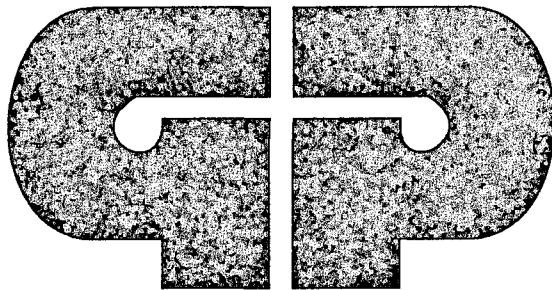


# GWALIOR POLYPIPERES LIMITED

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24<sup>th</sup> ANNUAL REPORT 2006-2007

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**GWALIOR POLYPIPERES LIMITED**

**24<sup>th</sup>  
ANNUAL REPORT  
2006-2007**

## **GWALIOR POLYPIPES LIMITED**

### **BOARD OF DIRECTORS**

Anil Prakash Sahu

Managing Director

Sanil Prakash Sahu

Whole time Director

#### **Directors**

Sudhir Awasthi

Naresh K. Mangal

Amrit Kumar Sanghi

#### **AUDITORS**

**SNMG & Co.**

(Formerly Rakesh K. Garg & Associates)

Chartered Accountants

New Delhi

#### **FINANCIAL ADVISERS**

**SONI INDUSTRIAL RESTRUCTURING CONSULTANTS**

D-115, Defence Colony,

New Delhi - 110024

#### **HEAD OFFICE**

201, Shakuntala Apartments,

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-Polypipes Estate, Malanpur, Industrial Area,**  
**Malanpur, Distt. Bhind ( M.P.)**

**Notice**

Notice is hereby given that the 24<sup>th</sup> Annual General Meeting of the Company will held at 11.00 AM on Wednesday, the 12<sup>th</sup> September, 2007 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 31<sup>st</sup> March, 2007, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Naresh K. Mangal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/S. SNMG & Co. (formerly Rakesh K Garg & Associates), Chartered Accountants, the retiring Auditors, as Auditors of the company and fix their remuneration.

**Special Business:**

4. To consider and, if thought fit, to pass with or without modification, the following special resolution

“Resolved that, pursuant to the provisions of Section 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and, subject to such approvals as may be required and such modifications and conditions, if any, as may be imposed and agreed to by the Board of Directors, approval of the Members of the company be and is hereby accorded to the reappointment of Shri Sanil Prakash Sahu as Whole Time Director of the company for a period of five years with effect from 1<sup>st</sup> June, 2007 on payment of remuneration as set out hereunder:-

**Salary Rs. 50,000-2,000-58,000 per month**  
**Perquisites**

PART 'A'	PART 'B'
<p>(a) Housing: Company leased housing will be provided with free gas, electricity and water, subject to total maximum cost not exceeding basic salary. However, a deduction of 10% will be made. In lieu of the aforesaid, House Rent Allowance of Rs. 7,500/- p.m. shall be payable by the company.</p> <p>(b) Conveyance: Free use of Company's car with driver.</p> <p>(c) Medical Reimbursement: Expenses incurred for self and family, subject to ceiling of one month's salary in a year or three month's salary over a period of three years.</p> <p>(d) Leave Travel Facility: For the Whole-time director and his family in accordance with the Rules of the Company</p> <p>(e) Club Fee: Fee for two clubs. This will not include admission and life membership fee.</p> <p>(f) Bonus: As may be declared by the Company from time to time or as per Payment Of Minimum Bonus Act..</p> <p>(g) Personal Accident Insurance: Premium not to exceed Rs. 5,000 p.a.</p>	<p>(a) Provident Fund and Superannuation Fund / Annuity Fund: Company's contribution as per Rules of the company.</p> <p>(b) Gratuity: Not exceeding half a month's salary for each completed year of service or fraction thereof.</p> <p>(c) Leave encashment: Accumulated leave at the time of retirement on attaining the age of 70 years and/or on resigning and /or removal from the directorship. The amount of leave salary shall be calculated on the basis of last drawn pay.</p> <p>(d) Telephone: Provision of telephone at the residence of the Whole-time director at the company's cost. Provided that personal long distance call shall be billed by the company to the director.</p> <p>However, the total remuneration, including the perquisites covered in Part 'A' as above payable to Shri Sanil Prakash Sahu , Whole-time Director, shall not exceed the limits laid down in Part II, section II, paragraph 1 (A) of Schedule XIII to the Act.”</p> <p>“Resolved, further that, in the event of loss or absence / inadequacy of profit in any financial year, the remuneration shall be paid as minimum remuneration.”</p> <p>“Resolved further that the Board of Director be and is hereby authorized to alter, vary and revise the aforesaid terms as to remuneration (including the perquisite) with in the ceiling limits in that behalf laid down in schedule XIII to the Act as in force from time to time.”</p> <p>“Resolved further that, for the purpose of giving effect to this resolution; the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be deemed necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit.”</p>

