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**VINYOFLEX LIMITED**  
**10TH ANNUAL REPORT**  
**2002-2003**

**10th ANNUAL REPORTS****2002-2003**

<b>VINYOFLEX LIMITED</b>	:	<b>Regd. office :</b> 307, Silver Chambers, Tagore Road, Rajkot - 300 002.
		<b>Factory :</b> Survey No. 241, N H, 8-B, Near G.E.B. Sub-station, Shaper (Taluka Kotda Sangani)
<b>BOARD OF DIRECTORS</b>	:	<b>Shri Mansukhlal Premji Patel</b> ( <i>Chairman &amp; M.D.</i> ) <b>Shri Bhupatlal Lalji Tilva</b> <b>Shri Vinod Khimji Tilva</b>
<b>CONSULTING COMPANY SECRETARY</b>	:	<b>Shri Indravadan R. Patel</b> "Chanakya" 3rd Floor, Near Dinesh Hall, AHMEDABAD - 380 009.
<b>AUDITORS</b>	:	<b>M/s. Gadhia Karachiwala &amp; Co.</b> Chartered Accountants 307, Hira-Panna, 3rd Floor, Dr. Yagnik Road, Rajkot - 360 001.
<b>BANKERS</b>	:	<b>State Bank of Saurashtra</b> Gymkhana, Rajkot - 360 001.

**NOTICE**

NOTICE is hereby given that the 10th Annual General Meeting of the Members of M/s. VINYOFLEX LIMITED will be held at 307, Silver Chambers, Tagore Road, Rajkot-360 002 on Friday, 19th of September, 2003 at 12:00 p.m. to transact the following business:-

**ORDINARY BUSINESS :**

1. To consider, approve and adopt the Balance Sheet as on 31st March, 2003, Profit and Loss Account for the year ended on that date and the reports of the Board of Directors' and Auditors' thereon.
2. To appoint the Auditors of the Company, who shall hold the office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting of the company and to fix their remuneration.
3. To appoint a Director in place of Shri Vinod K. Tilva who retires by rotation and being eligible offers himself for reappointment.

**SPECIAL BUSINESS :**

4. To consider and, if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution :

"RESOLVED THAT Mr. Mansukhlal Bhanjibhai Makadia, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956, but being eligible, offers himself for reappointment and in respect of whom the company has received notice in writing under section 257 of the Companies Act, 1956, alongwith the prescribed deposit from a Shareholder signifying his intention to propose Mr. Mansukhlal Bhanjibhai Makadia as a candidate for the office of Director, be and is hereby appointed as a Director of the Company whose term of office shall be liable to determination by retirement of Directors by rotation.

5. To consider and, if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution :

"RESOLVED THAT Mr. Mansukhlal Jeramdas Patel, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956, but being eligible, offers himself for reappointment and in respect of whom the company has received notice in writing under section 257 of the Companies Act, 1956, alongwith the prescribed deposit from a shareholder signifying his intention to propose Mr. Mansukhlal Jeramdas Patel as a candidate for the office of Director, be and is hereby appointed as a Director of the Company whose term of office shall be liable to determination by retirement of Directors by rotation.

Registered Office : 307, Silver Chambers,  
Tagore Road, Rajkot-360 002.

Place : Rajkot

Dated : 28-6- 2003

By order of the Board of Directors

Sd/-

VINOD K. TILVA  
Director

**NOTES :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member. Proxy in order to be effective must be received by the company not less than 48 hours before the meeting.
2. All documents referred to in the accompanying Notice are open for inspection at the Regd. Office of the Company during the office hours on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
3. Members are requested to intimate the change, if any, in their registered address at the earliest, quoting their folio number.
4. Members are requested to bring along-with them their copy of Annual Report at the meeting.
5. Members are requested to quote Folio Number(s) in their correspondence.
6. Members are requested to send their queries, if any, atleast ten days before the date of meeting so that the information can be made available at the meeting.
7. The Register of Members and the Share Transfer Books of the Company will remain closed for four days from 16th September 2003 to 19th September, 2003.
8. Members are requested to send the share transfer forms to the Company's registered office at 307, Silver Chambers, Tagore Road, Rajkot-360 002.

