



Ecoplast Limited

Twenty Seventh Annual Report and Statement of Accounts for the year ended 31st March 2009

27



Ecoplast Ltd.

Twenty Seventh Annual Report 2008-2009

Board of Directors	Mr. P. P. KHARAS	- Chairman
	Mr. J. B. DESAI	- Managing Director
	Mr. BANKIM B. DESAI	- Director
	Mr. P. D. KARKARIA	- Director (Resigned w.e.f. 27.01.2009)
	Mr. J. A. MOOS	- Director
	Mr. D. T. DESAI	- Director (Alternate to Bankim B. Desai)
	Mr. M. B. DESAI	- Director
	Mr. B. M. DESAI	- Director (Appointed on 27.01.2009)

Company Secretary : Mr. B. R. Tarafdar

Bankers : *BANK OF BARODA*
Main Branch,
Nani Khatriwad,
Valsad - 396 001,
Gujarat.

Auditors : M/s. AKKAD MEHTA & COMPANY
Chartered Accountants,
Vatika Bldg., Flat No. 2,
14 Baptista Rd., Opp. Ishwarlal Park,
Vile Parle (W), Mumbai - 400 056.

**Share Registrars
& Managers to the
Fixed Deposit
Scheme** : TSR DARASHAW LTD.
6-10, Haji Moosa Patrawala Ind.Est.
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai - 400 011.

Registered Office : National Highway No. 8,
Water Works Cross Road, Abrama,
Valsad - 396 001, Gujarat.
Email : ecoval@ecoplastindia.com

Head Office : 4, Magan Mahal,
215, Sir. M. V. Road,
Andheri (E), Mumbai-400 069.
Email : ecobom@ecoplastindia.com

Web site : <http://www.ecoplastindia.com>

C O N T E N T S

	Page No.
Notice	3
Financial Highlights	5
Directors' Report	6
Management Discussion & Analysis	10
Report on Corporate Governance	11
Auditors' Report	19
Balance Sheet	22
Profit & Loss Account	23
Schedules	24
Notes to Accounts	30
Cash Flow Statement	42

NOTICE

Notice is hereby given that the TWENTY SEVENTH Annual General Meeting of the Company will be held at the Country Club, At P.O.Vashier, Valsad - 396 001 at 11.30 a.m. on Friday, 11th September, 2009 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 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 appoint a Director in place of Mr.J.A.Moos, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint M/s Akkad Mehta & Co., Chartered Accountants, retiring Auditors of the Company who are eligible for reappointment, as the Auditor's 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.

SPECIAL BUSINESS

4. Appointment of Mr. Bhupendra M Desai, as Director of the Company

To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"Resolved that, Mr. Bhupendra M Desai, who was appointed by the Board of Directors as Additional Director of the Company with effect from 27th January, 2009 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom, the Company has received a Notice in writing from a member u/s 257 of the Act, proposing his candidature for the office of Director of the

Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

By Order of the Board
For Ecoplast Ltd

B. R.Tarafdar
Company Secretary

Mumbai, 27th June, 2009

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Agenda Item No. 4

Mr. Bhupendra M Desai, born on 26th August, 1947, was appointed by the Board of Directors as an Additional Director of the Company with effect from 27th January, 2009, and holds office up to the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and are eligible for appointment as Directors. The Company has received a Notice in writing u/s 257 of the Act, along with the requisite deposit, proposing his candidature for appointment as Director of the Company,

Mr. Bhupendra M Desai, is a B.Tech from the Indian Institute of Technology (I.I.T) and an MBA from The Indian Institute of Management (I.I.M). He joined Larsen & Toubro Ltd. in the year 1972, as post graduate trainee in Central Planning Deptt. and subsequently transferred to Tractor Engineers Ltd (a wholly owned subsidiary of L& T.Ltd) in the year 1973 and retired from L& T Ltd, in the year 2005. After retirement he has worked as supply chain management consultant with the L&T for two years and presently a business consultant to various companies. His total experience of 35 years are in the following areas:

- (a) Material planning, sourcing and inventory control. Industrial estate, 20, Dr. E.Moses Road, Mahalaxmi, Mumbai – 400 011.
- (b) Production management, process engineering, planning of plant capacity and human resources.
- (c) SAP R2, SAP R3, ISO 9000, ISO 14000, KAIZAN, Supply chain management and business process re-engineering.

Mr. B.M.Desai is not a Director in any other company. He holds 100 equity shares in Ecoplast Ltd. None of the Directors, except Mr. Bhupendra M Desai, is concerned or interested in this Resolution.

Notes:

- a) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies 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 relative Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business, item No:4, is Annexed herewith.
- c) The Register of Members and the Share Transfer books of the Company will remain closed from 1st September, 2009 to 11th September, 2009 (both days inclusive).
- d) 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.
- e) 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,
- f) 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.*
- g) *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 4666 & 5D of the Companies Act, 1956 & 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.*

By order of the Board of Directors
For Ecoplast Ltd.

B.R.Tarafdar
Company Secretary

Mumbai, 27th June, 2009

FINANCIAL HIGHLIGHTS

(Rs.'000)