For and on behalf of the Board of directors

Place: Mumbai  
Date : 28th May, 2007

Anil P.Sahu  
Managing Director

## **Notes**

1. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the item No. 4 set out above is annexed hereto.
2. 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. The proxy form in order to be effective, must be received by the company not less than 48 hours before commencement of the meeting.
3. 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.
4. The Register of Members and Share Transfer Books for equity shares of the company will remain closed from Wednesday, the 29<sup>th</sup> August, to Tuesday the 11<sup>th</sup> September, 2007 (both days inclusive).
5. Members/Proxies should bring the attendance slips duly filled in for attending the meeting.
6. Members are requested to notify change in their address, if any, to the Company's registered office.
7. Members are requested to send their queries regarding the accounts to reach the company 10 days before the date of meeting.
8. Particulars of the retiring director eligible for re-election as required under clause 49 of the listing agreement : Mr. Naresh K. Mangal aged 55 years, has held senior management position over a period of 30 years. In view of his rich experience Board recommends the appointment of Mr. Mangal. None of the directors, except Mr. Mangal himself, is concerned or interested in the proposed resolution in respect of Item No. 2

## **EXPLANATORY STATEMENT**

(Pursuant to section 173(2) of the Companies Act, 1956 for item No. 4 of the notice.)

The Board of Directors at their meeting held on 28th May, 2007 approved the re-appointment of Mr. Sanil P.Sahu as the Whole-time Director of the Company for a period of five years beginning 1st June, 2007 on terms and conditions mentioned in the resolution. Mr. Sanil P.Sahu is a qualified Chartered Accountant and has over 30 years experience in business.

Your Directors recommend the resolution for your approval for reappointment of Mr. Sanil P.Sahu as the Whole-time Director of the Company.

Mr. Anil P.Sahu Managing Director and Mr. A.K.Sanghi, Directors may be deemed to be treated as concerned or interested in this resolution being relatives of Mr. Sanil P.Sahu.

**GWALIOR POLYPIPER LIMITED****DIRECTORS' REPORT****Dear Members**

Your Directors hereby present the 24<sup>th</sup> Annual Report together with the audited accounts of the Company for the year ended March 31, 2007.

<b>Financial Highlights</b>		<b>(Rs. in lakhs)</b>
<b>Year ended March 31</b>	<b>2006-07</b>	<b>2005-06</b>
Sales	213.9	101.7
Other Income	33.1	8.1
Total Income	247.0	109.8
Profit/(Loss) before Depreciation, interest and taxes	(16.7)	(22.0)
Interest	3.1	25.4
Depreciation & Amortisation	26.7	31.4
Profit /(Loss) before tax	(46.5)	(78.8)
Prior year adjustments	1.3	7.5
Provision for Gratuity	(0.5)	(0.5)
Provision for tax	1.9	-
Profit /(Loss) after tax	(47.6)	(71.9)

**Operations**

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. Revenue during 2006-07 at Rs 213.9 Lakhs registered an increase of 110 % over the previous year sales of Rs 101.7 Lakhs. EBITDA during the year decreased to Rs 16.7 Lakhs as compared to Rs 22 Lakhs during the previous year. The net loss after tax for the year came down to Rs. 47.6 Lakhs as compared to Rs. 71.9 Lakhs during the previous year.

