



ANNUAL REPORT & ACCOUNTS 2015-16

B&A PACKAGING INDIA LIMITED



Dr. Hemendra Prasad Barooah
1926 - 2013

*...We continue to follow your work ethics and
strive towards fulfillment of your vision...*

BOARD OF DIRECTORS

Mrs. Anuradha Farley, *Chairman*

Mr. Anjan Ghosh

Mr. Amit Chowdhuri

Mrs. Gargi Barooah

Mr. Somnath Chatterjee, *Whole Time Director*

Mr. Chhandak Nandy, Chief Operating Officer & Manager

Mr. Siddhartha Gupta, Chief Financial Officer

AUDITORS

APS Associates

Chartered Accountants

SOLICITORS

Khaitan & Co.

Emerald House

1B, Old Post Office Street,

Kolkata - 700 001

BANKERS

State Bank of India

United Bank of India

REGISTRAR & SHARE TRANSFER AGENT

MCS Share Transfer Agent Ltd.

12/1/5, Monohar Pukur Road, Ground Floor,
Kolkata - 700 026

e-mail: mcssta@rediffmail.com

REGISTERED OFFICE

22, Balgopalpur Industrial Area

Balasore - 756020, Odisha

CIN : L21021OR1986PLC001624

e-mail: contact@bampl.com

Website: www.bampl.com

CORPORATE OFFICE

113, Park Street, 9th Floor,

Kolkata - 700 016, India

Inside the Report

Pg. 01 Corporate Information

Pg. 02 Directors' Report and
Management
Discussion & Analysis

Pg. 22 Auditors' Report

Pg. 28 Balance Sheet

Pg. 29 Statement of Profit & Loss

Pg. 30 Cash Flow Statement

Pg. 31 Notes on Accounts

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting the Thirtieth Annual Report together with the audited financial statements of the company for the year ended 31st March, 2016.

FINANCIAL RESULTS

The financial results of the company are summarized below:

Financial Results	Rs. In lacs	
Particulars	Year ended 31st March 2016	Year ended 31st March 2015
Net Sales	4855.68	4628.55
Other Income	63.80	81.03
Total Revenue	4919.48	4709.58
Increase/ (Decrease) in Stock	(108.34)	117.09
Total Expenditure	4015.80	4156.78
Profit before Depreciation & Interest	795.34	669.89
Finance Charges	220.10	234.82
Profit after Finance Charges	575.24	435.07
Depreciation	90.18	68.98
Profit before Tax	485.06	366.09
Provision for Tax		
Current Tax	145.00	94.00
Deferred Tax	18.77	27.47
Tax adjustments for earlier year	9.09	—
Profit after Tax	312.20	244.62
Appropriations		
Proposed/Declared Dividend	24.80	24.80
Corporate Dividend Tax	5.04	5.04
Amount carried to General Reserve	—	—
Balance carried to Balance Sheet	282.36	214.78

Net sales for the year were higher by 5% over previous year. Profit before Depreciation, Interest and Taxation (PBDIT) was higher by 19% at Rs. 795.34 lacs compared to Rs. 669.89 lacs in the previous year. The Earnings per Share (EPS) for the year stood at Rs. 6.29 which is higher by 27.58% over previous year.

PERFORMANCE AND OPERATIONS

Your company is engaged in the production of high quality paper sacks and flexible laminates in its manufacturing facility at Balasore, Orissa. During the year under review the company recorded a production of 195.46 lacs pieces of paper sacks (previous year 134.50 lacs) and 5.52 lacs kgs of flexible laminates (previous year 4.62 lacs kgs). Sales during the year were 193.96 lacs pieces of paper sacks (previous year 134.60 lacs) and 4.88 lacs kgs of flexible laminates (previous year 4.60 lacs kgs). While the paper sacks division registered a net turnover of Rs.3611.55 lacs (previous year Rs. 3667.78 lacs) the flexible division recorded a net turnover of Rs. 1236.13 lacs (previous year Rs. 938.36 lacs).

