



## Ecoplast Ltd.

### Twenty Ninth Annual Report 2010-2011

<b>Board of Directors</b>	: Mr. PHEROZE P. KHARAS Mr. JAYMIN B. DESAI Mr. BANKIM B. DESAI Mr. JEHANGIR A. MOOS Mr. DHANANJAY T. DESAI Mr. MUKUL B. DESAI Mr. BHUPENDRA M. DESAI	- Chairman - Managing Director - Director - Director - Director (Alternate to Mr. Bankim B. Desai) - Director - Director
<b>Compliance Officer</b>	: Mr. M. D. DESAI	
<b>Bankers</b>	: <i>BANK OF BARODA</i> <i>Main Branch,</i> Nani Khatriwad, Valsad – 396 001, Gujarat.	
<b>Auditors</b>	: M/s. AKKAD MEHTA & COMPANY Chartered Accountants, Vatika Bldg., Flat No. 2, 14 Baptista Rd., Opp. Ishwarlal Park, Vile Parle (W), Mumbai – 400 056.	
<b>Share Registrars &amp; Managers to the Fixed Deposit Scheme</b>	: TSR DARASHAW LTD. 6-10, Haji Moosa Patrawala Ind.Est. 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011.	
<b>Registered Office</b>	: National Highway No. 8, Water Works Cross Road, Abrama, Valsad - 396 002, Gujarat. Email : <a href="mailto:ecoval@ecoplastindia.com">ecoval@ecoplastindia.com</a>	
<b>Head Office</b>	: 4, Magan Mahal, 215, Sir. M. V. Road, Andheri (E), Mumbai-400 069. Email : <a href="mailto:ecobom@ecoplastindia.com">ecobom@ecoplastindia.com</a>	
<b>Website</b>	: <a href="http://www.ecoplastindia.com">http://www.ecoplastindia.com</a>	

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## NOTICE

Notice is hereby given that the TWENTY NINTH Annual General Meeting of the Company will be held at the The Club Resort, At & P.O.Vashier, Valsad - 396 001 at 11.30 a.m. on Friday, 5<sup>th</sup> August, 2011 to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and the Profit and Loss Account for the year ended on that date, together with the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity shares for the financial year ended 31<sup>st</sup> March, 2011.
3. To appoint a Director in place of Mr. Bankim B. Desai, who retires by rotation and, being eligible, offers himself for reappointment
4. To appoint a Director in place of Mr. J. A. Moos, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint M/s Akkad Mehta & Co., Chartered Accountants, retiring Auditors of the Company who are eligible for reappointment, as the Auditors of the Company from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

**For and On Behalf of the Board of Directors**

**J. B. Desai**

Mumbai, 28th May, 2011

*Managing Director*

### Notes:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy form duly completed must be returned so as to reach the registered office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting.
- b) The Register of Members and the Share Transfer books of the Company will remain closed from Friday 29<sup>th</sup> July, 2011 to Friday 5<sup>th</sup> August, 2011 (both days inclusive).
- c) Members seeking further information on the financial accounts are requested to write to the Company at least

seven days before the meeting, so that relevant information can be kept ready at the meeting.

- d) All correspondence relating to transfer of shares, change of address, dividend mandates etc. should be sent to the Registrar & Share Transfer agents quoting their folio numbers only at the following address:  
M/s TSR Darashaw Ltd., 6-10, Haji Moosa Patrawala, Industrial Estate, 20, Dr. E.Moses Road, Mahalaxmi, Mumbai – 400 011.
- e) In terms of Section 205A (5) of the Companies Act, 1956, dividends remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid / unclaimed dividend account of the Company shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to sub-section (1) of Section 205C of the Companies Act, 1956. Members are requested to seek early settlement of claim for payment of unpaid dividend from the Company. Members may please note that no claim of the transferred unclaimed / unpaid dividend shall lie against the above said fund or the Company after transfer of the amounts to the said fund.
- f) The Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nominations facilitates transmission of shares from the deceased shareholder to his / her nominee without going through the time consuming and cumbersome process of obtaining Succession Certificate / Probate or the Will. It would, therefore, be in the best interest of the shareholders holding shares in physical form as sole registered holders to make such nominations without any delay. Nominations will have to be made in the prescribed Form – 2B (see rule 5D & Form no: 2B). It may be noted that for shares held in electronic form, the concerned shareholders have to register their nominations directly with their respective depository participants.

**For and On Behalf of the Board of Directors**

**J. B. Desai**

Mumbai, 28th May, 2011.

*Managing Director*

## FINANCIAL HIGHLIGHTS

(Rs.'000)

	31.3.2011	31.3.2010	31.3.2009	31.3.2008	31.3.2007	
<b>OPERATION</b>						
Sales (Net)	<b>660,615</b>	484,717	318,030	371,583	347,108	
Other Income	<b>1,578</b>	1,339	1,759	2,740	1,558	
Operating Profit	<b>56,368</b>	33,627	8,699	24,425	19,630	
[Before Depreciation]						
Profit before Tax	<b>44,911</b>	22,698	(2,246)	14,249	10,801	
Profit after Tax (including prior period items)	<b>30,558</b>	13,066	(287)	10,384	7,338	
Dividend and Corporate Tax thereon	<b>9,445</b>	6,297	0	6,318	5,265	
Retained Earnings	<b>21,113</b>	6,769	(287)	4,066	2,073	
Earnings per Share (Rs.)	<b>10.19</b>	4.36	(0.10)	3.46	2.45	
[On Face Value of Rs.10/-]						
<b>ASSETS</b>						
Gross Block	<b>259,910</b>	225,273	224,944	223,389	189,172	
Net Block	<b>129,256</b>	105,361	117,258	126,647	101,436	
Net Current Assets	<b>120,709</b>	113,783	57,487	106,432	111,830	
Total Assets	<b>354,847</b>	286,175	210,920	296,947	250,044	
<b>NET WORTH</b>						
Equity Capital	<b>30,000</b>	30,000	30,000	30,000	30,000	
Reserves and Surplus	<b>120,126</b>	99,013	92,244	92,530	87,401	
Net Worth	<b>150,126</b>	129,013	122,244	122,530	117,401	
Book value per share (Rs.)	<b>50.04</b>	43.00	40.75	40.84	39.13	
[On Face Value of Rs.10/-]						
<b>BORROWINGS</b>						
Long Term	<b>25,762</b>	12,205	17,689	24,063	5,022	
Short Term	<b>58,344</b>	62,499	19,345	68,162	72,202	
	<b>84,107</b>	74,704	37,033	92,226	77,224	
<b>RATIOS</b>						
Profit before Tax to Sales and other Income	%	<b>6.78</b>	4.67	(0.70)	3.81	3.10
Profit before Tax to Net Worth	%	<b>29.92</b>	17.59	(1.84)	11.63	9.20
Dividend to Equity Capital	%	<b>27</b>	18	-	18	15
Dividend to Net Worth [Yield]		<b>6</b>	5	-	5	4
Return on Capital Employed	%	<b>25</b>	13	5	12	10
Dividend Cover	Times	<b>3.24</b>	2.08	-	1.64	1.39
Current Ratio	Ratio	<b>1.37:1</b>	1.45:1	1.67:1	1.29:1	1.48:1
Long Term Debt : Equity	Ratio	<b>0.24:1</b>	0.17:1	0.21:1	0.28:1	0.09:1

**DIRECTORS' REPORT**

To

The Members,

The Directors are pleased to present their Twenty-Ninth Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March 2011.

**1. FINANCIAL RESULTS**

	Rs.'000	
	31.3.2011	31.3.2010
Net Sales	660,615	484,717
Other Income	1,578	1,339
Sales and Other Income	662,193	486,056
Operating Profit (before Depreciation)	56,368	33,627
Less: Depreciation	11,456	12,285
Profit before Tax	44,911	22,698
Less: Provision for Tax		
Current Tax	14,025	9,660
Deferred Tax Credit	306	9
Profit after Tax	30,580	13,029
Short Provision of Tax for Prior Years	(22)	37
Net Profit after Prior period items	30,558	13,066
Add : Balance Brought Forward	33,232	27,962
Profit available for Appropriation	63,790	41,028
<b>APPROPRIATION :</b>		
Transfer to General Reserve	3,500	1,500
Dividend on Equity Shares	8,100	5,400
Corporate Dividend Tax	1,345	896
Balance Carried Forward	50,845	33,232
	63,790	41,028

**2. OPERATING RESULTS**

During the year under review, net sales increased by 36% - Rs. 6606 lacs, from Rs. 4847 lacs in the previous year. Operating profit before depreciation increased by 67% over the last year to 563 lacs. The resulting net profit after tax (with prior period adjustments), amounted to Rs. 305 lacs ; an increase of over 230% over the previous year.

**3. DIVIDEND**

The Board of Directors recommend a dividend of Rs. 2.70 per equity share ( 27 % ) for the year 2010-11. (Previous year – 18%) for approval at the Annual General Meeting. The dividend if approved, will result in a cash outflow of Rs. 94.45 lacs including dividend tax.

**4. TRANSFER TO RESERVES**

The Company proposes to transfer Rs. 35.00 lacs to the General Reserve out of the amount available for appropriations and an amount of Rs. 176.13 lacs is proposed to be retained in the Profit & Loss Account.

**5. FIXED DEPOSIT**

The Company continued accepting Fixed Deposits from the public during the year under review. The Company received Rs. 41.32 lacs under the Fixed Deposit scheme. At the close of the year there were no Fixed Deposits due for payment which remained either unclaimed or unpaid, except 15 deposits amounting to Rs. 4.91 lacs which have matured but have not been claimed. Of these, 4 Deposits, amounting to Rs. 0.86 lacs have been renewed or repaid up to the date of this Report.

The Company has complied with the requirements of the Companies (Acceptance of Deposits) Rules, 1975.

## **6. OPERATIONS**

The traditional business of multi layer films for lamination has grown and continued to sustain operations, in terms of volume and capacity utilisation. The more encouraging factor related to the longer term growth potential was the success achieved in sales of specialty films. Consistent efforts at development, evaluation and validation of films appeared to have paid off.

The annual multi layer film capacity was increased by 1980 MT, by installing a new extrusion line.

Significant improvements were made in virtually all areas of operations.

## **7. PROSPECTS FOR THE CURRENT YEAR**

The year 2010 – 11 has been exceptional in terms of the growth in profitability. The Company expects that revenues and profitability will continue to grow. However the profitability will be determined by a more favourable product mix, consisting of specialty films.

The Company's strength has been in its ability to understand the ultimate customers' end use performance characteristics of the film and to develop its properties that meet these specific performance requirements. It is this strength that has allowed the Company to venture into several niche market applications hitherto serviced by imports or local producers where the customer had to compromise either on processing speeds or end use

performance characteristics of their product. These are mostly industrial applications, pharmaceutical packaging and highly specialised laminate applications where the margins on sales are consistent with the company's growth objectives, and its reputation as a supplier providing value to customers.

The traditional business of multi layers films for production of laminates for consumer packaging has become very competitive. Its sales will be limited to those customers who continue to buy for reasons where the product packed is aggressive and/or the packaging system requires very specific quality parameters.

This critical edge the Company has in the market has to be sustained by major investments on equipment planned during the year to enable production of films consistent with modern technology in packaging and the need for preservation of foods, adopted by the ultimate packer – the FMCG companies.

The Company has invested in the Joint Venture Company, Synergy Films Pvt. Ltd., which is currently making losses. The Company has given a guarantee to NEDFI (North Eastern Development Finance Corporation Ltd.) for Rs. 400 Lacs for the Term Loan and Working Capital Loan disbursed by them to Synergy Films Pvt. Ltd. The Board of Directors is of the opinion that if the management of Synergy Films was replaced and brought fully under the control of your Company, Synergy Films Pvt. Ltd. could become a profit making Company. The Board is considering the takeover of the stake of the joint venture partner so that it is in a position to revive Synergy Films Pvt. Ltd. In these circumstances the Board is of the

view that the observation of the Statutory Auditor in paragraph 4(f) and 4(g) of his Report will not affect the operations of the Company.

