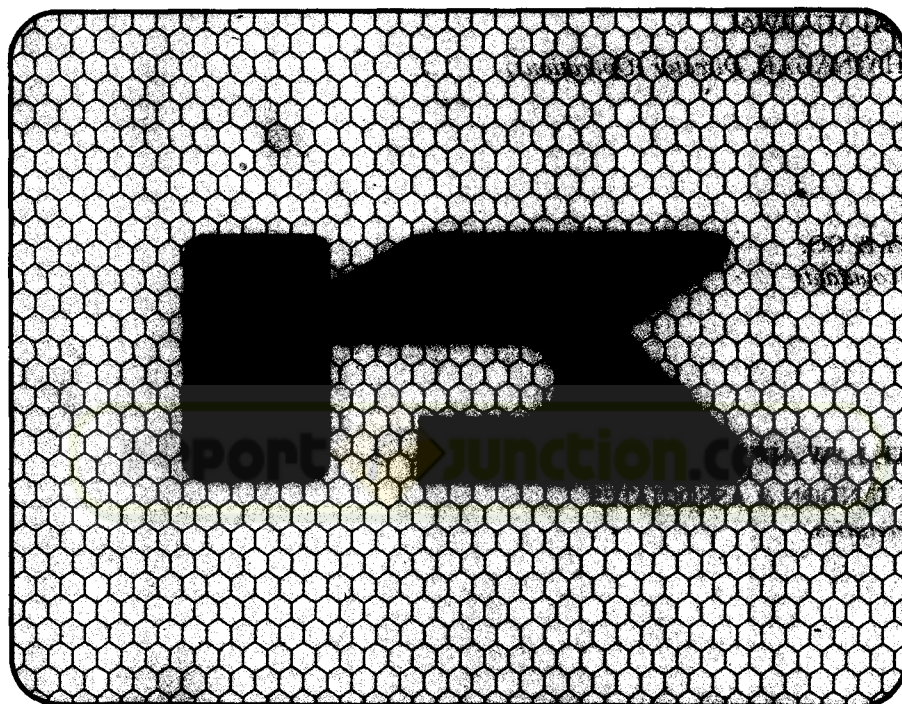


32nd Annual Report 2002-2003



**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

Dr. J. N. GUPTA

Smt. SANTOSH AGARWAL

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

AUDITORS

M/s. PANDEY & CO.
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.

AN ISO 9001 : 2000 ACCREDITED COMPANY

KANPUR PLASTIPACK LIMITED**NOTICE**

NOTICE is hereby given that the THIRTY SECOND 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 - 208022 on Tuesday the 30th September 2003, at 2.30 p.m. to transact the following businesses :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 2003 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 B. L. Manchanda, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri Manoj Agarwal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of ensuing 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 an ORDINARY RESOLUTION :

"RESOLVED THAT Dr. J. N. Gupta, who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director of the Company be and is hereby appointed as Director of the Company, subject to retirement by rotation under the Articles of Association of the Company."

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 necessary approval/permission, the equity shares of the Company be got delisted from U.P. Stock Exchange Association Ltd., Kanpur, Delhi Stock Exchange Ltd. and Calcutta Stock Exchange."

"FURTHER RESOLVED THAT Shri M. S. Agarwal, Managing Director and Shri Manoj Agarwal, Executive Director of the Company be and is hereby authorised severally to move the applications for delisting and to publish notice, if necessary and to do all acts, deeds, matters or things necessary or incidental for delisting of equity shares and / or as may be directed or required by the concerned authorities."

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

"RESOLVED THAT Shri Manoj Agarwal, Executive Director of the Company, be and is hereby re-designated as Joint Managing Director w.e.f. 1st October, 2003, for the remaining period of his tenure at the existing terms and conditions as contained in the resolution dated 21st September, 2002, passed by shareholders."

"FURTHER RESOLVED THAT pursuant to the provisions of Section 255 of the Companies Act, 1956 and applicable provisions of the Articles of Association of the Company, he will not be liable to retire by rotation."

"FURTHER RESOLVED THAT Shri M. S. Agarwal, Managing Director of the Company, be and is hereby authorised to do all acts, deeds, matters or things necessary or incidental to give effect to this resolution."

By order of the Board of Directors

For KANPUR PLASTIPACK LTD.

M. S. AGARWAL

Place : Kanpur

Date : 30th June, 2003 *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 26.09.2003 to 30.09.2003 (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. at its Registered Office.
7. As per the provisions of the Companies (Amendment) Act, 1999, facility for making nomination is available to the shareholders and fixed deposit holders in respect of shares or deposits held by them. The nomination can be made by filing the prescribed Form No. 2B. Nomination forms may also be requisitioned from the Company.
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

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ADVISED TO AVAIL THE FACILITY OF DEMATERIALIZATION OF EQUITY SHARES OF THE COMPANY.

