



GWALIOR POLYPIPES LIMITED



21st ANNUAL REPORT 2003-2004

BOARD OF DIRECTORS	<p>Anil Prakash Sahu Managing Director</p> <p>Sanil Prakash Sahu Whole-time Director</p> <p>Amrit Kumar Sanghi Director</p> <p>Sudhir Awasthi Director</p> <p>Naresh K. Mangal Director</p> <p>N.V.S. Srinivasamurthy Director</p>		
COMPANY SECRETARY	Anupam Mathur		
AUDITORS	<p>Rakesh K. Garg & Associates</p> <p>Chartered Accountants</p> <p>New Delhi</p>		
BANKERS	State Bank of India		
REGISTERED OFFICE	<p>Polypipe Estate, Malanpur Industrial Area,</p> <p>Malanpur - 477117,</p> <p>Distt. Bhind (M.P.)</p>		
WORKS	<table> <tr> <td> <p>Unit-I</p> <p>Polypipes Estate</p> <p>Malanpur Industrial Area</p> <p>Malanpur-477117</p> <p>Distt. Bhind (M.P.)</p> </td> <td> <p>Unit-II</p> <p>Sanju Estate</p> <p>A-170-171, Indraprastha Industrial Area,</p> <p>Kota-324005</p> <p>Rajasthan</p> </td> </tr> </table>	<p>Unit-I</p> <p>Polypipes Estate</p> <p>Malanpur Industrial Area</p> <p>Malanpur-477117</p> <p>Distt. Bhind (M.P.)</p>	<p>Unit-II</p> <p>Sanju Estate</p> <p>A-170-171, Indraprastha Industrial Area,</p> <p>Kota-324005</p> <p>Rajasthan</p>
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GWALIOR POLYPIPES LIMITED

Regd. Office - Polypipe Estate, Malanpur Industrial Area,
Malanpur 477117, Distt. Bhind (M.P.)

NOTICE

Notice is hereby given that the Twenty-first Annual General Meeting of the Company will be held at 11.00 AM on Saturday, the 25th September, 2004. at the registered office of the company to transact the following business:-

Ordinary Business

1. To receive, consider and adopt the audited Balance-sheet of the company as at 31st March, 2004, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint M/s Rakesh K Garg & Associates, Chartered Accountants, the retiring Auditors, as Auditors of the company and fix their remuneration.
3. To appoint a director in place of Mr. NVS Srinivasmurthy, who retires by rotation and is eligible for re-appointment.

For and on behalf of the Board of directors

Place : New Delhi

Dated: 30th June, 2004

Anil P Sahu

Managing Director

Notes

1. 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. Proxy, in order to be effective, must be received by the company not less than 48 hours before the commencement of the meeting.
2. All documents referred to in the Notice shall be open for inspection at the registered office of the company on all working days during business hours up to the date of the Annual General Meeting.
3. The Register of members and Share Transfer Books for equity shares of the company will remain closed from Tuesday, the 14th September, to Friday, the 24th September, 2004 (both days inclusive).
4. Members / Proxies should bring the attendance slips duly filled in for attending the meeting.
5. Members are requested to notify change in their address, if any, to the Company's registered office.
6. Members are requested to send their queries regarding the accounts to reach the company 10 days before the date of the meeting.

GWALIOR POLYPIPER LIMITED**DIRECTORS' REPORT**

To,

The Members

Your Directors hereby present the Company's Twenty-first Annual Report of the Company together with the audited Statements of Account for the year ended 31st March, 2004 :

Financial results :

	Rs.in Lakhs	
	<u>This year</u>	<u>Previous year</u>
Income from Operations	141.73	102.77
Other Income	4.06	10.01
Total Income	145.79	112.78
Profit/(Loss) before Depreciation, Interest & Taxes	(20.93)	(63.58)
Depreciation	(40.51)	(47.00)
Interest	(25.75)	(29.66)
Profit/(Loss) before tax	(87.19)	(140.24)
Provision for Gratuity	(0.50)	(0.50)
MAT for 1999-2000 written off	(15.91)	(4.43)
Provisions written off (Net)	(28.81)	--
Loss for the year	(132.41)	(145.17)
Profit/(Loss) brought forward	(286.19)	(141.02)
Balance Carried to Balance Sheet	(418.60)	(286.19)

WORKING

Your Directors are happy to state that the working of your company has been better during the year under review as compared to the previous year. Both the turnover and profitability improved during this period. Your Company's new product, i.e.HDPE Corrugated Pipes developed at its Kota Factory for use in bridge/flyover constructions, foundation drainage etc., were well accepted in the market and orders received from various MNC users and Delhi Metro.