Your Company's product, i.e. HDPE Corrugated Pipes for use in bridge/flyover constructions, foundation drainage etc, were well accepted in the market and orders are being received from various MNC. Company's double walled corrugated pipes have been well accepted. Your Directors are hopeful to receive good orders of the new products.

**Dividend**

In view of the accumulated losses, your Directors have not recommended any dividend for the year under review.

**Legal Proceedings**

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

**Corporate Governance & Management Discussion and Analysis**

A report on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Auditor's certificate and Management Discussion and Analysis are attached as a part of the annual report.

**Directors**

Mr. Naresh Mangal, Director of the company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The board of Directors have also recommended his reappointment for consideration of the shareholders.

The term of Mr. Sanil P. Sahu, Whole Time Director is expiring on May 31, 2007. The Board of Directors have recommended his reappointment for another term of 5 years, for which your approval is being sought at the ensuing Annual General Meeting.

### **Directors responsibility statement**

In terms of section 217 (2AA) of the Companies Act, 1956 your Directors state that:

- a. In the preparation of the annual accounts under review, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- b. Appropriate accounting policies were selected and applied consistently and reasonable and prudent judgement and estimate were made 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 the loss of the Company for the year ended on that date.
- c. Proper and sufficient care was taken 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 from preventing and detecting fraud and other irregularities;
- d. The annual accounts have been prepared on a going concern basis.

### **Auditors**

The existing statutory auditors, M/s. SNMG & Co. (formerly 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 reappointment. The requisite certificate under section 224 (1 B) of the Companies Act 1956 has been received from them expressing their willingness for reappointment.

The observations made in Auditor's Report are self-explanatory and covered by the Notes on the Accounts and therefore, do not call for any further comments.

### **Conservation of energy, technology, observation and foreign exchange earnings and outgo**

Particular required 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, are set out in the Annexure I to this Report.

### **Particular of employees**

None of the employees are covered under Section 217 (2A) of the Companies Act 1956, read with Companies (Particular of Employees) Rules, 1975.

### **Acknowledgements**

Your Director place on record their appreciation of the continued assistance ad co-operation to your Company by various Government Departments, the large family of the Company's shareholders, employees, vendors, customers, suppliers and other stakeholders.

For and on behalf of the Board of Directors

Mumbai  
May 28, 2007

Anil P. Sahu  
Managing Director

Sanil P. Sahu  
Whole Time Director

**Annexure 1 to the Directors' Reports****STATEMENT CONTAINING PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998.****A. Conservation of Energy**

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 keep a strict vigil over the use of utilities such as water-cooling Compressed air, lighting etc. Though during the year under review, there were no additional investment and proposals, the Company will continue to make efforts for reduction of consumption of energy.

**B. Research & Development (R&D)**

Due to lower volume and loss 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, Adoption and Innovation:**

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

**D. Foreign Exchange Earned and Used:**

Foreign Exchange Earned	:	Nil
Foreign Exchange Outgo	:	Nil


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For and on behalf of the Board of Directors

Mumbai  
28th May, 2007

Anil Sahu  
Managing Director

Sanil P. Sahu  
Whole-time Director



**GWALIOR POLYPIPER LIMITED****CORPORATE GOVERNANCE REPORT****COMPANY'S PHILOSOPHY**

Gwalior Polypipes Limited (GPL) is of the belief that implementation of code on corporate governance would go a long way in attainment of the highest level of transparency, accountability and equity in all facets of its operations and interactions with all its stakeholders including shareholders, employees, customers and lenders as well as enhancing long term shareholder value.

In India, corporate governance standards for listed companies are governed by the Securities and Exchange Board of India (SEBI) through Clause 49 of the listing agreement of the Stock exchange with whom the company's equity shares are listed. A Report on the implementation of the corporate governance standards during the year 2006-07 is furnished below.

