

# **Annual Report 2005-2006**



**Pan Packaging Industries Ltd.**

## **PAN PACKAGING INDUSTRIES LIMITED**

<b>Board of Directors</b>	:	Mr. Kanwar Deep Singh	-	Chairman
		Mr. R. P. Chhabra	-	Director
		Dr. Sunil Kanti Kar	-	Director
		Dr. Virendra D. Singh	-	Director
		Mr. Lalit D Joshi	-	Nominee Director (G.S.F.C.)
<b>Auditors</b>	:	M/s L. D. Joshi & Co , Chartered Accountants, 2-G, Court Chambers, 35, New Marine Lines, Mumbai - 400 020		
<b>Company Secretary</b>	:	Shruti Kanhere		
<b>Bankers</b>	:	HDFC Bank Limited		
<b>Registered Office</b>	:	5 & 6, Blue Moon Estate B/57, New Link Road, Andheri (W), Mumbai-400053		
<b>Works</b>	:	290/1, G.I.D.C Vapi, Dist-Bulsar Gujarat State		
		71, Govt. Ind. Estate Khadoli, Silvassa (U.T.)		

**NOTICE**

NOTICE is hereby given that the ANNUAL GENERAL MEETING of the members of the Company will be held on Saturday, 30<sup>th</sup> September 2006 at 11:30 A.M. at 5 & 6, Blue Moon Estate, B/57, New Link Road, Andheri (W), Mumbai -400053 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2006 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Sunil Kanti Kar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company 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 an Ordinary Resolution:

**RESOLVED THAT** Mr. Kanwar Deep Singh, who was appointed as an Additional Director in the meeting of the Board of Directors held on 26.04.2006 and who holds office as such up to the date of ensuing Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Kanwar Deep Singh as candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

**RESOLVED THAT** Mr. R. P. Chhabra, who was appointed as an Additional Director in the meeting of the Board of Directors held on 26.04.2006 and who holds office as such up to the date of ensuing Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. R. P. Chhabra as candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation.

By Order of the Board  
For PAN PACKAGING INDUSTRIES LTD.

Regd. Office:-  
5 & 6, Blue Moon Estate  
B/57, New Link Road,  
Andheri (W), Mumbai-400053

Dated: 31/08/2006

(SHRUTI KANHERE)  
COMPANY SECRETARY

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF (IN CASE OF POLL) & PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING. (A blank proxy form is attached herewith).
2. Explanatory Statement under the provisions of Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto and forms part of the notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 25.09.2006 to Saturday, 30.09.2006 (both days inclusive) for the purpose of Annual General Meeting.
4. Shareholder(s) desirous of seeking any information with regard to Accounts and operations of the Company are requested to write to the Company at least 10 days in advance so as to enable the management to keep the information readily available at the meeting.
5. Members/Proxies attending the Meeting are requested to bring their Attendance Slip, duly filed in and also their copies of the Annual Report.
6. Pursuant to Listing Agreement, the Company declares that its equity shares are listed only at Bombay Stock Exchange (BSE) and has paid the Annual Listing Fee for the year 2006-2007.
7. Members who hold shares in dematerialized form are requested to write their client ID and DP ID number and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
8. To facilitate trading in equity shares in dematerialized form, the Company has entered into agreement with National Security Depository Limited (NSDL) and Central Depository Services Limited (CDSL). Members can open account with any of the depository participants registered with NSDL with CDSL.
9. All queries relating to Share Transfer and allies matters should be addressed to:

**SHAREPRO SERVICES (INDIA) PVT. LTD.**

Unit : PPIL

Satam Estate, 3<sup>rd</sup> Floor

Above Bank of Baroda

Cardinal Gracious Road, Chakala

Andheri (E), Mumbai-400099

10. Additional information, pursuant to clause no. 49 of the Listing Agreement in respect of Directors seeking appointment/reappointment at the Annual General Meeting is given as Annexure 'A' to the notice.

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

**In respect of item no. 4 & 5**

In order to broad base of Board of Directors of the Company, your Board of Directors had appointed Mr. Kanwar Deep Singh and Mr. R. P. Chhabra as an Additional Director(s) of the Company pursuant to the provisions of Section 260 of the Companies Act 1956 effective from 26<sup>th</sup> April, 2006 and they holds office of the Director up to the date of this Annual General Meeting.

The Company has received a notice along with requisite fee from members under Section 257 of the Companies Act 1956 proposing the candidature of Mr. Kanwar Deep Singh and Mr. R. P. Chhabra as Director(s) of the Company.

The Board of Directors considers that in view of their expertise and experience, it would be in the interest of the Company to appoint them as Director(s) of the Company liable to retire by rotation and accordingly recommends the resolution as set out at item no. 4 & 5 of the notice for approval of the members.

Mr. Kanwar Deep Singh and Mr. R. P. Chhabra are interested or concerned in the proposed respective resolution(s) as set out in the notice. None of the other Directors are interested or concerned in the proposed resolutions.

By Order of the Board  
For PAN PACKAGING INDUSTRIES LTD.

**Regd. Office:-**

5 & 6, Blue Moon Estate

B/57, New Link Road,

Andheri (W), Mumbai-400053

**Dated: 31/08/2006**

**(SHRUTI KANHERE)**  
**COMPANY SECRETARY**

**ANNEXURE-A****DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

**Dr. Sunil Kanti Kar** aged 65 years, is M.A. Phd. He has over four decades of rich experience with government organizations as Administrative Executive. He was sub editor in Hindustan Standard Daily. He was member of Consumer Disputes Redressal Commission, Chairman of State Leather Development Corporation and Handicraft Development Corporation for Government of West Bengal. He is Chairman of the Audit Committee, Shareholders Grievance Committee and Remuneration Committee of the Company.