However, due to lack of government orders in North-Eastern States on account of insurgency and political instability, paucity of working capital funds and other general adverse market conditions prevalent in the Industry, your company could not perform upto the desired level and continued under the financial constraints. As a result, there has been default in payment of dues to State Bank of India and Sales Tax Department. Your Directors are making all efforts for better and improved working of your Company in future.

Legal proceedings

In a dispute for certain payments due from the Government of State of Rajasthan against work done by the Company under CIDA contract at Kota, your Company became entitled to receive a sum of about Rs. 500 lakhs on account of its dues and interest thereon under an Arbitration Award, which has, of course, been challenged by the Government in Court. Your Directors are, however, confident to receive the amount eventually.

SBI had issued a notice under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and also filed a case before Debt Recovery Tribunal against the Company. The same are being contested on legal grounds and on merits.

The company is also negotiating with the Bank for re-habilitation of its account. Similarly, your Company is trying to sort out the matter with Sales-tax Department, which has locked the Malanpur factory pending Court stay order preventing the Department from sale of its assets.

In another litigation of the Company with the ex-Managing Director, Gwalior Bench of the Hon'ble Madhya Pradesh High Court has stayed the proceedings pending before the Sub-Judge. Gohad, Distt. Bhind (MP).

AUDITOR

Members had, at their Annual General Meeting on 30th September, 2003, appointed M/s Rakesh K. Garg & Associates, Chartered Accountants, New Delhi, as Auditors of the Company, who retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The observations made in Auditors' Report are self-explanatory and covered by the Notes to the Accounts and, therefore, do not call for any further comments.

DIRECTORS

Mr. NVS Srinivasmurthy, Director, is retiring by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

CORPORATE GOVERNANCE

A comprehensive report on corporate governance as stipulated in Clause 49 of the Listing Agreement with Bombay Stock Exchange is attached to this Report. The Company has obtained a certificate from the Auditors regarding compliance of conditions of corporate governance as stipulated in Clause 49 of the Listing agreement and the same is annexed.

SUBSIDIARY COMPANY-Flora Infotech Private Limited

As reported last year, the Subsidiary Company passed on without business. Your Company has changed its nominee on the Board of the Subsidiary by appointing Mr. Sudhir Awasthi, vice Mr. Sanil P Sahu. The Subsidiary company has also repaid the entire amount of its dues to the company. A statement of the Holding company's interest in the Subsidiary company along with a copy of its annual report is enclosed hereto in accordance with section 212(2) of the Companies Act, 1956.

PUBLIC DEPOSITS

Your company has not accepted any deposits from the public.

STATUTORY DISCLOSURES

Disclosures in terms of Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of Conservation of Energy, Technology Absorption, Earnings and Outgo of Foreign Exchange are attached and form part of this Report.

There is no employee in the company requiring disclosure in terms of Companies (Particulars of Employees) Rules, 1975.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of section 217(2AA) of the Act, your directors state that :

- A. In the preparation of annual accounts under review, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any.
- B. Appropriate accounting policies were selected and applied consistently and reasonable and prudent judgment and estimates were made so as to give true and fair view of the state of affairs of the company at the end of the financial year under review and the profit and loss of the company for the year ended on that date.
- C. Proper and sufficient care was taken for the maintenance of adequate accounting standards in accordance with the provisions of the Act for safeguarding the assets of the company and from preventing and detecting fraud and other irregularities.

D. The annual accounts are prepared on a going concern basis.

ACKNOWLEDGEMENT

Your directors place on record their appreciation of the continued assistance and co-operation to your company by various Government departments, State Bank of India and the large family of the company's shareholders, employees, vendors, customers, suppliers and other stakeholders.

