

UNIPON (INDIA) LIMITED

ANNUAL REPORT 1996-97

BOARD OF DIRECTORS

SHRI HARSHAD N. PATEL

SHRI AMAR H. PATEL

SHRI J. P. SHAH

DR. J.D. CHOUGULE

SHRI BIPIN T. SHAH

SHRI DHIRUV H. PATEL

AUDITORS

M/s. C. C. Chokshi & Co.,

Chartered Accountants,

Ahmedabad

REGISTERED OFFICE & VAPI PLANT

138, G.I.D.C Phase-I,

Vapi-396196

(Dist. Valsad), Gujarat.

SILVASSA PLANT

44, Govt. Industrial Estate,

Masat, Silvassa - 396 230

Dadra & Nagar Haveli(U.T)

23rd Annual General Meeting

Date : 30th December, 1997

Time : 12.00 A.M.

Venue : Registered Office

CONTENTS

Page No.

1. Notice	01
2. Directors' Report	01
3. Auditors' Report	02
4. Balance Sheet	04
5. Profit & Loss Account	05
6. Schedule	06 to 13
7. General Business Profile	13 to 14
8. Cash Flow Statement	15

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the members of Unipon (India) Limited will be held at its Registered Office at 138, G.I.D.C., Phase - I, Vapi - 396195 (Dist. Valsad), Gujarat on 30th December, 1997 at 12.00 P.M. to transact the following business.

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997, and Profit and Loss Account of the company for the year ended on that date together with reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Shri Dhruv H. Patel, who retires by rotation and being eligible offers himself for reappointment.
- To appoint M/s. C. C. Chokshi & Company, Chartered Accountants, Ahmedabad as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Director to fix their remuneration.

Regd. Office :

138, G.I.D.C

Phase-I, Vapi-396195

(Dist. Valsad), Gujarat.

By Order of the Board of Directors

For UNIPON (INDIA) LIMITED

AMAR H. PATEL

MANAGING DIRECTOR

Date : 28th November, 1997

Place : Ahmedabad

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THEN 48 HOURS BEFORE THE MEETING.
- The register of Members and Share Transfer Books of the Company will remain closed from 20th December, 1997 to 27th December, 1997 (both days inclusive).
- Shareholders desiring any information as regards the accounts and operations of the Company are requested to write to the Company atleast 10 days in advance of the date of the meeting, so as to enable the management to reply.
- Members are requested to notify immediately any change in their address if any, to the Company.

DIRECTORS' REPORT

To

The Members of

UNIPON (INDIA) LIMITED

Your Directors have pleasure in presenting the 23rd Annual Report together with the Audited Accounts for the financial year ended 31st March, 1997.

1) Financial Results:-

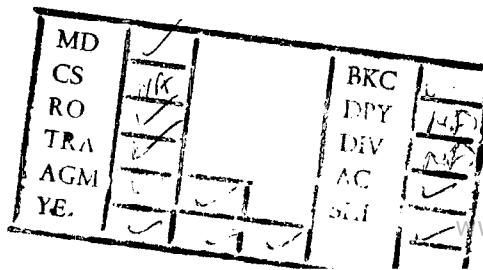
	(Rs. in Lacs)	
	1996-97	1995-96
Turnover	3041.57	4144.25
Profit Before Interest & Depreciation	(167.74)	355.75
Less: Interest	232.16	225.99
Depreciation	105.15	104.66
(Loss) / Profit for the year	(505.05)	25.10
Add : Excess provision for Taxes in respect of earlier years		13.68
Add : Balance of Profit & Loss A/c brought forward from Previous Year	314.56	295.78
Profit available for Appropriation	(190.49)	34.56
APPROPRIATIONS:		
Transferred to Debenture Redemption Reserve	—	20.00
Profit/(Loss) transferred to Balance Carried Forward	(190.49)	314.56

DIVIDEND :

Looking to the results of the Company, your Directors are unable to recommend any Dividend for the financial year ended 31st March, 1997.

OPERATIONS :

Your Company has achieved a turnover of Rs.3041.57 lacs for the year ended 31st March, 1997 as compared to Rs. 4061.75 lacs for the year ended 31st March, 1996. The working of the Company shows a loss of Rs.505.05 lacs as against a profit of Rs. 25.10 lacs for the previous year. The reasons for the loss can be attributed to (a) Sluggish market conditions (b) Stiff Competition from the other manufacturers of the same product (c) Hike in the prices in petroleum products and high levy of Excise Duty in Dyed Yarn and (d) More interest paid to financial institutions on term loan facilities granted to the Company.



