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ANNUAL REPORT

2002 - 2003

PAN PACKAGING INDUSTRIES LTD

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PAN PACKAGING INDUSTRIES LTD

Board of Directors	:	Shri Bhimjibhai J. Shah	Chairman
		Shri Rasiklal B. Shah	Managing Director
		Shri Kantilal B. Shah	Jt. Managing Director
		Shri Pravinchandra R Lakhtaria	Director
		Shri Nimesh R. Shah	Director
		Shri Lalit D. Joshi	Nominee Director (G.S.F.C)
Auditors	:	M/s L.D.Joshi & Co. Chartered Accountants. 2-G,Court Chambers, 35, New Marine Lines, Mumbai – 400 020.	
Bankers	:	Corporation Bank Shivaji Park Branch, Barkha Cinema Building, Manmala Tank Road, Mahim, Mumbai – 400 016.	
Registered Office	:	"Rizvi Niketan" Shop No.4, Gopi Tank Road, Mahim, Mumbai – 400 016.	
Works	:	290/1, G.I.D.C. Vapi, Dist.- Bulsar, Gujarat State.	71,Govt. Ind. Estate, Khadoli, Silvassa (U.T.).
Registrar & Transfer Agents	:	Sharepro Services Satam Industrial Estate, Above Bank of Baroda, Chakala, Andheri(East), Mumbai – 400 099.	

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NOTICE:-

NOTICE is hereby given that the ANNUAL GENERAL MEETING of the Members of the Company will be held on Monday, the 29th September, 2003 at 4.00 P.M. at Rizvi Niketan Compound, Gopi Tank Road, Mahim, Mumbai 400016 to transact the following business :

ORDINARY BUSINESS:

1. To consider and adopt the Profit & Loss Account for the Financial Year ended 31st March, 2003 and the Balance Sheet as at that date and Reports of the Board of Directors and Auditor thereon.

2. To appoint a Director in place of Shri Rasiklal B. Shah who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint a Director in place of Shri Nimesh R Shah who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Companies Act, 1956 and the Securities and Exchange Board of India (De-listing of Securities) Guidelines – 2003 and any other applicable Acts, Rules, Regulations, Guidelines, Orders , Directions etc., if any, the consent / approval of the Company be and is hereby accorded to the de-listing of the Equity Shares of the Company from the Stock Exchange – Ahmedabad and that the Board of Directors of the Company be and is hereby authorized to take all the necessary decisions and actions in this regard."

Regd. Office:
"Rizvi Niketan, Shop No.4,
Gopi Tank Road, Mahim,
Mumbai – 400 016.

BY ORDER OF THE BOARD
B.J.SHAH
CHAIRMAN

Date : 31st August, 2003.

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NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS 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.

   THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. The Explanatory Statement under section 173(2) of the Companies Act, 1956 in respect of item no. 5 of the Notice is enclosed herewith.

3. The Register of members and Share Transfer Books of the Company will remain closed from 26.09.2003 to 28.09.2003.(both days inclusive)

4. Shareholder seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

5. Members/Proxies attending the Meeting are requested to bring their Attendance Slip, sent herewith, duly filed in and also their copies of the Annual Report.

6. The Company's shares are listed on Stock Exchanges at Mumbai, and Ahmedabad.

7. All queries relating to Share Transfer and allied subjects should be addressed to :

   Sharepro Services
   Unit : PPIL
   Satam Industrial Estate
   Above Bank of Baroda,
   Chakala, Andheri (East),
   Mumbai 400 099.

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EXPLANATORY STATEMENT
(Pursuant to Section 173(2) of the Companies Act, 1956.)

ITEM :5

The Equity Shares of the Company are listed on the Stock Exchange Mumbai, and the Stock Exchange at Ahmedabad. The trading volume at the Stock Exchange at Ahmedabad is very negligible and considering the cost incurred by the Company by way of Listing Fee and other expenses without the proportionate benefit being available to the Shareholders of the Company by continuing listing of the Equity Shares on the said Exchange, the Board of Directors of the Company have proposed to de-list the Equity Shares from the said Exchange under new guidelines issued by SEBI (De-listing of Securities) Guidelines 2003. However the shares of the Company will continue to be listed on the Regional Stock Exchange i.e. The Stock Exchange – Mumbai having the Nationwide Trading Terminals.