For and on behalf of the Board of Directors

New Delhi

Anil P. Sahu

Sanil P. Sahu

30th June, 2004

Managing Director

Whole-time Director

Annexure to the Directors' Report

STATEMENT CONTAINING PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

Conservation of Energy

A. Energy conservation of measures taken

- (a) Conservation of energy measures were taken into reckoning at the planning stage itself in plant design and equipped with capacitors. The company is further conscious of the need to conserve energy and keeps a strict vigil over the use of utilities such as water-cooling, compressed air, lighting etc.
- (b) Additional proposals, if any, being implemented for reduction of consumption of energy; The present arrangements are considered satisfactory. However, the company will continue to make efforts for further conservation of energy.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
The above measures have resulted in keeping the power cost low at a reasonable level.

B. Research & Development (R&D)

- (a) Specific areas in which R&D carried out by the company :
Research & Development have continuously been carried out primarily in the field of composition of raw material and development of new products.
- (b) Benefits derived as a result of above R&D :
The company was able to reduce process loss and improve the quality of existing products and development of new products to cater the needs of different end users.
- (c) Future plan of action :
Further improvement in the quality of existing products and development of new products to cater the needs of different end users.
- (d) Expenditure on R&D
Charged under primary heads of accounts.

C. Technology Absorption, Adaptation and Innovation :

The company has not entered into any technical foreign collaboration agreement. The technical know-how received alongwith the imported equipment has been fully absorbed and improved.

D. Foreign Exchange Earned and Used :

Foreign Exchange Earned : Nil

Foreign Exchange Outgo : Nil

On behalf of the Board of Directors

New Delhi

Anil P.Sahu

Sanil P.Sahu

30th June, 2004

Managing Director

Whole-time Director

GWALIOR POLYPIPERES LIMITED
Corporate Governance Section
Directors Report

In terms of Clause 49 of the Listing agreement laying down the Corporate Governance Code having become applicable during the previous accounting year, your Directors are giving herein below their Report. A Management Discussion and Analysis and compliance certificate as to the conditions of the Corporate Governance also form part of this Annual Report.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The company is of the belief that implementation of code on corporate governance would go a long way in attainment of the highest levels of transparency, accountability and equity in all facets of operations and interactions with all its stakeholders including shareholders, employees, customers and lenders as well as enhancing shareholders' wealth and customers' satisfaction.

2. BOARD OF DIRECTORS

The Board of directors of the Company comprises six directors, out of whom two are executive and four non-executive directors. Out of non-executive directors, one belongs to the promoter group and three are independent. All independent directors are professionals, who have been proficient in their respective fields and have had high business acumen and long experience in setting up / running business undertakings, marketing and general business management. None of the directors of the Company is a director on the board of directors of any other listed public limited company, except Shri A.K.Sanghi in Sanghi Hire-purchase Limited, nor is any director a Member/Chairman of any Committee of the Board of Directors of any such company.

COMPOSITION

Name	Category	Attendance particulars		
		Board Meetings* No. of Meetings during 2003-04		AGM on
		Held	Attended	30.9.2003 & 12.12.2003
1. Mr. Anil Prakash Sahu Managing Director (Non retiring)	Promoter Executive	5	4	Yes
2. Mr. Sanil Prakash Sahu Whole-time Director (Non retiring)	Promoter Executive	5	5	Yes
3. Mr. Amrit Kumar Sanghi	Promoter Non-Executive	5	None	No
4. Mr. Sudhir Awasthi **	Independent Non-Executive	5	4	Yes
5. Mr. Naresh K. Mangal**	Independent Non-Executive	5	4	Yes
6. Mr. NVS Srinivasamurthy	Independent Non-Executive	5	None	No
7. Mr. Harish K Sahu		(Not Applicable as vacated office u/s 283 (1) (f) and Article 95 (i) of Articles of Association w.e.f. 6.8.2003)		
8. Dr. (Mrs.) Devila H Sahu		(Not Applicable as vacated office u/s 283 (1) (f) and Article 95 (i) of Articles of Association w.e.f. 6.8.2003)		

* Information about the Board meetings held prior to 27th August, 2003 could not be given due to non availability of the minutes book and other records for the relevant period.

