

33rd Annual Report
2003-2004



**KANPUR
PLASTIPACK LTD.**

KANPUR PLASTIPACK LIMITED

BOARD OF DIRECTORS

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

Shri MANOJ AGARWAL, *Joint Managing 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 & COMPANY

Chartered Accountants

KANPUR

COMPANY SECRETARY

Shri ALOK MISHRA

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 THIRD 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 - 22 on Tuesday the 21st September 2004, 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, 2004 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 A. K. Bhatnagar, 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 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 a Special Resolution:
"RESOLVED THAT in suppression to the resolution passed by the Company at its 21st Annual General Meeting held on 29th September 1992, in relation to the exercise of borrowing power, the Board of Directors of the Company be and is hereby authorised to borrow from time to time up to a limit of not exceeding in the aggregate of Rs. 25,00,00,000 (Rs. Twenty Five crores) notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained from Company's bankers on the Ordinary course of businesses) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes."

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

Place : Kanpur M. S. AGARWAL
Date : 17th June, 2004 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 17.09.2004 to 21.09.2004 (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, 1956, facility for making nomination is available to the shareholders and fixed deposit holders.
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 URGENTLY.**
9. Members/ Proxies are requested to bring attendance slip duly filled in along with their copies of Annual Report in the meeting.
10. All material documents are open for inspection by the members on all working days at the Registered Office of the Company till the conclusion of the meeting.
11. **Details of Directors as required under Clause 49 of the Listing Agreement with the Stock Exchanges :**
Shri A.K. Bhatnagar & Smt. Santosh Agarwal retire by rotation and being eligible offers themselves for reappointment.
 - a) Shri A. K. Bhatnagar has been working with the Company since last 20 years. He is a Textile Engineer and has substantially contributed in the growth of the Company. In view of his knowledge and experience, the Board proposes to re-appoint him in the Board of Directors of the Company.
 - b) Smt. Santosh Agarwal is one of the promoters as well as the subscribers to the Memorandum & Articles of Association of the Company. She has continuously served on the Board since the incorporation of the Company and has given valuable advice from time to time. The Board proposes to re-appoint her in the Board of Directors of the Company.

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

Place : Kanpur M. S. AGARWAL
Date : 17th June, 2004 Chairman & Managing Director
Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956
ITEM No. 5

The consent of the Company was accorded to the Board of Directors by the shareholders in the meeting dated 29.09.1992 for borrowing from time to time all such sums of money up to a limit of Rs. 15 crores (Rs. Fifteen crores) (apart from temporary loans obtained or to be obtained from Company's Bankers in the ordinary course of business over and above the aggregate of the paid up capital of the Company and its free reserves. In view of Company's emphasis on increasing exports, the Company's fund requirement has gone up. The present borrowing limit of Rs. 15 crores over and above the aggregate of the paid up capital of the Company and its free reserves is, therefore, considered inadequate. The consent of the Company in General Meeting under Section 293 (1)(d) of the Companies Act, 1956, is therefore being sought for increasing the borrowing limit up to Rs. 25 crores (Rs. Twenty five crores) over and above the aggregate of the paid up capital of the Company and its free reserves.

THIRTY THIRD ANNUAL REPORT**DIRECTORS' REPORT****TO THE MEMBERS,**

Your Directors have pleasure in presenting the 33rd Annual Report together with Audited Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS :

| | (Rs. in Lacs) | |
|----------------------------------|------------------|------------------|
| | <u>2003-2004</u> | <u>2002-2003</u> |
| Income | 4,029.08 | 3,545.89 |
| Operating Profit | 215.74 | 153.71 |
| Less : Interest | 64.72 | 47.10 |
| Less : Depreciation | 60.35 | 57.06 |
| Profit before Tax | 90.67 | 49.55 |
| Provision for taxation - Current | 11.80 | 1.00 |
| - Deferred Tax | 17.95 | 9.64 |
| Net Profit for the year | 60.92 | 38.91 |

REVIEW OF OPERATIONS :

Total income has gone up by about 13.5 % and production in quantity terms by about 5%. The net profit has also gone up to Rs. 61 lacs in comparison to Rs. 39 lacs in the earlier year.