**Mr. Kanwar Deep Singh** aged 45 years, is a young and dynamic entrepreneur. He has over two decades rich experience in Industrial & commercial activities including international trade. He has also been appointed as the Chairman of Central Advisory Board, Minimum Wages, Ministry of Labour and Employment, Government of India. He is widely traveled person.

He is Director on the Board of following Public Ltd. Companies namely: Alchemist Limited, Toubro Investments Limited, Toubro Finance Limited, Alchemist Steels Limited, Platinum Ventures Limited, Alchemist Life sciences Limited, Alchemist Associates Limited and Kaiser Hospital Limited. He is the member of Shareholders Grievance Committee of Alchemist Limited.

**Mr. R. P. Chhabra** aged 67 years is a M.A. (English) & Law Graduate. He is retired Banker from Punjab National Bank and served the Bank for about 30 years. He has retired as General Manager from Punjab National Bank.

He is Director on the Board of following Public Ltd. Companies namely: Alchemist Limited, Toubro Investments Limited, Toubro Finance Limited, Alchemist Steels Limited, Platinum Ventures Limited, Alchemist Life sciences Limited and Black Cats Protections Limited.

He is the Chairman of Audit Committee, Remuneration committee and Shareholders Grievance Committee of Alchemist Limited.

**Pan Packaging Industries Ltd.****DIRECTOR'S REPORT****To****The Members**

Your Directors have pleasure in presenting the Annual Report of the Company together with the Audited Statement of the Accounts for the Year ended March 31, 2006.

	<b>(Rs. In Lacs)</b>	
<b>FINANCIAL RESULTS</b>	<b>2005-2006</b>	<b>2004-2005</b>
Net Sales/Income from operations	--	9.77
Other Income	23.10	12.84
Gross Profit (PBDT)	1.53	1.99
Depreciation	0.18	1.03
Provision for Taxation	--	0.33
Net Profit (PAT)	1.35	0.63
Add: Balance brought forward from Previous Year	47.32	46.69
Profit available for appropriation	48.67	47.32
Balance Carried to Balance Sheet	48.67	47.32

**OPERATIONS DURING THE YEAR**

The Company's sales turnover in respect of its Corrugated Boxes unit at Silvassa was nil as compared to Rs. 9.77 lacs in previous year. The reason for this was non-availability of working capital funds. Due to fund problems, production of Packaging unit could not be continued and unit was closed down from 01/07/2004.

The production on Kraft Paper Plant at Vapi, could not be commenced due to the non-availability of funds for installing the additional Plant & Machinery and for want of working capital requirements.

During the period, there is a change in management by virtue of substantial takeover by M/s KDS Corporation Private Limited, Chandigarh. The new management is desirous to start the production at Paper Mill Plant. New Management is in the process of arranging requisite funds by tying up with various banks and is hopeful of starting production by April, 2007.

Due to the reasons as mentioned above, your Directors do not recommend payment of dividend during the year.

**MANAGEMENT DISCUSSIONS AND ANALYSIS:**

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

**INDUSTRY STRUCTURE AND DEVELOPMENT**

The Paper Industry is growing at good pace due to overall industrial scenario, thus has increased in production capacities and demand.

**OPPORTUNITIES AND THREATS**

As the Paper Industry is growing, there are good opportunities for growth & development but at the same time increase in competition in the industry, Govt. Policies are a matter of concern for the company, for which your company is fully geared up.

**SEGMENT WISE OR PRODUCT WISE PERFORMANCE**

There is no other segment, hence, Segment wise analysis is not applicable to your company as required under Accounting Standard No. 17.

**OUTLOOK**

The Company is exploring all possibilities to start the production and is confident that in the next financial year 2007-2008, it will start its operations.

**RISKS AND CONCERNS**

In the present market scenario, entry of new players, competition from existing as well as new units, Government policies, changing scenario in international and domestic markets are the main cause of concern / risks envisaged by your Company and we are sure that your Company will be able to overcome the same with its prudent business policies.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

Your Company's internal control system provides for adequate and proper system of accounting to ensure that all assets are properly safeguarded and protected against loss and all transaction are properly authorized, recorded and reported. It also ensures accurate reporting of financial transactions and compliance with applicable laws and regulations.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATION PERFORMANCE**

The financial performance of the company with respect its operation performance during the year was not satisfactory and the same is likely to improve in the coming years with start of operations.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT**

Your Company maintained healthy, cordial and harmonious human relations at all levels.

**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.

**CORPORATE GOVERNANCE**

As required by Clause 49 of the Listing Agreement, a detailed report on Corporate Governance along with a certificate from the Auditors regarding its compliance is annexed and forms part of the Annual Report.

**DIRECTORS**

Dr. Sunil Kanti Kar, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr. Kanwar Deep Singh & Mr. R. P. Chhabra, were appointed as an Additional Directors by the Board and hold office upto the ensuing Annual General Meeting. However, the Company has received notices from members under section 257 of the Companies Act, 1956, expressing their intention of proposing their candidature for the office of Directors of the Company.

Mr. Rasiklal B Shah and Mr. Kantilal B Shah resigned from directorship of the Company. The Board places on record its appreciation for the services rendered by them during their tenure.

**PARTICULAR OF EMPLOYEES**

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.

**DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT 1956**

Pursuant to the provisions of section 217 (2AA) of the Companies Act 1956, the Directors confirm that :-

1. That in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. That the Directors had 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 as at 31<sup>st</sup> March, 2006 and of the profit or loss of the Company for the period ended 31<sup>st</sup> March, 2006.
3. That the Directors had taken proper and sufficient care 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 for preventing and detecting frauds and other irregularities.
4. That the Directors had prepared the Annual Accounts on a going concern basis.