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173  
OF THE COMPANIES ACT. 1956**

**Item No. 4**

Shri Mansukhlal Bhanjibhai Makadia was appointed as Additional Director of the Company by the Board of Directors. Pursuant to the provisions of Articles of Association of the Company read with Sec. 260 of the Companies Act, 1956 Shri Mansukhlal Bhanjibhai Makadia would hold the office upto the date of 10th Annual General Meeting. Notice in writing has been received under section 257 of the Companies Act, 1956, alongwith the prescribed deposit from a shareholder signifying his intention to propose Shri Mansukhlal Bhanjibhai Makadia as a candidate for the office of Director. Your Directors recommend his appointment as a Director. Shri Mansukhlal Bhanjibhai Makadia is interested in the Resolution at item 4 since it concerns him.

**Item No. 5**

Shri Mansukhlal Jeramdas Patel was appointed as Additional Director of the Company by the Board of Directors. Pursuant to the provisions of Articles of Association of the Company read with Sec. 260 of the Companies Act, 1956 Shri Mansukhlal Jeramdas Patel would hold the office upto the date of 10th Annual General Meeting. Notice in writing has been received under section 257 of the Companies Act, 1956, alongwith the prescribed deposit from a shareholder signifying his intention to propose Shri Mansukhlal Jeramdas Patel as a candidate for the office of Director. Your Directors recommend his appointment as a Director. Shri Mansukhlal Jeramdas Patel is interested in the Resolution at item 5 since it concerns him.

Registered Office : 307, Silver Chambers,  
Tagore Road, Rajkot-360 002.

By order of the Board of Directors  
Sd/-

Place : Rajkot  
Dated : 28-6-2003

VINOD K. TILVA  
Director

## DIRECTORS' REPORT

To,

The Members

Your Directors have pleasure in presenting the 10th Annual Report with the audited statements of the Company for the year ended on 31st March, 2003

**FINANCIAL RESULTS :**

The financial results of the Company for the year under review are summarised below :

	(Rs. in lacs)	
	Current Year	Previous Year
	2002-2003	2001-2002
Gross profit before Interest, depreciation and tax	34.03	81.71
Less : Interest	30.99	34.42
Depreciation	19.24	19.05
Profit before tax	(16.20)	28.24
Provision for tax	0.00	2.42
Profit after tax	(16.20)	25.82
Add : Bal. brought forward from previous year	15.87	8.87
Less : Deferred Tax Liability	3.74	18.81
Amount available for Net appropriations	3.40	15.88
<b>APPROPRIATIONS :</b>		
Proposed Dividend	---	---
income tax on proposed dividend	---	---
General reserve	---	---
Balance carried to Balance sheet	3.40	15.88
	3.40	15.88

**OPERATIONS :**

The second year of a new century was quite satisfactory for your company. Though the sales of the company declined compared to last year, the company posted a good results inspite of competition in the market. The company's product-PVC Films is accepted by market well. The total Sales of the company during the year were Rs. 8,50,39,372.00 as against Rs. 9,81,01,568.00 sales of the previous year which indicates decrease in sales by Rs. 1,30,62,196.00. The company's operating net loss for the current year stood at Rs. 16.20 lakhs. Considering the earlier year the profit of Rs. 15.88 lacs and after adjusting the defer tax liability of Rs. 3.74 lacs, the balance amount of profit comes to Rs. 3.41 lacs which is carried to the Balance sheet.

Your Directors are trying their best to increase market after adopting various marketing strategy and your directors are keen to maintain the well received quality of the product and also to make, constant improvement in quality considering the changing marketing scenario. Your Directors are hopeful that in the current year the Company can achieve good sales. Your management are in constant touch with up countries to improve the quality & also to know the market trend.

**DIVIDEND :**

As the Company has incurred a loan during the year under consideration, the directors of your company regret their inability to recommend any dividend to the Equity Shareholders of the Company for the year under Consideration.

**DIRECTORS :**

Pursuant to Articles of Association of the Company read with Section 256 of the Companies act, 1956 Shri Vinod Khimji Tilva the Director of the company is due to

retire at the ensuing Annual General Meeting and being eligible offers himself for the reappointment.

