

# 20<sup>th</sup> ANNUAL REPORT 2006-07

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# RAJ

packaging industries ltd.



**BOARD OF DIRECTORS**

**Shri U.C. Bhandari**  
**Shri Ramesh Chandra Singhi**  
**Shri Rajendra Kankaria**  
**Shri Suresh Chandra Bapna**  
**Shri V.S.N. Murthy**  
**Shri Prem Kankaria**  
Managing Director

**REGISTERED OFFICE**

6-3-1090/C-4, Opp: Kapadia Lane  
Raj Bhavan Road, Hyderabad - 500 082.  
Andhra Pradesh, India.

**WORKS**

Survey No. 715, Kondamadugu, Bibinagar  
Dist. Nalgonda, Andhra Pradesh, India.

**BANKERS**

**State Bank of India**  
Saifabad Branch, Hyderabad  
Andhra Pradesh, India.

**AUDITORS**

**S. Singhvi & Co.**  
Chartered Accountants  
Hyderabad, Andhra Pradesh, India.

**SHARE TRANSFER DEPARTMENT**

CIL Securities Ltd.  
214, Raghavaratna Towers,  
Chirag Ali Lane,  
Hyderabad - 500 001.

**You can E-mail us at : [hyd2\\_rajpack@bsnl.in](mailto:hyd2_rajpack@bsnl.in)**





## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting of the Members of RAJ PACKAGING INDUSTRIES LIMITED will be held at Lions Bhavan Trust, Near Paradise Circle, S.D.Road, Secunderabad on Saturday, the 22<sup>nd</sup> September, 2007 at 11.30 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2007, Profit & Loss Account for the year ended on that date and the Reports of the Auditors' and Directors' there-on.
2. To declare dividend on Equity Share.
3. To appoint a Director in place of Shri. Rejendra Kankaria, who retires by rotation and is being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.  
To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.  
"Whereas a Special Notice has been received pursuant to Section 225(1) of the Companies Act, 1956 from a Shareholder for the appointment of M/s.C.P.Ranka & Co. Chartered Accountants, in place of the retiring Auditors, namely M/s.S.Singhvi & Co., Chartered Accountants."  
Now therefore it is Resolved that M/s.C.P.Ranka & Co., Chartered Accountants, Hyderabad be and are hereby appointed as the Auditors of the Company from the conclusion of this Annual General Meeting until the Conclusion of the next Annual General Meeting at a remuneration as may be decided by the Board of Directors of the Company."

### SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri. V.S.N.Murthy, who was appointed as an Additional Director of the company by the Board of Directors pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:  
RESOLVED THAT pursuant to the provisions of Section 198,269,309,310 and other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII to the act amended up to date, Shri. Prem Kankaria be and is hereby reappointed as Managing Director of the Company with effect from 01-04-2007 for a further period of five years on such consolidated salary and perquisites as have been set out hereunder:
  1. Salary Rs. 90,000/- P.M.
  2. Free furnished residential accommodation or house rent allowance, as per the rules of the company with all amenities including gas, electricity, water, personal accident insurance etc.. as allowed under the Income Tax Act, 1961.
  3. Medical expenses incurred for self and family including dependent father and mother, will be reimbursed.
  4. Leave Travel Concession for self and family including dependent father and mother, to and from any place in India, once in every year in accordance with the rules of the Company.



5. Fees of Clubs subject to a maximum of two clubs will be allowed. This will not include admission and life membership fees.
6. He shall be eligible for the benefits under Company's contribution to Provident Fund and Superannuation and Gratuity in accordance with the Company's practices and rules from time to time.
7. Use of Company's car with driver for official purpose.
8. Telephone facility at residence.
9. Reimbursement of entertainment expenses actually and properly incurred for the business of the Company.
10. Sitting fee will not be paid for attending the Company's Board/committee Meetings.
11. He shall be entitled to leave as per the rules of the Company. Encashment of unutilized leave at the end of his tenure shall not be consider as a perquisite for the purposes of ceiling on remuneration prescribed in the Companies Act 1956.
12. The employment contract will be valid and supercede any and all prior oral or written agreements pertaining, to compensation and conditions of employment. The employment shall continue until terminated by either party as set out in this agreement.

By the Order of the Board of Directors  
For **RAJ PACKAGING INDUSTRIES LTD.**

Place : Hyderabad

**PREM KANKARIA**

Date : 27<sup>th</sup> June 2007

**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.  
THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members are requested to bring their copy of the Annual Report to the Meeting along with the attendance slip duly filled in for attending the meeting and sign at Registration counter at the venue of the meeting.
3. Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance Slip for attending the meeting.
4. Members are requested to intimate to the Company at its registered office any change of Address quoting their Share Ledger Folio Number(s).
5. The Share Transfer Books and Register of Members will remain closed from 15<sup>th</sup> September 2007 to 22<sup>nd</sup> September 2007 (both days inclusive).
6. No person other than Member/Duly registered proxy with the company with duly filled in attendance slip will be allowed to enter the venue of the meeting.
7. The dividend on Equity Shares as recommended by the Board of Directors, if declared at the meeting, will be paid on or after '22<sup>nd</sup> September' 2007 and payable to those shareholders whose names shall





appear on the Company's Register of Members on 14<sup>th</sup> September, 2007. In respect of Shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited as on 14<sup>th</sup> September, 2007, for this purpose.

8. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit in the form 2B to the Company.

**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:**

As required under the listing agreement, the particulars of Directors who are proposed to be appointed / re-appointed are given below:

**(i) Shri. Rajendra Kankaria:**

Shri. Rajendra Kankaria is a Fellow member of the Institute of Chartered Accountant of India. He is a Hyderabad based practicing Chartered Accountant and has been in the profession for the last 23 years. He was inducted into the Board of Directors of the Company as promoter Director in 1987 and since then he has been associated in bringing the Company to this stage and instrumental to make the Company a public limited. The Company has been receiving on many occasions, valuable suggestions from him in the fields of Taxation, Finance and Accountancy.

**(ii) Shri. V.S.N.Murthy**

Shri. V.S.N.Murthy is a Post Graduate in Commerce from Andhra University and also passed Intermediate of Cost & Works Accountants of India. He worked for Public Sector undertaking Sengareni Collieries Company Ltd. And A.P.Industrial Development Corp. in different levels. Finally he was retired as Chief General Manager(Financial Services) for APIDC. He has a rich experience in project appraisal and finance. He was also a Nominee Director in Janapadu Hydro Power Project Ltd. And Kallam Spinning Ltd.

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

**ITEM NO.5 (Ordinary Resolution)**

The Board of Directors appointed Shri. V.S.N.Murthy as Additional Director of the Company with effect from 27<sup>th</sup> June 2007 in order to comply with requirement of appointing independent directors on the board and to constitute various committees as per the corporate governance code. He vacates office of Directorship at this Annual General Meeting by virtue of provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the company. The Notice under Section 257 of the said Act has been received from a member proposing the name of Shri. V.S.N.Murthy as a candidate for the office of the Director of the Company. Shri. V.S.N.Murthy carries with him vast experience and administrative capabilities and the Company will benefit of his advice.

The Directors recommend this resolution for approval. None of the Directors, except Shri. V.S.N.Murthy, is concerned or interested in the resolution.

**ITEM NO.6 (Ordinary Resolution)**

Your company has attained new heights under the dynamic leadership of Managing Director Shri. Prem Kankaria. He was appointed as Managing Director for a period of five years w.e.f.1<sup>st</sup> April 2002. The Board of Directors re appointed Shri. Prem Kankaria as Managing Director for a period of five years commencing from 1<sup>st</sup> April 2007 on the terms, salary and perquisites as stated up in item No.6.

The Directors recommended the resolution for approval. None of the Directors except Shri. Prem Kankaria himself & Shri. Rajendra Kankaria in the capacity of brother of appointee, is concerned or interested in the Resolution.

By the Order of the Board of Directors  
For **RAJ PACKAGING INDUSTRIES LTD.**

Place : Hyderabad  
Date : 27<sup>th</sup> June 2007

**PREM KANKARIA**  
**MANAGING DIRECTOR**



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 20<sup>th</sup> Annual Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2007

## FINANCIAL RESULTS

Your Company's performance during the year as compared to previous year is summarized below:

	(Rs.in lakhs)	
Particulars	2006-07	2005-06
Sales (Net) & Other Income	1826.67	1304.05
Operating Profit (PBIDT)	165.34	127.09
Interest	29.85	18.73
Profit before Depreciation and Taxes ( PBDT )	135.49	108.36
Depreciation	35.47	32.74
Profit Before Tax	100.02	75.62
Provision for Tax -		
Current Tax-	37.10	16.93
Deferred Tax -	(4.82)	5.46
Fringe Benefit Tax	0.44	0.46
Profit After Tax	67.30	52.77
Prior Period adjustments	-	2.96
Profit after Prior Period Adjustments	67.30	49.81
Balance Brought forward	71.45	57.85
Amount Available for appropriations	138.75	107.66

## APPROPRIATIONS

Your Directors recommended appropriations as under:

Proposed Dividend @ Re.1/- per share (Re.0.80 per share)	39.70	31.76
Corporate Dividend Tax	6.75	4.45
Balance Carried forward	92.30	71.45
Total :	138.75	107.66

## PERFORMANCE:

During the year under review, your company has achieved a Turnover at Rs.1826.67 lakhs as compared to Rs.1304.05 lakhs (Net of Excise Duty) in previous year in value and 2070 M.T as compared to 1557 M.T in volume. The Company's sales increased by 40 % in value terms and 33% in volume terms compared to previous year resulting from commissioning of one new three Layer Brown film line into the production. The expanded capacity enabled company to enhance volume.