**8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information in accordance with Clause (e) of Sub-section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended 31<sup>st</sup> March 2011 is given in the Annexure to this Report.

**9. PARTICULARS OF EMPLOYEES**

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is not provided, as none of the employees of the Company is drawing salary above the limits prescribed under the above rules.

**10. AUDITORS QUALIFICATION**

Auditor's remarks referred in para 4 (f) and para 4 (g) are in Form of non qualifying remarks and are self explanatory as per Note No. 9 and Note No. 16 of Notes to Accounts in Schedule 16.

**11. DIRECTORS**

Mr. Bankim B. Desai, Director of the Company, liable to retire by rotation, retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. J. A. Moos, Director of the Company, liable to retire by rotation, retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

**12. CORPORATE GOVERNANCE**

Pursuant to Clause - 49 of the Listing Agreement with the Stock Exchange, Mumbai a report on Corporate Governance, Management Discussion and Analysis, and a Certificate obtained from the Auditors of the Company regarding Compliance with the conditions of Corporate Governance, form part of this Report.

**13. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures from the applicable accounting standards.
- (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 a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2011 and of the profit of the company for the year ended on that date;
- (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.

#### **14. AUDITORS**

M/s. Akkad Mehta and Co., Chartered Accountants, Auditors of the Company will retire at the 29<sup>th</sup> Annual General Meeting and are eligible for re-appointment. A Certificate to the effect that their reappointment, if made, will be in accordance with the limit specified in Sub-section (1-B) of Section 224 of the Companies Act, 1956 has been furnished.

#### **15. SECRETARIAL AUDIT REPORT**

As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital of the Company. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors. The audit, inter alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the number of shares in dematerialized form (held with NSDL and CDSL) and the total number of shares in physical form.

#### **16. COMPLIANCE CERTIFICATE**

The Compliance Certificate as required under Section 383A of the Companies Act, 1956 from a Practicing Company Secretary is attached.

#### **17. ACKNOWLEDGMENT**

The Directors wish to convey their appreciation to Customers, Suppliers, Bankers, other Stakeholders and specially the employees for their co-operation. The Directors also appreciate the confidence reposed in the Management of the Company by its shareholders.

**For and on behalf of the Board of Directors**

**P. P. Kharas**  
*Chairman*

Mumbai, 28<sup>th</sup> May 2011



**ANNEXURE TO THE DIRECTORS' REPORT 2010 - 11**

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.

**A. CONSERVATION OF ENERGY**

The requirement of disclosure with respect to conservation of energy is not applicable to the Company. There is however, an on-going effort to monitor and control energy consumption, supported by findings of an energy audit conducted by an independent consultant.

**B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R&D)**

Broadly, the development of multilayer film structures to meet the performance requirements for a specific application, involves :

- A knowledge of the molecular structure of various raw material grades and the properties developed after extrusion to a film, under predetermined process conditions.
- Both film surfaces are critical for an application and therefore the knowledge of grades and properties needs to be extended to selection of three or more process compatible grades in a multilayer film structure to meet the performance requirements on several parameters. Thirty critical performance parameters logically grouped under six heads have been identified for selection of the critical few that determine the performance requirements of a film for a specific application.
- Selecting equipment and appropriate process condition, which determine the ultimate properties and the film's behaviour when further processing is carried out by customers, to develop the final product.
- Several laboratory tests to determine film properties; laboratory findings are then related to film performance. Here, knowledge and experience have an important role.
- Repeating (if required) the entire process until a right combination of properties for a specific performance is attained.
- Evaluation and validation of films under actual processing, packaging, storage, handling and transportation conditions to establish performance characteristics as determined with the customer.
- Technical support to the customer in the event the end user has a problem; most often the problem is

related to changes in processing, packaging system parameters or others, without informing the Company

**Future plan of action :**

Focus on future development will continue on:

- Films required for extending shelf-life for packaging fruits, vegetables, marine products and poultry in the domestic and export markets.
- Development of specialty films, which are import substitutes for our customers, and films which, due to their technology content, are difficult to replicate.

**C. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

The thrust has been on improving the quality of all films and developing new products to provide Value to customers.

To continue the Process of improving efficiencies in all areas of Operations to reduce costs, improve profit margin, while increasing the Customer Satisfaction Rating.

**D. R & D EXPENDITURE**

	(Rs.'000)	
	<b>31.03.11</b>	31.03.10
a) Capital Expenditure	-	-
b) Recurring Expenditure	<b>738 .00</b>	662.00
c) Total Expenditure	<b>738 .00</b>	662.00
d) Total R & D Expenditure as a percentage of total turnover.	<b>0.11</b>	0.14

No technology has been imported by the Company over the last five years.

**E. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	(Rs.'000)	
a) Foreign Exchange Earnings	:	143,018
b) Foreign Exchange Outgo (Raw material, Spares & Others)	:	229,079

**For and on behalf of the Board of Directors**

**P. P. Kharas**  
*Chairman*

Mumbai, 28<sup>th</sup> May, 2011

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**COMPLIANCE CERTIFICATE**

CIN No: L25200GJ1981PLC004375  
Authorized Capital: Rs. 10,00,00,000/-

To,  
The Members  
**Ecoplast Limited**  
National Highway No. 8,  
Water Works Cross Road,  
Abrama, Valsad  
Gujarat – 396001.

We have examined the registers, records, books and papers of **ECOPLAST LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March, 2011**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained the registers as stated in and subject to comments in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and the entries therein have been recorded.
2. The company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time as mentioned in the said annexure.
3. The Company being a Public Limited Company, comments that a Private Limited Company has minimum prescribed paid-up capital, maximum number of members, invitation to public to subscribe for shares and acceptance of deposits from persons other than its members, directors or their relatives, are not required.
4. The Board of Directors duly met 6 (Six) times on 03.04.2010, 08.05.2010, 30.07.2010, 18.09.2010, 25.10.2010 and on 10.02.2011 in respect of which meetings notices were given and the proceedings were recorded and signed in the Minutes Book maintained for the purpose. (No circular resolution was passed.)
5. The Company closed its Register of Members from 10.09.2010 to 18.09.2010 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2010 was held on 18.09.2010 after giving notice to the members of the company and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loan to its Directors and / or persons or firms or companies referred to in the Section 295 of the Act.
9. The Company has entered into certain contracts falling within the purview of Section 297 of the Act. The Company has confirmed that these transactions were for cash at prevailing market price.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. The Company has obtained necessary approvals from the Board of Directors and members pursuant to Section 314 of the Act wherever applicable.
12. The company has not issued any duplicate share certificates during the financial year.
13. (i) The Company has delivered all the certificates on lodgment of securities for transfer/ transmission or any other purpose in accordance with the provisions of the Act. There was no allotment of securities during the year.  
(ii) The Company deposited the amount of dividend declared at Annual General Meeting held on 18.09.2010 in a separate Bank Account on 20.09.2010 which is within five days from the date of declaration of such dividend.  
(iii) The Company posted warrants to all the members within the period of 30 days from the date of declaration and that all unclaimed /unpaid dividend has been transferred to Unpaid Dividend Account of the Company with HDFC Bank, Mumbai on 26.10.2010.

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- (iv) The Company has transferred the amounts of unpaid dividend and interest accrued on matured deposits, which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund within the time prescribed under the Act and the Rules made thereunder.
- (v) The Company has generally complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted . There was no appointment of additional directors, alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has not appointed any Managing Director/ Whole-time Directors/ Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has complied with the provisions of sections 58A and 58AA read with the Companies (Acceptance of Deposit) Rules, 1975 in respect of deposits accepted and the company has filed the copy of Statement in lieu of Advertisement and return of deposit with the Registrar of Companies.
24. The amount borrowed by the Company from financial institutions, banks and others during the financial year ending 31<sup>st</sup> March, 2011 is within the borrowing limits of the company.
25. The company has made loans and investments and given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the Registers kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. We are informed that there were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For Parikh & Associates  
Name of Company Secretary : P. N. Parikh  
C. P. No. : 1228

Place : Mumbai  
Date : 28<sup>th</sup> May 2011

## **Annexure 'A'**

### **Statutory Registers as maintained by the Company**

1. Register of Charges u/s 143 of the Act.
2. Register of Members u/s 150 of the Act.
3. Minutes Book of Board Meetings u/s 193 of the Act. (In loose leaf)
4. Minutes Book of Audit Committee Meetings (In loose leaf)
5. Minutes Book of Share Transfer / Investor Grievance Committee Meetings (In loose leaf)
6. Minutes Book of Remuneration Committee Meetings (In loose leaf)
7. Minutes Book of General Meetings u/s 193 of the Act.
8. Books of Accounts u/s 209 of the Act are being audited by the Statutory Auditors of the Company.
9. Register of Contracts u/s 301 of the Act.(maintained for 2010-2011 onwards)
10. Register of particulars of Directors etc. u/s 303 of the Act.
11. Register of Disclosure of Interest u/s 301 of the Act.
12. Register of Directors' Shareholding u/s 307 of the Act.
13. Register of loans/ Investments u/s 372A of the Act.
14. Register of Duplicate & Renewal Share Certificates.

### **Other Registers**

1. Register of Transfers
2. Attendance Register of Board Meetings
3. Attendance Register of General Meetings
4. Attendance Register of Audit Committee Meetings
5. Attendance Register of Share Transfer / Investor Grievance Committee Meetings
6. Attendance Register of Remuneration Committee Meetings.

For Parikh & Associates  
Name of Company Secretary : P. N. Parikh  
C. P. No. : 1228

Place : Mumbai  
Date : 28<sup>th</sup> May 2011

**Annexure 'B'**

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ended on March 31, 2011:

Sr. No.	Form No./Return	Filed under section	For	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid. Yes/No
1	Form 62	Rule 10 of the Companies (Acceptance of Deposits) Rules, 1975	Return of Deposits as on 31 <sup>st</sup> March, 2010	28.06.2010	Yes	N.A.
2	Form 1NV	205C	Interest accrued on matured deposit amounting to Rs. 5041/- credited to EPF on 05.05.2010	06.09.2010	-	-
3	Form 62	Rule 4A of the Companies (Acceptance of Deposits) Rules & Sec 58A	Statement in lieu of Advertisement	20.09.2010	Yes	N.A.
4	Form 8	135	Modification of Charge on 07.09.2010	01.10.2010	Yes	N.A.
5	Form 23 AC & Form 23ACA along with Annual Report for the year ended 31.03.2010	220	Approved at the Annual General Meeting held on 18.09.2010	05.10.2010	Yes	N.A.
6	Form 1NV	205C	Unpaid dividend amounting to Rs. 70,400/- declared on 29.08.2003 credited to EPF on 29.09.2010	05.10.2010	-	-
7	Form 23	192	Special Resolutions passed : for payment of commission to Directors other than Managing Director and Whole time Directors & for payment of Salary to relative of Director at the AGM held on 18.09.2010	08.10.2010	Yes	N.A.
8	Form 1NV	205C	Interest accrued on matured deposit amounting to Rs. 8533/- credited to EPF on 28.10.2010	02.11.2010	-	-
9	Form 1NV	205C	Interest accrued on matured deposit amounting to Rs. 189/- credited to EPF on 10.11.2010	16.11.2010	-	-
10	Form 20B along with Annual Return made as on 18.09.2010	159	Annual General Meeting held on 18.09.2010	17.11.2010	Yes	N.A.

