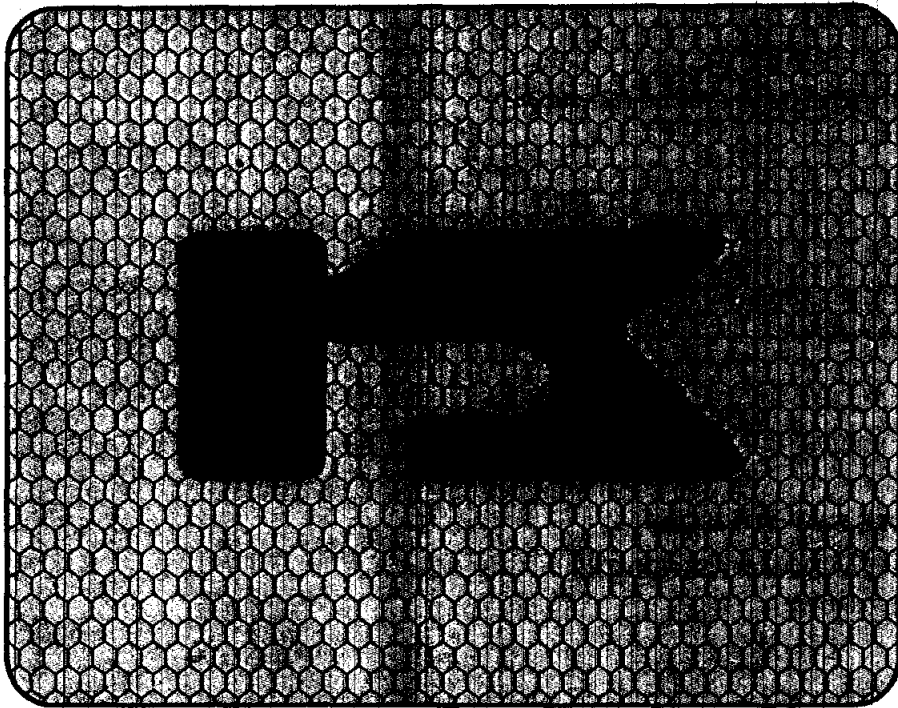


31st Annual Report 2001-2002



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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 B. L. MANCHANDA

Shri S. M. JAIN

Shri P. K. GOENKA

Smt. SANTOSH AGARWAL

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

AUDITORS

M/s. PANDEY & COMPANY

Chartered Accountants

KANPUR

CORPORATE LAW ADVISORS

M/s. 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 THIRTY FIRST 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 Saturday, the 21st September 2002, at 2.30 p.m. to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 2002 and Balance Sheet as at that date together with the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Shri S. M. Jain, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Pradeep Goenka, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of the Annual General Meeting till 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, Shri Mahesh Swarup Agarwal be and is hereby re-appointed as Chairman & Managing Director of the Company on fresh terms and conditions contained hereinbelow for a period of 3 years w.e.f. 1st September, 2002 :-

- | | | |
|-----------------------|---|---|
| I. SALARY | : | Rs. 80,000 - 20,000 - 1,20,000/- per month |
| II. SPECIAL ALLOWANCE | : | 25% of Basic Salary |
| III. PERQUISITES | : | Perquisites shall be allowed in addition to salary as under. However these shall be restricted to an amount equal to the annual salary, subject to an overall ceiling as mentioned hereinafter :- |

Category - 'A'**Housing :**

- i) The expenditure incurred by the Company on hiring unfurnished accommodation shall be subject to a ceiling of forty percent of the salary over and above ten percent payable by Shri M. S. Agarwal.

In case no accommodation is provided by the Company, the Company shall pay house rent allowance to the extent of forty percent of salary of Shri M.S. Agarwal.

The Company shall provide such furniture and furnishing as may be required by the Managing Director. Further, the expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.

- ii) **Medical Reimbursement/Medical Insurance :**

Reimbursement of actual medical expenses incurred for self and family in India and / or abroad including hospitalisation, subject to ceiling of one month's salary in a year or three months' salary over a period of 3 years.

In addition, the Company will reimburse him towards Medical Insurance Premium, the amount of which shall not exceed Rs. 15,000/- per annum.

