

Vallabh Poly Plast INTERNATIONAL Limited

Regd. Office :

194, Jawahar Nagar, Road No. 3, Goregaon (W), Mumbai - 400 062.

Factory :

720/7B, Somnath Road, Dabhel, Daman - 396210 (U.T.)

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EIGHTH ANNUAL REPORT

★ 2001 - 2002 ★

Vallabh Poly Plast INTERNATIONAL Ltd.

EIGHTH ANNUAL REPORT - 2001 - 2002

BOARD OF DIRECTORS

Chairman & Managing Director	Shri Satish D. Jain
Jt. Managing Director	Shri Kiran U. Rathod
Directors	Shri Vinod U. Rathod
	Shri Narendra J. Shah
Bankers	Bank of Baroda
Auditors	M/S. DAMANI & SHAH Chartered Accountant, Mumbai.
Registered Office	194, Jawahar Nagar, Road No. 3, Goregaon (W), Mumbai - 400 062.
Factory	720/7B, Somnath Road, Dabhel, Daman - 396 210. (U.T.)

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NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the Members of VALLABH POLY- PLAST INTERNATIONAL LIMITED will be held at the Registered Office of the Company at 194, Jawahar Nagar, Road No.3, Goregaon (West), Mumbai: 400 062, on Friday, August 16, 2002 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Balance Sheet as at March 31, 2002 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Shri Vinod U. Rathod who retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered by insertion of the following Article No. 58A after the existing Article No. 58:

Art. No. 58A:

- i) Notwithstanding anything contained in this Articles of Association, the Company shall be entitled to dematerialize its shares, debentures and other securities pursuant to the Depositories Act, 1996, including any statutory modification(s) or re-enactment(s) thereof and to offer for subscription in a dematerialized form. The Company shall further be entitled to maintain a Registrar of Members with details of Members holding Shares in both material and dematerialized form(s) in any media as permitted by law including any form of electronic media.
(Company entitled to dematerialize its shares).
- ii) A "beneficial owner" means any person or persons whose name(s) is recorded as such with a depository and the Company shall be entitled to treat the person(s) whose name(s) appears as the beneficial owner of the shares in the records of the Depository defined in the Depositories Act, 1996 as the absolute owner thereof as regard receipt of dividend or bonus or rights and other entitlements or service of notices and all or any other matter connected with the shares and accordingly the Company shall not

(except as ordered by a Competent Court of Jurisdiction or a by law as required) be bound to recognise any benami trust or equity or equitable, contingent or whatsoever other claim to or interest in such share(s) on the part of any other person whether or not the Company shall have express or implied notice thereof.

(Beneficial Owner deemed as absolute owner).

- iii) Notwithstanding anything contained in this Articles of Association and in any other law for the time being in force, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of the shares, debentures or other securities on behalf of a beneficial owner. Save as otherwise provided herein above, the depository as a registered owner shall not have any voting rights or any other rights in respect of shares, debentures or any other securities held by it; and the beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of his shares, debentures or any other securities held by a depository.
(Rights of depositories and beneficial owner).
- iv) Every person holding equity shares of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a Member of the Company.
(Beneficial Owner deemed as a Member).
- v) The Company can hold investments in the name of a Depository when such investments are in the form of securities held by the Company as a beneficial owner.
(Investments in the name of a depository)
- vi) Where the shares or debentures or any other securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or disks.
(Service of documents on Company)
- vii) The provisions contained in this Articles of Association with regard to transfer or transmission of shares, debentures or any other securities shall not apply to transfer or transmission of shares, debentures or any other securities effected by the transfer and the transferee both of whom are entered as beneficial owners in the records of a depository.
(Transfer of Shares and Debentures)
- viii) With regard to the rectification of Register of Transfer, all the provisions of Section 111A of the Companies Act, 1956, as may be in force from time to time shall also apply.
(Rectification of Register of Transfer)

- ix) Notwithstanding anything contained in subsection (1) of Section 113 of the Companies Act, 1956, or any other modification(s) or re-enactment(s) thereof, where the shares, debentures or any other securities are dealt with in a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such shares, debentures or any other Securities as far as practicable.
(Allotment of Shares, Debentures or any other Securities to a depository).
- x) Provisions contained in this Articles of Association about recording distinctive numbers of shares or debentures held by each member or debenture holder respectively in the Register of Members or Register of Debenture holders of the Company shall not apply to the shares or debentures or any other securities which are held with a depository.
(Distinctive Number of Shares and Debentures held with a depository not required)
- xi) The Register and index of Beneficial Owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall also be deemed to be a Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purposes of this Articles of Association and the Companies Act, 1956.
(Register and index of beneficial owners).
- xii) The shares, debentures or any other securities of the Company held by a depository shall be dematerialized and shall be in a fungible form. In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996, as may be in force from time to time shall apply.
(Securities in fungible form).

For and On Behalf of the
Board of Directors

Place: Mumbai
Date : 25th June, 2002

SATISH D. JAIN
CHAIRMAN

Registered Office:

194, Jawahar Nagar,
Road No. 3, Goregoan (West),
Mumbai: 400 062.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 13, 2002 to Friday, August 16, 2002 (both days inclusive).
3. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during Office hours on all days except Saturday, Sunday and public holidays between 11.00 A.M. and 1.00 P.M. upto the date of Annual General Meeting.
5. For convenience of Members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of the Meeting. The proxy of a Member should mark on the attendance slip as 'proxy'.
6. IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTORS REPORT & AUDITOR'S REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME ON ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.
7. Members are requested to bring their copies of the reports to Annual General Meeting.
8. Members holding Shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with Share Certificates to the Company.
9. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is enclosed herewith for Item No. (4) of the Notice for reference to the Members of the Company.
10. In order to exercise strict control over the Transfer documents, Members are requested to send the transfer documents/correspondence, if any, directly to:

VALLABH POLY-PLAST INTERNATIONAL LIMITED.
194, Jawahar Nagar, Road No.3, Goregaon (West),
Mumbai: 400 062.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

The Depositories Act, 1996, was enacted to bring in transparency in the Transfer and Transmission of Shares, Debentures and other marketable securities by means of electronic mode. This will minimize the frauds and forgeries that take place during the transfer or transmission of securities which is beneficial to both the Shareholders and the Company.