Place : Mumbai  
Date : 28<sup>th</sup> May 2011

For Parikh & Associates  
Name of Company Secretary : P. N. Parikh  
C. P. No. : 1228

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry Outlook

In India the consumption of plastics has grown at the rate of 11 – 12% per year. In 2010 the estimated consumption was approximately 7.5 million MT, with a per capita consumption of around 7 kgs., against a world average of 22 kgs. All types of packaging constitutes about 60% of the total plastics consumption. There is therefore significant scope for growth in virtually all plastics packaging applications.

Packaging is the most visible use of plastics. Plastics packaging helps preserve food ; the wastage of fresh produce in Europe is kept at a minimum of around 2% (due in part to plastics packaging) compared to 30% of fruits and vegetables in India. The losses are due to poor post harvest packaging and the very low levels of food processing, at 6% compared to 60 – 80 % in developed countries. The value destruction from the field to the consumer is estimated at Rs. 20,000 crores annually; the Ministry of Food Processing has published a much higher figure of Rs. 50,000 crores. The growth potential for plastics packaging and films is therefore related to the significant potential in the food processing industry.

The growth drivers for packaging are the Indian FMCG sector with a total market size in excess of Rs. 1.25 lac crores.

About Rs. 9,000 crores of agricultural produce is purchased by the FMCG sector. According to a FICCI report, this sector is expected to grow four fold in the next 10 years from 1.25 lac crores to Rs. 4.5 lac crores by 2018 – a compounded growth rate of 14% annually. The implementation of the GST and opening of retail to FDI will further accelerate growth.

The future holds great promise for plastics films in packaging.

### 2. Opportunities and Threats:

There are good opportunities in the specialty application film business - mostly industrial applications, with relatively high technology content and which are generally import substitutes. The risk of backward integration is less in these applications.

Over the last three years, the industry has encountered volatility and uncertainty on price movements of PE, attributed to limited availability of petrochemical feedstock. Dependency on imported raw material for certain critical applications is a recognised risk.

### 3. Segment-wise and Product - wise performance.

The Company has only one segment namely Multilayer Films.

### 4. Outlook

The outlook for the Company is positive, because the industrial sectors in which the Specialty films are sold, shows good growth prospects. Innovation in developing film structures, followed by evaluation and validation of films in specialty applications is an ongoing process.

### 5. Risks and Concern.

The Company faces normal business challenges from market competition and needs to continuously search

attractive growth areas and opportunities. The Company has so far adapted successfully to changes in the market environment.

The company now caters to a wider range of applications and user industries, with resultant lower risk in an economic downturn.

**Operational risk:** Payment recoveries in uncertain economic conditions are and will continue to be a risk, which will need a very close attention.

**Competition Risk:** In order to mitigate competition risk the Company is moving into higher value added products, which are difficult to replicate and need time and technical service competency for product acceptance.

**Financial risk:** The Company's operations are exposed to various types of financial risks, like currency risk, interest risk, liquidity risk and credit risk. The continuous monitoring of cash flow and market factors helps in minimizing these risks and disruptions in normal operations.

**Litigation risk:** Outcome of litigation in matters of Tax Law or in any other statutory obligation cannot always be predicted and therefore also poses a risk. Currently there is no litigation of any materially significant value.

### 6 Internal Control Systems and their adequacy:

The Company has a proper and adequate system of internal controls commensurate with its nature and size of business and meets the following objectives:

- Providing assurance regarding the effectiveness and efficiency of operations;
  - Efficient use and safeguarding of resources;
  - Compliance with policies, procedures and applicable laws and regulations; and
  - Transactions being accurately recorded and reported timely.
- The Company has a budgetary control system to monitor expenditures and operations against budgets on an on going basis.
- The Internal Auditor also regularly reviews the adequacy of internal control system.

### 7. Human Resource Developments:

The company has a team of able and experienced professionals and believes that the quality of its employees is the key to its success in the long run. During the year under review, industrial relations continued to be cordial and peaceful.

### Cautionary Statement :

*Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.*

**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

**I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :**

The Company in its day-to-day working, in framing its policies and in its work culture, strives to adopt and comply with generally accepted Corporate Governance principles, such as

- a) Fair business practices.
- b) Effective Management control by the Board.
- c) Monitoring of executive performance by the Board.
- d) Compliance with Law in all facets of operation.
- e) Attainment of highest level of transparency and accountability
- f) Timely disclosure of financial and management information.

**II. BOARD OF DIRECTORS AND BOARD PROCEDURE :**

Composition, attendance at Board meetings and the last AGM, Outside Directorships; for the year April '10 to March '11.

Names	No. of Board Meetings Attended	No of Audit Committee Meetings Attended	No. of Remuneration Committee Meetings Attended	No of Shareholders Investor Grievance Committee Meetings Attended	Attendance at Previous AGM held on 18.09.2010	No. of Outside Directorships held in other public Companies as on 31.03.2011	Executive / Non-Executive Independent
P. P. Kharas Chairman	4	2	2	4	Present	Nil	Non Executive
J. B. Desai Managing Director	6	N.A.	N.A.	N.A.	Present	Nil	Executive
J. A. Moos	5	3	2	3	Present	Nil	Non Executive & Independent
D. T. Desai (Alternate to Bankim B. Desai)	5	N.A.	N.A.	N.A.	Present	2	Non Executive
Mukul. B. Desai	6	4	2	4	Present	4	Non Executive & Independent
Bhupendra M. Desai	6	4	2	N.A.	Present	Nil	Non Executive & Independent

- i) The Board comprises of one Executive Director and five Non-Executive Directors. Out of five non-executive Directors three Directors are independent.
- ii) During the year 2010-11, the Board of Directors met six times on 3<sup>rd</sup> April 2010, 8<sup>th</sup> May 2010, 30<sup>th</sup> July 2010, 18<sup>th</sup> September 2010, 25<sup>th</sup> October 2010, and 10<sup>th</sup> February 2011.
- iii) The details of attendance of each Director at the Board meetings and the last AGM held and details of number of outside Directorships held by each Director are given above.
- iv) Mr. Bankim B. Desai and Mr. J. A. Moos are liable to retire by rotation and offer themselves for re-election.

a) Mr. Bankim B. Desai, age 58 years has a Masters degree in Chemical Engineering from Wayne State University, U.S. A. Mr. Bankim Desai was one of the 3 promoter Directors of the Company which commenced operations in Sept. 1982. As a past Executive Director he was associated in planning and organizing the manufacturing activities, including installation of the existing plants on schedule.

Mr. Bankim B. Desai retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Bankim B. Desai holds 1,92,000 equity shares (6.40%) in the Company as on 31<sup>st</sup> March, 2011.

As he presently resides in the United States of America, he has appointed Mr. Dhananjay T. Desai as an Alternate Director.

b) Mr. J. A. Moos, age 67 years was at one time a practicing lawyer, and later a legal advisor to a large multinational pharmaceutical Company. He is now a non executive Director of various Companies.

Mr. J. A. Moos retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. J. A. Moos holds 500 equity shares (0.02%) in Ecoplast Ltd as on 31<sup>st</sup> March, 2011. He is a member of the Audit Committee, the Shareholders & Investors Grievance Committee and the Remuneration Committee.

None of the Directors of the Company are members of more than ten Board-level Committees or Chairmen of more than 5 such Committees across all the companies as per the restrictions under Clause - 49 of the Listing Agreement.

iv) The information as required under Annexure IA to Clause 49 was made available to the Board before each meeting which comprises of:

- Review of Annual Operating Plans of the business, Capital Budget and Updates.
- Quarterly results of the Company.

- Minutes of Meetings of Audit Committee.
- Information on recruitment, remuneration and resignations of Senior Officers just below the Board level.
- Materially important show cause, demand, prosecution and penalty notices.
- Any materially relevant default in financial obligations to and by the Company or substantial non payment for goods sold by the Company.
- Details of any joint venture agreement.
- Transactions that involves substantial payment towards intellectual property.
- Sale of material nature of investments, subsidiaries which is not in the normal course of business
- Non compliance of any regulatory or statutory provisions or listing requirements as well as share holder services such as non payment of dividend and delays in share transfer.

The Board is routinely presented with all information under the above heads, wherever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board Meetings or are tabled before the appropriate committees of the Board.

### III. REMUNERATION COMMITTEE :

- The Remuneration Committee consists of Mr. Mukul B Desai, Mr. P. P. Kharas, Mr. Bhupendra M. Desai and Mr. J. A. Moos.
- Except Mr. P. P. Kharas, all other Directors are Independent Directors.
- Matters of remuneration of Executive and Non - Executive Directors are considered by the Remuneration Committee.
- The remuneration policy of the Company is to remain competitive in the industry and to selectively reward personnel for their contributions.



Remuneration of Directors from April 2010 to March 2011.

**A. Executive Directors :**

Name	Sitting Fees	Salaries & Perqs.	Commission	Total
1. J. B. Desai	-	1,723,996	--	1,723,996
Total - A		1,723,996	--	1,723,996

**B. Non -Executive Directors :**

1. P. P. Kharas	37,500	-	61,707	99,207
2. J. A. Moos	42,500	-	61,707	104,207
3. D .T. Desai (waived remuneration)	-	-	-	-
4. Mukul B. Desai	52,500	-	61,707	114,207
5. Bhupendra M. Desai	42,500	-	61,707	104,207
Total - B	175,000		246,828	421,828
TOTAL (A+B)	175,000	1,723,996	246,828	2,145,824

**IV. AUDIT COMMITTEE :**

Terms of reference for Audit Committee :

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the Financial Statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee.
- Reviewing with Management the Annual Financial Statements before submission to the Board.
- Reviewing with the management and external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function.
- Discussing with internal auditors any significant finding and follow up on such issues.

Brief description of the Composition of Audit Committee:

The Audit committee consisted of three non- executive Directors Mr. P. P. Kharas, Mr. J. A. Moos and Mr. Mukul B Desai of whom two are Independent Directors.

With effect from 3<sup>rd</sup> April 2010, Mr. Bhupendra M. Desai has also been appointed as a member of the Audit Committee. Mr. Bhupendra M. Desai is an Independent Director.

Independent Director, Mr. Mukul B Desai is the Chairman of the Audit Committee.

The Compliance Officer of the Company acts as the Secretary of the Committee.

Meetings and Attendance during the year April'10 – March'11.

During the year April '10 – March '11, four Audit Committee meetings were held, on: 8<sup>th</sup> May 2010, 30<sup>th</sup> July 2010, 25<sup>th</sup> October 2010 and 10<sup>th</sup> February 2011.

**V. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE :**

The Shareholders / Investors Grievance Committee comprises of three non executive Directors (of whom two are Independent Directors) viz. Mr. P. P. Kharas, Mr. J. A. Moos and Mr. Mukul B Desai.

Non Executive Director Mr. P. P. Kharas, is the Chairman of the Committee.

The Compliance Officer of the Company acts as the Secretary of the Committee.

During the year April '10 – March '11, four Shareholders / Investors Grievance Committee meetings were held, on: 4<sup>th</sup> June 2010, 18<sup>th</sup> September 2010, 3<sup>rd</sup> December 2010 and 10<sup>th</sup> February 2011.

During the year, the Company has received 86 queries and NIL complaints from the shareholders. There were NIL unresolved shareholders complaints as on 31.03.2011. Also, there were NIL shares pending for transfer as on 31.03.2011.

#### **VI. GENERAL BODY MEETINGS :**

##### **1. Last 3 AGM's :**

Date	Time	Location
18 <sup>th</sup> September, 2010	11.30 A.M	The Country Club, At P.O: Vashier, Valsad, Gujarat, 396 001.
11 <sup>th</sup> September, 2009	11.30 A.M	The Country Club, At P.O: Vashier, Valsad, Gujarat, 396 001.
20 <sup>th</sup> September, 2008	11.30 A.M	The Country Club, At P.O: Vashier, Valsad, Gujarat, 396 001.
EGM held on :		
5 <sup>th</sup> June, 2001	11.00 A.M	Registered office of the Company

##### **2. Special Resolutions passed in the last three Annual General Meetings :**

On 18<sup>th</sup> September, 2010 -

1. Payment of Commission to non-executive Directors pursuant to provisions of Section 309 of the Companies Act, 1956.
2. Approval of Salary of over Rs. 10,000/- to a relative of a Director pursuant to provisions of Section 314 of the Companies Act, 1956.

