



VINYOFLEX

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VINYOFLEX LIMITED

11TH ANNUAL REPORT

2003-2004

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

NOTICE

NOTICE is hereby given that the 11th Annual General Meeting of the Members of M/s. VINYOFLEX LIMITED will be held at the Registered Office of the Company at 307, Silver Chambers, Tagore Road, Rajkot-360 002 on Monday, the 20th day of September, 2004 at 11:00 p.m. to transact the following business:-

ORDINARY BUSINESS :

1. To consider, approve and adopt the Balance Sheet as on 31st March, 2004, 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 Bhupatlal Lalji Tilva who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Mansukhlal Bhanjibhai Mankadia who retires by rotation and being eligible offers himself for reappointment

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

By order of the Board of Directors

Place : Rajkot
Dated : 28-07-2004

Sd/-
Mansukhbhai Patel
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 17/09/2004 to 20/09/2004
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.

DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting the 11th Annual Report with the audited statements of the Company for the year ended on 31st March, 2004

FINANCIAL RESULTS :

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

	(Rs. in lacs)	
	Current Year 2003-2004	Previous Year 2002-2003
Gross profit before Interest, depreciation and tax	40.86	34.03
Less : Interest	30.79	30.99
Depreciation	19.60	19.24
Profit before tax	(9.53)	(16.20)
Provision for tax	0.00	0.00
Profit after tax	(9.53)	(16.20)
Add : Bal. brought forward from previous year	3.40	15.87
Less : Deferred Tax Liability	4.48	3.74
Amount available for Net appropriations	1.65	3.40
APPROPRIATIONS :		
Proposed Dividend	---	---
income tax on proposed dividend	---	---
General reserve	---	---
Balance carried to Balance sheet	(1.65)	3.40
	1.65	3.40

OPERATIONS :

Your management has put great efforts to increase the hold in the market. In spite of all efforts, the company could not post expected turnover.

The Company has posted sales of Rs. 10,08,21,304/- against previous year's sales of Rs. 8,49,24,517/- The sales of the company increased by Rs. 1,58,96,787/- which is very negligible compared to the efforts made by the management on marketing front. Company has tried to cut other expenses. However, after meeting all expenses and providing depreciation the company made marginal loss of Rs. 9,53,000/- Considering earlier year's accumulated profit of Rs. 3,43,000/- and adjusting the Deferred Tax Liabilities of Rs. 4,48,000/- the resultant loss comes to Rs. 1,65,000/- and the same is carried to the balance sheet.

The company has faced raw material problem and frequent fluctuation in the prices of raw materials. Besides the above, the company has to face competition from small scale manufacturers. In spite of all odds and temptations in the market at large, the company had not made any compromise in the quality.

Your management is hopeful that on the basis of maintaining good quality, the company expect to reap real benefits in the coming years.

The company lays more and more emphasis for betterment of all india market by adopting different strategies and schemes, personal visits, supervision by Chairman of the company from time to time.

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 Bhupat Lalji Tilva and Shri Mansukhlal Bhanjibhai Mankadia, the Director of the company is due to retire at the ensuing 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. 91,05,000 which was Rs. 87,55,000 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 31-3-2004;
- 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.

VINYOFLEX LIMITED

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 co-operation. 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 putting whole hearted efforts for day to day working of the Company. Your Directors wish to place on record the appreciation of the services of the Bankers and co-operation of various officials of central and state Government extended to the Company from time to time.

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

Sd/-
MANSUKHBHAI P. PATEL

Director

Place : Rajkot
Dated : 28-6-2004

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

FORM FOR DISCLOSURE OF PARTICULARS WITH
RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel consumption 2003-2004

1. Electricity	
Total unit Consumed	16,13,304
Total amount (Rs.)	82,17,734
Rate/Unit (Rs.)	5.09
2. G.N. Husk (Fotari)	
Total Quantity Consumed	6,52,675 Kgs.
Total amount paid	6,38,297.00
Rate per Kgs.	0.98
Total Production of PVC Film	2,152,865 Qty (M.T)

b) Own Generation

1) Through Diesel	
Generator-Unit (Nos.)	Nil
Unit per ltr. of diesel Oil (Nos.)	
Cost/ Unit (Rs.)	
2) Through wind turbine/generator	
Units / Nos.	Nil
Total Cost (Rs. in thousands)	
Average Rate (Rs.)	

3. Coal (Specify quality and where used)	
Units/Nos.	Nil
Cost/Unit (Rs.)	
Amount (Rs.)	
4. Furnace Oil	
Quantity (k.litres.)	
Total amount	Nil
Average Rate	
5. 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.	: 2152.865
Total Electricity Unit consumed	: 16,13,304
(1613304/2152.865) =	: 0.75 Units
II. G.N. Husk (Fotari)	
Production PVC film Kg.	: 21,52,865
Total G.N. Husk (Fotari) Kg. consumed	: 65,26,75
652675/2152865	: 0.30
III. Furnace Oil	
Coal (Specify quality)	
Others (Specify)	: Not applicable

FORM-B

FORM FOR DISCLOSURE OF PARTICULARS
WITH RESPECT TO TECHNOLOGY ABSORPTION

Research and Development Nil

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 go down.

C. Foreign Exchange Earning & Outgo

The Company earned Foreign Exchange income of Rs 9604130.00. The Company expended Foreign Exchange of Rs. NIL 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	9	Yes
2	Vinod K. Tilwa	Non-Executive Director	9	Yes
3	Bhupat L. Tilwa	Non-Executive Director	9	Yes
4	Mansukhlal B. Mankadia	Non-Executive Independent Director	8	Yes
5	Mansukhlal Jeramdas Patel	Non-Executive Independent Director	7	Yes

(ii) MEETINGS OF THE BOARD :

Board Meetings were held during the year ended 31.3.2004. These were held on :

- a. 03.04.2003 c. 29.04.2003 e. 30.09.2003 g. 31.12.2003 i. 28.02.2004
b. 16.04.2003 d. 28.06.2003 f. 30.10.2003 h. 30.01.2004

(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 Bhupatlal Lalji Tilwa, adult, joined the Board of the Company since incorporation. He is looking after the General Administration of the Company. He is a Director of the Board of the Company since incorporation. He normally sits at office of the Company & look after general administration of the company.

Shri Mansukhlal Bhanjibhai Mankadia adult, joined the Board of the Company before tow years. He is having rich business experience. His suggestion and guidance is helpful for production planning and factory management.