

ANNUAL REPORT

2004-2005



PAN PACKAGING INDUSTRIES LTD


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2004-2005

Board of Directors	:	Shri Rasiklal B. Shah	Managing Director
		Shri Kantilal B. Shah	Jt. Managing Director
		Dr. Virendra D. Singh	Director
		Dr. Sunil Kanti Kar	Director
		Shri Lalit D. Joshi	Nominee Director (G.S.F.C)
		Shruti Kanhere	Company Secretary
Auditors	:	M/s L.D.Joshi & Co. Chartered Accountants. 2-G,Court Chambers, 35, New Marine Lines, Mumbai – 400 020.	
Bankers	:	Corporation Bank HDFC Bank Development Credit Bank	
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.)



PAN PACKAGING INDUSTRIES LTD 2004-2005

NOTICE :-

NOTICE is hereby given that the ANNUAL GENERAL MEETING of the Members of the Company will be held on Friday, the 30th September, 2005 at 4.00 P.M. at 8, 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, 2005 and the Balance Sheet as at that date and Reports of the Board of Directors and Auditor thereon.
2. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS :

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

“RESOLVED THAT Dr. Sunil Kanti Kar who was appointed as an additional Director in the meeting of the Board of Directors of the Company held on 4th April, 2005 and who holds office as such upto the date of ensuing Annual General Meeting and in respect of whom notice under section 257 of the Company Act, 1956 has been received from some member signifying his intention to propose Dr. Sunil Kanti Kar as candidates for the office of the Director of the Company be and is hereby appointed as a Director of Company “

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

“RESOLVED THAT Dr. Virendra D. Singh who was appointed as an additional Director in the meeting of the Board of Directors of the Company held on 15th April, 2005 and who holds office as such upto the date of ensuing Annual General Meeting and in respect of whom notice under section 257 of the Company Act, 1956 has been received from some member signifying his intention to propose Dr. Virendra D. Singh as candidates for the office of the Director of the Company be and is hereby appointed as a Director of Company

5. To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary 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, and supersession of the Resolution passed at the Annual General Meeting of the Company held on 29th September, 2003, 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.”



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

“RESOLVED that pursuant to the provisions of Section 293(1)d) and other applicable provisions if any, of the Companies Act, 1956, and in supersession of the Resolution passed at the Annual General Meeting of the Company held on 30th September, 1994, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum(s) of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate of the paid up Share Capital of the Company and its Free Reserves, (i.e. Reserves not set apart for any specific purpose). Provided that the aggregate of the monies borrowed and to be borrowed and outstanding at any one time shall not exceed Rs. 20 crores.”

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

Resolved that the pursuant to the provision of Section 293 (1) (a) and other applicable provision if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to sell, lease transfer and / or Dispose of the whole or any part of the Company undertakings comprising of the plant located at 71, Govt. Ind. Estate Khadoli, Silvasa (U.T.) or any parts of its assets or liabilities as a going concern to Span Containers or any other suitable party which the Company may deem fit on such terms and conditions and in such form and in such manner as the Board of Directors of the Company may decide in the interest of the Company, with Full power and authority to the Board of Director to do all such acts and things as may be necessary to implement this Resolution and accept any modification thereon in terms and Condition on behalf of the Company.”

Regd. Office:

“Rizvi Niketan, Shop No.4,
Gopi Tank Road, Mahim,
Mumbai – 400 016.
Date : 16th August, 2005.

BY ORDER OF THE BOARD OF DRECTORS

SHRUTI KANHERE
(COMPANY SECRETARY)



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NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND 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. 3 TO 7 of the Notice is enclosed herewith.
3. The Register of members and Share Transfer Books of the Company will remain closed from 28.09.2005 to 29.09.2005.(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 (India) Pvt. Ltd.

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.)

The following Explanatory Statement sets out all the material facts relating to the Special Business under item No. 3, 4, 5, 6 and 7 of the accompanying Notice of the Annual General Meeting of the Company to be held on Friday, 30th September, 2005, at 4.00 p.m.

In Respect of Item no. 3 & 4.

Since Shri Bhimji J. Shah and Shri Nimesh R. Shah have resigned from the Board on 15.04.2005 and 04.04.2005, the Board of Directors have decided to induct Dr. Virendra D. Singh and Dr. Sunil Kanti Kar to fill the casual vacancy on the Board.

Dr. Sunil Kantikar Kar He is 64 years old. Qualification M.A. Phd. He has 40 years of experience with govt. organization as a Administrative Executive. He was sub editor in Hindustan Standard Daily. He was Sec. to Manage in PIE KOLKATA. Reader in V.J.R College. Member of Consumer Disputes Redressal Commission, chairman in State Leather development corporation & Handicraft development corporation for Govt. Of West Bengal. He was Director in Bengal air service Ltd.

