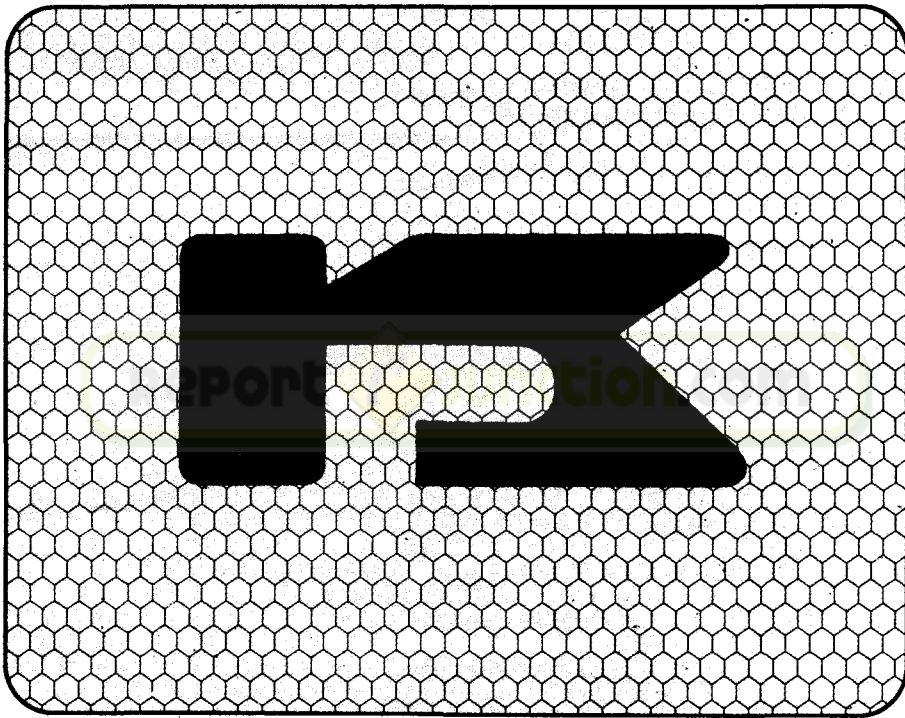


36th Annual Report 2006-2007



KANPUR PLASTIPACK LTD.

A STAR EXPORT HOUSE

KANPUR PLASTIPACK LIMITED

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. G N. MATHUR

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 SIXTH 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 Tuesday the 31st day of July, 2007 at 1:00 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, 2007 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon;
2. To declare a dividend on equity shares;
3. To appoint a Director in place of Shri A. K. Bhatnagar who retires by rotation and, being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Smt. Santosh Agarwal, who retires by rotation and, being eligible, offers herself for re-appointment; and
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.

SPECIAL BUSINESS :

6. To consider and if thought fit to pass, with or without modification(s) the following resolution as an Ordinary Resolution :

“RESOLVED THAT Dr. G. N. Mathur, who was appointed as Additional Director with effect from 11th December, 2006 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing as per Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director liable to retire by rotation.”

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 24/07/2007 to 31/07/2007(both days inclusive).

The entitlement to dividend on shares, when declared and entitlement to equity shares on rights basis will be determined on the basis of names registered as such in the Register of Members of the company after giving effect to the valid share transfers in physical form lodged with the company on or before 23/07/2007 and the beneficial owners as per the Beneficiary List at the close of the business on 23/07/2007, provided by NSDL and CDSL.

4. The members are hereby informed that the company would transfer the dividends, which remain unpaid over a period of 7 years, to the Investor Education and Protection Fund (IEPF) constituted under Section 205C of the Companies Act, 1956. It is pertinent to mention that no claim of investors shall lie against IEPF.

The details of unpaid dividend are as follows:-

S. No.	Dividend Year	Unpaid Balance as on 31/03/2007
1.	2004-05	Rs. 2,74,981.00/-
2.	2005-06	Rs. 2,23,813.80/-

Investors are advised to send all unencashed dividend warrants pertaining to the year 2004-05 and 2005-06 to the company for revalidation.