During the year under review your company has performed commendably and even surpassed its previous year's results as demand for its product remained strong across the industry. However, accelerating cost of the key input raw materials, labour, fuel, appreciation of foreign exchange rates of US Dollar and Euro from the mid of the year had some negative effect on the performance of the company and still remain the reasons of turbulence on the growth dynamics of the industry in general.

The company is currently carrying out several modernization programs on infrastructure in its plant to make it as one of the top factory of its kind in the Eastern India. You will be happy to note that the company has received British Retail Consortium (BRC: IoP) Global Standards certification for its facilities at Balasore and that too in category "A". BRC certification is treated as global benchmark for food safety and health for food, packaging for food and products that fall in high risk, high hygiene group. Along with this the company is also successfully maintaining ISO 9001: 2008; ISO 22000: 2005 ; ISO 14001 and ISO 18000. To make a note, the paper sack unit of your company is the only BRC accredited unit in India. The company also bagged two India Star awards for excellence on bulk packaging for the category of tea and industrial products.

FUTURE PROSPECTS

The overall growth of Indian Packaging Industry is estimated at 14-15% annually and the current market size is 25 billion US Dollar. Out of this 30 % is paper and paper based packaging, 60 % plastic (rigid and flexible) and balance 10% includes glass, jute, wood etc. The growth is being mainly driven by the retail boom and pharma sector. It is being predicted that 50 % of the Indian population will live in the cities and towns by the year 2020 and that will propel the growth in packaging industry to a new height. The growing consciousness level on food and hygiene, aesthetic values of the product, brand positioning are also propelling the growth thereby converting to more organized packaging. While the retail segment is experiencing the boom in plastic packaging, the bulk packaging segment is also witnessing transformation to value based packaging where paper based packaging will definitely play a role.

Outlook: Flexible Packaging: It is a fact that the retail revolution and the growth of flexible packaging are both contributory to each other. The change in the macroeconomic scenario being witnessed has happened because one of the reason being introduction of flexible packaging in the country in early 90's. Flexible packaging can offer designs with all presentable qualities at cheapest price. Moreover product can be catered to any conceivable client matrix which was not possible earlier. We can recall those days when shampoos and oils were sold in big bottles, biscuits in tins, and most of the regular commodities in loose form. Products were there in the market but could not reach to the consumer because of the absence of affordable packaged form.

Paper based packaging: Although plastics have many advantages but plastic is non bio degradable. Moreover the massive growth of flexible packaging and its mass usage and absence of proper collection and disposability poses a great challenge to the environmentalist, urban administration, and agriculturalist and so on. Whereas paper based packaging has a distinct advantage on this matter. In 2011 the Supreme Court of India banned gutkha in plastic packet and forced the industry to convert it into paper based packet. The only reason was to decrease the plastic load into the environment.

We are observing a very strong growth of paper based carry bags and its replacement of plastics in Western and Southern India. We are also strongly anticipating that plastic based pouch will be replaced by paper gradually and steadily in the near future. The same may happen in medium bulk category of packaging also because of different reasons other than pollution also.

Paper generally being manufactured mostly from the organized industry and therefore can be closely monitored and regulated for food and hygiene issues. This itself is a great potential for the paper industry to grow and meet new challenges on packaging.

Keeping an eye on the changing scenario your company is trying to restructure the infrastructural needs so that any challenges can be faced whether it is food and hygiene, customization and value addition. Your company is also trying to rope in established brand as its client and to explore new market. A couple of years back your company had adopted a change in strategy that is creating values on its product and targeting value based and customized product . Your company is steadfastly increasing its stronghold into this market and quite successfully following "Make in India" policy even before its inception.

OPPORTUNITIES AND THREATS

The growth of the economy, growing consciousness level on hygiene issues, rapid urbanization and nuclear family, smart packaging needs will create big opportunities .The growth will be supported by engineering industry and large raw material producers, technical manpower.

Indian companies are rapidly being globalized either being taken over by large conglomerates or by rapidly expanding facilities to other countries.

Organized retail industry will see exponential growth because of the fast growing cities and the growth of the middle class income group. E- Commerce will further propel this growth to new height of consumerism.