There were no other General Body Meetings during the last three years and no Resolution was put to vote through postal ballot.

#### **VII. DISCLOSURES :**

- i) No transactions of material nature has been entered into by the Company with its Promoters, Directors or Management or relatives etc. that may have potential conflict with the interest of the Company, except as disclosed in the Note No:12 in the Notes on Accounts.
- ii) There were no instances of non compliances, penalty, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.
- iii) The Company has complied with all the mandatory requirements of Clause - 49 of the Listing Agreement, except the whistle blower policy.

#### **VIII. MEANS OF COMMUNICATION :**

The Quarterly, Half-yearly and Annual results are published by the Company in the Divya Bhaskar – Valsad edition, and the Indian Express – Ahmedabad edition. Annual reports are sent to households or shareholders. The Company's results are also displayed on the web-site at : <http://www.ecoplastindia.com>.

##### **Exclusive Email ID for redressal of investor complaints.**

In terms of Clause 47(f) of the Listing Agreement, Company has displayed the following information on it's website for redressal of Investor Complaints.

Email : [mahadevdesai@ecoplastindia.com](mailto:mahadevdesai@ecoplastindia.com)  
Compliance Officer : Mr. M. D. Desai – Compliance Officer  
Tel. No. : 02632 -226257.

**IX. CODE OF CONDUCT :**

The Board has laid down the Code of Conduct for the Board Members. The Code of Conduct for the Board members is posted on the web-site [www.ecoplastindia.com](http://www.ecoplastindia.com)

The Board members have affirmed compliance with the Code of Conduct for the year 2010-11.

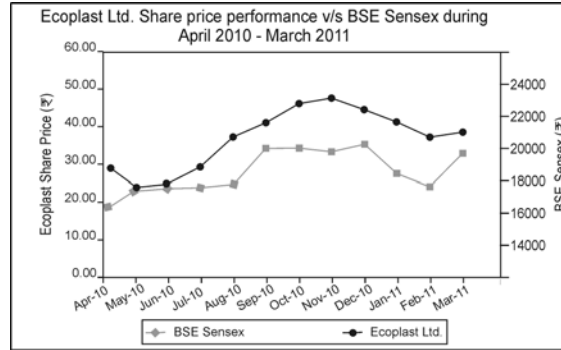
**X. GENERAL SHAREHOLDER INFORMATION :**

1. Annual General Meeting :  
 Day, Date & Time : Friday 5<sup>th</sup> August, 2011, at 11.30 A.M.  
 Venue : The Club Resort, At & P.O. Vashier, Valsad -396 001.
2. Financial Calendar : (tentative)  
 From 1<sup>st</sup> April to 31<sup>st</sup> March every year.  
 First Quarter Results : Before 15<sup>th</sup> August, 2011.  
 Second Quarter Results : Before 15<sup>th</sup> November, 2011.  
 Third Quarter Results : Before 15<sup>th</sup> February, 2012.  
 Fourth Quarter Results or : Before 31<sup>st</sup> May, 2012  
 Annual results  
 AGM for the year : Before the end of September, 2012
3. Date of Book Closure : Friday 29<sup>th</sup> July, 2011 to Friday 5<sup>th</sup> August, 2011 (both days inclusive)
4. Dividend Payment date : 8<sup>th</sup> August 2011
5. Listing on Stock Exchanges : Stock Exchange, Mumbai. The Company Has paid listing Fees for the period 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012.
6. Stock Code : 526703
7. Market Price Data : The performance of the Company's scrip on the BSE as compared to the sensex is as under :

**Ecoplast Ltd on BSE Sensex**

Month	High (Rs.)	Low (Rs.)
Apr- 2010	38.60	20.70
May-2010	27.70	21.20
Jun -2010	29.00	21.20
Jul - 2010	32.80	26.25
Aug-2010	44.80	30.50
Sep-2010	44.80	38.70
Oct-2010	53.25	40.50
Nov-2010	53.50	42.00
Dec-2010	48.75	40.00
Jan-2011	44.80	38.70
Feb-2011	44.50	30.15
Mar-2011	41.35	35.45

8. Performance : Ecoplast share price performance vs. BSE Sensex during April 2010 - March 2011.



9. Registrars and Share Transfer Agents : TSR DARASHAW LTD.  
6-10, Haji Moosa Patrawala Industrial estate, 20,  
Dr. E.Moses Road, Mahalaxmi, Mumbai – 400 011.
10. Share Transfer System : Demat / Physical
11. Distribution of shareholding by size class : As on 31.03.2011

Category	Number of Shareholders	Shareholders % to Total	No. of Shares	Shares % to Total
1 TO 500	2,232	86.04	3,31,093	11.04
501 TO 1000	160	6.17	1,24,607	4.15
1001 TO 2000	77	2.97	1,18,390	3.95
2001 TO 3000	36	1.39	92,408	3.08
3001 TO 4000	12	0.46	44,521	1.48
4001 TO 5000	20	0.77	95,632	3.19
5001 TO 10000	24	0.93	1,77,808	5.93
Over 10000	33	1.27	20,15,541	67.18
<b>TOTAL</b>	<b>2,594</b>	<b>100.00</b>	<b>30,00,000</b>	<b>100.00</b>

12. Dematerialization of shares and liquidity : 95.04 % of the equity shares of the Company have been dematerialized as on 31<sup>st</sup> March, 2011 and balance 4.96% is in physical form.
13. Plant Location : National Highway No. 8, Water Works Cross Road, Abrama, Valsad – 396 001.
14. Address for correspondence : Ecoplast Ltd., National Highway No. 8, Water Works Cross Road, Abrama, Valsad – 396 001.
15. Disclosures by Management to the Board :

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board and the interested Directors neither participate in the discussions, nor do they vote on such matters.

For and on behalf of the Board of Directors

**J. B. Desai**  
Managing Director

Mumbai, 28<sup>th</sup> May, 2011.

**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

To,  
The Board of Directors,  
Ecoplast Ltd.,

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Ecoplast Ltd ("The Company"), to the best of our knowledge and belief certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2011 and based on our knowledge and belief we state that :
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct except as disclosed in the note No:19 to the notes on accounts.
- c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated, based on our most recent evaluation, wherever applicable to the Auditors and Audit Committee :
  - i) significant changes, if any, in the internal control over financial reporting during the year.
  - ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

**J. B. Desai**  
*Managing Director*

**M. D. Desai**  
*Compliance Officer*

Mumbai, 28<sup>th</sup> May, 2011.

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its Board Members which is available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2011, received from the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

Mumbai, 28<sup>th</sup> May, 2011

**J.B.Desai**  
*Managing Director*

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**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

To,

**The Members of Ecoplast Ltd.,**

We have reviewed the implementation of Corporate Governance procedures by **Ecoplast Ltd.** during the year ended March 31, 2011, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement(s).

As required by the Guidance Note on Certification on Corporate Governance issued by the Institute of Chartered Accountants of India, we state that there is no investor grievance pending for a period exceeding one month as at 31<sup>st</sup> March, 2011, against the Company as per the certificate received from the Registrar and the Share Transfer Agents and taken on record by the Share Transfer – cum – Shareholders' Grievance Committee of the Company.

For **AKKAD MEHTA & CO**  
*Chartered Accountants*  
Firm Registration No. 100259W

**SANJAY MEHTA**  
*Partner*  
Membership No. 16859

Mumbai, 28<sup>th</sup> May, 2011

## AUDITORS' REPORT

To  
The Members of  
**Ecoplast Ltd**

1. We have audited the attached Balance Sheet of **Ecoplast Ltd** as at 31st March, 2011 the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of these books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, we do hereby certify that none of the directors of the company, as on 31<sup>st</sup> March, 2011 is disqualified for appointment as a director in the aforementioned company in terms of clause (g) of

sub-section (1) of section 274 of the Companies Act, 1956 on the said date.

- (f) Without qualifying our opinion, we draw the attention to the fact that as referred to in Note 9 of Notes to Accounts in Schedule 16 regarding diminution in the value of investment made in the Joint Venture Company, Synergy Film Pvt. Ltd due to more than 100% erosion of the Net Worth of the said company on account of accumulated losses based on unaudited accounts as at 31<sup>st</sup> March, 2011. However having regard to the continued long-term strategic involvement, Management is of the view that no provision is necessary for any diminution in the value of Investments.
- (g) Without qualifying our opinion, we draw the attention to the fact that as stated in Note 16 of the Notes to Accounts in Schedule 16, the audited financial statements are not available in respect of Joint Venture Company. Consequently the unaudited financial statements of the said joint venture company for the year ended March 31, 2011 as certified by the Management has been used for disclosure and we have relied upon the same.
- (h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i) in so far as it relates to the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2011
  - ii) in so far as it relates to the Profit and Loss Account, of the **Profit** of the company for the year ended on that date.  
and
  - iii) in so far as it relates to the Cash Flow Statement, of the cash flows for the year ended on that date.

For **AKKAD MEHTA & CO**

*Chartered Accountants*  
Firm ICAI Registration No. 100259W

**SANJAY MEHTA**  
*Partner*  
Membership No. 16859

Mumbai, 28<sup>th</sup> May, 2011

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**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there are procedures of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) The fixed assets disposed off during the year do not constitute a substantial part and therefore, in our opinion, the disposal does not affect the going concern assumption.
- ii) (a) The inventory has been physically verified by the management at reasonable intervals during the current year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (b) In respect of loans, secured or unsecured, taken by the company from companies, firms or other parties covered in the register maintained u/s.301 of the Companies Act, 1956, according to the information and explanations given to us.
- (i) The Company has taken unsecured loan from one party. At the year end, the outstanding balance of such loan taken was Nil and the maximum amount involved during the year was Rs. 85 lacs.
- (ii) The rate of interest and other terms and conditions of such loan is, in our opinion, prima-facie not prejudicial to the interest of the company.
- (iii) The payment of principal amounts and interest in respect of such loan is regular/as per stipulations.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- v) (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations made to us, we are of the opinion that, the particulars of contracts or arrangements in which directors were interested as contemplated under section 297 and sub-section (6) of section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under section 301 of the said Act, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the aforesaid transactions have been made at prices which are reasonable having regard to the market prices prevailing at the relevant time as evaluated on the basis of prices charged by the Company in case of similar transactions during the year.
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. Accordingly, there have been



- no proceedings before the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this matter.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) In our opinion, the Company is not required to maintain cost records under section 209 (1)(d) of the Companies Act, 1956.
- ix) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, service tax, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, service tax, excise duty and cess were in arrears, as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses at the end of the financial year and the Company has not incurred cash losses in the financial year and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of dues to banks. The Company does not have any borrowings from financial institutions or by way of debentures.
- (xii) According to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) The Company has given a corporate guarantee of Rs.4 Crores to North Eastern Development Finance Corp. Ltd., Assam on behalf of Synergy Films Pvt. Ltd., a Joint Venture Company as a collateral security for Term Loan and Working Capital Facility availed by the Joint Venture Company. In our opinion based on the information and explanations received, the terms and conditions of this guarantee are not prejudicial to the interest of the company.
- (xvi) In our opinion and according to the explanations given to us, the term loans obtained during the year have been applied for the purpose for which they were raised.
- (xvii) According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short-term basis have not, *prima facie*, been used during the year for long-term investment except permanent working capital.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued debentures and hence no securities have been created.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **AKKAD MEHTA & CO**  
Chartered Accountants  
Firm ICAI Registration No. 100259W

**SANJAY MEHTA**  
Partner  
Membership No. 16859

Mumbai, 28<sup>th</sup> May, 2011

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	SCHEDULE	31.3.2011 Rs.	31.3.2010 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	30,000,000	30,000,000
Reserves and Surplus	2	120,125,918	99,012,930
		<u>150,125,918</u>	<u>129,012,930</u>
<b>LOAN FUNDS</b>			
Secured Loans	3	62,496,427	65,755,102
Unsecured Loans	4	21,610,116	8,948,765
		<u>84,106,543</u>	<u>74,703,867</u>
<b>DEFERRED TAX LIABILITY</b>			
		<u>19,307,622</u>	<u>19,001,684</u>
		<u>253,540,082</u>	<u>222,718,482</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	259,909,968	225,273,018
Less: Depreciation / Impairment		130,653,499	119,912,275
NET BLOCK		<u>129,256,469</u>	<u>105,360,743</u>
<b>INVESTMENTS</b>			
	6	3,575,000	3,575,000
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	82,523,703	45,630,625
Sundry Debtors	8	112,210,130	104,834,620
Cash & Bank Balances	9	5,791,721	11,656,621
Loans and Advances	10	21,490,290	15,117,043
		<u>222,015,844</u>	<u>177,238,909</u>
Less: Current Liabilities & Provisions	11	101,307,230	63,456,170
NET CURRENT ASSETS		<u>120,708,614</u>	<u>113,782,739</u>
<b>NOTES TO THE ACCOUNTS</b>	16	<u>253,540,082</u>	<u>222,718,482</u>

Note: Schedules 1 to 16 referred to herein form an integral part of the Financial Statements.

