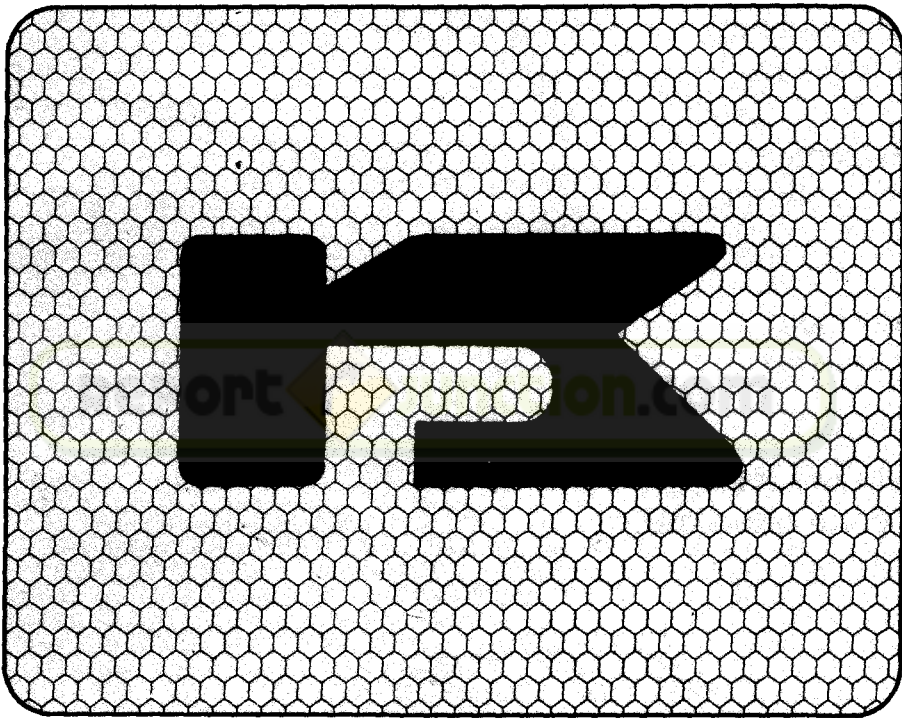


# 35th Annual Report 2005-2006



**KANPUR  
PLASTIPACK LTD.**

**AN ISO 9001 : 2000 ACCREDITED COMPANY**

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**KANPUR PLASTIPACK LIMITED**

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**BOARD OF DIRECTORS**

Shri M. S. AGARWAL, *Executive Chairman*  
Shri MANOJ AGARWAL, *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, *Executive Director*

**COMPANY SECRETARY**

Shri JITENDRA AWASTHI

**AUDITORS**

PANDEY & COMPANY

*Chartered Accountants*

KANPUR

**CORPORATE LAW ADVISORS**

ADESH TANDON & ASSOCIATES

*Company Secretaries*

KANPUR

**BANKERS**

STATE BANK OF INDIA

**REGISTRAR AND TRANSFER AGENT**

SKYLINE FINANCIAL SERVICES PVT. LTD.

123, VINOBA PURI, LAJPAT NAGAR-II

NEW DELHI-110 024

**REGISTERED OFFICE & WORKS**

D-19-20, PANKI INDUSTRIAL AREA,

KANPUR-208 022

**KANPUR PLASTIPACK LIMITED****NOTICE**

NOTICE is hereby given that the THIRTY FIFTH 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 Thursday, the 14<sup>th</sup> day of September, 2006 at 2:30 PM 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 31<sup>st</sup> March, 2006 and Balance Sheet as at that date together with the Reports of Auditors and Directors thereon;
2. To declare dividend on equity shares;
3. To appoint a Director in place of Shri B. L. Manchanda who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Dr. J.N. Gupta, who retires by rotation and being eligible, offers himself for re-appointment;
5. 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.

**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 9<sup>th</sup> September 2006 to 14<sup>th</sup> September 2006 (both days inclusive).

The Dividend on shares when declared will be paid only to those members whose names are registered as such in the Register of Members of the company after giving effect to the valid share transfer in physical form lodged with the company on or before 8<sup>th</sup> September 2006 and the beneficial owners as per the Beneficiary List at the close of the business on 8<sup>th</sup> September 2006, provided by NSDL and CDSL.

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 at least 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 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. 31<sup>st</sup> 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 B. L. Manchanda and Dr. J.N. Gupta retire by rotation and being eligible offers themselves for reappointment.

- a) Shri B. L. Manchanda aged 82 years has vast and diversified experience of about 56 years. He contributed in the industrial growth of Uttar Pradesh by being part of State Government, PSUs like UPFC, UPSIDC and their respective subsidiaries and Private Sector in various capacities. He has got niche in developing systems and procedures. Therefore, with a view to get benefit out of his vast experience and tremendous

## THIRTY FIFTH ANNUAL REPORT

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drive and enthusiasm to contribute to the growth of the Company, the Board recommends his reappointment.

