineering and web development.

- C. **Foreign Exchange Earnings and Outgo :** During the year under review, the earnings and outgo of Foreign Exchange were as follows :

(Rs. in Lacs.)

Particulars	2002-2003 15 Months	2001-2002 12 Months
Earnings	80.07	213.50
Outgo	184.84	3596.42

ANNEXURE C

REPORT ON CORPORATE GOVERNANCE

Your Company has implemented the Guidelines of Corporate Governance in terms of Clause 49 of the Listing Agreements executed with the Stock Exchanges. The philosophy of the Company on Corporate Governance encompasses the serving of long term interest of all its stakeholders.

1) Board of Directors

The Board of Directors of the Company consists of ten Directors. Mr. Vikram R. Patel is the Chairman and Managing Director and Mr. Sharad C. Patel is the Executive Director. They both are promoters as well as directors of the Company. Mr. Prakash R. Patel is also the Executive Director. There are two nominee directors viz. Mr. K. C. Jani (IDBI) and Mrs. Nirmala Ananth (UTI). There are five independent non-executive directors viz. Mr. Sekhar Vyas, Mr. Sharad Jobanputra, Mr. Praveen Bhatia, Mr. S. R. Bhandari and Dr. Prakash D. Trivedi. Mr. D. Mohanty was appointed as Nominee Director in place of Mrs. Nirmala Ananth on behalf of Unit Trust of India on 31st January, 2004.

During the year under review 4 meetings of the Board of Directors were held on 10/02/03, 26/05/03, 29/07/03 & 31/10/03. The Board of Directors also held their meeting on 31/01/04, whereby Mr. Vikram R. Patel, the Chairman and Managing Director and Mr. Sharad C. Patel, the Executive Director were re-appointed as Managing Director and Executive Director respectively. The attendance record at the Board Meetings and at previous Annual General Meeting is as given below :

SHREE RAMA MULTI-TECH LIMITED



Name of Directors	Present	Attendance at Previous AGM	Member/Chairperson	
			Board	Committee
Mr. Vikram R. Patel	5	-Yes	Member in 2, Chairman in 1	Member in 2
Mr. Sharad C. Patel	5	Yes	5	2
Mr. Prakash R. Patel	4	Yes	5	1
Mr. Shekhar G. Vyas	4	Yes	7	4
Mr. Nilesh A. Shah (Alternate to Mr. Shekhar G. Vyas)	1	No	1	Nil
Dr. P. D. Trivedi	Nil	No	1	Nil
Mr. Rashmikanth M. Desai (Alternate Director in place of Dr. P. D. Trivedi)	4	No	1	Nil
Mr. K.C. Jani -Nominee of IDBI	5	No	2	4, Chairman in 2.
Mr. Praveen Bhatia	3	No	5	3
Mr. S.R. Bhandari	2	Yes	1	4
Mrs. Nirmala Ananth - Nominee of UTI	1	No	1	Nil
Mr. Sharad Jobanputra	5	Yes	5	4

3) Audit committee :

- The Company has constituted an Audit Committee, whose terms of reference include the matters under section 292 of the Companies Act, 1956 as well as under clause 49 of the Listing Agreements. Currently it comprises of five Independent directors i.e. Mr. K. C. Jani, Mr. S. R. Bhandari, Mr. Shekhar Vyas, Mr. Sharad Jobanputra and Mr. Praveen Bhatia.
- During the period under review the meeting was held on 10.02.03, Chaired by Mr. S. R. Bhandari. The meeting on 26.05.03 was chaired by Mr. Praveen Bhatia and the audited half yearly results for period ended 31st March, 2003 were reviewed. The meeting on 28.07.03 was chaired by Mr. S R Bhandari and the unaudited financial results for the quarter ended 30 June, 2003 were reviewed. The meeting held on 31/10/03 was chaired by Mr. Praveen Bhatia.

The attendance at the Audit Committee Meeting was as under :

Name of the Director	No. of Meetings Attended
Mr. Shekhar G. Vyas	3
Mr. S. R. Bhandari	2
Mr. Praveen Bhatia	2
Mr. Sharad Jobanputra	4
Mr. K.C. Jani	4

4) Remuneration Committee

A Remuneration Committee comprising of Mr. Sharad Jobanputra (the Chairman), Mr. S. R. Bhandari, Mr. Praveen Bhatia and Mr. K. C. Jani. This Committee is responsible for recommending to the Board the Remuneration package of the Managing and Whole Time Director and senior employees including their annual increments and commission after reviewing their performances based on certain parameters.

The non-executive directors are paid sitting fees @ Rs. 5000/- per meeting for attending the meetings of the Board of Directors and they do not draw any other remuneration from the Company.

The Committee has held meetings on 11/02/03, 28/07/03, and 31/10/03 during the year under review. The Committee also held their meeting on 31/01/04.

