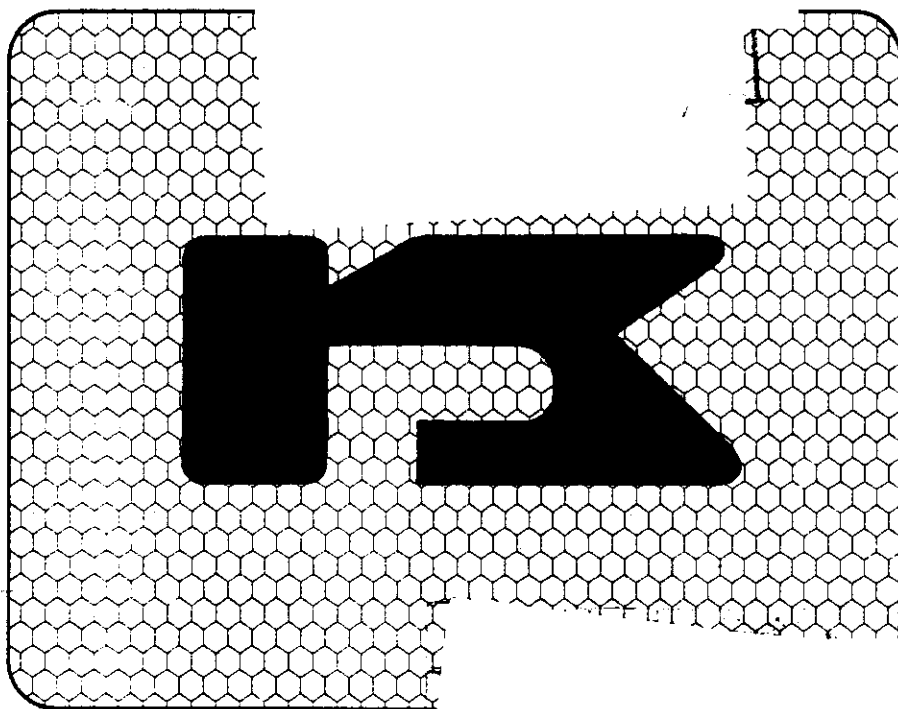


28th Annual Report

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**KANPUR
PLASTIPACK LTD.**

KANPUR PLASTIPACK LIMITED

BOARD OF DIRECTORS

Shri M. S. AGARWAL, *Chairman & Managing Director*

Shri MANOJ AGARWAL, *Executive Director*

Shri A. K. BHATNAGAR, *Director (Operations)*

Shri S. N. SHARMA, *Nominee Director - BIFR*

Shri B. L. MANCHANDA

Smt. SANTOSH AGARWAL

Shri P. K. GOENKA

AUDITORS

PANDEY & COMPANY

Chartered Accountants,

KANPUR.

CORPORATE LAW ADVISORS

ADESH TANDON & ASSOCIATES

Company Secretaries,

KANPUR.

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE & WORKS

D-19-20, PANKI INDUSTRIAL AREA.

KANPUR-208 022

KANPUR PLASTIPACK LIMITED**NOTICE**

NOTICE is hereby given that the TWENTYEIGHTH ANNUAL GENERAL MEETING OF KANPUR PLASTIPACK LIMITED, will be held at the Registered Office of the Company at D-19-20, Panki Industrial Area, Kanpur-208 022 on Monday, the 30th August, 1999 at 3.30 p.m. to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 1999 and the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Shri B. L. Manchanda, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. Santosh Agarwal, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION :

"RESOLVED that subject to the provisions of Sections 198, 269 & 309 read with Schedule XIII as amended and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Shri A. K. Bhatnagar, as Director in wholetime employment of the Company with the designation as Director (Operations) on the fresh terms and conditions contained herein-below for a period of 3 years w.e.f. 1.1.1999 :-

I. SALARY : Rs. 19,500/- per month and increments at the discretion of the Board from time to time. Total salary not to exceed Rs. 25,000/- p.m.

