



PANKAJ POLYPACK LIMITED

**2nd Annual Report
2012-2013**

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PANKAJ POLYPACK LIMITED

Board of Directors

Shri. Pankaj Goel	Chairman
Shri. Niraj Goel	Managing Director
Shri. Raja Goel	Director
Shri. Manoj Kumar Dugar	Director
Shri. PVR Iyyengar	Director
Shri. Sandeep Gupta	Director

Audit Committee

Shri. PVR Iyyengar	Chairman
Shri. Manoj Kumar Dugar	Member
Shri. Sandeep Gupta	Member

Remuneration Committee

Shri. PVR Iyyengar	Chairman
Shri. Manoj Kumar Dugar	Member
Shri. Sandeep Gupta	Member

Share Transfer & Investors Grievance Committee

Shri. Manoj Kumar Dugar	Chairman
Shri. Pankaj Goel	Member
Shri. Niraj Goel	Member

Compliance Officer

Shri. Niraj Goel, Managing Director

Registered Office

"E" Block, V Floor,
105, Surya Towers, Sardar Patel Road,
Secunderabad 500 003.

Auditors

M/s Luharuka & Associates
5-4-184/3 & 4, Soham Mansion
2nd Floor, M.G. Road
Secunderabad - 500 003.

Bankers

IDBI Bank Limited
Kachiguda Branch
Kachiguda Station Road
Hyderabad-500027

Share Transfer Agents

M/s Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081. Andhra Pradesh

Works

Plot No.14, CIE, Expansion
Programme,
Gandhinagar, Balanagar
Hyderabad 500 037
Andhra Pradesh.

NOTICE

Notice is hereby given that the **2nd Annual General Meeting** of the members of M/s Pankaj Polypack Limited will be held on **Wednesday the 28th day of August 2013 at 11.30 A.M.** at Lions Bhavan, 1-8-179, Lakhapath Building, Behind HDFC Bank, Paradise Circle, Secunderabad - 500 003 to transact the following items of business:

Ordinary Business:

1. To Receive, Consider and Adopt the Audited Balance Sheet as at 31st March 2013 and the Profit and Loss Account for the year ended 31st March 2013, together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in the place of Shri. Manoj Kumar Dugar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri. Sandeep Gupta who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Luharuka & Associates, Chartered Accountants, Hyderabad (Reg. No.01882S) as Auditors of the Company to hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors of the Company to fix their remuneration.

By Order of the Board

Sd/-
(NIRAJ GOEL)

Managing Director

Place : Secunderabad

Date : 27.06.2013

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing proxy should however be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
3. Members holding shares in physical form are requested to lodge all valid transfers, transmission of shares, power of attorney and also notify change in address, if any to the Registrar and Transfer Agents (RTA), M/s. Karvy Computershare Private Limited, Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081.
4. Members holding shares in the dematerialized mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc., to their Depository Participants (DP).
5. Register of members of the Company and Share Transfer Books will remain closed from Saturday, the 24th day of August 2013 to Wednesday the 28th day of August 2013 (both days inclusive).
6. Members desiring any information as regards accounts are requested to write to the Company at least seven days before the date of the meeting to enable the management to keep the information ready at the meeting.
7. The shares of the Company are listed at the Bombay Stock Exchange Limited, Mumbai. The Listing Fee for the year 2013-14 has been paid to Stock Exchange.
8. Information required under Listing Agreement entered into with the Stock Exchange(s) with respect to the Directors retiring by rotation and Directors who are retiring at this Annual General Meeting is given under the head "Corporate Governance".
9. Members who hold shares in dematerialized form are requested to bring their client ID and DP IDs for easier identification of attendance at the meeting.
10. Shareholders holding shares in physical form are invited to contribute to the cause of Green Initiative by registering their e-mail ID, by submitting the E-COMMUNICATION REGISTRATION FORM inserted in the Annual Report.

By Order of the Board

Sd/-

(NIRAJ GOEL)
Managing Director

Place : Secunderabad
Date : 27.06.2013

DIRECTORS' REPORT

Dear Shareowners,

Your Directors are pleased to present herewith the 2nd Annual Report on the business and operations of the Company and the Audited Accounts for the year ended 31st March 2013.

1. Financial Results and Operations

The summarized financial results for the year ended 31st March 2013.

Rs. In Lakhs.

Sl. No.	Particulars	For the FY 2012-13	For the FY 2011-12
a.	Sales	341.29	297.57
b.	Profit before Interest, Depreciation & Tax	10.13	33.90
c.	Less: Interest	0.02	0.01
d.	Less: Depreciation	22.39	25.36
e.	Profit before Tax	(12.28)	8.53
f.	Less: Provision for Income Tax	0.00	7.20
g.	Add: Deferred Tax	0.23	4.56
h.	Net Profit	(12.51)	5.89

Operational performance of the Company is discussed in detail under Management Analysis and Discussion Report.