9. The Explanatory Statement, as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
10. Members/ Proxies are requested to bring attendance slip duly filled in along with their copies of Annual Report in the meeting.
11. All material documents are open for inspection by the members on all working days during office hours at the Registered Office of the Company till the conclusion of the meeting.

12. Details of Directors as required under Clause 49 of the Listing Agreement with the Stock Exchanges :

- a) Shri B. L. Manchanda is a retired Senior Executive. He had been associated with Financial Institutions viz. UPFC, UPSIDC etc. for a very long period of time and has wide industrial experience. He is also Director in M/s. Shiva Paper Mills Ltd., New-Delhi, Golden Proteins Ltd., New-Delhi, and Upper India Couper Paper Mills Ltd, Lucknow.
- b) Shri Manoj Agarwal retires by rotation and being eligible offers himself for reappointment. His details are contained elsewhere in the notice.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT :

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

Item No. 5 :

Pursuant to Section 260 of the Companies Act, 1956, Dr. J. N. Gupta was appointed as an Additional Director of the Company w.e.f. 28/01/2003. Dr J. N. Gupta will hold office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member alongwith a deposit of Rs. 500/- proposing the candidature of Dr. J. N. Gupta for the office of Director of the Company under the provisions of the Companies Act, 1956.

Dr. J. N. Gupta aged 61 years has worked for more than 25 years as a Professor of Economics in a Degree College. Further he has over five years experience as Executive Director of the U. P. Stock Exchange Association Ltd., Kanpur. At present he is the Director of Dr. Gaur Hari Singhania Institute of Management & Research, Kanpur. He has wide experience of industry. Keeping in view his vast knowledge and experience, it will be in the interest of the Company that Dr. J. N. Gupta be appointed as a Director of the Company. Your Directors, therefore recommend the resolution for your approval.

Save and except Dr. J. N. Gupta, none of the Directors of the Company is, in any way, concerned or interested in this resolution.

Item No.6 :

Recently the Securities Exchange Board of India has issued the guidelines titled as SEBI (Delisting of Securities) Guidelines 2003, which deals with the Delisting of the Shares from Stock Exchanges. As per the guidelines, there is no necessity of providing any exit route to the investors, in case securities are continued to be listed on Stock Exchange having nationwide terminals viz. Mumbai Stock Exchange or National Stock Exchange.

Therefore, it is proposed that the delisting of securities from Delhi, Calcutta & Kanpur Stock Exchanges, be made subject to compliance of above guidelines and other conditions/ stipulations as may be required. The shares shall continue to be listed on Mumbai Stock Exchange. It is pertinent to mention that delisting from aforesaid Stock Exchanges

would not affect investors' rights and liquidity in any manner and would not be prejudicial to their interest. The said guidelines inter-alia also contains the provision for obtaining the shareholders permission by special resolution. Therefore, the said resolution is being placed before you as item no. 6 for your approval and enabling the Directors to take all necessary steps and do all things.

None of the Directors of the Company is, in any way, concerned or interested in this resolution save and except to their existing share holding.

Item No. 7 :

Shri Manoj Agarwal (49 years) is working as Executive Director of the Company and he has been reappointed from time to time pursuant to applicable provisions of the Companies Act and other rules and regulations. Lastly he was reappointed as Executive Director of the Company w.e.f. 1st September, 2002 for a period of three years under the provisions of Sections 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956. Shri Manoj Agarwal, a Management Post Graduate, has ably assisted in improving all round performance of the Company and is the main guiding and motivating person in overall operations of the Company. In order to enable him to represent the Company in a better manner, it is proposed to redesignate him as Joint Managing Director of the Company, subject to the approval of members for the remaining period of his tenure, expiring on 31st August 2005, at the existing terms and conditions as contained in the resolution of shareholders passed on 21st September 2002, which inter-alia contains salary Rs. 60000-15000-90000 plus allowances and perquisites within the limits of Schedule XIII of the Act. It is also proposed that he shall not be subject to retirement provisions. He is also Director in M/s. KSM Exports Ltd., Kanpur.

None of the Directors, except Shri Manoj Agarwal himself, Shri M. S. Agarwal and Smt. Santosh Agarwal being relatives, are concerned or interested in this resolution.

By order of the Board of Directors
For KANPUR PLASTIPACK LTD.