As per our Report of even date.  
For **AKKAD MEHTA & CO.**  
Chartered Accountants  
Firm ICAI Registration No. 100259W

**SANJAY MEHTA**  
Partner  
Membership No. 16859  
Mumbai, 28<sup>th</sup> May, 2011.

For and on behalf of the Board of Directors

**P. P. KHARAS**  
Chairman

**M. D. DESAI**  
C. F. O.

**JAYMIN B. DESAI**  
Managing Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	SCHEDULE	31.3.2011 Rs.	31.3.2010 Rs.
<b>INCOME</b>			
Sales	12	660,614,608	484,716,958
Other Income	13	1,578,032	1,338,954
		<b>662,192,640</b>	<b>486,055,912</b>
<b>EXPENDITURE</b>			
Manufacturing & Other Expenses	14	611,020,852	448,745,165
(Increase)/Decrease in Stocks	15	(16,431,830)	(5,811,207)
Interest and Finance Charges		11,236,114	8,138,547
Loss on Impairment of assets		-	1,356,076
Depreciation		11,456,150	10,929,375
		<b>617,281,286</b>	<b>463,357,956</b>
<b>PROFIT/ (LOSS) BEFORE TAX</b>		<b>44,911,354</b>	<b>22,697,956</b>
Provision for Tax :			
Current Tax		14,025,000	9,660,000
Deferred Tax		305,938	8,706
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>30,580,416</b>	<b>13,029,250</b>
(Excess)/ Short Provision of Tax for Prior years		(22,118)	36,953
<b>NET PROFIT AFTER PRIOR PERIOD ITEMS</b>		<b>30,558,298</b>	<b>13,066,203</b>
Balance brought forward		33,231,615	27,962,287
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>63,789,913</b>	<b>41,028,490</b>
<b>APPROPRIATION</b>			
Transfer to General Reserve		3,500,000	1,500,000
Dividend on Equity Shares		8,100,000	5,400,000
Dividend Distribution Tax		1,345,310	896,875
Balance Carried Forward		50,844,603	33,231,615
		<b>63,789,913</b>	<b>41,028,490</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	16	<b>10.19</b>	4.36
<b>NOTES TO THE ACCOUNTS</b>	16		

As per our Report of even date.  
For **AKKAD MEHTA & CO.**  
Chartered Accountants  
Firm ICAI Registration No. 100259W

**SANJAY MEHTA**  
Partner  
Membership No. 16859  
Mumbai, 28<sup>th</sup> May, 2011.

For and on behalf of the Board of Directors

**P. P. KHARAS**  
Chairman

**M. D. DESAI**  
C. F. O.

**JAYMIN B. DESAI**  
Managing Director

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**SCHEDULES FORMING PART OF THE ACCOUNTS**


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	31.3.2011	31.3.2010
	Rs.	Rs.
<b>SCHEDULE- 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
10,000,000 Equity Shares of Rs.10/-each	<u>100,000,000</u>	<u>100,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
3,000,000 Equity Shares of Rs. 10/- each fully paid-up (includes 1,500,000 Equity Shares of Rs.10 each have been allotted as fully paid up Bonus shares by capitalising Rs. 5,000,000 out of General Reserve and Rs.10,000,000 out of Revaluation Reserve)	<u>30,000,000</u>	<u>30,000,000</u>
	<u>30,000,000</u>	<u>30,000,000</u>
<b>SCHEDULE- 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>SHARE PREMIUM</b>		
Balance as per last Balance Sheet	<u>30,000,000</u>	<u>30,000,000</u>
	<u>30,000,000</u>	<u>30,000,000</u>
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	<u>35,781,315</u>	<u>34,281,315</u>
Add : Transfer from Profit and Loss Account	<u>3,500,000</u>	<u>1,500,000</u>
	<u>39,281,315</u>	<u>35,781,315</u>
Surplus in Profit and Loss Account	<u>50,844,603</u>	<u>33,231,615</u>
	<u>120,125,918</u>	<u>99,012,930</u>

	31.3.2011 Rs.	31.3.2010 Rs.
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Rupee Term Loan from a Bank (Secured by Mortgage of all immoveable assets of the Company and hypothecation of Plant and Machineries and Equipments, both present and future and further secured by personal guarantee of Managing Director) (Due within one year Rs. 93,63,996. Previous Year Rs. 53,64,000)	24,956,315	12,205,000
Cash Credit & Export Packing Credit Loan from a Bank (Secured by hypothecation of inventories, book debts, and collaterally secured by equitable mortgage of Land and Buildings, hypothecation of Plant and Machineries and guaranteed by Managing Director)	37,540,112	53,550,102
	<u>62,496,427</u>	<u>65,755,102</u>
<b>SCHEDULE- 4</b>		
<b>UNSECURED LOANS</b>		
<b>a) Fixed Deposits</b>		
From Shareholders	20,000	75,000
From Others	9,846,000	8,430,000
Interest due and payable thereon	581,671	443,765
	<u>10,447,671</u>	<u>8,948,765</u>
<b>b) Short Term Loans and Advances</b>		
From Bank (Discounting of Export / Domestic bills, guaranteed by Managing Director)	6,356,566	-
From Corporates	4,000,000	-
From Others	805,879	-
	<u>11,162,445</u>	<u>-</u>
	<u>21,610,116</u>	<u>8,948,765</u>

**SCHEDULE-5 :  
FIXED ASSETS**

DESCRIPTION	GROSS BLOCK		DEPRECIATION		NET BLOCK			
	Cost as at 1.4.2010	Additions during the year	Deduct- ion for the year	Cost as at 31.3.2011	Upto 1.4.2010	Deduct- ion for the year	As at 31.3.2011	As on 31.3.2010
LAND	5,096,185	-	-	5,096,185	-	-	5,096,185	5,096,185
BUILDINGS	37,532,182	4,697,287	-	42,229,469	11,057,406	1,255,435	29,916,627	26,474,776
PLANT & MACHINERIES, EQUIPMENTS AND UTILITIES	159,339,579	27,051,202	240,385	186,150,396	93,724,278	8,334,048	84,092,070	65,615,301
ELECTRICAL INSTALLATION	8,541,167	2,233,109	-	10,774,276	4,862,022	455,009	5,317,031	3,679,145
VEHICLES*	5,720,739	1,207,418	1,000,719	5,927,438	3,247,911	758,138	3,324,942	2,472,827
FURNITURE & FIXTURES	3,523,935	100,720	-	3,624,655	2,551,558	214,448	2,766,006	858,649
OFFICE EQUIPMENTS	5,519,230	737,819	149,500	6,107,549	4,469,098	439,073	4,874,352	1,233,197
<b>GRAND TOTAL **</b>	<b>225,273,018</b>	<b>36,027,555</b>	<b>1,390,604</b>	<b>259,909,968</b>	<b>119,912,274</b>	<b>11,456,150</b>	<b>130,653,499</b>	<b>105,360,743</b>
<b>PREVIOUS YEAR</b>	<b>224,944,495</b>	<b>397,273</b>	<b>68,750</b>	<b>225,273,018</b>	<b>107,686,573</b>	<b>12,285,451</b>	<b>119,912,274</b>	<b>117,257,922</b>

\* Includes Rs. 11,53,988/- purchased on Hire-Purchase basis.

\*\* Gross Block includes Rs. 2,446,449/- on revaluation of Fixed Assets as on 31st March, 1994 excluding Vehicles, Furniture & Fixtures and Office Equipments.

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	31.3.2011	31.3.2010
	Rs.	Rs.
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS</b>		
In Joint Venture Company - (At Cost) (Unquoted 2,99,300 Equity shares of Rs.10 each fully paid - up in Synergy Films Pvt. Ltd.).	3,575,000	3,575,000
	<u>3,575,000</u>	<u>3,575,000</u>
 <b>SCHEDULE - 7</b>		
<b>INVENTORIES</b>		
(As taken, valued and certified by a Director)		
Raw Materials	51,180,504	30,823,160
Finished goods	13,509,258	8,281,158
Semi Finished Goods	15,233,007	4,029,277
Machinery Spares, Ink and Fuel	2,271,215	1,899,066
Packing Materials	329,719	578,464
Scrap	-	19,500
	<u>82,523,703</u>	<u>45,630,625</u>
 <b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS (UNSECURED)</b>		
<u>Over Six months</u>		
Considered Doubtful	2,499,349	2,784,349
Less : Provision Made	2,499,349	2,784,349
	-	-
Considered Good	2,693,215	2,050,574
	<u>2,693,215</u>	<u>2,050,574</u>
<u>Other Debts</u>		
Considered good	109,516,915	102,784,046
	<u>112,210,130</u>	<u>104,834,620</u>

	31.3.2011	31.3.2010
	Rs.	Rs.
<b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	321,812	283,860
With Scheduled Banks:		
In Current Accounts	2,103,237	3,749,163
In Deposit Accounts	3,366,672	7,623,599
(includes Rs. 29,66,672/- Previous year Rs. 70,23,599/- under Bank's lien for Letter of Credit facility)		
	<u>5,791,721</u>	<u>11,656,621</u>
<b>SCHEDULE - 10</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
Advances recoverable in cash or kind or for value to be received	8,225,608	9,611,422
Advances to Joint Venture Company - Synergy Films Pvt. Ltd.	686,045	654,210
Advance Payment of Taxes (Net of Provision)	600,135	2,003,379
Loan to Joint Venture Company - Synergy Films Pvt. Ltd.	1,500,000	-
Deposits	1,762,798	1,762,798
Balance with Central Excise Department	8,715,704	1,085,234
	<u>21,490,290</u>	<u>15,117,043</u>
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	66,424,481	47,329,137
Unclaimed Dividends *	725,060	698,540
Unclaimed Matured Fixed Deposits and Interest Due and Payable thereon *	493,552	380,185
Advance Received against Export Orders	18,745,885	4,790,595
Other Liabilities	5,472,942	3,960,838
	<u>91,861,920</u>	<u>57,159,295</u>
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
<b>Provisions</b>		
Proposed Dividend	8,100,000	5,400,000
Dividend Distribution Tax	1,345,310	896,875
	<u>9,445,310</u>	<u>6,296,875</u>
	<u>101,307,230</u>	<u>63,456,170</u>
<b>SCHEDULE - 12</b>		
<b>SALES</b>		
Gross Sales	727,527,971	525,554,143
Less : Central Excise Duty & Sales Tax	66,913,363	40,837,185
	<u>660,614,608</u>	<u>484,716,958</u>
<b>SCHEDULE - 13</b>		
<b>OTHER INCOME</b>		
Interest Received (TDS Rs.20,209/-, Previous Year Rs. 37,285/-)	598,043	278,861
Other Receipts	694,989	643,530
Provisions for Doubtful Debts no longer required, written back	285,000	416,563
	<u>1,578,032</u>	<u>1,338,954</u>