- iii) **Leave Travel Concession :**

For self and family, once in a year to any place in India or abroad subject to a ceiling of one month's salary.

- iv) **Club Fees :**

Fees of club subject to maximum of two clubs. No admission and life membership fee will be paid.

- v) **Personal Accident Insurance :**

Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.12,000/-.

THIRTYFIRST ANNUAL REPORT**Category - 'B'**

- i) Company's contribution towards Provident Fund as per the Rules of the Company but not exceeding limits as prescribed under the Government regulations from time to time.
- ii) Company's contribution towards Superannuation Fund as per the rules of the Company, but it shall not, together with the Company's contribution to Provident Fund, exceed 25% of the salary. Contribution to Provident Fund and Superannuation Fund shall not be included in computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act.
- iii) Gratuity as per the rules of the Company but shall not exceed half month's salary for each completed year of service.
- iv) Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.
- v) He will not be entitled to any sitting fees for attending the meeting of the Board of Directors or committees thereof.

Category - 'C'

- i) He will be entitled to free use of Company's Car with driver for official as well as for personal purposes.
- ii) The Company shall provide him mobile phone and also telephone, telefax and other communication facilities at residence and these will not be considered as perquisites. However, he shall be charged a sum of Rs. 1000/- per month towards use of these for personal purposes."

"FURTHER RESOLVED that in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Shri M. S. Agarwal by way of salary, allowances, and perquisites, shall not exceed the maximum limit as prescribed under Schedule XIII of the Companies Act, 1956."

6. 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, Shri Manoj Agarwal, be and is hereby re-appointed as Executive Director of the Company on fresh terms and conditions contained hereinbelow for a period of 3 years w.e.f. 1st September, 2002 :-

- | | | |
|-----------------------|---|---|
| I. SALARY | : | Rs. 60,000 - 15,000 - 90,000/- per month |
| II. SPECIAL ALLOWANCE | : | 25% of Basic Salary |
| III. PERQUISITES | : | Perquisites shall be allowed in addition to salary as under. However these shall be restricted to an amount equal to the annual salary, subject to an overall ceiling as mentioned hereinafter :- |

Category - 'A'*i) Housing :*

The expenditure incurred by the Company on hiring unfurnished accommodation shall be subject to a ceiling of forty percent of the salary over and above ten percent payable by Shri Manoj Agarwal.

In case no accommodation is provided by the Company, the Company shall pay house rent allowance to the extent of forty percent of salary of Shri Manoj Agarwal.

The Company shall provide such furniture and furnishing as may be required by the Executive Director. Further, the expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.

ii) Medical Reimbursement/Medical Insurance :

Reimbursement of actual medical expenses incurred for self and family in India and / or abroad including hospitalisation, subject to ceiling of one month's salary in a year or three months' salary over a period of 3 years.

In addition, the Company will reimburse him towards Medical Insurance Premium, the amount of which shall not exceed Rs. 15,000/- per annum.

iii) Leave Travel Concession :

For self and family, once in a year to any place in India or abroad subject to a ceiling of one month's salary.

KANPUR PLASTIPACK LIMITED*iv) Club Fees :*

Fees of club subject to maximum of two clubs. No admission and life membership fee will be paid.

v) Personal Accident Insurance :

Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.12,000/-.

Category - 'B'

- i) Company's contribution towards Provident Fund as per the Rules of the Company but not exceeding limits as prescribed under the Government regulations from time to time.
- ii) Company's contribution towards Superannuation Fund as per the rules of the Company, but it shall not, together with the Company's contribution to Provident Fund, exceed 25% of the salary. Contribution to Provident Fund and Superannuation Fund shall not be included in computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act.
- iii) Gratuity as per the rules of the Company but shall not exceed half month's salary for each completed year of service.
- iv) Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.
- v) He will not be entitled to any sitting fees for attending the meeting of the Board of Directors or committees thereof.

Category - 'C'

- i) He will be entitled to free use of Company's Car with driver for official as well as for personal purposes.
- ii) The Company shall provide him mobile phone and also telephone, telefax and other communication facilities at residence and these will not be considered as perquisites. However, he shall be charged a sum of Rs. 1000/- per month towards use of these for personal purposes."