	31.3.2009	31.3.2008	31.3.2007	31.3.2006	31.3.2005	
OPERATION						
Sales (Net)	318,030	371,583	347,108	319,700	352,976	
Other Income	1,759	2,740	1,558	636	708	
Operating Profit [Before Depreciation and Investment Allowance]	8,699	24,425	19,630	11,405	20,568	
Profit before Tax	(2,246)	14,249	10,801	2,231	12,300	
Profit after Tax (including prior period items)	(287)	10,384	7,338	2,555	7,910	
Dividend and Corporate Tax thereon	-	6,318	5,265	3,421	5,131	
Retained Earnings	(287)	4,066	2,073	(866)	2,779	
Earnings per Share (Rs.) [On Face Value of Rs.10/-]	(0.10)	3.46	2.45	0.85	2.64	
ASSETS						
Gross Block	224,944	223,389	189,172	182,190	179,835	
Net Block	117,258	126,647	101,436	102,414	108,673	
Net Current Assets	57,487	105,963	111,830	95,308	94,878	
Total Assets	210,920	296,478	250,044	221,564	248,177	
NET WORTH						
Equity Capital	30,000	30,000	30,000	30,000	30,000	
Reserves and Surplus	92,244	92,530	87,401	85,327	86,193	
Net Worth	122,244	122,530	117,401	115,327	116,193	
Book value per share (Rs.) [On Face Value of Rs.10/-]	40.75	40.84	39.13	38.44	38.73	
BORROWINGS						
Long Term	17,689	24,063	5,022	7,641	8,986	
Short Term	19,345	67,693	72,201	60,912	58,077	
	37,033	91,757	77,224	68,553	67,063	
RATIOS						
Profit before Tax to Sales and other Income	%	(0.70)	3.81	3.10	0.70	3.48
Profit before Tax to Net Worth	%	(1.84)	11.63	9.20	1.93	10.59
Dividend to Equity Capital	%	-	18	15	10	15
Dividend to Net Worth [Yield]	%	-	5	4	3	4
Return on Capital Employed	%	5	12	10	5	10
Dividend Cover	Times	-	1.64	1.39	0.75	1.54
Current Ratio	Ratio	1.67:1	1.29:1	1.48:1	1.69:1	1.62:1
Long Term Debt:Equity	Net Worth	0.21:1	0.28:1	0.09:1	0.26:1	0.30:1

DIRECTORS' REPORT

To
The Members,

The Directors are pleased to present their Twenty-Seventh Annual Report and Audited Accounts for the year ended 31st March 2009.

Rs. 3,743.23 lacs of the previous year. Operating Profit before depreciation dropped by 64.38% to Rs.86.99 lacs.

1. FINANCIAL RESULTS

	Rs.'000	
	31-3-2009	31-3-2008
Net Sales	318,030	371,583
Other Income	1,759	2,470
Sales and Other Income	319,789	374,323
Operating Profit (before Depreciation)	8,699	24,425
Less: Depreciation	10,945	10,176
Profit before Tax	(2,246)	14,249
Less: Provision for Tax		
Current Tax	210	2,500
Deferred Tax Credit	(2,854)	2,647
Fringe Benefit Tax	275	311
Profit after Tax	124	8,790
Prior period adjustment	(409)	1,130
Short Provision of Tax for Prior Years	(2)	463
Net Profit after Prior period items	(287)	10,384
Add : Balance brought forward	28,249	25,183
Profit available for Appropriation	27,962	35,567
APPROPRIATION :		
Transfer to General Reserve	-	1,000
Dividend on Equity Shares	-	5,400
Corporate Dividend Tax	-	918
Balance Carried Forward	27,962	28,249
	27,962	35,567

2. OPERATING RESULTS

During the year under review, your Company earned total revenue of Rs.3,197.89 lacs compared to

3. DIVIDEND

The Company has incurred loss of Rs.2.87 lacs during the year. Considering this, the Board of Directors recommended to skip dividend (previous year – 18%) on the equity shares for the year 2008-09 and to conserve the cash accruals for future needs of the Company.

4. TRANSFER TO RESERVES

During the year under review the Company has incurred losses and hence, there is no transfer to the General Reserves.

5. FIXED DEPOSIT

The Company continued accepting Fixed Deposits from the public and during the year under review received Rs.5,24,000/- 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 20 deposits amounting to Rs.3,49,000/- which have matured but have not been claimed. Of these, 2 Deposits, amounting to Rs. 50,000/- 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

Net sales decreased by 14.41% over the previous year. The Company incurred a net loss after tax and prior period adjustment of Rs.2.87 lacs against net profit of Rs.103.84 lacs of the previous year.

The export sales volume and value during the year were 740 MT and Rs. 779.84 lacs respectively against 1547 MT and 1380.02 lacs of the previous year. During the year under review the export business suffered severely due to slow down in business in the Middle East which is the predominant market for the Company.

Significant investments were made in the previous year for converting films into Specialty products, to sustain future growth and profits. The learning period in establishing the optimum process conditions, for a high quality film, took longer than expected. Also, the evaluation and validation of the film by customers, (to replace hitherto imported film), turned out to be a lengthy process. The knowledge and experience gained over time, resulted in a progressive reduction in losses each quarter, with corresponding increase in level of confidence in supplying Specialty films, in a wide range of applications, with quality that met customer expectations.

The extreme volatility in the raw material prices throughout the year adversely affected price realization and margins.

Apart from this the sudden and steep upward movement of USD against the Indian Rupee coupled with a drop in export sales, resulted in a foreign exchange fluctuation loss of Rs.60.69 lacs during the year.

In view of the above, the operating profit (after interest and before depreciation) during the year is only Rs.86.99 lacs compared to Rs. 244.25 lacs of the last year.

As part of austerity measures, staff members have voluntarily surrendered a portion of their monthly salary since January, 2009.

Considering the performance of the year under review and the uncertain overall economic scenario, the Managing Director also voluntarily surrendered 35% of his remuneration from 1st January, 2009 which was noted by the Board of Directors at their meeting held on 27.01.09.

7. PROSPECTS FOR THE CURRENT YEAR

There is fairly reliable evidence that the demand is recovering in the export business. The Domestic Specialty film business will have a major role in reviving the business; the signs already are encouraging. The uncertainty continues in the behavior of oil prices, super imposed on the critical supply and demand scenario of raw material.

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 31st March 2009 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. DIRECTORS

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.

Mr. Bhupendra M. Desai was appointed by the Board of Directors as an Additional Director of the Company with effect from 27th January, 2009 and holds office up to the date of the ensuing Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act"). The Company has received from a member, Notice in writing u/s 257 of the Act,



proposing his candidature for the office of Director of the Company who is liable to retire by rotation.

11. CORPORATE GOVERNANCE

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

12. 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 31st March, 2009 and of the loss 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.