** Appointed w.e.f. 27.8.2003

Details of Mr. NVS Srinivasmurthy, the director retiring by rotation and eligible for re-appointment, pursuant to **clause 49 of the Listing Agreement**-Mr. Srinivasmurthy is aged 57 and has been director of your company for the last about 10 years. He has good business acumen. No director, other than himself, is interested in his appointment.

3. AUDIT COMMITTEE

The Audit Committee was reconstituted on 27.8.2003 and comprises three independent directors, namely, Mr.Amrit Kumar Sanghi, Mr.Sudhir Awasthi and Mr.Naresh K.Mangal. Managing Director and Whole-time Directors are permanent invitees to the meetings of the Committee. During the year under review, Committee met on 28.8.2003, 30.9.2003, 12.11.2003 and 30.1.2004. All the meetings were attended by Mr. Awasthi and Mr. Mangal and none by Mr. Sanghi.

4. REMUNERATION COMMITTEE

The Remuneration Committee comprising Mr.Amrit Kumar Sanghi, Mr.Sudhir Awasthi and Mr.Naresh K.Mangal has been constituted on 27.08.2003 with the terms of reference to appraise, determine, approve and recommend the remuneration package of working directors. During the year, it met once on 28.8.2003, when Mr. Awasthi and Mr. Mangal were present. Committee at its meeting considered the proposal of remuneration package of the new Managing Director, Mr. Anil P Sahu, and communicated the same with its approval to the Board of Directors for further action.

Details of remuneration paid / provided during the year 2003-04 :

	Mr.Sanil P.Sahu Whole-time Director (Rs.)	Mr.Anil P.Sahu Managing Director (w.e.f. 27.8.2003) (Rs.)
- Salary	3,36,000.00	2,80,000.00
- Contribution to Provident & Superannuation Fund	9,360.00	8,400.00
- Other benefits & allowances	80,000.00	35,000.00

No sitting fee was paid to any director during the year 2003-04.

5. SHARE TRANSFER AND SHAREHOLDERS GRIEVANCE COMMITTEE

Share transfer and Shareholders Grievance Committee was re-constituted on 27.08.2003 to comprise Mr.Sanil P.Sahu, Mr.Sudhir Awasthi and Mr.Naresh K.Mangal. During the year, Committee had three meetings on 28.8.2003, 12.11.2003 and 30.1.2004 attended by at two directors each. Transfer of shares was given effect to immediately and there was no case of shareholders' complaint.

6. ANNUAL GENERAL MEETING

During the last three years, the annual general meetings were held as under :-

YEAR ENDED	DATE	TIME	VENUE
31.03.2001	11.10.2001	11.00 AM	Registered Office at Malanpur, Bhind
31.03.2002	30.09.2002	11.00 AM	Registered Office at Malanpur, Bhind
31.03.2003	30.09.2003 and adjourned to 12.12.2003	11.00 AM	Registered Office at Malanpur, Bhind -do-

Special resolutions were passed at the above annual general meetings for :-

- Change of name of the company in AGM on 11.10.2001.
- Delisting of Equity Shares from Indore and Delhi Stock Exchanges in AGM on 30.09.2002.
- None in AGM on 30.9.2003 adjourned to 12.12.2003.

No resolution was required to be passed through postal ballot last year.

7. DISCLOSURES

- (i) There was no materially significant related party transaction having potential conflict with the interest of the Company at large during the financial year 2003-2004.
- (ii) There was no deviation in accounting treatment as prescribed in the accounting standards and as disclosed in the audited annual accounts for the year ended 31st March, 2004.
- (iii) No penalty or stricture was imposed on the Company by Stock Exchanges or SEBI or any other statutory authority relating to the matters of the Capital Market during the last three years, except suspension of trading of shares of the company by the Bombay Stock Exchange.
- (iv) All personnel of the Company have had free access to report unethical activity, if any, in the Company to the audit committee without informing to their superiors.

