



GWALIOR POLYPIPES LIMITED



22nd ANNUAL REPORT 2004-2005

GWALIOR POLYPIPES LIMITED

BOARD OF DIRECTORS

Anil Prakash Sahu

Managing Director

Sanil Prakash Sahu

Whole time Director

Directors
Amrit Kumar Sanghi
Sudhir Awasthi
Naresh K. Mangal

AUDITORS
Rakesh K. Garg & Associates
Chartered Accountants
New Delhi

BANKERS
State Bank of India

HEAD OFFICE
201, Shakuntala Appartments,
59, Nehru Place,
New-Delhi - 110019

REGISTERED OFFICE
Polypipe Estate,
Malanpur Industrial Area,
Malanpur - 477117,
Distt. Bhind (M.P.)

WORKS

Unit -I
Sanju Estate
Malanpur Industrial Area,
Malanpur-477117
Distt.-Bhind (M.P.)

Unit -II
Sanju Estate
A-170-171, Inderprastha Industrial Area,
Kota-324005
(Rajasthan)

GWALIOR POLYPIPER LIMITED

**Regd. Office Polypipe Estate, Malanpur Industrial Area,
Malanpur 477117, Distt. Bhind (MP)**

NOTICE

Notice is hereby given that the Twenty-second Annual General Meeting of the Company will be held at 11.00 AM on Thursday, the 29th September, 2005 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, 2005, 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. AK Sanghi, who retires by rotation and is eligible for re-appointment.

New Delhi
8th June, 2005

For and on behalf of the Board of Directors


(Anil P Sahu) (Sanil P Sahu)
Mg. Director Whole-time Directors

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 Friday, the 14th September to Wednesday, the 28th September, 2005 (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 account to reach the company 10 days before the date of the meeting.
7. Particulars of the retiring director eligible for re-election as required under clause 49 of the Listing Agreement:- Mr. AK Sanghi, aged 76 years, is a renowned businessman having his own hire purchase and leasing business. He has been on the Board of the company since its inception. He is also a director of Sanghi Hire Purchase Limited.

GWALIOR POLYPIPER LIMITED

Directors Report

To,

The Members,

Your Directors hereby present the Company's Twenty-second Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 2005:

State of company's affairs :-

	This year	Rs. in lakhs Previous year
Income from operations	87.65	141.73
Other Income	3.75	4.06
Total Income	91.40	145.79
Profit / (Loss) before Depreciation, Interest & Taxes	(52.26)	(20.93)
Depreciation	(35.61)	(40.51)
Interest	(25.53)	(25.75)
Profit / (Loss) for the year	(113.40)	(87.19)

Beside your Directors have also provided Rs. 260.33 Lakhs for various liabilities and doubtful debts / receivables and accumulated losses amounting to Rs.872.42 Lakhs are being carried to Balance-Sheet. As a result, the entire net worth of the company has eroded and provisions of Sick industrial Companies (Special Provisions) Act, 1985 might apply. Your directors do not recommend payment of any dividend for the year under review.

In spite of the best efforts and good product, the volumes and profitability of the company were comparatively lower during the year under review. There have been financial strains too resulting in default in payment of dues to State Bank of India and Sales-tax Department. Your Directors are, however, hopeful that the company's working will improve in times to come as its products have been admired and approved by various Government, semi-Government and private sector agencies.

Legal proceedings

During the year, there has been no reprieve in the legal and similar proceedings continuing before Courts, Debt Recovery Tribunal, Sales-tax Department etc.

Auditors

The Auditors, M/s Rakesh K. Garg & Associates, Chartered Accountants, New Delhi, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The requisite certificate under section 224 (1B) of the Companies Act, 1956 has been received from them expressing their willingness to continue, if re-appointed. 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 in this behalf.

Directorate

Mr. A.K Sanghi, Director, is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. NVS Srinivasamurthy, who had retired as director at the last Annual General Meeting, could not be re-elected and hence ceased to be so.

Corporate Governance

Comprehensive report on corporate governance as stipulated in Clause 49 of the Listing Agreement along with the Auditor's certificate regarding compliance of conditions of corporate governance is attached to this Report.

Subsidiary Company Flora Infotech Private Limited

There has been no change in the status and affairs of the subsidiary company as compared to the last year. A statement required pursuant to the provisions of section 212 (2) of the Companies Act, 1956 is enclosed hereto.

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 Companies Act, 1956, your Directors state as follows:-

- (i) That, in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation for material departures, if applicable.
- (ii) That the directors had selected such accounting policies and applied them consistently and made estimates and judgments that are 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 under review and of the profit and loss of the company for the year ended on that date.
- (iii) 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 safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) That the directors have prepared the annual accounts on a going concern basis.

Acknowledgement

Your directors place on record their appreciation of the continued assistance and cooperation to your company by various Government departments, State Bank of India and the large family of the company's various stakeholders. Industrial relations also remained satisfactory throughout the year

New Delhi
8th June, 2005

For and on behalf of the Board of Directors

(Anil P Sahu)
Mg. Director

(Sanil P Sahu)
Whole-time Director

Statement containing particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. Conservation of energy

Energy conservation measures taken and reported during the previous years were continued, which resulted in slight reduction of energy consumption and had consequent impact on the cost of production of goods. Though, during the year under review, there were no additional investments and proposals, the company will continue to make efforts for reduction of consumption of energy.

B. Research & Development (R & D)

Due to lower volumes and losses during the year under review, there have not been new research and development activities as such. The company was, however, benefited with the development of new products to cater the needs of different end users, which is proposed to be continued in future as well. Expenditure on R & D has been 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 outgo Nil

New Delhi
8th June, 2005

For and on behalf of the Board of Directors

(Anil P Sahu)
Mg. Director

(Sanil P Sahu)
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, 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 five directors, out of whom two are executive and three non-executive directors. Out of the non-executive directors, one belongs to the promoter group and the other two 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 AK Sanghi in Sanghi Hire- purchase Limited, nor is any director a Member / Chairman of any Committee of the Board of directors of any other company.