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	31.3.2011	31.3.2010
	Rs.	Rs.
<b>SCHEDULE - 14</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
<b>RAW MATERIALS CONSUMED</b>	<b>492,910,739</b>	358,549,346
<b>PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>		
Salaries, Wages and Allowances	24,550,546	20,152,134
Staff Welfare Expenses	748,204	522,397
Company's contribution to Provident Fund and Other Funds	4,858,501	1,858,154
	<u>30,157,251</u>	<u>22,532,685</u>
<b>EXPENSES FOR MANUFACTURE, ADMINISTRATION AND SELLING</b>		
Stores and Spares consumed	3,267,485	2,397,205
Packing Material consumed	13,861,874	10,497,286
Power and Fuel	30,263,194	21,094,207
Printing Charges	647,377	950,148
Conversion Charges Paid	80,034	431,714
Freight Outward and Octroi	16,067,840	11,995,116
Foreign Exchange Fluctuation Loss/(Gain)	(681,330)	206,669
Insurance	961,443	787,803
Repairs to Machinery	3,851,831	3,670,384
Repairs to Building	529,378	233,023
Repairs to Others	396,221	382,092
Rates and Taxes	133,149	164,310
Commission Paid	29,690	-
Royalty paid	3,031,345	2,827,050
Rent Paid	-	31,500
Other Expenses	12,901,791	9,598,945
Directors' Sitting Fees	175,000	222,500
Remuneration to Managing Director	1,699,996	1,399,998
Commission to Non-Executive Directors	400,000	246,829
Donation	51,250	20,000
Provision for Doubtful Debts	-	154,792
Bad Debts written off	-	351,563
Loss on Assets Sold / Discarded	285,294	-
	<u>87,952,862</u>	<u>67,663,135</u>
	<u>611,020,852</u>	<u>448,745,165</u>
<b>SCHEDULE - 15</b>		
<b>INCREASE / (DECREASE) IN STOCKS</b>		
<b>Opening Stocks</b>		
Finished Goods	8,281,158	3,965,609
Semi Finished Goods	4,029,277	2,533,619
	<u>12,310,435</u>	<u>6,499,228</u>
<b>Less : Closing Stocks</b>		
Finished Goods	13,509,258	8,281,158
Semi Finished Goods	15,233,007	4,029,277
	<u>28,742,265</u>	<u>12,310,435</u>
Increase / (Decrease) in stocks	<u>16,431,830</u>	<u>5,811,207</u>

**SCHEDULE - 16****NOTES FORMING PART OF THE ACCOUNTS****1 Significant Accounting Policies****i) Basis of Accounting**

Financial Statements are prepared under historical cost convention on accrual basis of accounting and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Companies Act, 1956.

**ii) Use of Estimates**

The presentation of Financial Statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

**iii) Revenue Recognition**

- a. Domestic Sales are recognised when goods are dispatched. Sales are accounted net of amount recovered towards excise duty and sales tax.
- b. Export Sales are accounted for on the basis of the date of Bill of Lading.
- c. Sales rejections are accounted on actual receipt of rejected goods / settlement of claims.
- d. Price differences are accounted on actual settlement with the parties.
- e. Insurance and other claims are accounted on cash basis.
- f. Export incentives are accounted on receipt basis.

**iv) Fixed Assets & Depreciation**

- a. Fixed Assets are stated at cost of acquisition or construction or at revalued amounts wherever such assets have been revalued less accumulated depreciation.
- b. Depreciation has been calculated on the Straight Line Method at the rates given in the Schedule XIV to the Companies Act, 1956 for the assets installed on or after 1-10-87. For the assets installed prior to 1-10-87, depreciation has been calculated on Straight Line Method at the rates applicable at the time of acquisition/installation of the said assets in terms of Circular No. 1/86 dated 21st May, 1986 issued by the Department of Company Affairs.
- c. In respect of certain Plant & Machineries and Computers acquired after 1-4-2001 which are estimated to have a lower residual life than envisaged, depreciation has been charged based on the estimated lower residual life.
- d. In respect of Motor Cars acquired after 01-04-2006 which are depreciated at the rate higher than those prescribed in Schedule XIV to the Companies Act, 1956 as in management's judgement, their estimated useful lives are shorter than those prescribed.
- e. Depreciation on exchange fluctuations capitalised to fixed assets is provided over the residual useful life of the fixed assets.
- f. Depreciation on additions / deletions to fixed assets is provided prorata from the date of addition / deletion.

**v) Machinery Spares**

Machinery spares other than stand-by spares are charged to Profit & Loss Account as and when consumed. Machinery spares in the nature of stand - by equipments / spares are capitalised and depreciated over the useful life of the principal item.

**vi) Foreign Currency Transactions**

All transactions in foreign currency are recorded on initial recognition at the exchange prevailing at the time of the transaction.

Monetary assets and liabilities denominated in foreign currency are reported using the closing exchange rate on each balance sheet date unless covered by forward contract

The exchange difference arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded reported in financial statements are recognised as income/expense in the Profit & Loss Account of the year.

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**vii) Borrowing Costs**

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalised as part of the cost of the assets, upto the date the asset is put to use. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

**viii) Research and Development**

Revenue expenditure, including overheads on Research and Development is charged as an expense through the natural heads of account in the year in which incurred. Expenditure which results in the creation of capital assets is capitalised and depreciation is provided on such assets as applicable.

**ix) Employee Benefits**

**Short Term Employees Benefits**

All employees benefits payable wholly within 12 months of rendering service are classified as short term employees benefits. Benefits such as salaries, wages and short term compensated absences etc. and the expected cost of bonus/ex-gratia are recognised in the period in which the employee renders the related services.

**Defined Contribution Plans**

**Superannuation :**

The Company has Defined Contribution Plan for Post employment benefits in the form of Superannuation Fund for certain class of employees as per the scheme, administered through Life Insurance Corporation (LIC) and a trust which is administered by the Trustees and is charged to revenue every year. Company has no further obligation beyond its contributions.

**Employee's Family Pension :**

The Company has Defined Contribution Plan for Post employment benefits in the form of Family Pension for all eligible employees, which is administered by the Regional Provident Fund Commissioner and is charged to revenue every year. Company has no further obligation beyond its monthly contributions.

**Provident Fund :**

The Company has Defined Contribution Plan for Post employment benefits in the form of Provident Fund for all eligible employees, which is administered by the Regional Provident Fund Commissioner and is charged to revenue every year. Company has no further obligation beyond its monthly contributions.

**Defined Benefit Plans**

**Gratuity :**

The Company has a Defined Benefit Plan for Post employment benefit in the form of Gratuity for all eligible employees, which is administered by Life Insurance Corporation (LIC) and a trust which is administered by the Trustees. Liability for above defined benefit plan is provided on the basis of actuarial valuation as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

**Compensated Absences :**

Liability of Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The Actuarial valuation method used for measuring the liability is the Projected Unit Credit method. Under this method, the Defined Benefit Obligation is calculated taking into account pattern of availment of leave whilst in service and qualifying salary on the date of availment of leave. In respect of encashment of leave, the Defined Benefit Obligation is calculated taking into account all types of the decrement, salary growth, attrition rate and qualifying salary projected up to the assumed date of encashment.

**Termination Benefits :**

Termination benefits are recognised as expense immediately

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- x) Cenvat Credit**  
Cenvat credit available on purchase of services / materials / capital goods is accounted by reducing cost of services/ materials / capital goods. Cenvat credit availed of is accounted by way of adjustment against Excise duty payable on dispatch of finished goods.
- xi) Taxation**  
**Current tax**  
Provision for Income Tax is made on the assessable profits of the Company at the tax rate applicable to the relevant assessment year and in accordance with the provision of the Income Tax Act, 1961.  
**Deferred Tax Provision**  
Deferred tax assets & liabilities resulting from timing differences between book profits and tax profits are accounted for under the liability method and measured at substantially enacted rates of tax at the Balance Sheet date to the extent that there is reasonable / virtual certainty that sufficient future taxable income will be available against which such deferred tax asset / virtual liability can be realised.
- xii) Impairment of Fixed Assets**  
An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.
- xiii) Provisions / Contingencies**  
The Company recognises a provision when there is a present obligation as result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a Contingent liability is made when there is present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets, is made. Contingent Assets are neither recognised nor disclosed, in the financial statements.
- xiv) Valuation of Stock**  
The mode of valuing closing stock is as under:  
- Raw Materials & Packing Materials - at cost.  
- Finished Goods - at lower of cost or market value.  
- Semi-Finished Goods - at lower of cost or market value.  
The cost for the purpose of valuation of Finished and Semi - Finished goods is arrived at on weighted average basis and includes cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company.  
- Machinery Spares, Ink and Fuel - at cost.  
- Scrap - at market value.
- xv) Provision for Bad and Doubtful Debts/Advances**  
Provision is made in the accounts for Bad and Doubtful Debts which in the opinion of the management are considered doubtful of recovery.
- xvi) Investments**  
All investments are considered as long term investments and are stated at acquisition cost. A provision is made for diminution other than temporary on an individual basis.
- xvii) Earning per share**  
Basic earning per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.
- xviii) Lease**  
For Premises taken on lease, lease rentals payable are charged to revenue
-

	31.3.2011 Rs.	31.3.2010 Rs.
<b>2 Contingent Liabilities</b>		
a. On account of capital commitments (net of advances)	5,594,500	14,630,000
b. Customs duty on raw materials imported under advance licensing, against which export obligation is to be fulfilled	904,978	697,074
c. The Company has given irrevocable and unconditional Corporate Guarantee to North Eastern Development Finance Corporation Ltd. (NEDFC). Assam on behalf of Synergy Films Pvt. Ltd., a joint venture company in which the company is holding 25% of the equity shares as a collateral security for Term Loan and Working Capital Term Loan availed by joint venture Company.	40,000,000	40,000,000
d. In respect of claims against the Company not acknowledged as debts. (Net)	224,273	224,273
<b>3</b> The recurring expenditure on Research & Development charged to revenue amounts to	738,265	661,724
<b>4 (A) Managerial Remuneration under Section 198 of the Companies Act, 1956</b>		
Salaries and Allowances and Commission to Managing Director	1,600,000	1,300,000
Contribution to P F and Other Funds*	324,000	324,000
Other Benefits	99,996	138,460
Commission to Non-Executive Directors	400,000	246,829
Directors' Fees	175,000	222,500
	<u>2,598,996</u>	<u>2,231,789</u>
* Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall company basis at the end of each year and accordingly have not been considered in the above information.		
<b>(B) Statement showing Computation of Net Profit in accordance with Section 198(1) of the Companies Act, 1956 in respect of Commission payable to Directors</b>		
Profit before Tax as per Profit & Loss Account	44,211,354	22,451,127
Add : Managerial Remuneration	2,023,996	1,762,460
Directors' Fees and Commission	575,000	469,329
Net Profit as per Section 198	<u>46,810,350</u>	<u>24,682,916</u>
a) Commission payable to Managing Director		
At 1% of Net Profit	468,103	
OR		
25% of Annual Salary	300,000	
Least of the two	300,000	
b) Commission payable to Non-Executive Directors		
At 1% of Net Profit for all Non-Executive Directors	468,103	246,829
OR		
At Rs.1,00,000 per Non-Executive Directors	400,000	400,000
Least of the two	400,000	246,829

	31.3.2011 Rs.	31.3.2010 Rs.
<b>5 Auditors Remuneration :</b>		
Audit Fees	220,000	160,000
Taxation Matters	40,000	30,000
Company Law Matters	40,000	30,000
Tax Audit Fees	30,000	30,000
Certification and other services	77,500	50,000
	<b>407,500</b>	<b>300,000</b>

6 Interest and finance charges include interest on loans for fixed period. **3,530,815** 2,592,969

7 Net exchange Gain / (Loss) has been recognised in the Profit & Loss Account. **681,330** (206,669)

8 a) Dues to Small Scale Industrial Undertakings for more than 30 days include amounts payable to - (as identified by Management)

NIL

b) Disclosure under the Micro, Small and Medium Enterprises Development Act,2006:

Amount due to Micro, Small and Medium Enterprises as on 31st March 2011 are disclosed on the basis of information available with the Company regarding status of the suppliers is as follows :

Sr.No.	Particulars	Amount Rs.	
		Principal	Interest
1.	Principal Amount and Interest thereon due, remaining unpaid at the end of year	-	-
2.	Interest paid during the year	-	-
3.	Interest due and payable (on the amount which have been paid beyond the appointed date during the year)	-	-
4.	Interest remaining accrued and unpaid at the end of the year	-	360
5.	Interest due of the previous year	-	7,018

This information has been determined to the extent such parties have been identified on the basis of information available with the Company This has been relied upon by the auditors.