13. AUDITORS

M/s. Akkad Mehta and Co., Chartered Accountants, Auditors of the Company will retire at the 27th 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.

14. 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.

15. ACKNOWLEDGMENT

The Directors wish to convey their appreciation to business associates for their support and contribution during the year. The Directors would also like to thank the shareholders, customers, suppliers, bankers and specially the employees of the Company who sacrificed part of their monthly salary with effect from January, 2009 due to slowdown of the Company's business.

For and on behalf of the Board of Directors

P. P. Kharas
Chairman

Mumbai, 27th June, 2009.

ANNEXURE TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

The requirement of disclosure with respect to conservation of energy is not applicable to the Company. However, adequate measures have been taken to avoid wastage of energy.

B. TECHNOLOGY ABSORPTION

Research and Development (R&D):

An important aspect of application development is evaluation and validation of film structure by potential customers, which includes evaluating the performance of the film and for the laminate over the entire distribution and retail chain.

The evaluation and validation is based on a set of criteria recorded in technical service notes provided to the customer, depending on the application.

Future plan of action :

Focus on future development will be 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.

Expenditure on R & D:

	(Rs'000)	
For the year ended	31.03.09	31.03.08
a) Capital Expenditure	—	—
b) Recurring Expenditure	508.00	428.00
c) Total Expenditure	508.00	428.00
d) Total R & D Expenditure	0.16 %	0.12 %

as a percentage of total turnover.

Technology Import:

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs'000)

a) Foreign Exchange Earnings	: 78,224.00
b) Foreign Exchange Outgo.	: 110,591.00

(Raw material, Spares & Plant and Machinery)

For and on behalf of the Board of Directors

P. P. Kharas
Chairman

Mumbai, 27th June, 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industrial Structure and Developments:

Majority of the multilayer film production units at present are in the unorganized Sector. These films are either printed, supplied for printing, and/or lamination to polyester or polypropylene films, for Flexible Packaging of a wide range of consumer products. This is the traditional business, in which earlier your Company had a significant market share.

Most large publicly held Companies, which earlier bought films from Ecoplast, have their own multilayer extrusion lines. This traditional business has therefore reduced significantly and can no longer support growth over the long term.

2. Opportunities and Threats:

The opportunities that the Company seeks and develops to sustain long term growth, in both domestic and export markets for films, are related to a relatively high technology content, which are difficult to replicate and are generally import substitutes. These film applications are in the non-traditional market segment, where the risk of back integration is significantly reduced, atleast for the next three years.

Being a dominant supplier of Specialty films, attracts competition, particularly from China through technical collaboration with competitors. Imports depending on critical raw material is also a minor threat.

3. Segment-wise and Product - wise performance.

The Company has only one segment namely Multilayer Films.

4. Outlook.

The outlook for the Company is very positive, because the industrial sectors in which the Specialty films are sold, show high growth prospects. Evaluation and Validation of the Company's films in a majority of application has been completed, followed by commercial sales and repeat orders.

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 an economic downturn are and will continue to be a risk, which will need 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. Discussion on Financial Performance with respect to operational performance:

During the year under review, the Company earned total operating revenue of Rs. 3180.30 lacs compared to Rs.3,715.83 lacs during the previous year, showing a decline by 14.41 %.

The export sales dropped by 43% to Rs.779.84 lacs compared to Rs. 1380.02 lacs of the previous year. The specialty film business took longer than expected to generate adequate commercial volumes to make profits.

The continuous appreciation of USD against Indian rupee coupled with drop in export sales resulted in loss of Rs.60.69 lacs on account of foreign exchange fluctuation.

The Company incurred a net loss after tax and prior period adjustment of Rs.2.87 lacs against net profit of Rs.103.84 lacs in the previous year.

8. 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. The Company had 87 number of permanent employees on its rolls as on 31st March,2009.

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 31ST MARCH 2009**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 '08 to March '09.

Names	No. of Board Meetings Attended	Attendance at previous AGM held on 20.09.2008	No. of outside Directorships held in other Public Companies) as on 31.03.2009	Executive/ Non-Executive/ Independent
P. P. Kharas Chairman	6	Present	Nil	Non Executive
J. B. Desai Managing Director	5	Present	Nil	Executive
J. A. Moos	5	Absent	1	Non-Executive & Independent
P. D. Karkaria (Resigned w.e.f. 25.01.09)	4	Present	14	Non-Executive & Independent
D. T. Desai (Alternate to Bankim B. Desai)	4	Absent	2	Non Executive
Mukul B. Desai	6	Present	4	Non Executive & Independent
B. M. Desai	Nil	Absent	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 2008-09, the Board of Directors met six times on 4th April, 2008, 27th June, 2008, 25th July, 2008, 20th September, 2008, 25th October, 2008 and 27th January, 2009.
- 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.

- a) Mr. J.A.Moos, age 65 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 in the Company as on 31st March, 2009.

- b) Mr. Bhupendra M Desai, was appointed by the Board of Directors as an Additional Director with effect from January 27, 2009 and holds office up to the date of this Annual General Meeting, in terms of Section 260 of the Companies Act, 1956 ("Act"). The Company has received a Notice in writing from a member u/s 257 of the Act, proposing his candidature for the office of Director of the Company, liable to retire by rotation.

Mr. Bhupendra M. Desai holds 100 equity shares in Ecoplast Ltd as on 31st March,2009.

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 the Audit Committee.
- Information on recruitment, remuneration and resignation 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 transfers.

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 (NON MANDATORY) :

The Remuneration Committee consists of Mr. Mukul B Desai, Mr. P.P.Kharas, Mr. P.D. Karkaria and Mr.J.A.Moos. Except Mr. P.P.Kharas, all other Directors are Independent Directors. Mr.Mukul B Desai is the Chairman of the Remuneration Committee. Mr. P.D.Karkaria resigned on 27th January,2009 and in his place Mr. Bhupendra M.Desai has been inducted as Member of the Remuneration Committee w.e.f. 22nd May,2009.