COMPOSITION

Name	Category	-Attendance particulars		
		Board Meetings		AGM
		No. of meetings during		On
		2004-05		25-9-04
		Held	Attended	Attended
1. Shri Anil Prakash Sahu Managing Director	Promoter Executive	6	4	Yes
2. Shri Sanil Prakash Sahu Whole-time Director	Promoter Executive	6	6	Yes
3. Shri Amrit Kumar Sanghi	Promoter Non-	6	None	No
	Executive		Executive	
4. Shri Sudhir Awasthi	Independent Non-	6	4	No
	Executive			
5. Shri Naresh K Managal	-do-	6	5	Yes
5. Shri NVS Srinivasanurthy*	-do-	4	None	No

* ceased to be director w.e.f. 25.9.2004

3. AUDIT COMMITTEE

The Audit Committee comprises three independent directors, namely, Shri Amrit Kumar Sanghi, Shri Sudhir Awasthi and Shri Naresh K Mangal. Managing Director and Whole-time Director are permanent invitees to the meetings of the Committee. During the year under review, Committee met on 07-05-2004, 30-06-2004 and 10-01-2005. All the meeting were attended by Shri Awasthi and Shri Mangal and none by Shri Sanghi.

4. REMUNERATION COMMITTEE

The Remuneration Committee comprises of Shri Sanghi, Shri Awasthi and Shri Mangal with the terms of reference to appraise, determine, approve and recommend the remuneration package of working directors, whenever required. There was no meeting during the year.

Details of remuneration paid / provided during the 2004-05 are as follows:-

Particulars	Whole-time Director Rs.	Managing Director Rs.
- Salary	4,04,000.00	5,15,000.00
- Contribution to Provident & Superannuation Fund	9,360.00	14,400.00
- Other benefits and allowances	<u>60,000.00</u>	<u>60,000.00</u>
Total	4,73,360.00	5,89,400.00

No sitting fee was paid to any director during the year 2004-05.

5. SHARE TRANSFER AND SHAREHOLDERS GRIEVANCE COMMITTEE

The committee comprised of Shri Sanil P Sahu, Shri Sudhir Awasthi and Shri Naresh K Mangal. During the year, Committee met on 07-05-2004, 30-06-2004 and 10-01-2005 attended by two directors each. Transfer of shares was given effect 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
31.3.2002	30.9.2002	11.00 AM	Registered office at Malanpur, Bhind
31.3.2003	30.9.2003	11.00 AM	-do-
	&		
	12.12.2003	11.00 AM	-do-
31.3.2004	25.9.2004	11.00 AM	-do-

Only one special resolution was passed at the AGM held on 30.9.2002 for delisting of equity shares from Indore and Delhi Stock Exchanges. No resolution was required to be passed through postal ballot at these AGMs.

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 2004-05.

- (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 31.3.2005.
- (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 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 new release. Audited annual accounts and reports are sent to the shareholders of the company.

9. GENERAL SHAREHOLDERS INFORMATION

- (i) Annual General Meeting will be held on 29th September, 2005 at 11.00 AM at the Registered office of the company.
- (ii) Financial calendar for the year 2005-06 (tentative)

2 nd quarter results	in the last week of October, 2005
3 rd quarter results	in the last week of January, 2006
4 th quarter results	in the last week of April, 2006
Annual General Meeting	in the last week of September, 2006
- (iii) Book Closure 14th to 28th September, 2005 (both inclusive)
- (iv) No dividend recommended / payable for the year ended 31.3.2005
- (v) Stock Code Bombay Stock Exchange 506987
- (vi) Market Price Data No quotation or data available for the year
- (vii) Registrar and share transfer agent Nil
- (viii) 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.
- (ix) Distribution of shareholder as on 31st March, 2005 -

No. of equity shares held	No. of shareholders	No. of shares held	% of shareholding
1- 1000	13948	37,56,978	54.35
1001- 2000	302	4,23,110	6.12
2001- 5000	128	4,12,250	5.96
5001- 10000	32	2,25,962	3.27
10001 and above	42	20,95,250	30.30
Total		69,13,550	100.00

- (x) 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 2004-05.

- (xi) There is no unclaimed Debentures/Debenture interest/Deposits/Interest on Deposits, to be transferred to Investor Education and Protection Fund up to the year ended 31.3.2005.
- (xii) Address for communication and shareholders' correspondence:

Registered office :

Polypipes Estate, Malanpur Industrial Area,

Malanpur, Distt. Bhind (MP)-477177

e-mail: gwl_polypipe@yahoo.com

Phone no. 07539 - 283040 / 283029, Fax no. 0751 2230082

10. Name and designation of Compliance officer; Shri Ramesh Wanchoo, General Manager (Finance & Accounts) of has been appointed as Compliance Officer. Since Company Secretary is not reporting for duty, Secretarial services have been outsourced from an qualified professional.

11. Management Discussion and Analysis:

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.

However, the volumes and profitability of your company were lower during the year under review. There have been financial constraints too resulting in default in payment of dues of SBI and Sales tax Department. Your directors are hopeful that the company's working will improve in times to come as its products have been admired and approved by various Government, semi-Government and Private sector agencies. There are still several risk factors concerning the Industry and your company, namely, competition from bigger units, production in unorganized / small sectors, rising prices of raw materials etc.

Your company has in force 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

8th June, 2005

**Anil P Sahu
Managing Directo**

**Sanil P Sahu
Whole-time Director**