Dr. Virendra D Singh He is 53 years of age with qualification in Phd, Economics, M.A. Electronic, BEDMED He has experience of 24 years in field of different position in leading NBSC Company

Your Directors recommend the resolution given in item no. 3 & 4 for your approval. None of the Directors except Dr. Sunil Kanti Kar and Dr. Virendra D Singh is, any way, concerned or interested in the said Resolution.

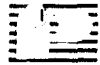
In Respect of Item no. 5

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 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.

In Respect of Item no. 6

The Shareholder have extended their approval to the Board to borrow monies upto a limit of 10 Crs. in terms of Section 293(1)(d) of the Companies Act, 1956 by passing an Ordinary Resolution in the Annual General Meeting held on 30th September, 1994. The Companies Outstanding Borrowing as on 16th August, 2005 amounts to Rs. 2.97 crores. The production of the Company for manufacturing of kraft paper is expected and hence it is advisable to increase the borrowings limit upto 20 crores.


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The sanction of the shareholders is solicited to permit the Board to borrow monies in excess of the Company's paid up capital and free Reserves, accordingly. None of the Directors are in any way , concerned and / or interested in the Resolution..

In Respect of Item no. 7

Since the Company's financial position is not sound, and due to requirement of funds to start the manufacturing plant of kraft papers it was advisable to generate the funds from its own resources.

Hence it was thought appropriate to dispose off the unit located at 71 Govt. Industrial Estate, Village Khadoli, Silvassa U.T.as the location of the said plant was also so far and the Company was not in a position to continue its existing business for which this plant was set-up.

Your Directors recommend the Resolution given in item no. 7 for your approval. None of the Directors are, any way, concerned or interested except Shri Rasiklal Shah and Kantilal Shah in the said Resolution.

Regd. Office

"Rizvi Niketan, Shop No.4,

Gopi Tank Road, Mahim,

Mumbai – 400 016.

Date : 16th August, 2005.

BY ORDER OF THE BOARD

R.B.SHAH

MANAGING DIRECTOR



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DIRECTORS' REPORT

To

The Members,

Your Directors present the Annual Report of the Company together with the Audited Statement of Accounts for the Year ended March 31, 2005.

1. FINANCIAL RESULTS	2004-2005 Rs(Lacs)	2003-2004 Rs(Lacs)
Net Sales / Income from operations	9.77	50.11
Other Income	12.84	2.51
Gross Profit (after Interest but before depreciation and taxation)	1.99	7.67
Depreciation	1.03	2.54
Provision for Taxation	0.33	1.10
Net Profit after Tax	0.63	4.04
Add : Balance brought forward from Previous year	46.69	42.65
Profit Available for appropriation	47.32	46.69
Balance carried to Balance Sheet	47.32	46.69

2. OPERATIONS

Company's sales turnover in respect of its Corrugated Boxes Unit at Silvassa has reduced substantially from Rs.50.11 Lakhs in previous year to Rs. 9.77 Lakhs in current year. The reason for this sharp fall in turnover was non-availability working capital funds and hence the production of Packaging unit could not be continued and unit was closed down from 01/07/2004.

The Company therefore concentrated only on Kraft Paper Plant to start its production. However, the production could not be commenced at Paper Mill Project at Vapi, due to non-availability of funds for installing the additional machinery and for want of working capital requirement.

Your directors are making efforts to start the production at the Paper Mill Plant and expect that the same would commence in the month of December 2005 approximately.

**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 Paper Industry is growing faster with increase in Capacity, Production and Demand.

b. Opportunities and Threats:

As the Paper Industry is growing, there are good opportunities for growth and there are no threats as such to the Industry.

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 Company is focusing on its production at Paper Mill to start with. Once the production starts, the long term outlook for the your Company will be stable and demand for the product of the Company will grow as the paper industry is doing well.

e. Risks and Concerns:

Ever changing scenario in international and domestic markets could be the only risk which may be faced by the paper industry. Other risk or concerns related to finance, production, stocks, insurance etc. are being managed adequately and efficiently by your Company.

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 not satisfactory. However, better financial performance would have been possible, if the Kraft paper production had been started.



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h. Material Development in Human Resources / Industrial Relations Front:

Currently, the Company's activities are on a small basis and hence there is no much material development in Human Resources/ Industrial Relations front. However, when Company's Paper Mill Project will commence, this will be implemented.

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 :

In compliance to the requirement of Clause 49 of the Listing Agreements, 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.

5. DIRECTORS :

In accordance with the provision of section 255 & 256 of the Companies Act, 1956 there were no directors who were liable to retire by rotation due to the resignation of Shri B J Shah and Shri Nimesh Shah – Directors of the Company.

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, 2005 and of the Profit for the financial year ended 31st March, 2005.
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.