II. PERQUISITES : Perquisites shall be in addition to salary as under :

Category - 'A'

i) The expenditure incurred by the Company on hiring furnished accommodation shall be subject to a ceiling of sixty percent of the salary over and above ten percent payable by Shri A. K. Bhatnagar.

ii) Medical Reimbursement :

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of 3 years.

iii) Leave Travel Concession :

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or in accordance with the rules of the Company.

Category - 'B'

i) Company's contribution towards Provident Fund as per the rules of the Company.

ii) Gratuity as per the rules of the Company.

iii) Encashment of Leave as per the rules of the Company. Encashment of leave at the end of tenure of service will not be included in the computation of the ceiling on perquisites.

Category- 'C'

Car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company."

"FURTHER RESOLVED that in the event of absence or inadequacy of profits in any financial year, the

TWENTYEIGHTH ANNUAL REPORT

remuneration payable to Shri A. K. Bhatnagar by way of salary, allowances and perquisites, shall not exceed the maximum limit as prescribed under Schedule XIII of the Companies Act, 1956."

Registered Office :
D-19-20, Panki Indl. Area,
Kanpur-208 022

28th May, 1999

By order of the Board of Directors
KANPUR PLASTIPACK LIMITED

M. S. AGARWAL
Chairman & 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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy must be deposited at the Regd. Office of the Company not less than 48 hours before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 14th August, 1999 to 30th August, 1999 (both days inclusive).
4. Members who have multiple folios with identical order of names are requested to intimate to the Company those folios to enable the Company to consolidate all shareholdings into one Folio.
5. Members having any queries relating to this Annual Report are requested to send their questions to Registered Office of the Company atleast 7 days before the date of Annual General Meeting.
6. Members are requested to notify promptly changes in their address to the Company quoting their Registered Folio Nos.

ANNEXURE TO NOTICE

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956**

Item No. 5 :

Shri A. K. Bhatnagar has been in the Company for about 16 years and is a qualified Textile Engineer as well as has wide experience in the Industry. In view of his experience, the Board has re-appointed Shri A. K. Bhatnagar as Director in the whole time employment of the Company with the designation as Director (Operations) on fresh terms and conditions w.e.f. 01.01.1999 subject to approval of shareholders and within the guidelines of the Central Government under Schedule XIII of the Companies Act, 1956. Therefore, his re-appointment on fresh terms and conditions is being placed before members for approval in accordance with Section 198, 269 & 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act. The Directors recommend the resolution for your approval.

None of the Directors are interested or concerned in the resolution except Shri A. K. Bhatnagar who himself is interested or concerned with the said resolution.

Registered Office :
D-19-20, Panki Indl. Area,
Kanpur-208 022

28th May, 1999

By order of the Board of Directors
KANPUR PLASTIPACK LIMITED

M. S. AGARWAL
Chairman & Managing Director

KANPUR PLASTIPACK LIMITED**DIRECTORS' REPORT****TO THE MEMBERS,**

Your Directors have pleasure in presenting the 28th Annual Report together with Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	1998-99	1997-98
Income	3,510.77	4,089.96
Operating Profit	229.49	178.80
Less : Interest	62.12	95.86
Less : Depreciation	46.16	42.24
Profit before tax	121.21	40.70
Provision for taxation	8.50	-
Net Profit for the year	112.71	40.70
Carried Forward Losses	147.28	250.33

In view of the carried forward losses, no dividend is recommended.

REVIEW OF OPERATIONS :

Your Directors are happy to report all round improvement in your Company's operations. Though, gross turnover has come down due to depressed raw material prices in Plastic Division & lower turnover in Gunny Division, but Operating Profit has gone upto Rs. 229.49 lacs and Net Profit to Rs. 112.71 lacs against Rs. 178.80 lacs & Rs. 40.70 lacs respectively during earlier year. The manufacturing operations of the Gunny Division had to be completely stopped due to absence of sufficient market during the year under review.

