

Providing Solutions for Industrial Bulk Packaging

# Converting Challenges into Possibilities

Kanpur Plastipack Limited | Annual Report 2019-20

## Inside the **Report**

#### **Corporate Overview**

About Us	02
Product Portfolio	03
Message to the Shareholders	04
Financial Review	06
Profile of Board of Directors	80
Corporate Social Responsibility	10
Corporate Information	11



For additional information log in to

www.kanplas.com



#### **Statutory Reports**

Notice	13
Board's Report	24
Management Discussion & Analysis	53



To know more about us in digital mode, scan this QR code in your QR mobile application.

#### **Financial Statements**

Independent Auditors' Report	58
Balance Sheet	64
Statement of Profit and Loss	65
Cash Flow Statement	66
Notes forming part of Financial Statements	70

#### Forward looking statement

Some information in this report may contain forward-looking statements. We have based these forward looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forwardlooking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward looking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forwardlooking statements and assumed facts or bases and actual results can be material, depending on the circumstances.

Cannot be overlooked.

And to emerge victorious, the courage to tide through storms adds strength to character, unlocking opportunities to look beyond uncertainty.

In the words of Theodore Roosevelt, "Believe you can and you're halfway there."

It is this belief that drives Kanpur Plastipack to discover new trajectories amidst obstacles, to traverse a path to success. With years of expertise and experience, we have continued to establish a distinguished identity, evolving and adapting to changing business needs. Our constant focus on acquiring cutting-edge technology to ensure operational efficiency have continuously supported our endeavours to sustain remarkable achievements.

As we continue to reimagine a brighter future, we aspire to carry forward the learnings of today to design a stable and stronger tomorrow – by converting challenges into opportunities and identifying new possibilities we are welcoming new beginnings.





## About **Us**

anpur Plastipack Limited (KPL) is among the world's leading manufacturers of FIBCs and Bulk Bags with an integrated infrastructure framework.

Headquartered in Kanpur, Uttar Pradesh, KPL is today among the leading integrated bulk packaging solutions provider with best-in-class technologies and assets. Our manufacturing plants situated at 3 different locations within Kanpur help us to serve recognized clients across the country and the globe.

Integrated

**26400** мт

**6550** мт

Manufacturing facility (forward and backward) ensuring higher efficiencies

FIBC, Fabrics & Liner

MFY

#### Revenue by geographies



North America

South America

63.43% Europe

4.82%

0.36%



### Product **Portfolio**

### The Company believes in a continuous path of innovation and diversification.

The yarn division has developed into an independent vertical which is seeing compounded growth. Efforts to introduce value added products to the portfolio are an ongoing process. The newly upgraded manufacturing facilities too will help us in bringing to the market a better range of FIBC's.



#### Flexible Intermediate **Bulk Containers (FIBC)**

- Chemicals
- Fertilizers
- Food Products
- Grains
- Mining
- Construction
- · Pigments
- Plastics
- Seed
- Peanuts



#### **Fabrics**

- Packing
- Polypropylene(PP)
- Small Bags
- Polypropylene(PP) Box Bags
- Flexible Intermediate Bulk Container (FIBC)
- · Manufacturer of Sand Bags
- Manufacturer of Dunnage Bags
- · Manufacturer or bags used for food grains, cement, Fertilizers, etc



#### Multi-Filament Yarn (MFY)

- Rope
- · Sewing Thread
- Handicraft
- Polypropylene Cloth
- · Container Bag
- · Shoe Lace
- · Safety Net
- Belts
- Saddlery



#### Revenue by products





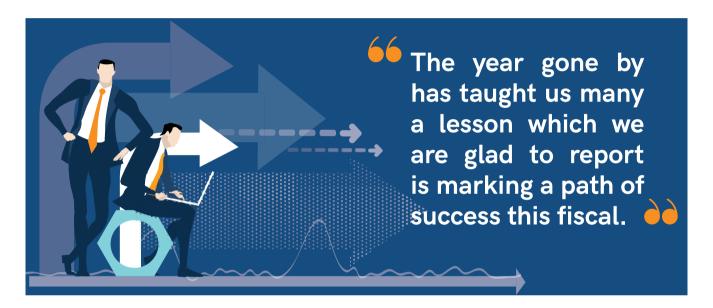








## Message to the **Shareholders**



#### Dear Shareholders,

#### The Challenges

FY 2019-20 was a challenging year indeed. It didn't behave well for the economy too. In India we witnessed a decline in its GDP growth rate to only 4.2% while globally it was a mere 2.4 %. The onset of the COVID 19 pandemic towards the end of the year did not help matters. We witnessed intense competition from a plethora of marginal companies who had cropped up over the last two years. The dual impact of new players disrupting the market and a down turn in the western economies had a debilitating affect on the fortunes of your company. The sudden withdrawal of the Merchandise Exports from India Scheme (MEIS) and an unprecedented fall in the value of the Rupee towards the end of the year led us to a situation from which we were unable to come out unscathed. However, each challenge teaches us lessons and, in each lesson, there is an opportunity. The year gone by has taught us many a lesson which we are glad to report is marking a path of success this fiscal.

