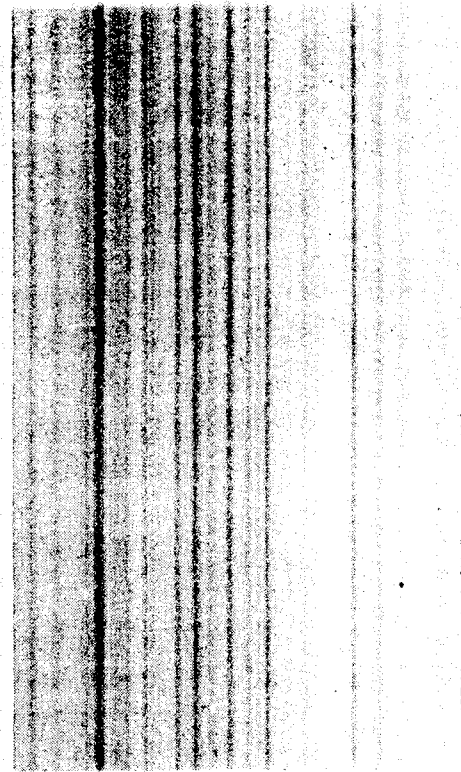


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|-----|-------------------------------------|-------------------------------------|-----|-------------------------------------|
| MD | | | BKC | <input checked="" type="checkbox"/> |
| CS | | | DPY | <input checked="" type="checkbox"/> |
| RO | | | DIV | <input checked="" type="checkbox"/> |
| TRA | | | AC | <input checked="" type="checkbox"/> |
| AGM | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | SHI | <input checked="" type="checkbox"/> |
| YE | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> |

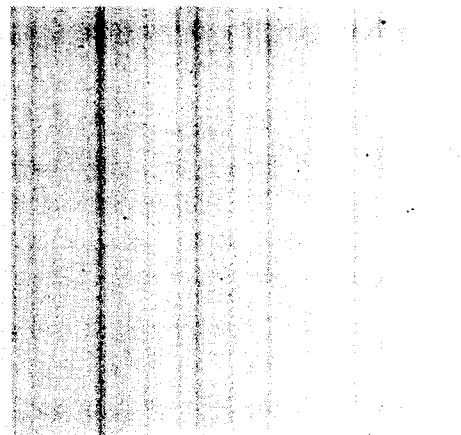


CANBAY POLYFILMS LIMITED

Annual Report 1996-97



Shaping the Future of
Flexible Packaging







CANBAY POLYFILMS LIMITED

DIRECTORS

| | |
|-----------------------|----------|
| Mr. S.V. Amin | Director |
| Mr. M.V. Guttadar | Director |
| Mr. B. Jaykar | Director |
| Mr. Muddana Anchan | Director |
| Mr. Ajit Mehta | Director |
| Mr. R. Ramachandraiah | Director |

BANKERS

The United Western Bank
Gandhinagar
BANGALORE - 560 009

Vijaya Bank
Panambur
MANGALORE - 575 011

AUDITORS

M/s. H. Vishnu & Company
Chartered Accountants
• GF No.7, Karuna Complex
No.337, Sample Road, Malleswaram
BANGALORE - 560 003

REGISTERED OFFICE & FACTORY

Road No.18/C, Baikampay Industrial Area
New Mangalore - 575 011

FIFTH ANNUAL REPORT 1996-97**NOTICE**

To
The Members

NOTICE is hereby given that **FIRTH ANNUAL GENERAL MEETING** of the Company will be held at 2.30 p.m. on Tuesday the 30th September, 1997 at the Registered office of Canbay Polyfilms Limited, Road No.18C, Baikampady Industrial Area, New Mangalore - 575 011 to transact the following business :

ORDINARY BUSINESS :

1. To receive consider and adopt the Audited Balance Sheet as on 31.3.1997, the Profit and Loss Account for the year ended 31.3.97 and reports of the Directors and Auditors thereon.
2. To appoint Directors in place of Mr. Mudadana Anchan and Mr. M.V. Guttedar who retire by rotation and being eligible offers themselves for the re-appointment.
3. To appoint Auditors in place of M/s. H. Vishnu & Company, Chartered Accountants, Bangalore who bein eligible offers themselves for the re-appointment.