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 2008 to March 2009.

A. EXECUTIVE DIRECTORS :

Name	Sitting Fees	Salaries & Perqs.	Commission	Total
1. J. B. Desai	-	1,570,811	--	1,570,811
Total - A		1,570,811	--	1,570,811

B. NON-EXECUTIVE DIRECTORS :

1. P. P. Kharas	42,500	-	-	42,500
2. P. D. Karkaria (Resigned on 27.01.09)	25,000	-	-	25,000
3. J. A. Moos	37,500	-	-	37,500
4. D. T. Desai (waived remuneration)	-	-	-	-
5. Mukul B. Desai (appointed on 25.08.07)	42,500	-	-	42,500
6. Bhupendra M. Desai (joined on 27.01.09)	-	-	-	-
Total - B	147,500			147,500
TOTAL (A+B)	147,500	1,570,811	-	1,718,311

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 and approval for payment of any other services.
- Reviewing with Management the Annual Financial Statements before submission to the Board.
- Reviewing with management the Annual Financial Statements of the subsidiary companies.
- 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, name of the Chairperson:

The Audit committee consists of three non-executive Directors, Mr. P.P. Kharas, Mr. J. A. Moos and Mr. Mukul B. Desai of whom two are Independent Directors. Independent Director Mr. Mukul B. Desai is the Chariman of the Audit Committee. The Secretary of the Company, acts as the Secretary of the Committee. Mr. P.D. Karkaria, the Ex-Chairman of the Audit Committee resigned from 27th January, 2009.

Meetings and Attendance during the year April 2008 – March 2009 :

During the year April '08 – March '09, four Audit Committee meetings were held, on : 27th June 2008, 25th July 2008, 25th October 2008 and 27th January 2009.

Committee Members	No. of Meetings Attended
P. D. Karkaria (Resigned on 27.01.09)	2
P. P. Kharas	4
J. A. Moos	4
Mukul B. Desai	4

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 Secretary of the Company acts as the Secretary of the Committee.

During the year, the Company has received 48 queries and 1 complaint from shareholders. There was 1 unresolved shareholders complaint as on 31.03.2009. Also, there were no shares pending for transfer as on 31.03.2009.

VI. GENERAL BODY MEETINGS :

1. Last 3 AGM'S

Date	Time	Location
20 th September, 2008	11.30 A.M	The Country Club, At P.O: Vashier, Valsad, Gujarat, 396 001.
25 th August ,2007	11.30 a.m	The Country Club, At P.O: Vashier, Valsad, Gujarat, 396 001.
1 st September, 2006	11.00 a.m	Registered Office of the Company

EGM held on :

5 th June, 2001	11.00 a.m.	Registered Office of the Company
----------------------------	------------	----------------------------------

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

No Special Resolution was passed in the previous three AGM.

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

VII. DISCLOSURES :

- 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 No.19 to notes on accounts.
- There were no instances of non compliance or 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.
- The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreements, 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 – Surat 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 in it's

website for redressal of Investor Complaints

Email : brtarafdar@ecoplastindia.com

Compliance Officer : Mr. B.R. Tarafdar - Company Secretary,

Tel. No. : 02632 -226257.

IX. CODE OF CONDUCT.

The Board has laid down the Code of Conduct for Board Members. The Code of Conduct for Board members is posted on the web-site www.ecoplastindia.com

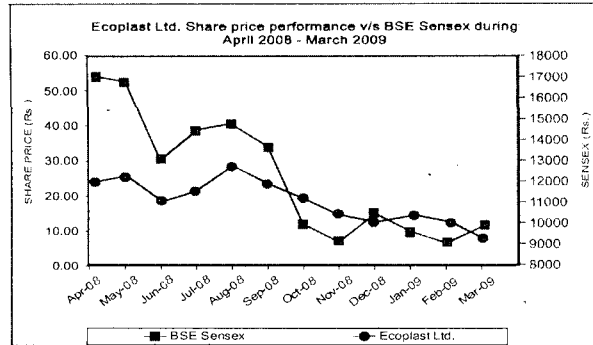
The Board members have affirmed compliance with the Code of Conduct for the year 2008-09.

X. GENERAL SHAREHOLDER INFORMATION :

1. Annual General Meeting :
 Day, Date & Time : Friday, 11th September, 2009, at 11.30 A.M.
 Venue : Country Club, At P.O. Vashier, Valsad -396 001.
2. Financial Calendar : (Tentative)
 From 1st April to 31st March every year.
 First Quarter results : Last week of July, 2009.
 Second Quarter Results : Last week of October, 2009.
 Third Quarter results : Last week of January, 2010.
 Fourth Quarter & Annual results : Last week of June, 2010.
 AGM for the year ended 31 March, 2010 : before the end of September, 2010
3. Date of Book Closure : 1st September, 2009 to 11th September, 2009
4. Dividend Payment date : No dividend recommended by the Board for the financial year 2008-2009.
5. Listing on Stock Exchanges : Stock Exchange, Mumbai. The Company has paid Listing Fees for the period 1st April, 2009 to 31st March, 2010
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 :

Month	BSE Sensex		Ecoplast Ltd	
	High	Low	High (Rs)	Low (Rs)
April 2008	-	-	24.50	21.10
May 2008	-	-	23.45	20.20
June 2008	-	-	22.70	16.75
July 2008	-	-	24.20	19.75
August 2008	-	-	25.80	23.05
September 2008	-	-	26.40	17.05
October 2008	-	-	19.85	14.60
November 2008	-	-	18.10	12.95
December 2008	-	-	17.20	11.40
January 2009	-	-	16.35	14.25
February 2009	-	-	15.85	13.15
March 2009	-	-	14.04	11.56

8. Performance : Ecoplast share price performance vs. BSE Sensex during April 2008 - March 2009.



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 31.03.2009

Category	Number of Shareholders	Shareholders % to Total	No. of Shares	Shares % to Total
1 TO 500	2,585	85.62	4,10,319	13.68
501 TO 1000	226	7.49	1,83,843	6.13
1001 TO 2000	81	2.68	1,24,644	4.15
2001 TO 3000	33	1.09	84,950	2.83
3001 TO 4000	20	0.66	70,158	2.34
4001 TO 5000	15	0.50	72,537	2.42
5001 TO 10000	31	1.03	2,29,635	7.65
Over 10000	28	0.93	18,23,914	60.80
TOTAL	3,019	100.00	30,00,000	100.00

12. Dematerialization of shares and liquidity : 92.36 % of the equity shares of the Company have been dematerialized as on 31st March, 2009 and the balance 7.64% 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, 27th June, 2009.