Environmental issues will be a big threat in the coming years. Biodegradability, disposability and recyclability will be the tag line for the packaging material. Urban authorities, hill stations and population, railway network, rural bodies will face tremendous problem with garbage handling and that too non-biodegradable waste and non-recyclable waste. As the habit of the population of throwing garbage's here and there will not change as well massive garbage collection centers across the country will not happen overnight therefore use of plastic in packaging may face serious challenge.

Paper itself as the replacement material of plastic will not be a complete viable solution in the country as like Europe and North America. India does not produce good quality of paper as the country does not have matching forestry as well as land. An industry cannot meet its entire demand from the import.

Therefore with the fast changing social and economic pattern, growing demands as well as threat due to environmental and other issues, sluggish global growth and volatility of raw material the whole industry may pass through turbulence and may have its high and low in the coming months. While accepting these, continuous endeavor will always remain, to face these challenges by creating values, innovating ideas and products, adopting national and international food and hygiene standards, updating and training human resource for implementation.

RISK MANAGEMENT POLICY

In terms of section 134 (3) of the Companies Act 2013 (hereinafter the Act') the Board of Directors of the company framed a risk management policy of the company to identify the key risk areas/elements with regards to its packaging business. This policy facilitates management of risks associated with the activities of the company and minimizes the impact of undesired and unexpected events. A risk cell constituting the senior management staff has been constituted to assess risk prone areas and operations, plans to mitigate the perils and implementation of the plans. Review report highlighting factory operations, production, industry and market developments and compliance calendar are regularly placed before the Audit Committee and Board of Directors who after necessary evaluation advises the risk cell to synchronize its effort to alleviate potential risks. The Risk Management Policy and the constitution of risk cell are available in the company's website at <https://www.bampl.com>.

DIVIDEND

The Board of Directors has recommended a final dividend of 5% i.e. Re. 0.50 per share on the equity shares of Rs. 10 each of the company for the financial year 2015-16 if approved by the Shareholders in the ensuing Annual General Meeting. The distribution of dividend will result in payout of Rs. 24.80 lacs excluding tax on dividend if approved by the Shareholders in the ensuing Annual General Meeting.

RESERVES

The Board of Directors has not proposed any amount to be transferred to any reserve.

FIXED DEPOSITS

The Company has no outstanding deposit as on 31st March 2016.

DIRECTORS

The Directorate of the company consists of five directors, two of them are independent. Mrs. A Farley has been appointed Chairman of the Board. No new directors have been introduced in the directorate and none of the existing directors has resigned during the year.

By virtue of section 152 of the Act' Mrs. Gargi Barooah, Director, retire by rotation at the forthcoming Annual General Meeting and being eligible offer herself for re-appointment.

KEY MANAGERIAL PERSONNEL

Mr. Somnath Chatterjee, Whole time Director, Mr. D. Chowdhury, Company Secretary, Mr. Siddhartha Gupta, Chief Financial officer and Mr. Chhandak Nandy, COO and Manager hold the position of key managerial personnel in terms of section 203 of the Companies Act' 2013.

DECLARATION OF INDEPENDENT DIRECTORS

All Independent Directors have given declaration to the company certifying their independency in terms of section 149(6) of the Companies Act,2013 and the same have been placed and noted by the Directors present in the meeting of the Board of Directors held on 27th May 2016.

BOARD EVALUATION

In terms of section 134(3) of the Act, the company has laid down the criteria for reviewing the performance evaluation of the Board, its committees and individual directors. These criteria are available at the website of the company at www.bampl.com. The formal evaluation of its own performance for the financial year 2015-16 was made by the Board in its meeting held on 27th May 2016.

FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

The Independent directors have been familiarized through various presentations of their roles, rights and responsibilities in the Company, nature of the industry in which the company operate etc. The details of the presentations are available at the website of the Company under the web link <http://www.bampl.com>.