Your Directors recommend the resolution given in item no. 5 for your approval. None of the Directors is , any way, concerned or interested in the said Resolution.

Regd. Office
"Rizvi Niketan, Shop No.4,
Gopi Tank Road, Mahim,
Mumbai – 400 016.
Date : 31st August, 2003.

BY ORDER OF THE BOARD
B.J.SHAH
CHAIRMAN

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REPORT OF THE DIRECTORS.

Dear Member,

Your Directors have pleasure in presenting the Annual Report of the Company together with the Audited Statement of Accounts for the Year ended March31,2003.

1. FINANCIAL RESULTS

	2002-2003 Rs(Lacs)	2001-2002 Rs(Lacs)
Net Sales / Income from operations	69.66	69.52
Other Income	5.85	3.84
Gross Profit (after Interest but before depreciation and taxation)	15.74	14.24
Depreciation	3.04	3.36
Provision for Taxation	1.80	----
Net Profit after Tax	10.90	10.88
Add : Balance brought forward from Previous year	31.75	20.87
Profit Available for appropriation	42.65	31.75
Balance carried to Balance Sheet	42.65	31.75

2. PERFORMANCE & PROGRESS

In spite of the stiff competition in the Packaging industries and of the extensive utilization of Plastic moulded packing materials, your Company has managed to keep the same turn-over as compared to the previous year. This is due to our capacity to fulfil the Orders in time and that too with superior quality. This has generated a Profit after Tax of Rs. 10.90 Lacs compared to the profit of previous year i.e.Rs.10.88 Lacs.

Our Paper Plant at Vapi is expected to commence production during this Financial Year i.e. 2003-2004.. Once this Plant is put into operation, the Paper production would be available to our Packaging Plant as captive consumption which, for obvious reasons, will cut down the raw material cost.

Once the Paper Plant starts serving the Packaging unit, the Company shall go ahead for a horizontal development i.e. by installation of Oil Project. Your Company has already acquired Land at Khadoli, Silvassa (U.T.). All the licenses required from government – Central and State as also from local Self Government are already in hand. It is hoped a similar and continued co-operation from our esteemed Shareholders will be received in all times to come.

3. MANAGEMENT DISCUSSION AND ANALYSIS:

Pursuant to Clause 49 (V) (A) & (B) of the Listing Agreement your Directors wish to report as follows:

a. Industry Structure and Development:

The Industry is turning the corner. Capacity, Production and Demand are slowly increasing. However, the outcome is to observed keenly in future.

b. Opportunities and Threats:

Opportunities are plenty, however judicious decisions are required to be taken by each Company as may be individually beneficially. As such there are no threats to the Industry.

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c. Segment – wise or Product – wise Performance:

Segment wise or product wise analysis or performance is not applicable to your Company under Accounting Standard 17.

d. Outlook:

The Paper industry for last five consecutive year i.e. up to 2001 continued to pass through difficult conditions characterized by high raw material cost, sluggish demand, cut throat competition, new capacity creation and growing imports at reduced tariffs. The Financial year 2002-2003 as a turn around and recorded over all good performance. Your Company has maintained the steady progress and achieved the same turnover as compared to last year.

e. Risks and Concerns:

Main risk to the Paper Industry and the Company is nothing but the market conditions. Additionally, risks related to inventories,financial cost, insurance are being managed efficiently by the management.

f. Internal Control Systems and their adequacy:

Your Company is in the process of implementing and establishing adequate internal control systems and is having regular mechanism to monitor the same under the overall control and supervision of the Management and the Audit Committee of Directors. However, these systems are being improvised constantly.

g. Discussion on Financial Performance with respect to Operational Performance:

The Financial performance with respect to the operational performance during the year under review was satisfactory. However better financial performance could have been possible, if the price realization of the products were better and the financial cost was low.

h. Material Development in Human Resources / Industrial Relations Front, including Number of People Employed:

Your Company is constantly endeavoring to introduce Human Resources Development activities and induction of professional manpower. Your Company has excellent industrial relations.

i. Material Financial and Commercial Transactions:

There are no material significant financial and commercial transactions with the related parties viz. Promoters, Directors or the Management, their Companies / firms or relatives conflicting with the interest of the Company. The Promoters and the Directors are not dealing in the Shares of the Company.