- b) Dr. J. N. Gupta aged 64 years started his career with the Reserve Bank of India in 1962. He has vast academic and management experience spanning over 44 years. He was Executive Director of the U. P. Stock Exchange Association Ltd. and Professor and Director of Dr. Gaur Hari Singhanian Institute of Management & Research, Kanpur. A noted academic and administrative

leader, Dr. J. N. Gupta is presently associated with Jagran Education Foundation, Kanpur as Chief Executive Officer. Keeping in view of his vast knowledge and experience, the Board recommends his reappointment.

By order of the Board  
FOR KANPUR PLASTIPACK LTD.

Place: Kanpur  
Date : 31st July, 2006

M. S. AGARWAL  
*Executive Chairman*



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

Your Directors have pleasure in presenting the 35<sup>th</sup> Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March, 2006.

**FINANCIAL RESULTS :**

	<i>(Rs. in Lacs)</i>	
	<b>2005-2006</b>	<b>2004-2005</b>
Income	<b>5503.38</b>	5320.88
Operating Profit	<b>218.19</b>	271.55
Less : Interest	<b>79.21</b>	70.73
Less : Depreciation	<b>75.09</b>	70.72
Add : Adjustments relating to earlier year	<b>1.40</b>	( 0.67)
Profit before Tax	<b>65.29</b>	129.43
Provision for taxation		
– Current	<b>28.10</b>	30.80
– Deferred Tax	<b>( 5.25)</b>	20.75
– Fringe Benefit Tax	<b>2.25</b>	—
Net Profit for the year	<b>40.19</b>	77.88
<b>Appropriation :</b>		
Proposed Dividend	<b>21.23</b>	21.23
Tax on distributed Profits	<b>2.74</b>	2.98
Transfer to General Reserve	<b>Nil</b>	Nil
Balance carried to Balance Sheet	<b>368.35</b>	352.12

**REVIEW OF OPERATIONS :**

During the year sales increased by 5% although the profits were down by 40%. This was mainly on account of decrease in margins on domestic sales due to stiff competition coupled with company's export realization being affected in the first half of the year when the Indian Rupee strengthened. Corrective steps to restructure sales and monitor forex rates were taken in the second half of the year leading to an improved performance.

During the year your Company was granted "One Star Export House" status from Ministry of Commerce & Industry, Government of India.

The Trading Activities as consignment stockist of GAIL (India) Ltd. continues to contribute to the Company's bottomline.

**DIVIDEND :**

The Directors are pleased to recommend a dividend of 6% for the year 2005-06.

**PROSPECTS :**

The revised strategy for sales that was started in the second half of the year will yield results in the times to come. It is expected that during subsequent years export turnover will be about 70-75% of the Company's sales which will give better contribution and increased profitability. On the operations side the thrust on improved productivity and cost reductions will yield results. The management is confident of maintaining this growth in future.

**FIXED DEPOSITS :**

The company has total fixed deposits of Rs.117.51 lacs (including interest accrued thereon) as on 31.03.2006. 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 :**

During the previous year there was no change in Directorship of your company. Shri B.L. Manchanda and Dr. J.N. Gupta retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**CORPORATE GOVERNANCE :**

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report and a Report on Corporate Governance is attached as Annexure 'A' forming part of this Report. The Auditors' certificate certifying that the Company has complied with the requirements of the Corporate Governance in terms of Clause 49 of the Listing Agreement is attached and forms the part of the Annual 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.

## THIRTY FIFTH ANNUAL REPORT

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

Remuneration received by Shri M.S. Agarwal, Executive Chairman is required to be disclosed in terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Annexure 'C' attached to this Report contains the required information.

### LISTING :

The Company's equity shares continue to be listed at Bombay Stock Exchange. We confirm that the Listing Fees for the financial year 2006-2007 has been paid to them. The Calcutta Stock Exchange has not responded in spite of our several reminders, though we have completed all the legal formalities relating to the Delisting of Securities as per the provisions contained in SEBI (Delisting of Securities) Guidelines, 2003. Hence we have presumed that they have delisted our securities.

### 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 had been followed along with proper explanation to material departures;

- ii) the Directors had selected such accounting policies and applied them consistently and made judgments 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 had 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 State Bank of India, other Govt. Agencies and esteemed customers for their continued support, cooperation and assistance during the year.

Your Directors also wish to place on record 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  
FOR KANPUR PLASTIPACK LTD.

Place : Kanpur  
Date : 31st July, 2006

M. S. AGARWAL  
Executive Chairman

**KANPUR PLASTIPACK LIMITED****ANNEXURE – A****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 :**

As on 31<sup>st</sup> March 2006 the Board of Kanpur Plastipack Limited consisted of three Whole Time Directors – Executive Chairman, Managing Director and Executive Director 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	No. of other Membership
Shri M.S. Agarwal	Executive	6	Yes	3	—	1
Shri Manoj Agarwal	Executive	5	Yes	3	—	1
Smt. Santosh Agarwal	Non Executive	5	No	2	—	—
Shri B.L. Manchanda	Non Executive & Independent	6	Yes	3	—	—
Shri S.M. Jain	Non Executive & Independent	5	Yes	1	1	—
Shri P. K. Goenka	Non Executive & Independent	6	Yes	7	1	1
Dr. J.N. Gupta	Non Executive & Independent	5	Yes	1	—	—
Shri A.K. Bhatnagar	Executive	6	Yes	1	—	—

**Details of Board Meetings held during the year 2005-06 :**

During the year 2005-06, six Board meetings were held on 21<sup>st</sup> April 2005, 30<sup>th</sup> June 2005, 30<sup>th</sup> July 2005, 16<sup>th</sup> September 2005, 28<sup>th</sup> October 2005 and 28<sup>th</sup> January 2006. The last Annual General Meeting of the Company was held on 16<sup>th</sup> September, 2005.