5. 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.
6. 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.
7. Members who hold shares in physical form are requested to intimate the company dividend mandate under the signature of Sole/first named joint shareholder specifying Bank's name, Name and Address (with PIN no.) of the Branch, Account Type [Savings (SA) or Current (CA)], Account No.
8. Investors holding shares in physical form are advised to opt for Electronic Clearing System (ECS) to avail

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fast and safe remittance of dividend. A photocopy of a leaf of your cheque book bearing your account number may also be sent along with Mandate Form.

9. Members are requested to notify promptly changes in their address to the Company quoting their Registered Folio Nos. at its Registered Office.
10. As per the provisions of the Companies (Amendment) Act, 1956, facility for making nomination is available to the shareholders in respect of shares held by them. The nomination can be made by filing the prescribed Form No. 2B. Nomination forms may also be requisitioned from the Company.
11. Investors who have not yet dematerialized their physical holding in the company are advised to avail the facility of dematerialization urgently.
12. Members/ Proxies are requested to bring attendance slip duly filled in along with their copies of Annual Report in the meeting.
13. 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.
14. Shri A. K. Bhatnagar and Smt. Santosh Agarwal are retiring by rotation and being eligible offers himself/herself for reappointment. Details of Directors as required under Clause 49 of the Listing Agreement with the Stock Exchanges are as under :-

- a) Shri A. K. Bhatnagar, aged 60 years has over 20 years stint with the company. He was appointed as Director of the company in the year of 1997. He is a textile technologist from IIT, Delhi and has vast and diversified technological and managerial expertise of running manufacturing units of the company. Due to his commitment for technological advancement in continuously improving the systems and procedures, he has substantially contributed to the growth of the company. Therefore with a view to get benefit out of his vast experience and technical competence, the Board recommends his reappointment.
- b) Smt. Santosh Agarwal, 72 years is one of promoters as well as subscribers to the Memorandum of Association of the company. She has served on the Board of our company since incorporation and has given valuable advise on administrative matters of the company. Therefore with a view to her contribution to the company, the Board recommends her reappointment.

By order of the Board
FOR KANPUR PLASTIPACK LTD.

Place: Kanpur
Date : 31st May, 2007

M. S. AGARWAL
Executive Chairman

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 FOR ITEM NO. 6 :

Dr. G. N. Mathur, who was appointed as an Additional Director with effect from 11th December, 2006 and who holds office upto the date of this Annual General Meeting, requisite notice in writing as per Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director liable to retire by rotation has been recieved.

Brief resume of Dr. G. N. Mathur is given hereunder :-

Dr. Gyanesh Narayan Mathur, aged 62 years, is Bachelor of Science (B.Sc.) in Chemical Engineering from Banaras Hindu University, M.Tech. from IIT Kanpur, M.A.Sc (Chem. Engg.), University of Windsor, Windsor, Canada and Ph. D. in Engineering from University of Detroit, Detroit, USA. He is having around 30 years diversified, academic and industrial experience in various prestigious organisations such as Director of DMSRDE, Kanpur, Dean, Planning &

Development at HBTI, Kanpur, visiting professor at IIT, Kanpur. Presently, he is engaged in research work in a project titled "Nano Technology and Polymers". He was on the Board of our company earlier also and had to resign when he was appointed Director of DMSRDE. He is an independent director of our Company and provides technical support as and when needed. Your Directors recommend his appointment as a Director liable to retire by rotation.

Except Dr. G. N. Mathur, none of the other Directors may be deemed to be concerned or interested in the proposed resolution.

By order of the Board
FOR KANPUR PLASTIPACK LTD.

Place: Kanpur
Date : 31st May, 2007

M. S. AGARWAL
Executive Chairman

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

Your Directors have pleasure in presenting the 36th Annual Report together with Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS :

	<i>(Rs. in Lacs)</i>	
	2006-07	2005-06
Income	6974.81	5503.38
Operating Profit	433.32	218.19
Less : Interest	137.19	79.21
Less : Depreciation	73.08	75.09
Add : Adjustments relating to earlier year	0.45	1.40
Profit before Tax	223.50	65.29
Provision for taxation		
– Current	72.45	28.10
– Deferred Tax	3.23	(5.25)
– Fringe Benefit Tax	3.02	2.25
Net Profit for the year	144.80	40.19
Appropriation :		
Proposed Dividend	35.38	21.23
Tax on distributed Profits	6.01	2.74
Transfer to General Reserve	Nil	Nil
Balance carried to Balance Sheet	471.76	368.35

REVIEW OF OPERATIONS :

Members will be pleased to note that the operations of your company have shown satisfactory performance. For the year under review sales have gone up by 10% in terms of quantity and about 27% in terms of value. The profitability has considerably gone up due to management's thrust on exports which have gone up by a healthy 47% during the year.