As per the letter dated March 30, 2001 issued by the Stock Exchange, Mumbai, the Governing Board of the Exchange has decided that all B2 Group Companies (including your Company) on exchange must be traded in dematerialized form and accordingly to enable the Company to dematerialize the Shares of the Company, it is proposed to make suitable alteration in Articles of Association of the Company and other alterations are made to comply with the amended provisions of the Companies Act, 1956.

Thus, Article No. 58A is inserted after the existing Article No. 58 of the Articles of Association of the Company which provides necessary sub-clauses for dematerialization of the securities of the Company.

Hence the Board recommends for your approval and consent the said Special Resolution.

None of the Directors of the Company are in any way concerned or interested in passing of the said Special Resolution.

For and On Behalf of the
Board of Directors

Place: Mumbai
Date : 25th June, 2002

SATISH D. JAIN
CHAIRMAN

DIRECTORS' REPORT

To,
The Members,
VALLABH POLY-PLAST INTERNATIONAL LIMITED.

Your Directors have pleasure in presenting before you their Eighth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2002.

FINANCIAL RESULTS:

	March 31, 2002 (Rs. in lacs)	March 31, 2001 (Rs. in lacs)
Profit/Loss before interest & depreciation	(39.91)	(544.34)
Less: Interest	55.40	26.25
Less: Depreciation	13.37	14.86
	-----	-----
Profit/Loss before tax	(108.68)	(585.45)
Less: Provision for tax	NIL	NIL
	-----	-----
Profit/Loss Available for Appropriation	(108.68)	(585.45)
	=====	=====

APPROPRIATION

Proposed Dividend	NIL	NIL
Transfer to General Reserve	NIL	NIL
Balance Carried over to Balance Sheet	(108.68)	(585.45)
	-----	-----
	(108.68)	(585.45)
	=====	=====

DIVIDEND:

Your Directors regret their inability to recommend any dividend for the year ended March 31, 2002 due to the loss incurred by the Company to the extent of Rs.108.68 lacs.

OPERATIONS:

The general economic condition remained lukewarm during the year 2001-2002 as was previous year. Despite these your company was able to achieve a sales turnover of Rs. 341 lacs and Net Loss amounted to Rs.108.68 lacs in comparison to previous year's loss of Rs. 585.45 lacs.

Due to financial constraints, your Company could not utilise its full installed capacity and the production facilities at the disposal of the Company continued to be under utilised. Further unfavorable Government Policies, threat of war and attack on Indian Parliament, in last the communal riots in Gujarat affected the Company's business, which further adversely affected the Company's financial position for the year under review.

REHABILITATION PROGRAMME:

Your Company's Bankers, viz. Bank of Baroda showed their inability to implement the rehabilitation package in letter and spirit, which was sanctioned to your Company. The non-committal attitude of the Company's Bankers towards funding, in spite of approving the rehabilitation package, has severally affected the Company's performance during the year under review. Your Directors are confident that their contention will be accepted and rehabilitation package will be implemented by the Bankers.

PROVISION OF SICA, 1985

In view of the accumulated losses amounting to Rs. 473.27 lacs up to the year ended March 31, 2002 resulted in total erosion of the Company's Net Worth and the Board of Directors of the Company have formed the opinion that the Company have become a Sick Company within the meaning of Section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and pursuant to Section 15 of the SICA, a reference be made to the Board For Industrial & Financial Reconstruction (BIFR) for determination of measures which shall be adopted with respect to the Company.

DIRECTORS:

Shri Vinod U. Rathod retire at the forthcoming Annual General Meeting and being eligible, offers himself for re- appointment.

FIXED DEPOSITS:

The Company has not accepted deposits from the public within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Rule 2 of the Companies Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to the Conservation of Energy and Technology Absorption forms part of this Report and is given by way of Annexure and Foreign Exchange Earnings and Outgo is reported to be NIL.

AUDITORS:

M/s. Damani & Shah, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975:

The Company has no Employees of the categories specified under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended upto date.

DEMATERIALISATION OF THE SHARES OF THE COMPANY:

The Board of Directors of your Company wishes to inform you that during the year under review, your Company has appointed M/s. Bigshare Services Private Limited as its Registrar & Share Transfer Agents for Electronic Connectivity for dematerialisation of your Company's Shares.

Further, your Company has also applied to National Securities Depository Limited & Central Depository Services (India) Limited (hereinafter referred to as the said Depositories) for admission of the Company's shares in demat mode. However, the said Depositories have deferred their decision to admit the securities of the Company *on the reason for erosion of its Net worth.*

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement, (hereinafter referred to as the said Clause) all listed Companies will have to incorporate the provisions of the said Clause before the last date specified in the said Clause and as may be applicable to the respective Companies.

With reference to the same, your Company will have to adhere to the provisions of the said Clause before March 31, 2003. The Board of Directors of your Company are in the process of initiating and implementing the provisions of the said Clause as may be applicable to your Company before March 31, 2003.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:

As stipulated in Section 217 (2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the directors have 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 of the company for that period;
- iii. that the directors have taken proper and sufficient care of 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;
- iv. that the directors have prepared the annual accounts on a going concern basis.