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, 2009 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

B. R. TARAFDAR
Company Secretary & Finance Controller

Mumbai, 27th June, 2009.

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, 2009, received from the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

Mumbai, 27th June, 2009

J.B.DESAI
Managing Director

AUDITOR'S 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., (The Company) during the year ended March 31,2009 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 explanation 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 no investor grievance is pending for a period exceeding one month as at 31st March, 2009, 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

SANJAY MEHTA
Partner
Membership No. 16859

Mumbai, 27th June,2009

AUDITORS' REPORT

To
The Members of
Ecoplast Ltd

1. We have audited the attached Balance Sheet of **Ecoplast Ltd** as at 31st March, 2009 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 31st March, 2009 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) 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.
 - ii) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009
 - (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

SANJAY MEHTA
Partner

Mumbai, 27th June, 2009

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.
- (e) According to the information and explanations given to us, the Company has not taken any loan from companies, firms and other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- Accordingly, clauses (iii) (f) to (iii) (g) of paragraph 4 of the Order are not applicable to the Company for the current year.
- 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 31st March, 2009 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.4.00 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 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

SANJAY MEHTA
Partner

Mumbai, 27th June,2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE	31.3.2009 Rs.	31.3.2008 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	30,000,000	30,000,000
Reserves and Surplus	2	92,243,602	92,530,437
		<u>122,243,602</u>	<u>122,530,437</u>
LOAN FUNDS			
Secured Loans	3	28,427,902	50,523,902
Unsecured Loans	4	8,605,385	41,701,676
		<u>37,033,287</u>	<u>92,225,578</u>
DEFERRED TAX LIABILITY			
		<u>18,992,978</u>	<u>21,847,283</u>
		<u><u>178,269,868</u></u>	<u><u>236,603,298</u></u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	224,944,495	223,388,927
Less: Depreciation		107,686,573	96,741,929
NET BLOCK		<u>117,257,922</u>	<u>126,646,998</u>
INVESTMENTS			
	6	3,524,600	3,524,600
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	33,422,774	52,272,080
Sundry Debtors	8	39,038,901	77,181,109
Cash & Bank Balances	9	6,876,996	21,200,546
Loans and Advances	10	10,798,624	16,121,198
		<u>90,137,295</u>	<u>166,774,933</u>
Less: Current Liabilities & Provisions	11	32,649,949	60,343,233
NET CURRENT ASSETS		<u>57,487,346</u>	<u>106,431,700</u>
NOTES TO THE ACCOUNTS	16	<u><u>178,269,868</u></u>	<u><u>236,603,298</u></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

For and on behalf of the Board of Directors

SANJAY MEHTA
Partner

P. P. KHARAS
Chairman

JAYMIN B. DESAI
Managing Director

Mumbai, 27th June, 2009.

B. R. TARAFDAR
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	31.3.2009 Rs.	31.3.2008 Rs.
INCOME			
Sales	12	318,029,860	371,582,553
Other Income	13	1,758,962	2,739,941
Increase / (Decrease) in Stocks	14	(3,093,735)	(436,903)
		<u>316,695,086</u>	<u>373,885,590</u>
EXPENDITURE			
Manufacturing & Other Expenses	15	297,351,658	338,922,488
Interest and Finance Charges		10,644,544	10,538,457
Depreciation		10,944,644	10,176,011
		<u>318,940,846</u>	<u>359,636,956</u>
PROFIT/ (LOSS) BEFORE TAX		(2,245,760)	14,248,635
Provision for Tax :			
Current Tax		210,000	2,500,000
Deferred Tax		(2,854,305)	2,647,215
Fringe Benefit Tax		275,000	311,000
PROFIT / (LOSS) AFTER TAX		123,545	8,790,420
Prior period adjustments		(409,075)	1,130,000
(Excess)/ Short Provision of Tax for Prior years		(1,305)	463,332
NET PROFIT/ (LOSS) AFTER PRIOR PERIOD ITEMS		(286,835)	10,383,752
Balance brought forward		28,249,122	25,183,370
PROFIT AVAILABLE FOR APPROPRIATION		<u>27,962,287</u>	<u>35,567,122</u>
APPROPRIATION			
Transfer to General Reserve		-	1,000,000
Dividend on Equity Shares		-	5,400,000
Dividend Distribution Tax		-	918,000
Balance Carried Forward		27,962,287	28,249,122
		<u>27,962,287</u>	<u>35,567,122</u>
BASIC AND DILUTED EARNINGS PER SHARE	16	(0.10)	3.46
NOTES TO THE ACCOUNTS	16		

As per our Report of even date.
For **AKKAD MEHTA & CO.**
Chartered Accountants

SANJAY MEHTA
Partner

Mumbai, 27th June, 2009.