Shri Mansukhlal Bhanjibhai Makadia who was appointed as additional Director of the Company w.e.f. 19th August, 2002 to hold the office till the date of Annual General Meeting and being eligible offers himself for the reappointment.

Shri Mansukhlal Jeramdas Patel who was appointed as additional Director of the Company w.e.f. 19th August, 2002 to hold the office till the date of Annual General Meeting and being eligible offers himself for the reappointment.

**CORPORATE GOVERNANCE :**

A report on Corporate Governance including Auditors' Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the listing agreement, is contained elsewhere in the Annual Report.

The Company has Board Committees viz., Audit Committee and Investors' Grievance Committee to assist the Board of Directors in fulfilling its oversight responsibilities.

**FIXED DEPOSITS :**

Fixed deposit from the shareholders at the end of the Financial year stood at Rs. 87,55,000 which was Rs. 84,05,000 in the last year.

**INSURANCE :** All the properties of the Company including building, plant and machineries and stocks have been adequately insured against fire, earthquake, strike and riot damages/risks etc.

**AUDITORS OBSERVATION :**

Relevant notes to the accounts concerning Auditors Observations thereon are self explanatory.

**AUDITORS :**

M/s. Gadhia Karachiwala & Co., Chartered Accountants, Rajkot retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment as the Auditors of the Company, offer themselves for re-appointment.

**PARTICULARS OF EMPLOYEES :**

Since there is no employee drawing salary as specified in section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 the particulars required to be given under the said Rules are not applicable.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

In accordance with the provisions of section 217(2AA) of the Companies' Act, 1956, as amended by the Companies' (Amendment) Act, 2000, your Directors state:

- that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the directors have selected such accounting policies and applied them consistently and made judgements 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 ended on 31-3-2003;
- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors have prepared annual accounts on a going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO :**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

**ACKNOWLEDGEMENT :**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Bankers, Particularly State Bank of Saurashtra and various Government organisations of Central as well as State levels during the year under review.

Your Directors would also like to place on record the appreciation of the valued customers of the company's product for continuous support and also giving valuable suggestions for product setting. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the executives and employees of the company for implementation of the company's challenging project with diligence and co-operation.

For and behalf of the Board of Directors,  
**FOR VINYOFLEX LIMITED**

Sd/-

**VINOD K. TILVA & BHUPATLAL L. TILVA**

Place : Rajkot

Director

Dated : 28-6-2003

2. Coal (Specify quality and where used)	
Quantity	Nil
Total Cost (Rs. in thousands)	
Average rate	
3. Furnace oil	
Quantity (k.ltrs.)	
Total amount	Nil
Average rate	
4. Others / internal generation (please give details)	
Quantity	
Total cost	Nil

**B. Consumption per unit of Production**

Products (with details) unit

For the production of 1 Kg. PVC Film

I. Electricity	:
Production PVC Film Kg.	: 2016,434
Total Electricity Unit consumed	: 15,31,960
(15, 31, 960/ 2016,434) =	: 0.76 Units
II. G.N. Husk (Fotari)	:
Production PVC film Kg.	: 20,16,434
Total G.N. Husk (Fotri)	: 6, 77, 690
Kg. consumed	:
-(677690/2016434) =	: 0.34

Furnace Oil	:
Coal (Specify quality)	:
Others (Specify)	: Not applicable

**ANNEXURE TO THE DIRECTORS' REPORT****FORM "A"**

FROM FOR DISCLOSURE OF PARTICULARS WITH  
RESPECT TO CONSERVATION OF ENERGY

**FORM-B**

**FORM FOR DISCLOSURE OF PARTICULARS  
WITH RESPECT TO TECHNOLOGY ABSORPTION**  
Research and Development Nil

**A. Power and Fuel consumption 2002-2003**

1. Electricity	
Total unit Consumed	15,31,960
Total amount (Rs.)	77,64,937.00
Rate/Unit (Rs.)	5.07
2. G.N. Husk (Fotari)	
Total Quantity Consumed	6,77,690 Kgs.
Total amount paid	6,29,342.00
Rate pe Kgs.	0.93
Total Production of PVC Film	2016.434
	<u>Qty (M.T)</u>
b) Own Generation	
1) Through Diesel Generator Unit (Nos.)	Nil
Unit per ltr. of diesel Oil (Nos.)	Nil
Cost/ Unit (Rs.)	Nil
2) Through wind turbine/generator	
Units (Nos.)	Nil
Cost/ Unit (Rs.)	Nil
Amount (Rs.)	