Consequent to the approval of shareholders at their Extraordinary General Meeting held on 27th January, 2007, the Authorised Share Capital was increased to Rs. 10 Crores and a major modernization-cum-expansion programme has

been undertaken. The company has acquired new premises near the existing factory for this and proposes a rights issue in the proportion of one equity share for every two equity shares held. The proposal is awaiting approval from the Securities and Exchange Board of India. The project is being partly financed through a term loan from State Bank of India and disbursements have started.

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 10% for the year 2006-07.

PROSPECTS :

The project work on the proposed modernization-cum-expansion programme is on schedule. The project aims at establishing manufacturing facilities to match International Standards. After full implementation, the production capacity of your company will also go up by about 35%. We expect continued growth in operations with growing demand in the packaging industry. The matter of concern is the steep rise in Indian Rupee vis-à-vis US Dollar. However the management is taking judicious decisions to safeguard the company's interest.

FIXED DEPOSITS :

The company has total fixed deposits of Rs.321.85 lacs (including interest accrued thereon) as on 31/03/2007. 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 Dr. G. N. Mathur, who was appointed as an Additional Director with effect from 11th December, 2006, requisite notice in writing as per Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director liable to retire by rotation has been received.

Shri A. K. Bhatnagar and Smt. Santosh Agarwal are retiring by rotation and being eligible offers himself/herself for reappointment.

CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report and a Report

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on Corporate Governance are included in the Annual Report as Annexure "A". 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.

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

Particulars of employees 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 during the year 2006-07 are given in Annexure 'C' forming part of this report.

LISTING :

The Company's equity shares continue to be listed at Mumbai Stock Exchange. We confirm that the Listing Fees for the financial year 2007-2008 has been paid to them. 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 from Calcutta Stock Exchange who has not responded despite our several reminders. 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 have 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 have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT :

Your Directors take this opportunity of placing on record their sincere gratitude for 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 May, 2007

M. S. AGARWAL
Executive Chairman

KANPUR PLASTIPACK LIMITED**ANNEXURE-A****REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY :**

Your company believes that transparency, accountability, fair dealing and ethical practices lead to conduct of business in efficient and effective manner. This in turn creates wealth for all stakeholders on one hand and safeguards their interest on the other. Your company is led by distinguished Board. The board consists of Directors having expertise in diverse fields which includes technical, managerial and finance backgrounds. It is due to this reason that the Board provides a strong oversight and strategic counsel to the management based on SWOT analysis. The Company has established systems and procedures to ensure that the Board is well informed and well equipped to take decisions on strategic and managerial aspects.

2. BOARD OF DIRECTORS :

As on 31st March, 2007 the Board of Kanpur Plastipack Limited consisted of three Whole -Time Directors – Executive Chairman, Managing Director and Executive Director and six Non-Executive Directors. Five of the six 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	Promoter -Executive	6	Yes	3	—	—
Shri Manoj Agarwal	Promoter -Executive	6	Yes	3	—	—
Smt. Santosh Agarwal	Promoter -Non Executive	5	Yes	1	—	—
Shri B.L.Manchanda	Non Executive & Independent	6	Yes	1	—	—
Shri S.M. Jain	Non Executive & Independent	5	Yes	1	1	—
Shri P. K. Goenka	Non Executive & Independent	6	Yes	9	1	3
Dr. G.N. Mathur*	Non Executive & Independent	1	No	3	—	—
Dr. J.N. Gupta	Non Executive & Independent	6	Yes	1	—	—
Shri A.K. Bhatnagar	Executive	6	Yes	1	—	—

*Dr. G. N. Mathur was appointed as an Additional Director w.e.f. 11th December, 2006.