For and on behalf of the Board of Directors

P. P. KHARAS
Chairman

JAYMIN B. DESAI
Managing Director

B. R. TARAFDAR
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

	31.3.2009	31.3.2008
	Rs.	Rs.
SCHEDULE- 1		
SHARE CAPITAL		
AUTHORISED		
10,000,000 Equity Shares of Rs.10/-each	<u>100,000,000</u>	<u>100,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP		
3,000,000 Equity Shares of Rs. 10/- each fully paid-up (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>	30,000,000
	<u>30,000,000</u>	<u>30,000,000</u>
SCHEDULE-2		
RESERVES AND SURPLUS		
SHARE PREMIUM		
Balance as per last Balance Sheet	<u>30,000,000</u>	30,000,000
	<u>30,000,000</u>	<u>30,000,000</u>
GENERAL RESERVE		
Balance as per last Balance Sheet	<u>34,281,315</u>	32,217,222
Add : Transitional Adjustment for Employee Benefits (Net of Deferred Tax) (Refer Note 9 of Schedule 16)	-	1,064,093
Transfer from Profit and Loss Account	-	1,000,000
	<u>34,281,315</u>	<u>34,281,315</u>
Surplus in Profit and Loss Account	<u>27,962,287</u>	28,249,122
	<u>92,243,602</u>	<u>92,530,437</u>

	31.3.2009 Rs.	31.3.2008 Rs.
SCHEDULE - 3		
SECURED LOANS		
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 two Directors). (Due within one year Rs. 53,64,000. Previous Year Rs. 56,37,177)	17,569,000	23,206,177
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 two Directors)	10,858,902	27,317,725
	<u>28,427,902</u>	<u>50,523,902</u>
SCHEDULE- 4		
UNSECURED LOANS		
a) Fixed Deposits		
From Shareholders	125,000	195,000
From Others	6,961,000	9,782,000
Interest due and payable thereon	413,543	468,976
	<u>7,499,543</u>	<u>10,445,976</u>
b) Short Term Loans and Advances		
From Bank (Discounting of Export / Domestic bills, guaranteed by two Directors)	986,119	22,898,558
From Corporates	-	7,500,000
From Others	119,723	857,142
	<u>1,105,842</u>	<u>31,255,700</u>
	<u>8,605,385</u>	<u>41,701,676</u>

**SCHEDULE-5 :
FIXED ASSETS**

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 1.4.2008	Additions during the year	Deduct-ion for the year	Cost as at 31.3.2009	Upto 1.4.2008	Deduct-ion for the year	For the year	As at 31.3.2009	As on 31.3.2009	As on 31.3.2008
LAND	5,096,185	-	-	5,096,185	-	-	-	-	5,096,185	5,096,185
BUILDINGS	36,827,317	704,865	-	37,532,182	8,761,706	-	1,143,734	9,905,440	27,626,742	28,065,611
PLANT & MACHINERIES, EQUIPMENTS AND UTILITIES	158,819,782	355,103	-	159,174,885	76,350,727	-	8,009,935	84,360,662	74,814,223	82,469,055
ELECTRICAL INSTALLATION	8,541,167	-	-	8,541,167	4,017,872	-	422,075	4,439,947	4,101,220	4,523,295
VEHICLES *	5,663,837	56,902	-	5,720,739	1,713,743	-	766,441	2,480,184	3,240,555	3,950,094
FURNITURE & FIXTURES	3,419,286	68,999	-	3,488,285	2,134,801	-	207,837	2,342,638	1,145,647	1,284,485
OFFICE EQUIPMENTS	5,021,353	369,699	-	5,391,052	3,763,080	-	394,622	4,157,702	1,233,350	1,258,273
GRAND TOTAL **	223,388,927	1,555,568	-	224,944,495	96,741,929	-	10,944,644	107,686,573	117,257,922	126,646,998
PREVIOUSYEAR	189,171,541	35,860,698	1,643,312	223,388,927	87,735,095	1,169,177	10,176,011	96,741,929	126,646,998	101,436,446

* Includes Rs. 6,80,170/- purchased on Hire-Purchase basis.

** Gross Block includes Rs. 12,561,310/- on revaluation of Fixed Assets as on 31st March, 1994 excluding Vehicles, Furniture & Fixtures and Office Equipments.

	31.3.2009 Rs.	31.3.2008 Rs.
SCHEDULE - 6		
INVESTMENTS		
In Joint Venture Company - (At Cost) (Unquoted) 293300 Equity shares of Rs.10 each fully paid - up in Synergy Films Pvt. Ltd. (Previous Year - Rs. 293300 Equity Shares of Rs. 10 each fully paid -up)	3,514,600	3,514,600
<u>Others</u>		
National Saving Certificates	10,000	10,000
	<u>3,524,600</u>	<u>3,524,600</u>
SCHEDULE - 7		
INVENTORIES		
(As taken, valued and certified by a Director)		
Raw Materials	23,297,376	36,975,063
Finished goods	3,965,609	8,807,921
Semi Finished Goods	2,533,619	785,042
Machinery Spares, Ink and Fuel	3,132,944	5,259,189
Packing Materials	366,021	444,865
Scrap	127,205	-
	<u>33,422,774</u>	<u>52,272,080</u>
SCHEDULE - 8		
SUNDRY DEBTORS (UNSECURED)		
<u>Over Six months</u>		
Considered Doubtful	3,046,120	2,828,299
Less : Provision Made	<u>3,046,120</u>	<u>2,828,299</u>
	-	-
Considered Good	<u>1,750,444</u>	<u>569,159</u>
	1,750,444	569,159
<u>Other Debts</u>		
Considered good	<u>37,288,457</u>	<u>76,611,950</u>
	<u>39,038,901</u>	<u>77,181,109</u>
SCHEDULE - 9		
CASH AND BANK BALANCES		
Cash on hand	272,204	371,174
With Scheduled Banks:		
In Current Accounts	3,244,633	4,477,798
In Deposit Accounts (includes Rs. 26,00,160 under Bank's lien for Letter of Credit facility) (Previous year Rs. 1,57,11,574)	3,360,159	16,351,574
	<u>6,876,996</u>	<u>21,200,546</u>