**9 Disclosures In Accordance with Revised AS-13 On "Accounting for Investments"**

In respect of Investment of Rs. 35.75 lacs made in Joint Venture Company (JVC) Synergy Films Pvt. Ltd the accumulated losses as per provisional accounts as at 31st March, 2011 amounts to Rs. 158.63 lacs representing the erosion of the entire net worth of the JVC. However having regard to the continued long term strategic involvement, management is of the view that no provision is necessary for any diminution in the value of investments

**10 Disclosures In Accordance with Revised AS-15 On " Employees Benefits"**

a) The Accounting Standard - 15 (Revised 2005) on Employees Benefits issued by the Institute of Chartered Accountants of India has been adopted by the Company effective from April 1, 2007

b) **Defined Contribution Plans :**  
The Company has recognised the following amounts in the Profit and Loss for the year

	31.3.2011 Rs./Lacs	31.3.2010 Rs./Lacs
Particulars	<b>Total</b>	Total
Employers' Contribution to Provident Fund	<b>8.32</b>	7.22
Employers' Contribution to Superannuation Fund	<b>8.87</b>	6.63
Employers' Contribution to Employee's Pension Scheme, 1995	<b>4.11</b>	4.00
<b>Total</b>	<b>21.31</b>	17.84

31.3.2011      31.3.2010  
Rs.                      Rs.

**c) Defined Benefit Plans :**

The following figures are as per the actuarial valuation, as at the Balance Sheet date, carried out by an Independent Actuary

- i) A reconciliation of opening and closing balances of the present value of the Defined Benefits Obligation (DBO)

Sr.No. Particulars	Rs/Lacs	
	Gratuity	Gratuity
Opening Balance as on 1st April, 2010	<b>31.99</b>	27.42
1. Current Service Cost	<b>3.07</b>	2.85
2. Interest Cost	<b>2.64</b>	2.4
3. Actuarial (Gains)/Losses	<b>18.47</b>	(0.30)
4. Benefits Paid	<b>7.52</b>	(0.38)
Closing DBO as on 31st March, 2011	<b>63.69</b>	31.99

- ii) A reconciliation of the opening and closing balances of the Fair value of Plan Assets

Sr.No. Particulars	Rs/Lacs	
	Gratuity	Gratuity
Opening Fair Value of Plan Assets	<b>54.13</b>	49.90
1. Expected Returns on Plan Assets	<b>4.33</b>	3.97
2. Actuarial Gain/(Losses)	-	0.64
3. Contribution by the Employer	-	-
4. Benefits Paid	<b>0.68</b>	(0.38)
Closing Fair Value of Plan Assets	<b>59.14</b>	54.13

- iii) Amount recognised in Balance Sheet

Sr.No. Particulars	Rs/Lacs	
	Gratuity	Gratuity
1. Present value of Funded Obligations	<b>59.14</b>	31.98
2. Fair value of Plan Assets	<b>63.68</b>	54.12
3. Present Value of Unfunded Obligations	-	-
Net Liability / (Asset) recognised in Balance Sheet	<b>(4.54)</b>	(22.14)

- iv) The total expense recognised in the Profit and Loss Account

Sr.No. Particulars	Rs/Lacs	
	Gratuity	Gratuity
1. Current Service Cost	<b>3.07</b>	2.85
2. Interest Cost	<b>2.64</b>	2.40
3. Expected Return on Plan Assets	<b>(4.33)</b>	(3.97)
4. Actuarial (Gain)/Losses	<b>17.79</b>	(0.94)
5. Past Service Cost	<b>7.52</b>	-
Total	<b>26.69</b>	0.34

- v) For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the Plan Assets

Sr.No. Particulars	Rs/Lacs			
	Gratuity 31.03.11		Gratuity 31.03.10	
	Amount	Percentage	Amount	Percentage
1. Government of India Securities	-	-	-	-
2. Corporate Bonds	-	-	-	-
3. Special Deposit Scheme	-	-	-	-
4. Equity Shares of Listed Companies	-	-	-	-
5. Property	-	-	-	-
6. Insurer Managed Funds	59.14	100%	54.13	100%
7. Others	-	-	-	-
<b>Total</b>	<b>59.14</b>	<b>100%</b>	<b>54.13</b>	<b>100%</b>

- vi) The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

- vii) The actual Return on Plan Assets is as follows :

Sr.No. Particulars	Rs/Lacs	
	Gratuity	Gratuity
1. Expected Return on Plan Assets	4.33	3.97
2. Actuarial gain/(loss) on Plan Assets	0.67	0.64
3. Actual Return on Plan Assets	5.00	4.61

- viii) Following are the Principal Actuarial Assumptions used as at the Balance Sheet Date Rate

Sr.No. Particulars	Gratuity	Gratuity
1. Discount Rate	8.25%	8.25%
2. Expected rate of return on Plan Assets	8.00%	8.00%
3. Salary Escalation Rate	8.00%	5.00%
4. Mortality Table (LIC)	1994-96 (Std)	

- ix) The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors. The above information is extracted from the report obtained from the independent actuary and Auditors have placed reliance on underlying assumptions.
- x) Para 132 of AS 15 (revised 2005) does not require any specific disclosures except where expense resulting from compensated absence is of such size, nature of incidence that its disclosure is relevant under Accounting Standard 5 or Accounting Standard 18. In the opinion of the Management the expense resulting from compensated absence is not significant and hence no disclosures are prepared under various paragraphs of AS 15 (revised 2005)

#### 11 Segment Reporting :

The company's sole business segment is Plastic Films and all activities are incidental to this sole business segment. Given this fact and that the company services its domestic and export markets from India only, the financial statements reflect the information required by AS - 17 for the sole business segment of Plastic Films. The whole of the business assets are situated in India.



**12 Related Party Transaction :**

**(1) Relationships :**

- (a) Where control exists :  
Synergy Films Pvt. Ltd.
- (b) Key Management Personnel :  
Mr. P. P. Kharas (Chairman)  
Mr. J. B. Desai (Managing Director)
- (c) Relatives of key management personnel and their enterprises, where transactions have taken place.  
Mrs. Naheed R. Divecha
- (d) Other Related Parties :  
Propack Industries (Prop. Kunal Plastics Pvt. Ltd.)

**Note :** Related party relationship on the basis of the requirements of Accounting Standard 18 (AS-18) as in 1 (a) to (d) above is identified and certified by the Management and relied upon by the Auditors.

**(2) Transactions with related parties :**

Related Parties				
Particulars	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above
Purchase :				
Goods and Material				1,521,474
Sales :				
Goods and Material				1,966,883
Expenses :				
Printing Charges				313,210
Processing Charges				55,276
Others		1,861,074	154,374	-
Income :				
Processing Charges				635,864
Others	31,835			
Outstanding :				
Payable				-
Outstanding :				
Receivable	2,277,297			
Loan	1,500,000			

**13** Disclosure as required by Accounting Standard 19 (AS-19) "Leases" issued by the Institute of Chartered Accountants of India is as given below. The Company has taken residential and godown premises under leave and license arrangements on a short term basis, renewable on terms to be mutually agreed.

	<b>31.3.2011</b>	31.3.2010
	<b>Rs.</b>	Rs.
Rent paid under this arrangement	-	31,500

**14 Earnings per share**

a) Net Profit after Tax (including prior period items) available for Equity shareholders	<b>30,558,298</b>	13,066,203
b) Weighted average number of Equity Shares of Rs. 10 each outstanding during the year. (No. of shares)	<b>3,000,000</b>	3,000,000
c) Basic / Diluted earnings per share (a/b) (Rs.)	<b>10.19</b>	4.36

**15 Deferred Tax :**

Deferred Tax has been provided in accordance with Accounting Standard 22 (AS-22) - Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India.

The break up of deferred tax liability as on 31<sup>st</sup> March, 2011 is as under :

<b>Deferred Tax Working:</b>	<b>31.3.2011</b>	Current year change	31.3.2010
<b>Deferred Tax Liabilities (A)</b>			
(i) Difference between Book & Tax Depreciation	<b>63,187,298</b>	4,356,494	58,830,804
(ii) On Account of Retiring Gratuity	-	(1,503,039)	1,503,039
<b>Total (A)</b>	<b>63,187,298</b>	2,853,455	60,333,843
<b>Deferred Tax Assets (B)</b>			
(i) Provision for Doubtful debts	<b>2,499,349</b>	(285,000)	2,784,349
(ii) Other Miscellaneous items	<b>2,567,474</b>	921,729	1,645,745
<b>Total (B)</b>	<b>5,066,823</b>	636,729	4,430,094
Net Deferred Liability	<b>58,120,475</b>	3,490,184	55,903,749
Net Deferred Tax Liability	<b>19,307,622</b>	305,938	19,001,684

**16 As per the requirements of Accounting Standard (AS-27) "Financial Reporting of Interest in Joint Ventures", the Company's interest in the Joint Venture Companies is as follows :**

Name of Company:	Synergy Films Pvt. Ltd.
Nature:	Jointly Controlled Entity
Country of Incorporation:	India
(%) of Holding as on March 31, 2011:	25

Details of the Financial date of the Joint Venture based on the unaudited/accounts are as follows :

<b>Particulars</b>	<b>31.03.2011</b>	31.03.2010
	<b>Unaudited</b>	Audited
<b>ASSETS</b>		
Fixed Assets (Net Block)	<b>27,947,879</b>	29,307,569
Current Assets, Loans & Advances:		
Inventories	<b>4,569,294</b>	6,301,133
Sundry Debtors	<b>6,255,791</b>	6,746,447
Cash and Bank Balances	<b>24,812,181</b>	23,044,684
Loan and Advances	<b>2,311,464</b>	2,522,911
Preliminary Expenses	<b>99,376</b>	99,376
<b>LIABILITIES</b>		
Current Liabilities & Provisions		
Current Liabilities	<b>9,290,873</b>	8,620,519
Provisions	-	-
<b>Borrowings</b>		
Long Term Borrowings (Term Loan & Car Loan)	<b>20,353,358</b>	20,512,163
Bank Borrowings (Working Capital)	<b>33,564,848</b>	33,409,427
Unsecured Loans	<b>4,350,000</b>	-

	31.3.2011 Rs.	31.3.2010 Rs.
<b>INCOME</b>		
Sales	36,935,110	48,412,145
Other Income	-	407,160
<b>EXPENDITURE</b>		
Materials Consumed	34,064,775	37,790,776
Operating Expenses	3,248,769	8,414,432
Interest and Finance charges	5,841,416	4,768,152
Depreciation	1,449,111	1,418,152
Profit/ (Loss) After Tax	<b>(6,043,105)</b>	<b>(3,572,206)</b>
<b>Other Matters</b>		
Contingent Liabilities	-	-
Capital Commitment	-	-

17 As at March 31, 2011, the Company has reviewed the future earnings of all its cash generating units in accordance with the Accounting Standard 28 "Impairment of Assets". As the carrying amount of assets does not exceed the future recoverable amount, consequently, no adjustment to carrying amount of assets is considered necessary by the management.