Details of Board Meetings held during the year 2006-07 :

During the year 2006-07, six Board meetings were held on 29th April 2006, 31st July 2006, 14th September 2006, 27th October 2006, 11th December 2006 and 27th January 2007. The last Annual General Meeting of the Company was held on 14th September, 2006.

During the year all the requirements under code of conduct adapted 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 :

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 was duly constituted. Shri Jitendra Awasthi, the Company Secretary acts as the secretary to the Committee.

Four Audit Committee meetings were held during the year 2006-07. The details of the meetings are as under :-

S. No.	Date	Committee Strength	No. of members present
1.	April 29, 2006	4	3
2.	July 31, 2006	4	4
3.	October 27, 2006	4	4
4.	January 27, 2007	4	4

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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. Audit Committee at all its meetings had reviewed the information as mandatorily required to be placed before the Committee from time to time.

4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

Shareholders'/ Investors' Grievance Committee was constituted under the Chairmanship of Shri P.K. Goenka, a Non-Executive & Independent Director. Other two members are Shri M. S. Agarwal and Shri Manoj Agarwal. Shri Jitendra Awasthi, Company Secretary acts as the Compliance Officer. During the year 2006-07 twenty seven 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.

During the year 2006-2007 fourteen shareholders complaints were received. All the complaints were generally solved to the satisfaction of complainants and there was no pending complaint.

5. REMUNERATION COMMITTEE :

The Board has constituted the Remuneration Committee consisting of three Non-Executive Independent Directors - Shri B.L. Manchanda as the Chairman of the Committee and Shri P.K. Goenka and Shri S.M. Jain as the members of the Committee. The Committee oversees the matters including fixation of salary, perquisites, commission payable to the directors of the company.

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 2006-07 are as under :-

	(Rs. In lacs)
i. Salary	52.00
ii Contribution to P.F.	4.60
ii. Perquisites	24.15
iii. Sitting Fees	0.43
Total	81.18

6. GENERAL BODY MEETING :

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

YEAR	DATE	TIME	LOCATION OF THE MEETING
2005-06	14.09.06	2.30 P.M.	D-19-20, Panki Industrial Area, Kanpur
2004-05	16.09.05	2.30 P.M.	D-19-20, Panki Industrial Area, Kanpur
2003-04	21.09.04	2.30 P.M.	D-19-20, Panki Industrial Area, Kanpur

Special Resolution passed at the last three Annual General Meetings :

Meeting Date	Details of the Special Resolution
September 14, 2006Nil.....
September 16, 2005	Appointment of:- 1. Shri M. S. Agarwal, Executive Chairman 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).

KANPUR PLASTIPACK LIMITED

Besides on 27th January, 2007 an Extra-ordinary General Meeting was held and Special Resolutions for Increasing Authorised Capital from Rs. 5 crores to Rs. 10 crores and issue of shares on Rights Basis and Ordinary Resolutions for increase in borrowing limits not exceeding Rs. 60 Crores and creating the charge/ mortgage on the properties of the Company for borrowings upto Rs. 60 Crores.

No special resolution was put through postal ballot last year nor is it 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 management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large. However, attention is drawn to Note No. 23 in Schedule 19 under Notes to Accounts.
- (b) During the year 2006-07 :
 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 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 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/Economic Times 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) Annual General Meeting | : Date : 31st July, 2007.
Time : 1:00 P.M.
Venue : D-19-20, Panki Industrial Area, Kanpur-208 022. |
| (ii) Financial Year | : 1 st April to 31 st March. |
| (iii) Date of Book Closure | : From 24/07/2007 to 31/07/2007 (both days inclusive). |
| (iv) Dividend payment date, if declared | : 24 th August, 2007. |
| (v) Listing on Stock Exchanges | : The Stock Exchange, Mumbai
@ The Calcutta Stock Exchange Association Ltd. |

Annual Listing fees for financial year 2007-08 has been paid to the Bombay Stock Exchange.

@ Letter from Calcutta Stock Exchange for approval of delisting is awaited, though all necessary requirements have been complied with by the Company. In view of this, listing fees since 2004-05 has not been paid to CSE.