4. CORPORATE GOVERNANCE:

Your Company has been very active in introduction and implementation of corporate governance. However in compliance of the requirement of Clause 49 of the Listing Agreements, which has become applicable to the Company w.e.f. 31st March, 2003, your Company has taken all the mandatory steps. A detailed report on Corporate Governance along with a certificate from the Auditors confirming the compliance is annexed hereto (Annexure–I) and forms part of the Directors' Report.

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5. AUDIT COMMITTEE:

The Audit Committee of Directors has been constituted by your Board on 28th February 2003 as required under Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement. The said Committee consists of two Non-Executive Independent Directors and one Non-Executive Director. For the purpose of information, the first, second and third meeting of the said Committee took place on 20th April, 2003, 3rd June, 2003 and 14th August, 2003 respectively. The said Committee is discharging its due obligations and responsibilities as required.

6. DIRECTORS' RESPONSIBILITY:

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed;

2. Appropriate Accounting Policies have been selected and applied consistently, and have 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 as at 31st March, 2003 and of the Profit and Loss Account for the financial year 1st April, 2002 to 31st March, 2003;

3. Proper and sufficient care has been taken 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 preventing and detecting fraud and other irregularities;

4. The Annual Accounts have been prepared on a going concern basis.

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7. AUDITORS:

M/s. L D Joshi & Co., Chartered Accountant, Statutory Auditor of the Company will retire at the ensuing Annual General Meeting and is eligible for re-appointment. The said Auditors have confirmed that his appointment if made, shall be within the limits of Section 224(1B) of the Companies Act, 1956. The Board of Directors recommend appointment of M/s. L D Joshi & Co., Statutory Auditor of the Company and fix his remuneration.

8. FIXED DEPOSITS:

Your Company has not accepted Deposits from Public u/s.58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975.

9. INSURANCE:

Your Company has taken adequate insurance cover for all its Assets.

10. LISTING OF SECURITIES:

The Equity Shares of the Company are listed on the Stock Exchange – Mumbai and Ahmedabad.

11. DEMAT OF SECURITIES:

Nearly 60.00% of total Equity Share Capital is held in dematerialized form with NSDL/CDSL.

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12. DISCLOSURES :

Information of conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given hereunder:

The Company's present manufacturing activities are such that the same do not require any specialized technology, since in India. Technical know-how for Packaging Industries has been standardized and is being used in the Industry. Besides, the Promoters of the Company are engaged in Packaging business since last 2 and 1/2 decades and the business is inherited. In view of the above, the question of the technical absorption and adoption does not arise.

The Company's operation involves low energy consumption. Nevertheless energy conservation measures have already been taken wherever possible. Efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

13. EMPLOYEES PARTICULARS:

Information required U/s 217(2a) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules,1975 is not given, as there is no employee, drawing salary more than the prescribed limit.

14. ACKNOWLEDGEMENT :

Your Directors take this opportunity to express their deep sense of gratitude to the Central, State Governments and Local Governments, Financial Institutions and Banks for their continued support, co-operation and guidance.

At this point your Directors like to place on record their sincere appreciation for the total commitment, dedication and hard work put in by every member of the Pan Family.

And to you our Shareholders, we are deeply grateful for the confidence and faith that you have always placed in us.

Regd. Office
"Rizvi Niketan, Shop No.4,
Gopi Tank Road, Mahim,
Mumbai – 400 016.
Date : 31st August, 2003

BY ORDER OF THE BOARD
B.J.SHAH
CHAIRMAN

ANNEXURE I

REPORT ON CORPORATE GOVERNANCE

1. INTRODUCTION

The Company's Philosophy on Corporate Governance

The Company has incorporated the sound Corporate Governance practices. The Company has all along believed in fair business and corporate practices with all its stakeholders. The Board of Directors has always had adequate competent independent Directors. For effective discharge of its functions and proper deliberations, Board has constituted various committees.