M. S. AGARWAL

Place : Kanpur

Date : 30th June, 2003

Chairman & Managing Director

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

Your Directors have pleasure in presenting the 32nd Annual Report together with Audited Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	2002-2003	2001-2002
Income	3,545.89	3,116.99
Operating Profit	153.71	174.80
Less : Interest	47.10	29.04
Less : Depreciation	57.06	56.15
Profit before Tax	49.55	89.61
Provision for taxation - Current	1.00	4.00
- Deffered Tax	9.64	—
Net Profit for the year	38.91	85.61

REVIEW OF OPERATIONS

The total income of your Company has gone up by about 14% and production in quantity by about 10%. However, the profits are down due to the payment of a sum of Rs. 48.51 lacs pursuant to the order of Central Excise Settlement Commission. During the year the Company has also cleared its balance liabilities of Rs.114 lacs towards the Sales Tax Deferment dues to the Government of U. P. . Thus the entire institutional/Govt. liabilities as envisaged in the rehabilitation scheme have now been cleared. The liquidity of the Company was affected due to these payments resulting in increased financial costs. The Company had already been deregistered from BIFR on 28/07/2000.

In order to conserve its resources, no dividend is recommended.

During the year the Company started Trading Activities and was appointed Consignment Stockist for Polymers of GAIL (India) Ltd. for Kanpur region. This additional activity for the part of the year improved the Company's bottomline.

EXPORTS

The Company continues to lay its emphasis for developing export of its products. The exports during the year have gone up by about 15% in comparison to the previous year.

PROSPECTS

Our relations with the domestic and export customers continue to be on a sound footing and with their continued confidence in your Company's products, we hope to maintain progress inspite of severe competition in the industry. It is heartening to note that the Central Govt. has notified dilution in Jute Packaging Act, whereby Sugar and Food grain packing for the first time has been allowed partially to be packed in the plastic woven sacks. Your Company is well placed to encash this opportunity.

The trading activities of Polymers should improve during the year, which will further contribute to Company's profits.

FIXED DEPOSITS

The Company has total fixed deposits of Rs. 100.77 as on 31.03.2003. This is to confirm that there are no overdue, unpaid/unclaimed deposits. The interest has also been paid in time to all deposit holders.

DIRECTORS

Shri B. L. Manchanda and Shri Manoj Agarwal retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Mr. Manoj Agarwal, was reappointed as Executive Director in terms of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956. The Board has now decided to redesignate him as Joint Managing Director for the remaining period of his tenure subject to the approval of shareholders and he will not be subject to retirement provisions.

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Dr. J. N. Gupta, who was appointed as an Additional Director by the Board in its meeting held on 28.01.2003, holds office up to the ensuing Annual General Meeting. A notice has been received from a member proposing his candidature as a Director as contained in the notice.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is furnished as a part of the Directors' Report alongwith a certificate from the Company's Auditors regarding compliance at Annexure 'A' forming part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND 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 relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure 'B' forming part of this report.

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 the aggregate was not less than Rs. 24.00 lacs 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. 2.00 lacs per month.

LISTING

The shares of the Company at present are listed at Kanpur, Mumbai, Delhi and Kolkata Stock Exchanges and it is confirmed that Listing Fees have been paid to them. In view of the fact that the shares of the Company are normally not traded except at Mumbai Stock Exchange, it is proposed to delist the shares of the Company from the stock exchanges at Kanpur, Delhi and Kolkata. The said proposal would not affect the rights of investors and would save the Company from the listing fee & other administrative costs.

AUDITORS

The Statutory Auditors M/s. Pandey & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :-

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation to material departures;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) the Directors had 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 frauds and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors express their deep appreciation and thanks to the Govt. of U.P., State Bank of India, Customers and various Govt. Agencies for their continued support, cooperation and assistance during the year. The Directors express their thanks for sincere and dedicated efforts put in by the Officers, Staff and Workers for maintaining continued improvement in Company's operations.

Place : Kanpur

Date : 30th June, 2003

For and on behalf of the Board

M. S. AGARWAL

Chairman & Managing Director

KANPUR PLASTIPACK LIMITED**ANNEXURE '1' TO THE DIRECTORS' REPORT****REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY :**

The Company's philosophy of Corporate Governance aims at assisting the management of the Company in the efficient conduct of its business and in meeting its responsibilities to all the stakeholders viz. Promoters, Shareholders, Customers, Lenders, Dealers, Vendors, Government and Employees. It is towards this end that efforts are made to maintain high standards of disclosure to the shareholders and internal compliance guidelines for better Corporate Governance.