The Trading Activities as consignment stockist of Gail (India) Ltd. has improved the Company's bottomline.

The Company continues to stabilise its operations and has been earning profits for last few years. The reserves & surplus now stands at Rs. 458.21 lacs after providing deferred tax liability for Rs. 80 lacs.

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

EXPORTS :

Tremendous efforts put in by the management has resulted in increase in exports turnover by 40% in comparison to previous year and in quantity terms export have gone up by about 26% against the earlier year. The Company continues to focus its energies for export development.

PROSPECTS :

With stiff competition in the domestic market, the Company lay stress on value added export items, which will be our thrust area for the future.

Our relations with the domestic and export customers continue to be cordial and the management is confident of maintaining steady progress. Energy costs continue to rise, and remain a cause of concern. The management is taking steps to contain costs in this direction.

In spite of the best efforts of the industry, the adverse effects of the Jute Packaging Act still continues in the domestic market where legal hurdles are being created by our competing industry.

The trading activity of Polymers continues to improve and is giving a positive contribution to the bottomline.

FIXED DEPOSITS :

The Company has total fixed deposits of Rs. 75.40 Lacs as on 31.3.2004. This is to confirm that there are no overdue, unpaid/unclaimed deposits. The interest has also been paid in time to all deposit holders.

KANPUR PLASTIPACK LIMITED**DIRECTORS :**

Shri A. K. Bhatnagar and Smt. Santosh Agarwal retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE :

A separate report on Corporate Governance is furnished as a part of the Directors' Report along with 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 Company's equity shares at present are listed at Mumbai Stock Exchange and it is confirmed that listing fees have been paid to them. In accordance with the approval granted by the shareholders and pursuant to the provisions of SEBI (Delisting of Securities) Guidelines, 2003, the Company has got its equity shares delisted from the Stock Exchanges at Delhi and Kanpur, during the year. The delisting from Stock Exchange at Kolkata is in advance stage and the approval is expected to be received soon.

AUDITORS :

The statutory Auditors M/s. Pandey & Company, 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 fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT :

Your Directors take this opportunity of placing on record their sincere appreciation and gratitude to the overwhelming cooperation and assistance received from the State Bank of India, other Govt. Agencies and esteemed customers for their continued support, cooperation and assistance during the year.

Your Directors also express their appreciation for whole-hearted commitment, contribution, sincere and dedicated efforts put in by the Officers, Staff and Workers for maintaining continued improvement in Company's overall performance.

For and on behalf of the Board

Place : Kanpur
Date : 17th June, 2004

M. S. AGARWAL
Chairman & Managing Director

THIRTY THIRD ANNUAL REPORT**ANNEXURE - 'A' TO THE DIRECTORS' REPORT****REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY :**

Corporate Governance is a continuous process that ensures that the Company displays the highest standard of transparency, accountability, fairness and business ethics in its dealing. 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 or 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, Joint Managing 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 |
|----------------------|-----------------------------|--------------------------------|---------------------------|---------------------------|--|
| Mr. M. S. Agarwal | Executive | 6 | Yes | 3 | 1 |
| Mr. Manoj Agarwal | Executive | 5 | No | 3 | 1 |
| Mrs. Santosh Agarwal | Non-Executive | 4 | No | 1 | NIL |
| Mr. B. L. Manchanda | Non-Executive & Independent | 6 | Yes | 3 | 2 |
| Mr. S. M. Jain | Non-Executive & Independent | 4 | No | 2 | 4 |
| Mr. P. K. Goenka | Non-Executive & Independent | 5 | Yes | 5 | 5 |
| Dr. J. N. Gupta | Non-Executive & Independent | 6 | Yes | 1 | 1 |
| Mr. A. K. Bhatnagar | Executive | 5 | Yes | NIL | NIL |

DETAILS OF BOARD MEETINGS HELD DURING THE YEAR 2003-04 :

During the year 2003-04, five Board Meetings were held on 27th May 2003, 30th June 2003, 31st July 2003, 31st October 2003 and 30th January 2004. The last Annual General Meeting of the Company was held on 30th September, 2003.