	31.3.2009	31.3.2008
	Rs.	Rs.
SCHEDULE -10		
LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or kind or for value to be received	4,624,781	6,996,150
Advances to Joint Venture Company	442,803	762,955
Advance Payment of Taxes (Net of Provision)	2,992,267	2,535,345
Deposits	1,762,798	1,762,798
Balance with Central Excise Department	975,975	4,063,950
	<u>10,798,624</u>	<u>16,121,198</u>
SCHEDULE - 11		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	27,982,890	48,182,083
Unclaimed Dividends *	774,055	721,144
Unclaimed Matured Fixed Deposits *	349,000	235,000
Other Liabilities	3,544,004	4,887,006
	<u>32,649,949</u>	<u>54,025,233</u>
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
Provisions		
Proposed Dividend	-	5,400,000
Dividend Distribution Tax	-	918,000
	-	6,318,000
	<u>32,649,949</u>	<u>60,343,233</u>
SCHEDULE - 12		
SALES		
Gross Sales	357,765,028	416,356,304
Less : Central Excise Duty & Sales Tax	39,735,168	44,773,751
	<u>318,029,860</u>	<u>371,582,553</u>
SCHEDULE - 13		
OTHER INCOME		
Interest Received (TDS Rs.1,07,511/-, Previous Year Rs. 29592/-)	925,029	3,602,144
Royalty Received (TDS Rs. 73578/-)	649,411	-
Other Receipts	154,522	507,955
Provisions for Doubtful Debts no longer required, written back	30,000	1,871,842
	<u>1,758,962</u>	<u>2,739,941</u>

	31.3.2009	31.3.2008
	Rs.	Rs.
SCHEDULE - 14		
INCREASE/(DECREASE) IN STOCKS		
Opening Stocks		
Finished Goods	8,807,921	7,830,824
Semi Finished Goods	785,042	2,199,042
	<u>9,592,963</u>	<u>10,029,866</u>
Less: Closing Stocks		
Finished Goods	3,965,609	8,807,921
Semi Finished Goods	2,533,619	785,042
	<u>6,499,228</u>	<u>9,592,963</u>
Increase/(Decrease) in Stocks	<u>(3,093,735)</u>	<u>(436,903)</u>
SCHEDULE - 15		
MANUFACTURING AND OTHER EXPENSES		
RAW MATERIALS CONSUMED	<u>221,743,057</u>	<u>261,095,717</u>
PAYMENTS TO AND PROVISION FOR EMPLOYEES:		
Salaries, Wages and Allowances	15,832,821	15,609,909
Staff Welfare Expenses	476,373	454,202
Company's contribution to Provident Fund and Other Funds	1,648,635	2,071,103
	<u>17,957,829</u>	<u>18,135,214</u>
EXPENSES FOR MANUFACTURE, ADMINISTRATION AND SELLING :		
Stores and Spares consumed	3,215,246	1,146,601
Packing Material consumed	5,952,897	7,607,113
Power and Fuel	16,093,138	19,257,337
Printing Charges	683,232	1,765,650
Conversion Charges Paid	227,341	152,376
Freight Outward and Octroi	6,182,832	9,258,985
Foreign Exchange Fluctuation Loss /Gain	6,069,253	(1,290,987)
Insurance	958,955	968,310
Repairs to Machinery	3,506,974	2,725,182
Repairs to Building	222,965	711,362
Repairs to Others	307,420	473,325
Rates and Taxes	115,449	172,726
Commission paid	-	82,531
Royalty paid	2,166,732	1,988,476
Rent paid	73,500	49,000
Other Expenses	10,214,401	10,153,870
Directors' Sitting Fees	147,500	105,000
Directors' Remuneration	1,258,915	2,107,428
Donation	6,201	47,402
Provision for Doubtful Debts	247,821	-
Loss on Assets Sold / Discarded	-	338,027
Bad Debts written off	-	1,871,842
	<u>57,650,773</u>	<u>59,691,556</u>
	<u>297,351,658</u>	<u>338,922,488</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. 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 currencies are recorded at rates of exchange prevailing on the dates when the relevant transaction take place. The exchange differences arising on foreign exchange transactions settled during the year are recognised in the Profit and Loss Account of the year.

Monetary assets and liabilities in foreign exchange, which are outstanding as at the year end, are translated at year end at the closing exchange rate unless covered by forward contract and the resultant exchange differences are recognized in the Profit and Loss Account of the year

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**

While capital expenditure on Research and Development is treated on the same lines as normal capital expenditure, revenue expenditure on Research and Development is written off in the same year in which it is incurred.

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. 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. Company has no further obligation beyond its monthly contributions.

Provident Fund :

The Company has Defined Benefit Plan for Post employment benefit in the form of Provident Fund for all employees, which is administered by the Regional Provident Fund Commissioner. Company has no further obligation beyond its monthly contributions.

Defined Benefit Plans

Gratuity :

The Company has Defined Benefit Plan for Post employment 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, 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.

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) **Taxes on Income**

Current tax

Provision for Income Tax is determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax Provision

Deferred Tax is recognised, on timing differences, being the difference between the taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods.

xii) Fringe Benefit Tax

Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of "Fringe Benefit" as defined under the Income Tax Act, 1961.

xiii) 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.

xiv) Contingent Liabilities

Contingent liabilities are disclosed after a careful evaluation of the facts and consideration of the legal aspects of the matter involved.

xv) 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.

xvi) Provision for Bad and Doubtful Debts/Advances

Provision is made in accounts for Bad and Doubtful Debts which in the opinion of the management are considered doubtful of recovery.

xvii) 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.

xiv) Earning per share

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.