**A. Technology Absorption. Adoption and Innovation**

The company lays great emphasis on saving of energy. Achieving reduction of energy per unit of production is an ongoing exercise in the company. The company shall take effective measures to minimise the loss of energy at the factory.

**B. Benefits derived as a result of the above efforts.**

The cost of the project with higher capacity go down.

**C. Foreign Exchange Earning & Outgo**

The Company earned Foreign Exchange income of Rs 2308569.00. The Company expended Foreign Exchange of Rs. 104266=00 during the financial year 2002-2003.

**4. Expenditure on Research & Development - Nil**

## ANNEXURE TO DIRECTORS' REPORT

## Report on Corporate Governance

A. MANDATORY REQUIREMENTS :1. **COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

The Company has always been committed to the principles of good corporate governance which inter alia includes protection of shareholders rights, enhancement of shareholder value, equitable treatment of all shareholders, stakeholders such as suppliers, customers and employees and to report financial information adequately and transparently. A continuous process of delegation of powers commensurate to accountability, coupled with trust, faith and transparency has been embedded in the day to day functioning. A system to effectively manage risks has been implemented. The Company has been disclosing detailed information on different issues concerned the Company's performance from time to time.

2. **BOARD OF DIRECTORS :**(i) **Composition :**

The Board of Directors comprises of a combination of Executives and Non-Executives who are professionals in their respective fields and bring in a wide range of skills and experience. The composition and attendance at the Board meetings held during the financial year and last Annual General Meeting were as under :-

Sr. No.	Name of Director	Executive/ Non-Executive	No. of Board Meetings Attended	Last A.G.M.No. Attendance (Yes/No)
1	Mansukhlal P. Patel	Executive Chairman	12	Yes
2	Vinod K. Tilwa	Non-Executive Director	13	Yes
3	Bhupat L. Tilwa	Non-Executive Director	13	Yes
4	Mansukhlal B. Mankadia	Non-Executive Independent Director	7	Appointed after AGM
5	Mansukhlal Jeramdas Patel	Non-Executive Independent Director	7	Appointed after AGM

(ii) **MEETINGS OF THE BOARD :**

13 Board Meetings were held during the year ended 31.3.2003. These were held on :

a. 29.04.2002	c. 10.07.2002	e. 30.08.2002	g. 24.10.2002	i. 10.12.2002	k. 30.01.2003
b. 31.05.2002	d. 29.07.2002	f. 19.09.2002	h. 29.10.2002	j. 20.12.2002	l. 31.01.2003
					m. 24.02.2003

(iii) **OTHER DIRECTORSHIPS :**

The details of other directorships and chairmanships held by the Directors of the company are given below :-

Sr. No.	Name(s) of Director	No. of Directorship excluding directorship in Pvt. companies/firms & cos. incorporated u/s. 25 of the Companies Act.	Chairman of the Board	No of other Board Committees in which he/she is a member or chairperson
1	Mansukhlal P. Patel	One	Nil	Nil
2	Vinod K. Tilwa	One	Nil	Nil
3	Bhupat L. Tilwa	One	Nil	One-Committee of the Company
4	Mansukhlal B. Mankadia	Nil	Nil	One-Committee of the Company
5	Mansukhlal Jeramdas Patel	Nil	Nil	One- Committee of the Company

(iv) **Reappointment of Directors (as required under Listing Agreement) :**

The brief particulars of the Directors of the Company, retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting are as under :-

Shri Vinod K. Tilwa aged 46 years joined the Board of the Company since incorporation. He is engaged in production & technical part of the project. He is a Director of the Board of the Company since incorporation. He normally sits at factory to look after production.