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ANNUAL REPORT

2003 - 2004



PAN PACKAGING INDUSTRIES LTD

CERTIFIED TRUE COPY

FOR PAN PACKAGING INDUSTRIES LTD.

DIRECTOR

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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 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.)

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PAN PACKAGING INDUSTRIES LTD 2003-2004

NOTICE :-

NOTICE is hereby given that the ANNUAL GENERAL MEETING of the Members of the Company will be held on Monday, the 30th September, 2004 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, 2004 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 Kantilal B. Shah who retires by rotation and being eligible offers himself for re-appointment.
3. Shri Nimesh R Shah retired by rotation and re-appointed.
4. To appoint Auditors of the Company and to fix their remuneration.

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 Register of members and Share Transfer Books of the Company will remain closed from 29.09.2004 to 30.09.2004.(both days inclusive)
3. 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.
4. Members/Proxies attending the Meeting are requested to bring their Attendance Slip, sent herewith, duly filled in and also their copies of the Annual Report.
5. The Company's Equity Shares are listed on Stock Exchanges at Mumbai, and Ahmedabad.
6. 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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DIRECTORS ' REPORT

Dear Members,

Your Directors have pleasure in presenting the Annual Report of the Company together with the Audited Statement of Accounts for the Year ended March 31st 2004

1. FINANCIAL RESULTS

	2003-2004 Rs(Lacs)	2002-2003 Rs(Lacs)
Net Sales / Income from operations	50.11	69.66
Other Income	2.51	5.85
Gross Profit (after Interest but before depreciation and taxation)	7.68	15.74
Depreciation	2.54	3.04
Provision for Taxation	1.10	1.80
Net Profit after Tax	4.04	10.90
Add : Balance brought forward from Previous year	42.65	31.75
Profit Available for appropriation	46.69	42.65
Balance carried to Balance Sheet	46.69	42.65

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 could not manage to keep the same turn – over as compared to the previous year. This is due heavy rainfall in the Silvassa region because of which the Company's production was slowed down and the Company could generate a Profit after Tax of Re. 4.04 Lacs only compared to the profit of previous year i.e. 10.90 Lacs .

Our Paper Plant at Vapi is expected to commence its production during this Financial Year i.e. 2004-2005.. Once this Plant is put into operation, the Paper production would be available to our Packaging Plant as captive consumption which, will drastically reduce 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, State and from local Self Government already obtained .We hope a similar and same co-operation from our esteemed Shareholders have been received

3.MANAGEMENT DISCUSSION AND ANALYSIS :

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

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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. Outlook Opportunities and Threats

Opportunities are plenty, however judicious decisions are required to be taken by each Company as may be individually beneficial. As such there are no threats 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 for the Current year 2004-05.

The Paper industry is highly competitive and is likely to continue under pressure due to over capacity in this Industry.

e. Outlook on Risks and Concerns

Main risk to the Paper Industry and the Company is nothing but high cost of funds In India which results into a high interest and financial cost . There is a need to reduce interest cost with international norms.

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 improved 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 could have been possible, if the price realization of the products would have been better.

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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, 2004, 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. 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. For the purpose of information, the first, second and third meeting of the said Committee took place on 21st April, 2004, 4th June, 2004 and 12th August, 2004 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, 2004 and of the Profit and Loss Account for the financial year 2003-2004.

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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.

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 62.00% of total Equity Share Capital is held in dematerialized form with NSDL/CDSL.

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

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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 and Customers 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 : 31th August, 2004

BY ORDER OF THE BOARD
B.J.SHAH
CHAIRMAN

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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 practice with all its stakeholders. The Board of Directors has always had adequate competent independent Directors. Foe effective discharge of its functions and proper deliberations, Board has constituted various committees.

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, 2004, 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. Three Directors are Promoters and two are independent Directors. The composition is as under:-

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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. Rasiklal 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 & Aministration manufacturing and trading of corrugated boxes.	Joint Managing Director.
Mr. Nimesh R. Shah	He has expertise in the field of computers and has done a course in corrugated boxes from 'Wicma''	Non – Executive Director
Mr. Lalit D. Joshi	He is an executive working with GSFC. He is 56 year of age. He has been nominated on the board by GSFC.	Nominee Director

2.2 Meetings and attendance record of each Director:

(i) During the Financial Year ended 31st March, 2004 the Board of Directors had four meetings .These were held on 30th May 2003, 31st October 2003, 14th August 2003 and 31st January 2004.

(ii) The attendance record of the Directors at the Board Meetings during the Financial Year ended 31st March, 2004 and details of the other Directorship, Committee Chairmanship and membership are as under:

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