By Order of the Board

(S.V. AMIN)
Director

Mangalore
2nd September 1997

NOTE : A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.



CANBAY POLYFILMS LIMITED

DIRECTORS' REPORT TO THE SHARE HOLDERS

Dear Shareholders,

Your Board of Directors present the FIFTH ANNUAL Report on the business and operation of your Company along with Audited Statement of Accounts :

FINANCIAL RESULTS :

| | 31.03.1997 (Rs.in lacs) | 31.03.1996 (Rs. in lacs) |
|--|----------------------------|-----------------------------|
| a) Sales | 353.03 | 215.65 |
| b) Other Income | 4.45 | 7.19 |
| c) Expenditure | 509.78 | 265.20 |
| d) Interest & Financial Charges | 71.57 | 14.99 |
| e) Profit / (Loss) before depreciaation & income tax | (223.87) | (57.35) |
| f) Depreciation | 17.68 | 8.84 |
| g) Income Tax provision | — | — |
| h) Net Profit / (Loss) | (241.54) | (66.19) |

OPERATIONAL REVIEW :

Your Company achieved higher sales turnover at Rs.353.03 lakhs for the year ended as against Rs.215.65 lakhs in the previous year. High incidence of depreciation coupled with increased financial difficulties were chiefly responsible for the loss incurred at Rs.241.54 lakhs.

The Directors are however, pleased to report that the commercial production in the metallised division has commenced. The samples of the products have been well accepted and stabilisation of production and sales of this division is expected to be smooth henceforth. As per the study made and the discussions held with the potential customers, this division should contribute substantially during the current year.

Flexible packaging division continued to do well and esteem customers of your Company have quite satisfied with the quality of the product.

Directors, however continued to be apprehensive about the power problem faced by the Industry in general. It is proposed to install additional generator to meet the short fall of power supply. Bearing unforeseen circumstances, your Company hopes to double the production level and achieve better results.

FIFTH ANNUAL REPORT 1996-97

DIRECTORS :

The Board regrets to inform the untimely and sad demise of Mr. Mulky Nagesh, Chairman and Managing Director. He expired on 6.8.1997 after a brief illness. Your Board records its deep gratitude and appreciation for the yeomen service rendered by Mr. Mulky Nagesh in implementing and managing the affairs of the Company.

The Directors will consider the matter of appointing a whole time director shortly.

Mr. Muddana Anchan and Mr. M.V.Guttadar retire by rotation and are eligible for re-appointment.

AUDITORS :

Messers Vishnu & Company, Chartered Accountants and Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

INDUSTRIAL RELATIONS :

The employee relations were cordial during the year. Your Directors thank the employees at all levels for the unlimited support extended.

PARTICULAR OF EMPLOYEES :

The information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) rule 1975, is attached to this report.

PARTICULARS UNDER SECTION 217(1)(E) :

a) Conservation of Energy : Measures are in force to conserve energy so that cost of production is kept down. As a project progresses, continuous monitoring of energy consumption will be undertaken.

b) Technology Absorption : The imported machine i.e. metallising equipment is state of the art latest technology in production of metallising on film and paper incorporated. In this line, the machine being installed is the first plant coming into the Country.

The plant for flexible packaging division is Indian make. We have already recruited technical personnel at all levels with considerable experience in their respective operational levels.

c) Foreign exchange earnings and out go :

| | |
|-----------------------------------|-----------|
| Total foreign exchange earned | Nil |
| Total foreign exchange spent | Nil |
| Towards Capital Goods | Nil |
| Raw Material | 22,47,762 |
| Professional Charges / Commission | Nil |
| Foreign Travel | Nil |



CANBAY POLYFILMS LIMITED

ACKNOWLEDGEMENTS :

The Directors are thankful to the bankers and other financial institutions for their continued support. The Directors place on record their high appreciation of the excellent co-operation rendered by customers and suppliers.

By Order of the Board

(S.V. AMIN)
Director

Mangalore
2nd September 1997

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

| Name and Age of the Employee | Designation | Total Remuneration | Date of Commencement Service | Qualification and Experience |
|------------------------------|------------------------------|--------------------|------------------------------|---|
| MULKY NAGESH 57 Years | Chairman & Managing Director | 3,45,600/- | 15.07.1992 | B.E, BA (Hons) PGDBM & Export with 25 years experience |