SHREE RAMA MULTI-TECH LIMITED



The attendance at the Remuneration Committee Meeting was as under :

Name of the Director	No. of Meetings Attended
Mr. S. R. Bhandari	2
Mr. Praveen Bhatia	2
Mr. Sharad Jobanputra	3
Mr. K.C. Jani	2

Details of remuneration paid to the Managing and Wholetime Directors during the year 2002-03 is as below :

Particulars	Mr. Vikram R. Patel (Rs. In Lakhs)	Mr. Sharad C. Patel (Rs. In Lakhs)	Mr. Prakash R. Patel (Rs. In Lakhs)
Salary and Allowance	30,00,000	26,40,000	26,40,000
Perquisites	Nil	1,76,398	1,84,853
Service Contract	5 yrs w.e.f. 18.12.03	5 yrs w.e.f. 18.12.03	5 yrs w.e.f. 01.01.02
Notice period	60 days	60 days	60 days

- 5) **Shareholders Committee** : The Company has a Shareholders/Investors Grievances Committee to deal with transfers, splits, etc. and to look into the redressing the grievances of the investors for all the securities issued by the Company from time to time. It met 22 times during the year under review and is headed by Mr. Shekhar G. Vyas, the non-executive director. 204 complaints were received during the year and 204 were solved and nil are pending. The Company Secretary, Mrs. Rajeshwari Sharma is the Compliance Officer.
- 6) **General Body Meetings** : Location and time of last three Annual General Meetings :

AGM	LOCATION	DATE & TIME	SPECIAL RESOLUTION
9th 2001-2002	Rajpath Club, Sarkhej-Gandhinagar highway, A'bad	28.03.03 at 12 p.m.	Nil
8TH 2000-2001	Rajpath Club, Sarkhej-Gandhinagar highway, A'bad.	29.12.01 at 10.00 a.m.	Nil
7TH 1999-2000	Rajpath Club, Sarkhej-Gandhinagar highway, A'bad.	26-12-00 at 11.00 a.m.	Yes

The Company had not passed any resolution by postal ballot in any of the meetings.

- 7) **Disclosures**
- There was no transactions of material nature with the promoters, the Directors or the management or their subsidiaries or relatives during the year having potential conflict with the interest of the Company at large.
 - Neither any non-compliance of any material legal provision of law has been made by the Company nor has any penalty, stricture imposed by the stock exchanges, SEBI or any other statutory authorities on any matter related to capital market during the last three years.
- 8) **Means of communication** : Quarterly/half yearly results are published in the newspapers. Management Discussion and Analysis Report is part of this Annual Report.
- 9) **General Shareholder Information** :
- AGM : 31st March 2004
 - Financial Calendar : 1st October 2002 to 31st December 2003.
 - Book Closure Dates : 25th March 2004 to 31st March 2004
 - Listing on Stock Exchange :
The Stock Exchange, Ahmedabad
The Stock Exchange, Mumbai
National Stock Exchange of India Ltd.
- Scrip Code : 532310
Scrip Code : SHREERAMA

SHREE RAMA MULTI-TECH LIMITED



5. Market Price Data
(At Mumbai Stock Exchange)

Month	High Rs. P.	Low Rs. P.
October, 2002	13.00	10.30
November, 2002	14.30	9.60
December, 2002	14.85	10.05
January, 2003	11.40	8.00
February, 2003	8.35	6.30
March, 2003	6.80	4.20
April, 2003	7.40	4.40
May, 2003	9.35	5.10
June, 2003	9.35	7.45
July, 2003	10.95	7.75
August, 2003	12.25	7.91
September, 2003	9.40	4.75
October, 2003	7.34	4.93
November, 2003	6.05	4.81
December, 2003	13.50	5.71

6. Market Price Data
(At National Stock Exchange)

Month	High Rs. P.	Low Rs. P.
October, 2002	12.90	10.25
November, 2002	14.15	9.75
December, 2002	15.00	10.00
January, 2003	11.70	7.65
February, 2003	9.00	6.25
March, 2003	7.00	4.20
April, 2003	7.50	4.50
May, 2003	9.45	5.25
June, 2003	9.95	7.25
July, 2003	10.45	7.95
August, 2003	13.20	7.25
September, 2003	9.25	5.00
October, 2003	7.20	4.95
November, 2003	5.90	4.75
December, 2003	13.50	5.70

7. Share Transfer Agent :

Karvy Consultants Limited

Karvy House, Banjara Hills, 46, Avenue 4, Street No. 1, Hyderabad-500 034.

Phone : (040) 3326591 & 3312454 Fax : (040) 3311968 E-mail : karvyhyd@karvy.com

8. Share Transfer System :

Share Transfers in physical form is approved by the Shareholders/Investors Grievances Committee of Directors at regular interval in order to ensure that Share Transfers complete in all respects are given effect to with in valid period from the date of receipts.

Transfer Period (in days)	No. of Transfers	No. of Shares
1-20	225	25500
21-30	—	—
31 & Above	—	—
Total	225	25500

Investor Services

Complaints received during the year

Nature of Complaints	Received	Cleared
Non Receipt of RO/ Share Certificate	4	4
Dividend	35	35
Change of Address	52	52
Others	113	113
Total	204	204