A principal feature of the year has been the ability of your Company to repay Term Loan liabilities in full to all Financial Institutions. No dues certificates have been obtained from IDBI, PICUP and UPFC and their charges on the Company's assets stand released.

The supply from the State Electricity Board continues to remain erratic and coupled with increasing tariffs, your Company is taking steps to contain rising energy costs by better utilisation of captive generation.

EXPORTS :

Your Company has achieved growth in exports both in terms of quantity by 20% and value by 11%. Exports are your Company's main strength. We continue to earn net Foreign Exchange. Stress on developments of Exports continues in West Europe and new areas are being explored. Your Company now exports about 40% of its production in quantity terms and hopes to maintain steady growth.

PROSPECTS :

Your Directors are happy to report that both in the Domestic and Export Market, your Company has established a regular clientele. Our stress on quality & timely services is our hall-mark. We have already initiated the process for ISO 9002 certification and hope to achieve this during the current year thus adding to our strengths. With the Country's economy on sound footing and continued growth in Chemicals, Fertilisers and Cement Industries, to whose requirement we cater, coupled with substantial reduction in interest cost, your Company looks forward for better times ahead. It is expected that remaining brought forward losses should be wiped out in near future.

TWENTYEIGHTH ANNUAL REPORT

FIXED DEPOSITS :

The Company has not accepted any public deposits during the year under review. However the unsecured deposits / loans have been arranged and / or brought in by promoters and their associates in order to meet the obligations as per Modified Rehabilitation Scheme as sanctioned by BIFR under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

DIRECTORS

PICUP has withdrawn its nominee Shri Avnish Kundel from the Board of the Company. The Board places on record its appreciation for the help and advice rendered by Shri Avnish Kundel during his tenure in office.

Shri B. L. Manchanda and Smt. Santosh Agarwal retire by rotation and being eligible offer themselves for re-appointment.

Shri A. K. Bhatnagar, Director (Operations) has been a great help in continued growth in Company's operations. He was taken on the Board on 11.02.97. He has now been re-appointed on fresh terms and conditions w.e.f. 01.01.99 for a period of three years, subject to approval of shareholders and within the guidelines of the Central Government under Schedule-XIII of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO :

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are furnished hereunder : -

(A) Conservation of Energy :

The Company has taken effective measures to minimise energy consumption and as a result, about 5% saving has been achieved in unit consumption.

(B) Technology Absorption :

- (i) No research & development work has been carried out by the Company and therefore, there is no expenditure on this head nor any other benefit accrued from it.
- (ii) Technology Absorption, Adaptation & Innovation :
Technical Innovation / Modifications are being adopted on regular basis to achieve cost reduction and product improvement.

(C) Foreign Exchange Earnings and Outgo :

During the year under review, the Company has earned and spent Foreign Exchange as detailed below :

	(Rs. in Lacs)
(i) Earnings on FOB value basis	946.79
(ii) Expenditure on Import of Raw Materials and Spare Parts	622.85
(iii) Expenditure on Export Promotion Tour	2.38
(iv) Expenditure on Other than above	3.45
(v) Total Expenditure in Foreign Currency	628.68

PARTICULARS OF EMPLOYEES AS REQUIRED U/S 217 (2A) OF THE COMPANIES ACT, 1956 :

There are no employees who were employed throughout the year and were in receipt of remuneration, which in aggregate was not less than Rs. 6.00 lakhs per annum or employed for the part of the year and were in receipt of remuneration for any part of the year at a rate which in the aggregate was not less than Rs. 50,000/- per month.

LISTING :

The shares of the Company are listed at Kanpur, New Delhi, Mumbai & Calcutta Stock Exchanges. We confirm that the listing fees have been paid to all of them for the year 1999-2000.