During the year Company has adopted Code of Conduct for Directors and Senior Managerial Personnel and all the requirements under Clause 49 of the Listing Agreement have been complied with. The Declaration to this effect has been given by the Managing Director, which is reproduced at the end of this Report. The information as required under Annexure IA to Clause 49 has been made available to the Board.

**3. AUDIT COMMITTEE :**

In compliance with Clause 49 of the Listing Agreement, the Board has constituted an Audit Committee comprising of independent Directors namely Shri S.M. Jain as Chairman and Dr. J.N. Gupta, Shri P.K. Goenka and Shri B.L. Manchanda as Members of the Committee. Shri Jitendra Awasthi, the Company Secretary acts as the secretary to the committee.

Three Audit Committee Meetings were held during the year 2005-06. The details of the meetings are as under :-

S. No.	Date	Committee Strength	No. of members present
1.	June 30, 2005	4	4
2.	October 28, 2005	4	4
3.	January 28, 2006	4	4



## THIRTY FIFTH ANNUAL REPORT

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.

### 4. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE :

The Committee is headed by Shri P.K. Goenka, a Non Executive & Independent Director. Other two members are Shri M. S. Agarwal and Shri Manoj Agarwal. Shri Jitendra Awasthi, the Company Secretary acts as the Compliance Officer. During the year 2005-06 twenty three Committee Meetings were held.

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 2005-06 have generally been solved to the satisfaction of the complainants. All valid transfers received during the year 2005-06 have been acted upon.

### 5. REMUNERATION COMMITTEE :

The Board has constituted a Remuneration Committee consisting of three Non-Executive Independent Directors Shri 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 Remuneration Committee had met once during the financial year 2005-06 i.e. on 30<sup>th</sup> June 2005 and all the three members were present at the meeting.

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 details of remuneration paid to Directors of the Company during the year 2005-06 are as under :-

	(Rs. In lacs)
i. Salary	48.58
ii. Perquisites	13.40
iii. Sitting Fees	0.42
<b>Total</b>	<b>62.40</b>

### 6. GENERAL BODY MEETING :

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

YEAR	DATE	TIME	LOCATION OF THE MEETING
2004-05	16.09.05	2.30 P.M.	D-19, Panki Industrial Area, Kanpur
2003-04	21.09.04	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

Special Resolution passed at the last three Annual General Meetings :

Meeting Date	Details of the Special Resolution
September 30, 2005	Appointment of:- 1. Shri M. S. Agarwal, Executive Chairman



**KANPUR PLASTIPACK LIMITED**

	2. Shri Manoj Agarwal, Managing Director; and 3. Shri A. K. Bhatnagar, Executive Director.
September 30, 2004	Approval of Borrowings upto Rs. 25,00,00,000/- (Rs. Twenty Five Crores).
September 30, 2003	1. Approval of Delisting from U.P. Stock Exchange Association Limited, Delhi Stock Exchange and the Calcutta Stock Exchange; and 2. Redesignation of Shri Manoj Agarwal as Joint Managing Director (earlier he was Executive Director).

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) There was no materially significant related party transaction i.e. transaction of material nature, with its promoters, the directors or the senior managerial personnel, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large. However, attention is drawn to Note No.21 in Schedule 19 under Notes to Accounts.
- (b) During the year 2005-06 :-
  1. no person has been denied access to the Audit committee;
  2. the company has complied with all the mandatory requirements and most of the non mandatory requirements specified in the revised Clause 49 of the Listing Agreement; and
  3. no penalties or strictures has 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 the Bombay Stock Exchange, where the company's shares are listed, immediately after they are approved by the Board. These are also published in local Hindi newspaper i.e. Amar Ujala/Dainik Jagran and in a National English Daily i.e. The Pioneer/Business Standard as per the prescribed guidelines.

Moreover, Quarterly Shareholding Pattern, Quarterly, Half yearly and Annual results are regularly posted on the website of the company.

**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 report are periodically put to and is 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 : 14<sup>th</sup> September 2006  
Time : 2:30 P.M.  
Venue : D-19-20, Panki Industrial Area, Kanpur 208 022.
- (iii) **Financial Year** : 1<sup>st</sup> April to 31<sup>st</sup> March.
- (iv) **Date of Book Closure** : 9<sup>th</sup> September 2006 to 14<sup>th</sup> September 2006.
- (v) **Dividend payment date, if declared** : 5<sup>th</sup> October 2006.
- (vi) **Listing on Stock Exchanges** : The Bombay Stock Exchange, Mumbai