ENVIRONMENT AND ENERGY CONSERVATION :

In the present position, the need for energy conservation can hardly be overemphasized. Your Company reviews on an ongoing basis the energy consumption to optimise the best use of the same. The Company constantly endeavours to lowering its per kg. consumption of energy by adopting innovative techniques.

DIRECTORS :

Dr. Lav kumar Kantilal Shah resigned as a Director during the year. The Board of Directors are thankful for the unstinted support and cooperation received by the Company from him.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Dhruv H. Patel retires by rotation and being eligible offers himself for reappointment.

REDEMPTION OF DEBENTURES :

During the year under review, your Company has repaid towards third and final instalment of Rs. 33.34 of 14% Secured Redeemable Non-convertible Debentures of Rs. 100/- each numbering 44220 amounting to Rs. 14,74,295/-.

FINANCE :

During the year under review, your Company has repaid in full the term loan granted by the I.F.C.I Limited and also made interest payments to them, and ICICI Ltd against term loan facilities availed of from these financial institutions.

FIXED DEPOSITS :

Your Company has not accepted any deposits from the Public to which the provisions of Section 58A of the Companies Act, 1956 are applicable.

PERSONNEL :

As no employees salary/remuneration were of an amount equal to or more than the limits specified under section 217 (2A) of the Companies Act, 1956 details of information under section 217 (2A) of the Companies Act, 1956 have not been provided herewith.

INDUSTRIAL RELATIONS :

During the period under review, the industrial relations remained cordial and peaceful. The Directors wish to place on record their appreciation for the devoted services rendered by all categories of staff of the Company.

APPOINTMENT OF AUDITORS :

The auditors, M/s. C.C. Chokshi & Co., Chartered Accountants, Ahmedabad, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. Your Directors recommend their reappointment.

ACKNOWLEDGMENT :

Your Directors would like to express their grateful appreciation for the continued support and co-operation received from the Financial Institutions, Banks, and various Government/Non-Government agencies during the year under review.

Your Directors also wish to place on record their appreciation for the devoted services of the employees at all levels.

Place: AHMEDABAD
Date : 28/11/97

For and on behalf of
the Board of Directors
AMAR H. PATEL
Managing Director

AUDITORS' REPORT**TO THE SHARE HOLDERS OF
UNIPON (INDIA) LIMITED.**

We have audited the attached Balance Sheet of UNIPON (INDIA) LTD as at 31st March, 1997 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto and report that:-

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Central Government and terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
 2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) 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;
 - c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account;
 - d) Attention is invited to the following notes in Schedule 'S' :
 - i. Note 4 : regarding capitalisation of post commencement interest of Rs. 62,48,109/- on Debentures and Term loans for Silvassa Project done in the year 1994-95. Consequently, loss for the year is higher by Rs. 3,91,928/- Reserves and Surplus as on 31-03-97 are higher by Rs. 48,84,542/- and Gross fixed assets as on 31-03-97 are overstated by Rs. 62,48,109/-
 - ii. Note 5 : regarding non provision in accounts in respect of doubtful book debts of Rs. 10,32,107/-
 - iii) Note 6 : regarding non provision in accounts in respect of doubtful advances of Rs. 21,17,601/-
 - iv) Note 7 : regarding non provision in accounts in respect of diminution in the value of investments amounting to Rs. 45,00,000/- for the reason mentioned in the note.
- Subject to foregoing, in our opinion and to the best of our information and according to the explanations given to us, the accounts read with other 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 the affairs of the Company as at 31st March, 1997 and
 - (ii) in the case of Profit & Loss Account, of the loss for the year ended on that date.

For C. C. CHOKSHI & CO.
Chartered Accountants
H. P. Shah
Partner

Place : Ahmedabad
Date : 29/11/1997

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date on the accounts for the year ended on 31st March, 1997 of Unipon (India) Limited.)