The unprecedented disruptions and challenges posed by the COVID-19 pandemic contributed to a general sense of helplessness. However, as the world was dealing with the spiraling affects of the pandemic, at KPL, we quickly took decisive action to respond to the unfolding challenges. Your Company resumed operations on the 3rd of April by adhering to the strictest protocols and systems prescribed by the Ministry of Health, Govt of India and the local administration for the safety and wellbeing of our workers. The highly responsive team of your company set

out to quickly restore normalcy in the shortest possible time. Thanks are due to the management, staff and entire workforce of the company who showed excellent resilience and commitment during this period. For once our location in UP proved to be a boon where we did not face any issues related to migration of labour. Customer engagement was a priority and rebuilding confidence to maintain a continuity of supply chain for our customers a goal. A goal we achieved with distinction. Your company has risen to the challenges that occurred and we are glad to report that the efforts put in by the marketing and operations teams have yielded results which we can be proud of.

#### The Business Overview

The year saw the stabilization of the new capacity that had been created in the



previous year. Getting over the teething problems of plant commissioning and venturing out into the market with this increased capacity in a globally competitive period was sobering. It took much longer than anticipated. company also took an important step towards vertical integration by setting up a plant for the inhouse manufacture of UV Master Batches which is an important ingredient used both by our FIBCs as well as MFY divisions. Some further investments in debottlenecking the capacity will help to improve performance.

Our focus was largely towards developing new markets and entering new geographical regions which continues as a key concern area for the Company. **Exports to the South American Countries** have significantly increased during the year from 3.70% in 2018-19 to 9.92% of export sales during 2019-20 where the acquisition of two important customers has been very fruitful. We have developed a Modified Atmosphere bag for the Indian market which will be used for Food Packaging which was done in collaboration with an overseas partner. Your company lays huge stress on true sustainability and years of work has now resulted in a FIBC bag being made with 100% recycled material.

#### The Next Decade

The year sees us entering into a new decade which itself will bring in a paradigm shift in the way we do business and the way the world sees us. India, we believe is on the threshold of achieving



### Challenges are a way of life. Coping with them and proving yourresilienceinfaceofadversity is what makes you stand apart. We believe we now stand at the threshold of achieving what we had set out to do.

greatness and your company is aptly placed to be part of this great new journey. Nearing five decades in the service of the Industrial Bulk Packaging industry we can see opportunities coming up for your company. Renewable Energy is a focus area of the Government of India. Apart from offering huge cost savings it offers an opportunity to save the environment. Your company has become only one of the very few companies in the State of Uttar Pradesh to enter into a power purchase agreement for purchase of 9.375 MW Solar Energy for all its three units. Once fully implemented almost 50% of the power consumed in the company would be from Solar Energy.

Challenges are a way of life. Coping with them and proving your resilience in face of adversity is what makes you stand apart. We believe we now stand at the threshold of achieving what we had set out to do. Your company has one of the world's best manufacturing facilities which is now fully commissioned. As a

fully certified food grade facility we have built in capabilities which very few in the world have.

As we aspire to chart our path for a brighter future, your company remains committed to deliver a favourable performance, banking on its products, service offerings and an enviable market standing. We would like to thank all stakeholders for their commitment and service during these challenging times. Most importantly, we would like to thank our shareholders, for their overwhelming trust, support and confidence in your Company.

Regards,

#### Manoj Agarwal

Managing Director

#### Shashank Agarwal

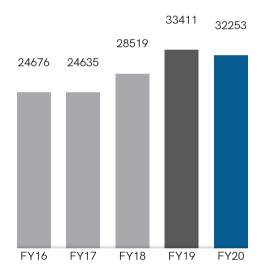
Deputy Managing Director



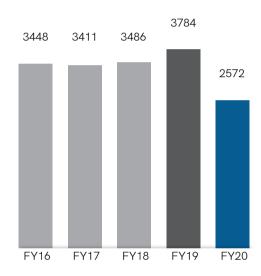
## Financial Review

#### **Statement of Profit and Loss Analysis**

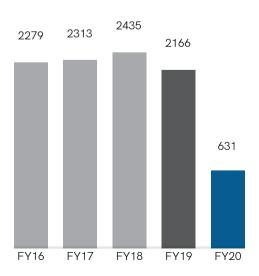
Revenue from Operations (₹ in lacs)