BOARD MEETINGS

During the year under review six Board Meetings were convened and held on 25.05.2015,30.07.2015, 04.11.2015, 19.11.2015, 28.12.2015 and 05.02.2016. Attendance of Directors in Board Meetings during the financial year 2015-16 is summarized below:

Name of the Directors	Category	No. of Meetings attended
Mrs. Anuradha Farley	Non-Executive promoter Chairperson	4
Mr. Anjan Ghosh	Non-Executive & Independent	6
Mr. Amit Chowdhuri	Non-Executive & Independent	6
Mr. Somnath Chatterjee	Executive – Whole time Director	6
Mrs. Gargi Barooah	Non-Executive Promoter	1

COMMITTEES OF BOARD

The Company has the following Committees of the Board:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholder's Relationship Committee
4. Share Transfer Committee

Audit Committee

The composition and terms of reference of Audit Committee is in compliance with the requirement of section 177 of the Companies Act' 2013. The Audit Committee consists of Mr. Anjan Ghosh as Chairman and Mr. Amit Chowdhuri and Mr. Somnath Chatterjee as members. The majority of members including Chairman are Independent Directors of the Company. During the year under review four meetings were held on 25.05.2015, 30.07.2015, 04.11.2015 and 05.02.2016. The Chairman of the Audit Committee was present at the last Annual General Meeting. There were no instances where the Board had not accepted the recommendations of the Audit Committee. Attendance of members in Audit Committee meetings held during the Financial Year 2015-16 are summarized below:

Name of the Members	Position	No. of Meetings attended
Mr. Anjan Ghosh	Chairman	4
Mr. Somnath Chatterjee	Member	4
Mr. Amit Chowdhuri	Member	4

Nomination and Remuneration Committee

The Committee comprises of three Non-Executive Directors out of which two are Independent Directors. During the year under review, two meetings of the Committee were held on 25.05.2015 and 30.07.2015. Composition and attendance of members in Nomination and Remuneration Committee meetings held during the Financial Year 2015-16 are summarized below:

Name of the Members	Position	No. of Meetings attended
Mr. Anjan Ghosh	Chairman	2
Mrs. Anuradha Farley	Member	1
Mr. Amit Chowdhuri	Member	2

Stakeholders Relationship Committee

The Committee comprises of Mr. Amit Chowdhuri as Chairman and Mr. Anjan Ghosh and Mr. Somnath Chatterjee as members. The majority of members including Chairman are Independent Directors of the company. During the year under review, two meetings of the Committees were held on 25.05.2015 and 05.02.2016. The composition and attendance of members in Stakeholders Relationship Committee meetings held during the Financial Year 2015-16 are summarized below:

Name of the Members	Position	No. of Meetings attended
Mr. Amit Chowdhuri	Chairman	2
Mr. Anjan Ghosh	Member	2
Mr. Somnath Chatterjee	Member	2

Share Transfer Committee

The Committee met 9(nine) times during the year under review on 11.05.2015, 30.07.2015, 21.08.2015, 10.09.2015, 15.10.2015, 05.12.2015, 18.01.2016, 05.02.2016 and 10.03.2016. The composition and attendance of members in Share Transfer Committee meetings held during the Financial Year 2015-16 are summarized below:

Name of the Members	Status	No. of Meeting attended
Mr. Somnath Chatterjee	Chairman	9
Mr. Anjan Ghosh	Member	7
Mr. Amit Chowdhuri	Member	8

Meeting of the Independent Directors

In terms of section 149 of the Companies Act' 2013 read with schedule IV of the Act', a separate meeting of the Independent Directors of the company was held on 5th February, 2016.

Nomination and Remuneration Policy

A Nomination and Remuneration Policy as recommended by Nomination & Remuneration Committee of Directors was formulated pursuant to the provisions of section 178 (3) of the Act and approved by the Board of Directors of the company is available at the website of the company at <https://www.bampl.com>.