**18 Disclosure of Derivatives**

The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at 31st March, 2011 are as follows:

Particulars	31.03.2011		31.03.2010	
	Amount in Foreign Currency ( In lacs)	Amount in INR Rs. (In lacs)	Amount in Foreign Currency ( In lacs)	Amount in INR Rs. (In lacs)
Assets	USD 2.36	106.23	USD 2.06	92.79
Liabilities	USD 12.12	545.65	USD 3.87	174.88

19 The Company has imported Plant and Machineries for production of new Speciality Film under Export Promotion Capital Goods Scheme (EPCG) without payment of Custom Duty. In event of non-fulfilment of export obligations as specified. Company may be held liable to pay custom duty of Rs. 33.45 lacs (Previous year Rs. 33.45 lacs) in terms of the said Scheme. As on 31st March 2011 Company is not in any default under the Scheme.

20 The Company prior to it being listed had issued Bonus shares on 29th June, 1994 for Rs. 10 Million (10,00,000 equity shares of Rs. 10/- each) by capitalising part of its revaluation reserve. Accordingly, the paid up equity share capital of the company stands increased by Rs. 10 Million and the revaluation reserve stands reduced by that amount. The issue of bonus shares as aforesaid is contrary to the circular issued by the Department of Company Affairs issued in September, 1994 and the recommendations of the Institute of Chartered Accountants of India issued in November, 1994. However, the Hon'ble Supreme Court in the recent decision in the case of Bhagwati Developers Vs Peerless General Finance & Investment Co, & others (2005) Comp LJ 377 (SC) has held that there is no specific bar under the Companies Act for issue of Bonus Shares out of Revaluation Reserve and that the Department's Communique was advisory in nature, without any mandatory effect. The Management is therefore of the opinion that both according to the accounting principles and provisions of Company Law, the Company was justified in capitalizing its Revaluation Reserve.

21 Previous year's figures have been regrouped wherever necessary to conform with to year's classification.

22 Additional information pursuant to the provisions of paragraph (3) and (4) of Part II of Schedule VI of the Companies Act, 1956.

**A Details regarding Licensed Capacity, Installed Capacity, Production etc.**

Product	31.3.2011		31.3.2010	
	Qty. MT	Value Rs. '000	Qty. MT	Value Rs. '000
Co-Extruded Film				
Licensed Capacity	N. A.		N.A	
Installed Capacity*	9,280		7,300	
Opening Stock	78	8,281	31	3,966
Production	5,773		4,174	
Turnover	5,792	659,840	4,127	483,897
Closing Stock	59	7,793	78	8,281

\* As certified by a Director on which Auditors have placed reliance, this being a technical matter.

**Notes :**

- 1) Production and Turnover includes 249 MT of film converted from raw materials supplied by customers and which were invoiced at Rs.32,08,364/- (Previous year 77 MT invoiced at Rs. 10,14,923/-)
- 2) The Turnover does not include Sale of Scrap for Rs.774,963/- (Previous year Rs.819,548/-).
- 3) The Turnover includes Sale of Polyethylene Granules of Rs.51,71,937/- (Previous year Rs.6,080,313/-).

**B Consumption of raw materials :**

	31.3.2011		31.3.2010	
	Qty. MT	Value Rs. '000	Qty. MT	Value Rs. '000
Polyethylene Granules	5,649	492,911	4,155	358,549
C Value of Imports on CIF Basis				
Raw Materials		227,768		131,182
Components and Spare Parts		537		237
D Expenditure in Foreign Currency				
Travelling Expenses		774		357

**E Value of Raw Materials, Stores and Spares Consumed**

	31.3.2011		31.3.2010	
	%	Value Rs. '000	%	Value Rs. '000
Raw Materials :				
Imported	49	243,647	37	134,285
Indigenous	51	249,264	63	224,264
	100	492,911	100	358,549
Stores & Spares :				
Imported	31	1,010	38	905
Indigenous	69	2,257	62	1,492
	100	3,267	100	2,397

**F Earnings in Foreign Exchange on F.O.B. Basis.**

	143,018	127,355
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**23** Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and General Business Profile

a. Registration Details		
Registration No. : L25200GJ1981PLC004375		State Code : 04
Balance Sheet Date :		31.03.2011
b. Capital Raised during the Year [Amount in Rs.]		
Public Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
c. Position of Mobilisation and Deployment of Funds [Amount in Rs.]		
Total Liabilities		354,847,312
Total Assets		354,847,312
Sources of Funds		
Paid-up Capital		30,000,000
Reserves and Surplus		120,125,918
Secured Loan		62,496,427
Unsecured Loan		21,610,116
Deferred Tax Liability		19,307,622
Application of Funds		
Net Fixed Assets		129,256,469
Investments		3,575,000
Net Current Assets		120,708,614
Miscellaneous Expenditure		Nil
Accumulated Losses		Nil
d. Performance of the Company [Amount in Rs.]		
Turnover [including Other income]		662,192,639
Total Expenditure		633,713,116
Profit Before Tax		44,911,354
Profit After Prior Period Items		30,558,298
Earning per share in Rs.		10.19
Dividend Rate %		27
e. Generic Names of Principal Products of the Company		
Item Code No. (ITC Code)		3920.10.99
Product Description		Plastic Films

**24** Cash Flow Statement for the year ended 31st March, 2011 is disclosed in the statement annexed to these Accounts as Annexure I.

Signature to Schedules 1 to 16

As per our Report of even date  
**For AKKAD MEHTA & CO.**  
*Chartered Accountants*  
 Firm ICAI Registration No. 100259W

**SANJAY MEHTA**  
*Partner*  
 Membership No : 16859

Mumbai, 28th May, 2011

**For and on behalf of the Board of Directors**

**P. P. KHARAS**  
*Chairman*

**JAYMIN B. DESAI**  
*Managing Director*

**M. D. DESAI**  
*C.F.O.*

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	<b>31.3.2011</b>		<b>31.3.2010</b>
<b>A. Cash Flow from Operating activities</b>			
Net Profit(Loss) before tax and extraordinary items	<b>44,911,354</b>		22,697,956
ADJUSTMENTS FOR:			
Depreciation	11,456,150	10,929,375	
Interest expenses	8,007,741	6,829,804	
Interest income	(598,043)	(278,861)	
Loss on impairment of Assets	-	1,356,076	
Other finance charges	<u>1,940,142</u>	<u>1,308,743</u>	
	<b>20,805,990</b>		20,145,137
Operating Profit before Working Capital changes	<b>65,717,344</b>		42,843,093
ADJUSTMENTS FOR:			
Trade & other Receivables	(13,748,757)	(70,114,138)	
Inventories	(36,893,078)	(12,207,851)	
Trade Payables	<u>34,702,626</u>	<u>(24,509,346)</u>	
	<b>(15,939,209)</b>		(57,812,643)
Cash generated from operations	<b>49,778,135</b>		(14,969,551)
Taxes paid (Net)	14,025,000	9,660,000	
	<b>(14,025,000)</b>		(9,660,000)
Cash flow before extraordinary items	<b>35,753,135</b>		(24,629,551)
Extraordinary items	<u>(22,118)</u>		<u>36,953</u>
<b>Net Cash from Operating Activities A</b>	<b><u>35,731,017</u></b>		<b><u>(24,592,598)</u></b>
<b>B. Cash Flow from Investing activities</b>			
Purchase of Fixed Assets	(36,027,555)	(397,272)	
Sale of Fixed Assets	675,678	9,000	
Investments	-	(50,400)	
Interest received	<u>598,043</u>	<u>278,861</u>	
<b>Net Cash used in Investing Activities B</b>	<b><u>(34,753,834)</u></b>		<b><u>(159,811)</u></b>
<b>C. Cash Flow from Financing activities</b>			
Proceeds from borrowings (Net)	9,402,676	37,670,580	
Other Finance Charges	(1,940,142)	(1,308,743)	
Interest paid	(8,007,741)	(6,829,804)	
Dividend paid	(5,400,000)	-	
Income tax on dividend paid	<u>(896,875)</u>	<u>-</u>	
<b>Net Cash used in Financing Activities C</b>	<b><u>(6,842,082)</u></b>		<b><u>29,532,034</u></b>
<b>Net increase/(Decrease) in Cash and Cash Equivalents A+B+C</b>	<b><u>(5,864,900)</u></b>		<b><u>4,779,625</u></b>
<b>Cash and Cash equivalents - Opening Balance</b>	<b>11,656,621</b>		<b>6,876,996</b>
<b>Cash and Cash equivalents - Closing Balance</b>	<b>5,791,721</b>		<b>11,656,621</b>

Notes to the Cash Flow Statement for the year ended 31st March, 2011 :

- The cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Cash and Cash Equivalents include Cash and Bank Balances.
- The previous year's figures have been regrouped / restated wherever necessary to conform to this year's classification.

**For and on behalf of the Board of Directors**

Mumbai, 28<sup>th</sup> May, 2011

**AUDITORS' CERTIFICATE**

We have verified the above cash flow statement of Ecoplast Limited derived from the audited annual financial statements for the years ended March 31, 2011 and March 31, 2010 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the Listing Agreements with Stock Exchanges.

**J. B. DESAI**  
*Managing Director*

**For AKKAD MEHTA & CO.**  
*Chartered Accountants*  
Firm ICAI Registration No. 100259W

**SANJAY MEHTA**  
*Partner*  
Membership No. : 16859

Mumbai, 28<sup>th</sup> May, 2011

# Ecoplast Limited

Regd. Office : National Highway No. 8, Water Works Cross Road, Abrama - Valsad, 396 001.

## Attendance Slip

I hereby record my presence at the TWENTY NINTH ANNUAL GENERAL MEETING of the Company at The Club, Resort, At P.O. Vashier, Valsad, 396 001 on Friday the 5th day of August, 2011 at 11.30 A.M.

SIGNATURE OF THE ATTENDING MEMBER / PROXY

- NOTES:
1. Shareholder / Proxyholder wishing to attend the meeting must bring the Attendance Slip to the Meeting and hand it over at the entrance duly signed.
  2. Shareholder / Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

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# Ecoplast Limited

Regd. Office : National Highway No. 8, Water Works Cross Road, Abrama - Valsad, 396 001

## Proxy

I/We.....  
of..... in the district of ..... being  
a Member/Members of the above named Company, hereby appoint .....  
.....of ..... in the district of, .....or failing him  
..... of ..... in the district of  
..... as my/our Proxy to attend and vote for me/us and on my/our behalf at the Twenty Ninth  
Annual General Meeting of the Company, to be held on Friday, the 5<sup>th</sup> day of August 2011 and at any adjournment thereof.  
Signed this ..... day of ..... 2011.

Reference Folio

Signature \_\_\_\_\_

Affix  
1 Rupee  
Revenue  
Stamp

No. of Shares

This form is to be used \_\_\_\_\_ \* in favour of \_\_\_\_\_ the resolution. Unless otherwise instructed, the  
Proxy will act as he thinks fit. \* against \_\_\_\_\_

\* Strike out whichever is not desired

NOTE : The Proxy must be returned so as to reach the Registered Office of the Company, at National Highway No. 8, Water Works Cross Road, Abrama - Valsad 396 001, not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.