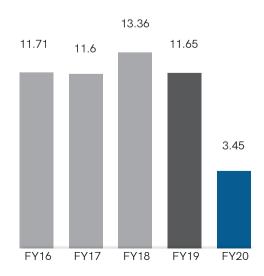
EBITDA (₹ in lacs)



Profit before Tax (₹ in lacs)



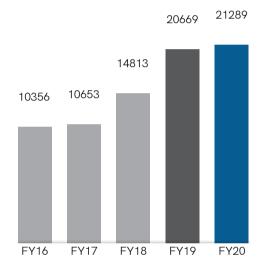
**EPS** (in ₹)



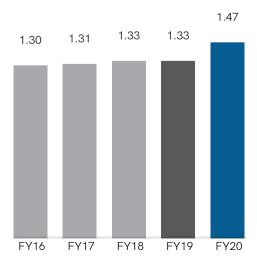


#### **Balance Sheet Analysis**

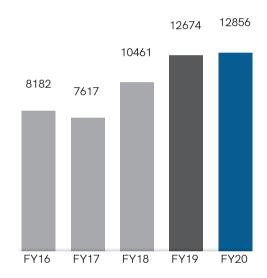
Gross Block (₹ in lacs)



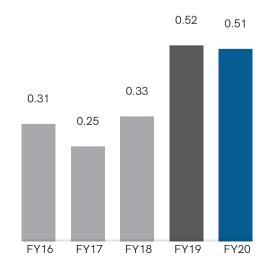
Current Ratio



Net Worth (₹ in lacs)



Debt Equity Ratio





## Profile of **Board of Directors**



#### Shri Mahesh Swarup Agarwal

#### **Chairman Emeritus**

He is the founder of the Company, successfully guiding its operations for the past 49 years. His able leadership and foresight has helped the Company to sustain its growth over the years. He was the President of Merchants Chamber of Uttar Pradesh in 2004-05 and was awarded the 'President's Salute' by the Rotary International President for his outstanding contribution to community service, in 1991. He was also Founder President of Plastic Woven Sacks Manufacturers Association from 1986 to 1988 and also President of Panki Industry Association from 1976 to 1986. He has been honored with the prestigious 'Lifetime Achievement Award' from AIFTMA and TiE UP.



#### Shri Manoj Agarwal

#### **Managing Director**

He holds a Masters in Management Studies from BITS, Pilani and has been guiding the Company's Operations for over 40 years. Under his able leadership the Company's operations have improved considerably. He holds vast experience in operations, administration & export marketing. He has been the past Chairman of the Plastics Export Promotion Council and a member of its COA, a Past President of the Tie UP chapter, Past President of Indian Flexible Intermediate Bulk Container Association, Member of the Management Committee of Plastindia Foundation and is actively involved in a number of professional and social bodies.



#### Shri Shashank Agarwal

#### **Deputy Managing Director**

He holds a B. Engg. (Hons.) degree in Manufacturing Engineering & Operation Management from the University of Nottingham, UK. He has also done a summer course on International Marketing from Harvard Business School, USA prior to joining the Company where he has now completed 10 years and has been instrumental in streamlining the Company's operations with backward integration and product diversification. He has brought about various improvements in the production and marketing strategies of the Company leading to a considerable improvement in Company's performance.



#### Smt. Usha Agarwal

#### **Woman Director**

She is the first Woman Director of the Company. She is an Honors Graduate in Botany from the University of Calcutta and has gained experience in administration. She has also contributed actively in the marketing department of the Company for about six years and her vast expertise and knowledge has been beneficial for the growth of the Company. Actively involved in a number of social and philanthropic organizations as a President and committee member.

#### Shri Sunil Mehta

#### **Executive Director**

He holds a B.Tech degree in Textile Technology from TIT, Bhiwani and has over 30 years of experience in the woven sacks industry. He joined the Company in the year 2002 as Vice President. Since then, with his dedicated and able leadership, the manufacturing operations of the Company have grown to multiple locations. He has been instrumental in improving the performance of the Company to world class levels.

#### **Committees Of The Board Of Directors**

Audit Committee	•
Stakeholders Relationship Committee	•
Nomination and Remuneration Committee	•
Corporate Social Responsibility Committee	•
Empowered Committee	•
Chairman	☆
Member	_