8. MEANS OF COMMUNICATION

The Management Discussion and Analysis is a part of the annual report. There is no institutional investor in the Company. No presentation has been made to any analyst. The Company has no website or its official news release. Audited annual accounts and reports are sent to the shareholders of the company.

9. GENERAL SHAREHOLDERS INFORMATION

- (i) Annual General Meeting

Date	Time	Venue
25 th September, 2004	11 AM	Registered Office at Malanpur, Bhind
- (ii) Financial Calender for the year 2004-05 (tentative)

2 nd Quarter results	In the last week of October	2004
3 rd Quarter results	In the last week of January	2005
4 th Quarter results	In the last week of April	2005
Annual General Meeting	In the last week of September	2005
- (iii) Book Closure 14th September to 24th September 2004
- (iv) No dividend is recommended by the Board of Directors of the Company for 2003-2004
- (vi) Stock Code Bombay Stock Exchange 506987
- (vii) Market Price Data No quotation or data is available for the year under reporting.
- (viii) Registrar and share transfer agent- Nil
- (ix) Share transfer system-Shares are transferred in house by the staff of the company. There is a Share Transfer and Shareholders' Grievance Committee to monitor the transfer of shares and redress the complaints of shareholders.
- (x) Distribution of shareholding as on 31st March, 2004.

No. of equity shares held	No. of shareholders	No. of share held	% shareholding
1-500	12574	2734952	39.56
501-1000	1410	1022026	14.78
1001-2000	302	423110	6.12
2001-3000	68	177750	2.57
3001-4000	41	144450	2.09
4001-5000	19	90050	1.30
5001-10000	32	225962	3.27
10001 and above	42	2095250	30.31
TOTAL	14488	6913550	100.00

(xi) Dematerialization of shares and liquidity :

Shares of the company are listed at Bombay Stock Exchange and are yet to be dematerialized. Listing fee has been paid for and up to the year 2003-04.

(xii) There is no unclaimed Debentures/Debt interest/Deposits/Interest on Deposits, to be transferred to Investor Education and Protection Fund up to the year ended 31st March, 2004. A sum of Rs. 1,26,100 on account of unclaimed dividend for more than seven years is being transferred to the said Fund.

(xiii) Address for communication and shareholders' correspondence:

Registered Polypipes Estate, Malanpur Industrial Area, Malanpur - 477 177.

Office : District Bhind (Madhya Pradesh)

E-mail : polypipe@sancharnet.co

Phone No.: 07539 283040/283029

Fax No. : 07539 283490.

10. Name and Designation of Compliance Officer : Since Mr. Anupam Mathur, Company Secretary, is not reporting for duty for quite some time, Mr. Ramesh Wanchoo, General Manager Finance and Accounts, is being appointed as Compliance Officer.

11. Management Discussion and Analysis:

As reported in the last year's report, your Company is in the business of manufacture of PVC/HDPE Pipes, Fittings and Profiles. It has its own manufacturing facilities at two places at Kota (Rajasthan) and Malanpur (Madhya Pradesh). These pipes are fast substituting the conventional steel pipes and thus the Industry structure is developing and has better opportunities and outlook. The key business of your Company has one product / segment and its performance, though improved during the year under review, could not be satisfactory due to adverse market conditions, shortage of working capital funds, lack of Government orders in North-eastern States on account of insurgency and political instability etc. The new product of HDPE Corrugated Pipes developed by your Company at its Kota Plant for use in bridges/flyover constructions, foundation drainage etc. has been well accepted in the market and is in use, inter alia, in Delhi Metro project. There are several adverse risk factors concerning the Industry and your Company, namely, competition from bigger units, production in unorganized / small sectors, uncertainty about implementation of VAT, rising prices of raw materials etc.

Your Company has enforced an adequate and effective internal control system to ensure reliable financial reporting, safeguarding of assets, management risks and adherence to good management principles and policies.

Your Company has faith in intrinsic strength of its people and maintains cordial and stable relations with its staff and workmen.

For and on behalf of the Board of Directors

New Delhi
30th June, 2004

Anil P.Sahu
Managing Director

Sanil P.Sahu
Whole-time Director