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The Securities & Exchange Board of India has introduced a code of Corporate Governance for implementation by all the listed companies vide an amendment to the Listing Agreement by way of introduction of new Clause 49. As per this Clause your Company was required to comply with the requirements w.e.f. from 31st March, 2003, including disclosure of compliance of this code in the Directors' Report.

Given below is the report of Directors on the practices prevalent on Corporate Governance in the Company.

2. BOARD OF DIRECTORS

2.1 Composition:

The Board of Directors comprises of five Directors. The composition is as under:-

Name of the Director	Brief Particulars	Category
Mr. Bhimji J. Shah	He is an industrialist and joined the Board as the Promoter Director since incorporation of the Company in the year 1983. He is having more than 25 years of experience in the Paper Industry.	Chairman
Mr. Rasik B. Shah	He is an industrialist and joined the Board as the Promoter Director since incorporation of the Company in the year 1983 . He is having more than 28 years of experience in the Kraft Paper Industry . He is looking after production and quality of corrugated boxes.	Managing Director
Mr. Kantilal B. Shah	He has 25 years of experience in marketing, purchase office & Administrative manufacturing and trading of corrugated boxes.	Joint Managing Director.
Mr. Pravinchandra R Lakhtaria	He is B.Sc. Tech . Having experience of 20 years in production , technical and mechanical know –how.	Non-Executive Independent Director
Mr. Nimesh R. Shah	He is expertise in the field of computers and has done a course in corrugated boxes from 'Wicma''	Non-Executive Independent Director
Mr. Lalit D. Joshi (Nominee of G.S.F.C.)	He is an executive working with GSFC. He is 56 year of age. He has been nominated on the board by GSFC.	Non- Executive Independent Director

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2.2 Meetings and attendance record of each Director:

(i) During the Financial Year ended 31st March, 2003 the Board of Directors had meetings.

These were held on :

1. 29th June , 2002.
2. 31st July , 2002.
3. 31st October , 2002.
4. 23rd January , 2003.

(ii) The attendance record of the Directors at the Board Meetings during the Financial Year ended 31st March, 2003.

Name of the Director	Attendance at Board Meetings	Attendance at last AGM
Mr. Bhimji J. Shah – Chairman	4	Yes
Mr. Rasiklal B. Shah – MD	4	Yes
Mr. Kantilal B. Shah - Jt . MD	4	Yes
Mr. Pravinchandra R. Lakhtaria	4	Yes
Mr. Nimesh R. Shah	4	Yes
Mr. Lalit D. Joshi	-	No

2.3 Other Directorships etc.:

The details of the Directorships in the other Companies (excluding Private Limited Companies and Section 25 of the Companies) Chairmanships and the Committee Memberships held by the Directors are given below :-

Name of Directors	No. of other Directorships	Chairman of The Board	Board Committees of which he is a member	Chairman of The Committee
1. Mr.Lalit D.Joshi (Nominee of G.S.F.C.)	---	---	---	---

2.4 Remuneration of Director

Name of Directors	Salary Rs.	Sitting Fees Rs.	Commission Rs.	Stock Option	Service Contract	Notice Period
Mr.Bhimji J.Shah – Chairman	-	-	-	-	-	N.A.
Mr. Rasiklal B. Shah – MD	12500	-	-	-	5 years	N.A.
Mr. Kantilal B. Shah - Jt . MD	12500	-	-	-	5 years	N.A.
Mr.Pravinchandra R. Lakhtaria	-	-	-	-	-	N.A.
Mr. Nimesh R. Shah	4000	-	-	-	-	N.A.
Mr. Lalit D. Joshi	-	-	-	-	-	N.A.

2.5 Re-appointment of Directors:

Mr. Rasiklal B. Shah and Mr. Nimesh R. Shah, Directors shall retire by rotation at ensuing Annual General Meeting and being eligible have offered themselves to re-appointment.

The Board of Directors has recommended their appointment.

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