"FURTHER RESOLVED that in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Shri Manoj Agarwal by way of salary, allowances, and perquisites, shall not exceed the maximum limit as prescribed under Schedule XIII of the Companies Act, 1956."

7. 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 whole-time employment of the Company with the designation as Director (Operations) on the fresh terms and conditions as contained hereinbelow for a period of 3 years w.e.f. 1st January, 2002 :-

I. SALARY :

Rs. 30,000/- (Rs. thirty thousand only) per month with such annual increments as the Board may decide from time to time within the overall limit as prescribed by Schedule XIII to the Companies Act, 1956. Total salary not exceeding Rs. 50,000/- per month.

II. PERQUISITES :

Perquisites shall be allowed 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 actual medical 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.

THIRTYFIRST ANNUAL REPORT**Category - 'B'**

- i) Company's contribution towards Provident Fund as per the Rules of the Company but not exceeding limits as prescribed under the Government regulations from time to time.
- ii) Gratuity as per the rules of the Company but shall not exceed half month's salary for each completed year of service.
- 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 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."

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

"Resolved that pursuant to Sec. 17 and all other applicable provisions, if any, of the Companies Act, 1956, the following Clause 3A to be inserted after Clause 3 in the Main Objects Clause of Memorandum of Association of the Company :

CLAUSE 3A : To carry on the business of exporters, importers, distributors, traders, merchants, dealers, representatives, selling agents, buying agents, buyers, repackers, sellers, wholesalers, retailers, suppliers and stockists of all kinds and variation of polymers, chemicals and engineering items."

Registered Office :

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

30th July, 2002

By order of the Board of Directors
For 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 Registered 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 19.09.2002 to 21.09.2002 (both days inclusive).
4. Members who have multiple folios with identical order for 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.**
7. As per amended provisions of the Companies Act, 1956, the nomination facility is available to the shareholders. Those who are desirous, may write to the Company for necessary prescribed forms.
8. THE EQUITY SHARES OF THE COMPANY HAVE BEEN PLACED UNDER COMPULSORY DEMAT TRADING W.E.F. 31st MARCH 2002. MEMBERS WHO HAVE NOT YET DEMATERIALIZED THEIR PHYSICAL HOLDING IN THE COMPANY ARE ADVISED TO AVAIL THE FACILITY OF DEMATERIALIZATION OF EQUITY SHARES OF THE COMPANY.

KANPUR PLASTIPACK LIMITED**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) AND OTHER GENERAL INFORMATION PURSUANT TO SECTION II PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956****Item No. 5 & 6 :**

Shri M.S. Agarwal (75 years) was re-appointed as Chairman & Managing Director of the Company w.e.f. 1st September 2000 for a period of five years u/s 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956. He has over 50 years experience of the industry and the performance of the Company has improved considerably and the Company has been able to turnaround during his tenure as Managing Director of the Company and now the finances are on sound footing. In view of this, his continued services will be greatly beneficial to your Company.

Shri Manoj Agarwal (48 years) was re-appointed as Executive Director of the Company w.e.f. 1st September 2000 for a period of five years u/s 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956. Shri Manoj Agarwal, a Management Post Graduate, has ably assisted in turning around the performance of the Company and is the main guiding factor in the development of Export Market. He has contributed for the Company's excellent performance and is a key person of the Company and, therefore, his continued services will be in the interest of the Company.

In view of the increased cost of living coupled with prevalent scale of salary for the services of Chief Executives of the corporate sector, read with amended Schedule XIII of the Companies Act, 1956 vide Notification No. GSR 36(E) dated 16th January 2002, the Board has re-appointed Shri M.S. Agarwal and Shri Manoj Agarwal on fresh terms and conditions for a period of three years w.e.f. 1st September 2002 in the Board Meeting held on 30th July 2002, as are contained in Resolution No. 5 and 6 respectively.

The Board recommends the proposed resolution at Item No. 5 & 6 for your approval as a SPECIAL RESOLUTION. It is also pertinent to mention that Shri M.S. Agarwal has attained the age of 75 years, hence in view of the amended Schedule XIII, his re-appointment would not require Central Government's approval, if approved by share-holders by way of special resolution.