Your management will continue their effort in developing various new structures of films, changing product mix and concentrating more in value added structure to maintain lead position in the market and to increase not only volume but also profit margins.

## DIVIDENDS:

In view of better performance of the company the directors are pleased to recommend higher payment of dividend of Re.1/- per share (Re.0.80 previous year) for the year 2006-07 which if approved



by the shareholders at the forthcoming Annual General Meeting will be paid in accordance with rules applicable at that time.

#### **FIXED DEPOSITS**

During the year your company has not accepted any Deposits from Public / Members.

#### **CAPITAL EXPENDITURE**

The company has spent Rs.9.42 lakhs in fixed assets during the year for administrative office at factory and new Vehicle.

#### **ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

Information in accordance with the provisions of section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 regarding conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo is given as Annexure-'A' forming part of this report.

#### **AUDITORS REPORT**

With reference to the observations made by the Auditors in their report, the notes forming part of Accounts are self explanatory and hence do not require any further clarification.

#### **PARTICULARS OF EMPLOYEES**

None of the employees is drawing remuneration in excess of the limits specified in section 217(2A) of the Companies Act, 1956.

#### **DIRECTORS**

In accordance with the Companies Act, 1956 and Clause 102 of the Articles of association of the company, Shri Rajendra Kankaria, retire by rotation and being eligible, offers him-self for reappointment.

Shri. V.S.N.Murthy newly inducted to the Board as additional Director w.e.f. 27-6-2007. He vacates office of Directorship at this Annual General Meeting, a resolution seeking reappointment as Director is being moved at the ensuing Annual General Meeting.

Shri. Prem Kankaria has been the Managing Director of the Company since its inception. His term of office as Managing Director has expired and the Board of Director reappointed him for a term of further 5 years. A resolution seeking confirmation of the shareholders for his appointment as Managing Director is being moved to the ensuing Annual General Meeting of the Company.

#### **AUDITORS**

M/s.S.Singhvi & Co., Chartered Accountants, the existing Statutory Auditors have expressed their unwillingness to be reappointed at the conclusion of the ensuing Annual General Meeting. The Company has received a Special Notice from a shareholder of the company, in terms of the provisions of the Companies Act, 1956, signifying the intension to propose the appointment of M/s.C.P.Ranka & Co., Chartered Accountants, Hyderabad as the Auditors of the company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. M/s.C.P.Ranka & Co., Chartered Accountants have also expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

#### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreements with Stock Exchanges, a Management Discussion and Analysis Report and a Report on Corporate Governance are given as Annexure 'B' and 'C' respectively,





to this report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under Section 217 of the companies Act, the Directors hereby confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period;
- iii) The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of this Act 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 wish to place on record their gratitude to all staff members for their contribution towards growth of the company and Banker viz. State Bank Of India for their support and also place on record their appreciation for the continuing support extended by the Shareholders.

HYDERABAD

27.06.2007

For and on behalf of the Board

**PREM KANKARIA**

**MANAGING DIRECTOR**

**ANNEXURE – 'A'**

Particulars required under the companies (disclosures of particulars in the report of Board of Directors) Rules, 1988.

**A. Conservation of Energy****a. Energy Conservation measures taken**

- i) Company has put capacitors at various points to regulate / maintain power factor.

**FORM - A**

(Form for disclosure of particulars with respect to conservation of Energy)

**A. Power & Fuel Consumption**

		2006-07	2005-06
<b>1. Electricity</b>			
a. Purchased			
Units - KWH		1208913	9,41,028
Total Cost - Rs.		4462474	36,51,776
Average Rate/ Unit - Rs.		3.69	3.88
b. Own Generation			
Through Diesel Generator			
Units - KWH		102260	37,054
Total Cost - Rs.		1147230	4,09,935
Units per Unit of Fuel		3.15	3.16
Cost / Unit - Rs.		11.22	11.06

**B. Consumption of electricity Per Unit of Production i.e. for finished product**

Electricity (KWH) per K.G of Finished Product.	0.63	0.62
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**C. Research & Development.**

- i). The Company has constantly changing input mix to produce superior product.
- ii) Changed equipments to optimize use of costly inputs whereby reducing cost of production and increasing profitability.

**FORM – B**

(Form of Disclosure of particulars with respect to Technology Absorption & Foreign Exchange Earnings & Outgo)

	2006-07	2005-06
Research & Development (R & D)	Nil	Nil
Technology absorption, adoption and innovation	Nil	Nil
Foreign Exchange Earnings (Rs. in Lakhs)	53.37	60.28
Foreign Exchange outgo (Rs. in Lakhs)	520.75	290.74