Directors' Responsibility Statement

As required by Section 134(5) of the Companies Act, 2013, your Directors state that:

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. They have 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 at the financial year ended 31st March, 2016 and of the profit and loss of the company for the year ended on that date;
- c. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. They have prepared the annual accounts on a going concern basis;
- e. They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Adequacy of Internal Financial Controls

In terms of section 134 (3) (q) of the Act' read with rule 8 of the Companies (Accounts) Rules 2014 the Directors state that the Company has adequate internal financial control system commensurate with its size and nature of business. The objective of establishing such control measures is to ensure efficient usage and protection of the company's resources, accuracy in recording and reporting of financial data, operations and timely compliance of statutes. The ERP system which provides for stringent procedure check ensures structured work instructions and clearly laid down principles for authorization and approval of sales, purchases, payments and receipts. Further computerized system provides for custodial control with identified persons at all levels. The pre-audit and post-audit checks and reviews carried out by independent firm of Chartered Accountants ensure follow up on the observations made by them. The Audit Committee of Directors in its periodic meetings reviews the internal audit reports to ensure adequacy of internal control systems. CFO is responsible for the authenticity of the quarterly and annual financial statements.

These financial statements are closely monitored by the Audit Committee of Directors to evaluate the adequacy of internal financial controls with respect to these statements. The Audit Committee also periodically monitors adherence to the company's various policies.

Corporate Social Responsibility

The Company was not required to develop and implement any policy on Corporate Social Responsibility initiative during the year under review.

Loans, Guarantees and Investments

During the year under review, the company has not given any loan or provided any guarantee or made any investments exceeding the limits prescribed under section 186 of the Companies Act, 2013.

Related Party Transactions

The Company has not entered into any contract or arrangement with related party during the year under review which requires disclosures in the Board Report in terms of section 188(1) of the Act' read with rule 8(2) of the Companies (Accounts) Rules, 2014.

Statutory Auditors

M/s. APS Associates, Chartered Accountants, the Statutory Auditors of the company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors, on the recommendations of the Audit Committee have proposed to the members for the re-appointment of M/s. APS Associates, Chartered Accountants (Firm Registration no. 306015E) as the Statutory Auditors of the company to hold office from the conclusion of the forthcoming Annual General Meeting till the conclusion of the next Annual General Meeting.

The reports given by the Auditors on the financial statements and internal financial control of the company are part of the Annual Report. There is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their report.

Secretarial Auditors

Mr. Tarun Chatterjee, Practising Company Secretary, carried out the secretarial audit and compliance of secretarial standards for the financial year 2015-16. The detailed report on the secretarial audit is annexed to the Board's Report and marked as **Annexure-A**. There is no qualification, reservation or adverse remark given by the Secretarial Auditors in their report.

Adherence to SEBI (LODR) Regulations, 2015

The Company has complied with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. In terms of regulation 15(2) of the said Regulations the company is not required to attach 'Management Discussion & Analysis' and 'Corporate Governance Report' along with the Board's Report for the year under review.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Pursuant to section 134 (3) of the Act' read with Companies (Accounts) Rules, 2014 the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo forming part of this Director's Report is enclosed as **Annexure- B**.

Extract of Annual Return

Pursuant to section 92(3) of the Act' read with rule 12 (1) of the Companies (Management & Administration) Rules 2014 extract of annual return of the company for the financial year ended 31st March 2016 is attached with Board's Report and marked as **Annexure- C**.

Significant and Material Orders Passed by the Courts/Regulators/Tribunals

There has been no material order against the company by any regulator, court or tribunal impacting the going concern status of the company.

Vigil Mechanism/Whistle Blower Policy

In terms of section 177 (10) of the Act' the company adopted a vigil mechanism to report and to deal with genuine concern by whistle blowers. The said policy is available at the website of the company at <https://www.bampl.com>

Particulars of Employees

None of the employees employed throughout the financial year or part of the financial year was in receipt of remuneration the aggregate of which exceeded the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The remuneration details as required pursuant to Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

The Whole time Director being nominated by the holding company does not receive any remuneration from the company. However the other Key Managerial Personnel i.e. Chief Financial officer, Company Secretary and Manager are paid monthly remuneration as approved by the Board as per the recommendation made by the Nomination and Remuneration Committee.