**A. Board Level Issues****1. Composition on the Board**

As on March 31, 2007, the Board of directors of the Company comprised five Directors. The Board consists of a Managing Director and a Whole time Director, both of whom belong to the Promoters Group and three non-executive directors. Out of the non-executive directors, one is related to the promoter directors and other two are independent. The independent/non-executive directors have rich experience in corporate management and marketing. None of the directors of the Company is a Director on the Board of any other listed public limited company except Shri A.K. Sanghi, who is a director in one public limited company. None of the director is a member, chairman of any committee of the board of directors of any other Company. The composition of the Board as on March 31, 2007 is given in Table 1.

**2. Board of Meeting**

During the financial year 2006-07, five Board meeting year held. The attendance record of all the director at the Board Meeting during the year 2005-06 and the last AGM held on September 30, 2006 is given below:

**Table 1: Composition of Board and Attendance Record**

Name	Category	Particulars of Attendance	
		Board Meeting	AGM
Mr. Anil P. Sahu	Managing Director	6	Present
Mr. Sanil P. Sahu	Whole Time Director	6	Present
Mr. Sudhir Awasthi	Independent, Non-Executive	6	Absent
Mr. Naresh K. Mangal	Independent, Non-Executive	6	Present
Mr. Amrit Kumar Sanghi	Non-Executive	-	Absent

**3. Information supplied to the Board**

Agenda papers are circulated in advance for each meeting of the Board of Directors. The Company has the practice of placing before the Board, information as suggested in Annexure 1A of clause 49 of the Listing agreement.

**4. Remuneration of Directors**

Details of remuneration paid/provided to the Managing director and Whole time director during 2006-07 is given below in Table 2 :

Table 2: Remuneration of Directors

Particular	(Rs.)	
	Managing Director	Whole Time Director
Salary	6,00,000	4,52,000
Contribution to provident & Superannuation Fund	14,400	9,360
Other benefit & allowance	60,000	60,000

No sitting fee was paid to any directors.

## 5. Related Party Transactions

The details of related party transactions are given in Note 13 of Schedule 15 to the financial statements of the company

## 6. Committees of the Board

### a) Audit Committee

GPL has an Audit Committee consisting of the following three independent/non-executive directors as on March 31, 2007.

1. Mr. Sudhir Awasthi
2. Mr. Naresh K. Mangal
3. Mr. Amrit Kumar Sanghi

Mr. A.P. Sahu, Managing Directors and Mr. S.P. Sahu, Whole Time Directors are permanent invitees to the meetings of the committee.

During the year under review, the audit committee had 4 meetings on May 19, 2006, July 03, 2006, November 03, 2006 & January 22, 2007. All the meetings were attended by Mr. Awasthi and Mr. Naresh Mangal. Mr. Amit Kumar Sanghi remained absent during all the meetings.

### b) Remuneration Committee

The Remuneration committee comprises of the following 3 members as on March 31, 2007.

1. Mr. Sudhir Awasthi
2. Mr. Naresh K. Mangal
3. Mr. Amrit Kumar Sanghi

During the year under review, the committee met on May 19, 2006 to fix the remuneration & perquisites of Mr. Anil P. Sahu on his re-appointment as Managing Director.

This committee has the terms of reference to appraise, determine, approve and recommend the remuneration packages of executive directors, whenever required.

### c. Share Transfer and Shareholders Grievance Committee

Share transfer and Shareholders Grievance Committee comprises of Mr. Sanil P. Sahu, Mr. Sudhir Awasthi and Mr. A. K. Sanghi. During the year, committee had four meeting on May 19, 2006, July 03, 2006, November 03, 2006 & January 22, 2007 attended by two directors each. Transfer of shares was given effect immediately and shareholders complaints were timely redressed.

## B. Management

### 1. Management discussion and analysis

This is given as a separate chapter forming part of the Annual Report.