2. BOARD OF DIRECTORS :

The Board comprises of three Whole Time Directors – Managing Director, Executive Director and Director (Operations) and five Non-Executive Directors. Four of the five Non-Executive Directors are independent Directors. The composition of the Board and other relevant details relating to Directors are as under :

Name of the Director	Category	No. of Board Meetings Attended	Whether attended last AGM	No. of other Directorship	No. of other Chairmanship / Membership of Committees
Mr. M. S. Agarwal	Executive	5	Yes	3	NIL
Mr. Manoj Agarwal	Executive	5	Yes	3	NIL
Smt. Santosh Agarwal	Non-Executive	4	No	1	NIL
Mr. B. L. Manchanda	Non-Executive & Independent	4	No	3	NIL
Mr. S. M. Jain	Non-Executive & Independent	5	Yes	1	2
Mr. P. K. Goenka	Non-Executive & Independent	5	Yes	6	NIL
Dr. J. N. Gupta *	Non-Executive & Independent	NIL	No	NIL	NIL
Mr. A. K. Bhatnagar	Executive	3	Yes	NIL	NIL

* Dr. J. N. Gupta was appointed as an Additional Director with effect from 28.01.2003.

Details of Board Meetings held during the year 2002-03

During the year 2002-03, five Board meetings were held on 27th June 2002, 30th July 2002, 21st September 2002, 31st October 2002 and 28th January 2003. The last Annual General Meeting of the Company was held on 21st September, 2002.

3. AUDIT COMMITTEE :

In compliance with Clause 49 of the Listing Agreement, the Board has constituted an Audit Committee comprising of the following three Independent Non-Executive Directors :

1. Shri S. M. Jain Chairman
2. Dr. J. N. Gupta Member
3. Shri P. K. Goenka Member

The terms of reference of the Audit Committee include review of Quarterly, Half-Yearly and Annual Financial Statements before submission to the Board for its approval, to review adequacy of internal control system, to apprise the Board on the impact of accounting policies, accounting standards and other legislation, to hold periodical discussions with Statutory Auditors on the scope and content of the audit and to review the Company's financial and risk management policies. The members of the Committee are well versed in matters relating to finance, accounts, company law and other economic legislations.

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4. SHAREHOLDERS'/INVESTOR GRIEVANCE COMMITTEE :

The Committee is headed by Mr. P. K. Goenka, a Non Executive & Independent Director. Other two members are Mr. M. S. Agarwal and Mr. Manoj Agarwal. The committee oversees the matter relating to transfer of shares, demat of shares, issue of duplicate share certificates, redressal of shareholders / investors grievances and complaints regarding non-receipt of dividends, Annual Reports, etc.

All the complaints received from shareholders and investors during the year 2002-03 have generally been solved to the satisfaction of the complainants. All valid transfers received during the year 2002-03 have been acted upon by the Company and the number of pending share transfers as on March 31, 2003 was one. This has been since acted upon.

5. REMUNERATION COMMITTEE :

The Board has constituted a Remuneration Committee consisting of three Non-Executive Independent Directors. Mr. B. L. Manchanda is the Chairman of the Committee and Shri P. K. Goenka and Shri S. M. Jain are the members of the Committee. The brief description of the terms of reference are fixation of salary, perquisites, commission, etc. to be payable to the Directors of the Company.

The committee puts its recommendations before the Board of Directors and the same is then put up before the Shareholders. The Committee met once during the year on 30.07.2002.

The Company has no pecuniary relationship or transaction with its Non-Executive Directors other than payment of sitting fees to them for attending Board and Committee Meetings. The Company pays fees for professional services rendered by a firm of Chartered Accountants, of which a Non-Executive Director is a partner.

The details of remuneration paid to Directors of the Company during the year 2002-03 are as under :

	<i>Rs. in lacs</i>
(i) Salary	26.84
(ii) Perquisites	6.48
Total	33.32

The Company does not pay any remuneration to its Non Executive Directors, except sitting fee for attending the meetings of the Board and Committees thereof. The Company pays sitting fee @ Rs.1000/- for attending each meeting of the Board of Directors and Rs. 500/- for each meeting of Committee of the Directors, besides reimbursement of travelling expenses.

6. GENERAL BODY MEETING :

Location and time where the last three Annual General Meetings were held :

YEAR	DATE	TIME	LOCATION OF THE MEETING
1999-00	29.08.00	3.30 P.M.	D-19-20, Panki Industrial Area, Kanpur
2000-01	29.09.01	2.30 P.M.	D-19-20, Panki Industrial Area, Kanpur
2001-02	21.09.02	2.30 P.M.	D-19-20, Panki Industrial Area, Kanpur

No special resolution was put through postal ballot last year nor it is proposed to put any special resolution to vote through postal ballot this year.

7. DISCLOSURES :

- (a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

None of the transactions with any of the related parties were in potential conflict with the interests of the Company at large. However, attention is drawn to Note No. 20 in Schedule 20 under Notes to Accounts.

- (b) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or by any statutory authority, on any matter related to capital markets, during the last three years.

8. MEANS OF COMMUNICATION :

The quarterly, half yearly and annual results of the Company are sent to all the Stock Exchanges, where the Company's