2. Dividend

Your Directors considered it prudent to conserve the resources of the Company to sustain its future growth and as such, have not recommended any dividend for the year.

3. Fixed Deposits

The Company has not accepted any fixed deposits from the public within the meaning of section 58A of the Companies Act, 1956.

4. Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo

Particulars pursuant to the provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are given in the "Annexure - A".

5. Directors

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company Shri. Manoj Kumar Dugar and Shri. Sandeep Gupta, Directors retire by rotation and being eligible offer themselves for re-appointment.

6. Auditors

The Statutory Auditors of the company M/s.Luharuka & Associates, Chartered Accountants, Hyderabad retire at the ensuing Annual General Meeting and are eligible for re-appointment. Your company has received intimation to the effect that, Proposed re-appointment, if made would be within the Prescribed limit under Section 224(1B) of the Companies Act 1956 and also in compliance with the requirements of the Listing Agreement regarding Peer Review. They have confirmed their willingness to accept office, if re-appointed. The Board and Audit Committee recommend the re-appointment of M/s.Luharuka & Associates, Chartered Accountants as Statutory Auditors to hold office till conclusion of Next Annual General Meeting.

7. Particulars of Employees

There are no employees in the organization coming under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

8. Director's Responsibility Statement

In accordance with sub-section (2AA) of section 217 of the Companies Act, 1956, the Directors of the Company state:

- a. That in the preparation of the accounts for the financial year ended 31st March 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. That the Directors have prepared the accounts for the financial year ended 31st March 2013 on a 'going concern basis'.

9. Corporate Governance

A detailed report on Corporate Governance along with Auditors Certificate on Compliance with Corporate Governance forms part of this Annual Report.

10. Management Discussion and Analysis Report

a. Industry Structure & Development

Polypropylene has a wide range of application in packaging, home products, consumer goods, automotive products, industrial products, textile yarns, fibers and fabrics. Polypropylene can be processed into a wide variety of end products using commonly used plastic processing techniques such as injection molding, blow molding, extrusion, compression molding and thermoforming.

Biobased plastics have experienced fast growth in the past decade due to the public concerns over the environment, climate change and the depletion of fossil fuels. This perspective provides an overview of the current global market of plastics, their material properties, technical substitution potential and future market.

b. Opportunities

The industry has many growth opportunities owing to the wide applicability of Plastic / disposable products. The Demand for companies Products has been constantly on an increase in the market.

c. Threats, Risks & Concerns

The international oil Prices have been constantly increasing leading to fluctuations in raw material prices.

The threats/ risks for the industry relate to stiff competition throughout and lesser margins. The same can be gradually overcome by the industry in view of the wide usage of the PP products and also growing of demand.

d. Segment wise performance

The segment wise performance is not applicable as the company has only one segment.

e. Outlook

The Company is expecting a growth rate as well as stabilization of production of PP Disposable wares and reach optimum capacity utilization. As it is the first year after the Company demerge, the Company is expecting a high growth in this area.

f. Discussion on financial performance with respect to operational performance

During the year under review the company has achieved a turnover of Rs. 341.29 lakhs as against 297.57 lakhs in the previous year.

During the year the company incurred a Net loss before tax of Rs.12.28 lakhs as against a profit of Rs.8.53 lakhs in the previous year because of receipt of Orders in less number, hike in Raw Material price & frequent power break down, but still your company tried for supply of products in time.

g. Internal control system and their adequacy

The Company has an internal control system commensurate with the size and nature of its business. There is a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against unauthorized use or disposition of assets. The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

h. Material developments in Human Resources/Industrial Relations front, including number of people employed

The Company recognizes the importance and contribution of its employees to the growth and development of the Company. The Company continued to maintain cordial relations with employees and staff.

Cautionary Statement

Statements in Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation may be "forward looking" within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

11. COMPLIANCE CERTIFICATE UNDER SECTION 383A OF THE COMPANIES ACT, 1956

Pursuant to Section 383A of the Companies Act, 1956, the company is required to obtain compliance certificate from a Practicing Company Secretary that the Company has duly complied with all applicable Statutory Regulations and requirements and filed the same with the Registrar of Companies, Andhra Pradesh. In this connection, a Compliance Certificate issued by M/s. A.S. Ramkumar & Associates, a Practicing Company Secretary has been obtained and is attached hereto.