- (1) The Company has maintained proper records showing full particulars including quantitative details and situations of its fixed assets. The fixed assets have been physically verified by the management during the year. We are informed that no material discrepancies have been noticed by the management on such verification.
- (2) None of the fixed assets have been revalued during the year under review.
- (3) The stocks of finished goods, stores, spare-parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (4) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (5) The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (6) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- (7) In our opinion, the interest and other terms and conditions on which loans have been taken from Companies listed in the Registers maintained under Section 301 of the Companies Act, 1956 and from a Company under the same management as defined under Section 370 of the said Act, are not prima facie, prejudicial to the interest of the company.
- (8) The rate of interest and other terms and conditions on which loans have been granted to Companies listed in the Registers maintained under Section 301 of the Companies Act, 1956 and to a Company under the same management within the meaning of Section 370 of the Companies Act, 1956 were not prima facie prejudicial to the interest of the Company.
- (9) The parties including employees to whom loans or advances in the nature of loans have been given by the Company, are generally repaying the principal amounts as stipulated except in case of six employees. We are informed that reasonable steps have been taken for recovery of the principal amounts. Interest is recovered where applicable.
- (10) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials, including components, plant and machinery, equipments and other assets and with regard to the sale of goods.
- (11) There are no transactions for purchase of goods and materials and sale of goods, materials and services, made by the Company in pursuance of contracts or arrangements entered in the Registers maintained under section 301 and aggregating during the year to Rs.50,000/- or more in respect of each party.
- (12) As explained to us, the Company has a procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. We are informed by the management that no such unserviceable or damaged materials were determined during the year under review.
- (13) The Company has not accepted any deposits from the public within the meaning of Section 58-A of the Companies Act, 1956, and the Rules framed thereunder during the year under review.
- (14) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable by products and scrap (waste).
- (15) The Company has appointed a firm of Chartered Accountants as its internal auditors for the year under review. On the basis of the reports made by the internal auditors to the management, in our opinion, the Internal Audit System is commensurate with the size and nature of the business of the Company.

- (16) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the products of the Company.
- (17) According to the records of the Company, Provident fund and Employees State Insurance dues have been regularly deposited with the appropriate authorities.
- (18) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs duty and Excise duty were outstanding as at 31st March, 1997 for a period of more than six months from the date they became payable.
- (19) According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- (20) The Company is not a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (21) The Company has maintained record of the transactions and contracts of dealing or trading in shares and timely entries have been made therein.

For C. C. CHOKSHI & CO.
Chartered Accountants
H. P. Shah
Partner

Place : Ahmedabad
Date : 29/11/1997

junction.com

BALANCE SHEET AS AT 31ST MARCH, 1997.

Particulars	Schedule	Rupees	Rupees	As At 31.3.96 Rupees
SOURCES OF FUNDS				
SHAREHOLDERS FUND				
Share capital	'A'	5,54,20,530		5,54,20,530
Reserves & surplus	'B'	6,49,85,130		10,13,80,178
			12,04,05,660	15,68,00,708
Loan Funds				
Secured loans	'C'	12,16,56,259		11,64,72,866
Unsecured loans	'D'	—		75,400
			12,16,56,259	11,65,48,266
TOTAL:			24,20,61,919	27,33,48,974
APPLICATION OF FUNDS :				
Fixed Assets				
Gross block	'E'	16,64,49,463		16,74,10,130
Less: depreciation		7,58,73,551		6,58,26,174
Net block		9,05,75,912		10,15,83,956
Capital work in progress		13,70,580		30,33,536
		9,19,46,492		10,46,17,492
Pre-operative expenses				
To be capitalised		—		24,46,535
			9,19,46,492	10,70,64,027
Investments	'F'		57,14,392	57,14,392
Current Assets, Loans & Advances				
Inventories	'G'	2,75,76,334		2,01,57,108
Sundry debtors	'H'	8,41,90,457		14,14,36,713
Cash & bank balances	'I'	40,29,607		42,24,241
Loans & advances	'J'	2,55,26,622		1,91,78,988
		14,13,23,020		18,49,97,050
Less:				
Current Liabilities & Provisions				
Current Liabilities	'K'	1,33,71,088		2,80,38,130
Provisions	'L'	3,25,847		3,73,069
		1,36,96,935		2,84,11,199
Net Current Assets			12,76,26,085	15,65,85,851
Miscellaneous Expenditure				
(To the extent not written off or adjusted)	'M'		26,65,077	39,84,704
Profit and Loss Account				
Debit Balance of Profit and Loss Account		1,90,49,347	—	—
Deduct: general Reserve (as per contra)		49,39,474	—	—
			1,41,09,873	—
TOTAL:			24,20,61,919	27,33,48,974
Significant Accounting Policies	'R'			
Notes forming part of the accounts	'S'			
and contingent liabilities				

As per attached report of even date

For C. C. CHOKSHI & CO.

Chartered Accountants

H. P. SHAH

Partner

Ahmedabad, 29th November, 1997

AMAR H. PATEL

Managing Director

DR. J. D. CHOUGULE

Director

DHRUV H. PATEL

Executive Director

Ahmedabad, 28th November, 1997