3. AUDIT COMMITTEE :

In compliance with Clause 49 of the Listing Agreement, the Board has constituted an Audit Committee comprising of Shri S. M. Jain, Chairman, Shri B. L. Manchanda, Dr. J. N. Gupta and Shri P. K. Goenka, Members of the Committee.

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 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, other economic legislation and general management practices.

KANPUR PLASTIPACK LIMITED**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 2003-04 have generally been solved to the satisfaction of the complainants. All valid transfers received during the year 2003-04 have been acted upon by the Company and the number of pending share transfers as on March 31, 2004 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 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 expenses of travelling etc. 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 2003-04 are as under :

| | Rs. In lacs |
|-----------------|--------------|
| i. Salary | 36.17 |
| ii. Perquisites | 6.87 |
| Total | 43.04 |

6. GENERAL BODY MEETING :

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

| Year | Date | Time | Location of the meeting |
|---------|----------|-----------|-------------------------------------|
| 2000-01 | 29.09.01 | 2.30 P.M. | D-19, Panki Industrial Area, Kanpur |
| 2001-02 | 21.09.02 | 2.30 P.M. | D-19, Panki Industrial Area, Kanpur |
| 2002-03 | 30.09.03 | 2.30 P.M. | D-19, 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. 19 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.

THIRTY THIRD ANNUAL REPORT**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 shares are listed, immediately after they are approved by the Board. These are also published in local Hindi Newspaper and in a National English daily as per the prescribed guidelines.

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

The discussion on financial performance with respect to the operational performance, review of operations, exports, and prospects have been covered in the Directors' Report.

The Company has adequate system of internal controls with regards to purchase of stores, raw materials including components, plant & machinery, equipment, sale of goods and other assets. The internal control system is supplemented by well documented policies and guidelines and the internal audit reports are periodically put upto and reviewed by the top management.

The industrial relations during the year continued to be cordial. The Company is committed to provide necessary human resource development and training opportunities to equip them with the required modern skill and knowledge.

10. GENERAL SHAREHOLDER INFORMATION :

- (i) Registered Office & Works : D-19-20, Panki Industrial Area, Kanpur – 208 022.
- (ii) Annual General Meeting : Date : 21st September, 2004
Time : 2.30 P.M.
Venue: D-19, Panki Industrial Area, Kanpur - 208 022.
- (iii) Financial Year : 1st April to 31st March
- (iv) Date of Book Closure : 17.09.2004 to 21.09.2004
- (v) Dividend payment date : Not applicable
- (vi) Listing on Stock Exchanges : The Stock Exchange, Mumbai

Annual Listing fees for financial year 2004-05 has been paid to the Mumbai Stock Exchange. The Calcutta Stock Exchange is yet to approve the delisting though all necessary requirements have been complied with by the Company. In view of this, listing fees for the year 2004-05 has not been paid to CSE.

(vii) Stock Code :

Mumbai Stock Exchange : 7779

(viii) Share Transfer System :

The shares received for transfer in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being valid & complete in all respects. Any transferee who wishes to get the shares dematerialized may approach a Depository Participant (DP) along with a duly filled Demat Request form.

(ix) Shareholding Pattern as on 31st March, 2004 :

| Category | No. of shares held | Percentage of Shareholding |
|---|--------------------|----------------------------|
| Promoters | 1882968 | 53.23% |
| Mutual Funds and UTI | - | - |
| Financial Institutions, Banks and Insurance Companies | - | - |
| Private Corporate Bodies | 108468 | 3.07% |
| FII's | - | - |
| Indian Public | 1261864 | 35.67% |
| NRIs/OCBs | 284200 | 8.03% |
| TOTAL | 3537500 | 100% |