12. Acknowledgements:

Your Directors wish to express their appreciation for the cooperation and continued support received from the Industrial Development Bank of India, the Company's Bankers. Your Director's also take this opportunity to place on record their appreciation for the dedicated services rendered by the executives, managers, officers, employees and workers for the dedication and sense of commitment shown by the employees at all levels and for their contribution towards the performance of the Company.

By Order of the Board

Sd/-

NIRAJ GOEL

Managing Director

Place : Secunderabad

Date : 27.06.2013

ANNEXURE 'A' TO THE DIRECTOR'S REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 and forming a part of Directors' Report.

Conservation of Energy

The Company is striving to conserve energy by adopting innovative measures to reduce wastage and optimize consumption. The adoption of the above helps to control the proportionate increase in total energy usage consequent to overall increase in production. The total energy consumption is given as per form-A below:

FORM – A (See rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

Particulars	2012-13	2011-12
POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
Units	738073	768406
Total Amount (Rs.)	4759900	3829885
Rate Per Unit (Rs.)	6.45	4.98
b) Own Generation		
Through diesel generator		
Units (Litres)		
Total Cost (Rs.)		
2. Coal (specify quality and where used)		
Quantity	—	—
Total Cost (Rs.)	—	—
Average Rate (Rs.)	—	—
3. Furnace Oil		
Quantity (Litres)	—	—
Total Amount (Rs.)	—	—
Average rate (Rs.)	—	—
4. Natural gas		
Quantity	—	—
Total Amount (Rs.)	—	—
Average rate (Rs.)	—	—
CONSUMPTION PER UNIT OF PRODUCTION:		
The consumption of raw material per Kg. is	18.73	15.09

FORM B (See Rule 2)

Form for Disclosure of Particulars with respect to Technology Absorption (R&D)

A. Research and Development (R&D)	—	Not Applicable
B. Technology absorption, adoption and innovation	—	Not Applicable
C. Foreign Exchange Earnings and Outgo:		Amount in Rs.
Earnings	NIL	NIL
Outgo	NIL	NIL

By Order of the Board

Sd/-
NIRAJ GOEL
Managing Director

Place : Secunderabad
Date : 27.06.2013

REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement with the Stock Exchange)

1. A brief statement on Company's philosophy on Corporate of Governance

The Company believes that good Corporate Governance practices should be enshrined in all activities of the Company. This would ensure efficient conduct of affairs of the Company and help the Company to achieve goal of maximizing value for all its stakeholders. Your Company's business objective is to manufacture and market the Company's product in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees & business partners. Your Company is conscious of the fact that the success of a Company is a reflection of the professional conduct and ethical values of its management & employees. Your Company affirms its commitment to follow good corporate governance practices proactively.

2. Board of Directors

- (i) **Composition of Board:** The Company has a Three Promoter Directors and Three Independent Directors. The composition of the Board is in compliance with the Clause 49 of the Listing Agreement entered with the Stock Exchange.
- (ii) **Board and Committee Meetings:** None of the Directors on the Board is a member of more than 10 companies or Chairman of more than 5 committees across all the companies in which he is a Director. Necessary disclosures regarding committee positions in other public companies as at 31st March 2013 have been made by the Directors.
- (iii) The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting as also the number of directorships and committee memberships held by them in other companies are given below:

Name	Category	No. of Board Meetings During the year 2012-13		Whether attended in last AGM or not on 28th September 2012	No. of Director ships in all other Companies	No. of Committee positions held in all other companies	
		Held	Attended			Chairman	Member
Shri Pankaj Goel	Promoter Non Executive	4	4	Yes	7	NIL	1
Shri Raja Goel	Promoter Non Executive	4	4	No	4	NIL	NIL
Shri Niraj Goel	Promoter Managing Director	4	4	Yes	4	NIL	NIL
Shri Manoj Kumar Dugar	Non Executive Independent	4	4	No	6	NIL	NIL
Shri PVR Iyyengar	Non Executive Independent	4	4	Yes	NIL	NIL	NIL
Shri Sandeep Gupta	Non Executive Independent	4	4	No	NIL	NIL	NIL

- (iv) Four (4) Board Meetings were held during the year 2012-13 and the gap between 2 meetings did not exceed 4 months. The dates on which the Board Meetings held were 28th May 2012, 14th August 2012, 12th November 2012 and 13th February 2013.
- (v) Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for their consideration.

3. Code of Conduct

The Code of Conduct has been adopted by the Board of Directors, which is applicable to all the Directors, both Executive and Non-Executive and Senior Management team comprising of members of Management one level below the Executive Directors, including all functional heads.