The mention of the terms and conditions of re-appointment of Shri M.S. Agarwal as Chairman and Managing Director and Shri Manoj Agarwal, Executive Director of the Company, in the notice be treated as compliance of Section 302 of the Companies Act, 1956.

The proposed remuneration of Mr. M. S. Agarwal, Chairman & Managing Director and Shri Manoj Agarwal, Executive Director has been approved by the Remuneration Committee constituted under Schedule XIII of the Companies Act, 1956.

None of the Directors, except Shri M.S. Agarwal and Shri Manoj Agarwal himself and Mrs. Santosh Agarwal being relatives, are concerned or interested in these resolutions.

OTHER GENERAL INFORMATION

i. The Company is presently engaged in manufacturing of HDPE / PP Fabric and Sacks. The turnover of the Company during the last 3 years 1999-00, 2000-01 & 2001-02 was Rs. 3713 lacs, Rs. 3841 lacs and Rs. 3049 lacs respectively.

ii. Financial performance of the Company during the last 3 years have been as under :-

Year	Sales & Other Income	Operating Profits	(Rs in lacs) Net Profits After Tax
1999-00	3945.03	239.77	129.94
2000-01	3904.01	244.96	126.93
2001-02	3117.99	174.80	89.61

iii. The Company made exports of its products worth Rs. 1036 lacs, Rs. 1251 lacs and Rs. 881 lacs during 1999-00, 2000-01 & 2001-02.

iv. The past salary of Shri M. S. Agarwal has been Rs. 50,000-5,000-70,000 per month alongwith other perquisites and of Shri Manoj Agarwal Rs. 40,000-5,000-60,000 per month alongwith other perquisites.

THIRTYFIRST ANNUAL REPORT

- v. In the industry it is a normal trend of providing remuneration to the Chief Executives in the range of Rs. 3 to Rs. 4 lacs inclusive of perquisites per month. It is also pertinent to mention that the loss making Companies are also providing remuneration of this level to its Chief Executives. The fact, which is very important, is the contribution of the person towards the Company. The performance of the Company has improved substantially during the tenure of Shri M. S. Agarwal as Chairman & Managing Director and Shri Manoj Agarwal as Executive Director of the Company.
- vi. Shri M. S. Agarwal, Managing Director is the father of Shri Manoj Agarwal, Executive Director and is husband of Smt. Santosh Agarwal, Director of the Company.
- vii. The Company's production and sales and consequently the profitability during the year 2001-02 has been adversely affected due to prolonged labour unrest and complete suspension of operations for about 20 days. However, now the operations are completely normal. The exports of the Company were also affected due to interim review of anti dumping duties launched by the European Commission. The Company is taking necessary steps and is hopeful to improve its performance as explained in the Directors' Report.

Item No. 7

Shri A.K. Bhatnagar has been in the Company for about 18 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. 01.01.2002 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.

The appointment of Shri A. K. Bhatnagar was made before the amendment of Schedule XIII of the Companies Act, 1956 i.e. before 16.01.2002. Therefore, his remuneration need not be approved by the Remuneration Committee.

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.

Item No. 8

The Company is presently engaged in manufacturing of HDPE / PP Fabrics and Sacks and now intends to act as Consignment Stockists of Polymers (which is being used by the company as the main raw material) and also intends to engage in trading activities of allied items like chemicals and engineering items. Though the Clause 2 of the Main Objects Clause of the Memorandum of Association covers the trading of polymers, however in order to make the Main Objects Clause wider in scope, the new additional clause needs to be inserted. As per the provisions of Section 17 of the Companies Act 1956, the objects clause of the Memorandum of Association can be amended by the shareholders by way of special resolution. As per the amended provisions of the Companies Act 1956, the approval of Company Law Board is not required for changes in objects clause. The necessary Resolution for amending object clause is contained in item No. 8 of the notice.

None of the Directors are concerned or interested in the above resolution.

Registered Office :

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

30th July, 2002

By order of the Board of Directors
For KANPUR PLASTIPACK LIMITED

M. S. AGARWAL

Chairman & Managing Director