	31.3.2009	31.3.2008
	Rs.	Rs.
2 Contingent Liabilities		
a. On account of capital commitments (net of advances)	-	325,000
b. Customs duty on raw materials imported under advance licensing, against which export obligation is to be fulfilled	1,281,579	1,171,330
c. The Company had 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 Terms 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	-

	31.3.2009 Rs.	31.3.2008 Rs.
3 The recurring expenditure on Research & Development charged to revenue amounts to	508,145	427,876
4 Managerial Remuneration		
Salaries and Allowances	1,083,945	1,650,000
Commission	-	171,248
Contribution to P F and Other Funds*	292,665	445,500
Other Benefits	194,201	504,451
Directors' Fees	147,500	105,000
	<u>1,718,311</u>	<u>2,876,199</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.		
Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956 in respect of Commission payable to Directors		
Profit before Tax	(2,245,760)	14,248,635
Add : Managerial Remuneration	1,570,811	2,599,951
Directors' Fees and Commission	147,500	276,248
Net profit as per Section 198	<u>(527,449)</u>	<u>17,124,834</u>
a) Commission payable to whole-time Directors In view of inadequate profits in terms of section 198 of the Companies Act, 1956 Managing Director is not entitled for commission on profits.		
b) Commission payable to Non-whole-time Directors At 1% of Net Profit for all Non-whole-time Directors	-	171,248
OR		
At Rs.50,000 per Non-whole-time Director	200,000	200,000
Least of the two	-	171,248
5 Auditors Remuneration :		
Audit Fees	160,000	160,000
Taxation Matters	30,000	30,000
Company Law Matters	30,000	30,000
Tax Audit Fees	30,000	30,000
Certification and other services	75,000	100,617
	<u>325,000</u>	<u>350,617</u>
6 Interest and finance charges include interest on loans for fixed period.	3,618,349	2,991,071
7 Net exchange Gain / (Loss) has been recognised in the Profit & Loss Account.	(6,069,253)	1,290,987

- 8 a) Dues to Small Scale Industrial Undertakings for more than 30 days include amounts payable to - (as identified by Management)
 Resources Engimech India Pvt Ltd.
 Arvind Rub-Web Controls Ltd.
 Yellow Tapes
 A to Z Filter Works
 Radhe Agro Cole

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

Amount due to Micro, Small and Medium Enterprises 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	199,474	-
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)	-	1,935
4.	Interest remaining accrued and unpaid at the end of the year	-	755
5.	Interest due of the previous year	-	180

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-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 :** 31.3.2009 31.3.2008
Rs. Rs.

The Company has recognised the following amounts in the Profit and Loss Account for the year

Particulars	Rs./Lacs	
	Total	Total
Employers' Contribution to Provident Fund	6.49	6.37
Employers' Contribution to Superannuation Fund	5.39	7.68
Employers' Contribution to Employee's Pension Scheme, 1995	3.53	3.44
Total	15.41	17.48

- 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 balance of the present value of the Defined Benefits Obligation (DBO)

Sr.No.	Particulars	Rs/Lacs	
		Gratuity	Gratuity
	Opening Balance as on 1st April, 2008	25.91	28.17
1.	Current Service Cost	2.38	1.89
2.	Interest Cost	2.12	2.09
3.	Actuarial (Gains)/Losses	0.66	1.64
4.	Benefits Paid	(3.65)	(7.88)
	Closing DBO as on 31st March, 2009	27.42	25.91

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	49.14	44.29
1.	Expected Returns on Plan Assets	3.79	3.92
2.	Actuarial Gain/(Loss) on Plan Assets	0.62	0.16
3.	Contribution by the Employer	-	8.65
4.	Benefits Paid	(3.65)	(7.88)
	Closing Fair Value of Plan Assets	49.90	49.14

iii) Amount recognised in Balance Sheet

Sr.No.	Particulars	Rs/Lacs	
		Gratuity	Gratuity
1.	Present value of Funded Obligations	27.41	25.91
2.	Fair value of Plan Assets	49.90	49.14
3.	Present Value of Unfunded Obligations	-	-
	Net Liability / (Asset) recognised in Balance Sheet	(22.49)	(23.23)

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

Sr.No.	Particulars	Rs/Lacs	
		Gratuity	Gratuity
1.	Current Service Cost	2.38	1.89
2.	Interest Cost	2.12	2.09
3.	Expected Return on Plan Assets	(3.79)	(3.92)
4.	Actuarial (Gain)/Losses	0.04	1.49
5.	Past Service Cost	-	-
	Total	0.75	1.55

v) For each major category of plan assets, following is the percentage that each major category of the Fair Value of Plan Assets.

Sr.No.	Particulars	Rs/Lacs			
		Gratuity 31-03-09		Gratuity 31-03-08	
		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	49.90	100%	49.14	100%
7.	Others	-	-	-	-
	Total	49.90	100%	49.14	100%

- 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 :

		Rs/Lacs	
Sr.No.	Particulars	Gratuity	Gratuity
1.	Expected Return on Plan Assets	3.79	3.92
2.	Actuarial gain/(loss) on Plan Assets	0.62	0.16
3.	Actual Return on Plan Assets	4.41	4.08

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

Sr.No.	Particulars	Gratuity	Gratuity
1.	Discount Rate	8.00%	8.00%
2.	Expected rate of return on Plan Assets	8.00%	8.00%
3.	Salary Escalation Rate	5.00%	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.
- 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)

10 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.

11 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
Mr. Homyar S. Bodhanwala
- (d) Other Related Parties :
Propack Industries (Prop. Kunal Plastics Pvt. Ltd.)
Jampore Printers Pvt. Ltd.
TSR Darashaw Ltd.
Janki Plastics

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
Purchases :				
Goods and Material				95,312
Sales :				
Goods and Material	246,060			718,600
Expenses :				
Printing Charges				227,651
Processing Charges				227,341
Others		1,638,481	511,402	336,500
Income :				
Processing Charges				344,580
Royalty Received	649,411			
Others				10,020
Outstanding :				
Payable				26,249
Outstanding :				
Receivable	871,490			286,168

- 12 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.

31.3.2009	31.3.2008
Rs.	Rs.

Rent paid under this arrangement	73,500	49,000
----------------------------------	---------------	--------

13 Earnings per share

a) Net Profit after Tax (including prior period items) available for Equity shareholders	(286,835)	10,383,752
b) Weighted average number of Equity Shares of Rs. 10 each outstanding during the year. (No. of shares)	3,000,000	3,000,000
c) Basic / Diluted earnings per share (a/b) (Rs.)	(0.10)	3.46

14 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 31st March, 2009 is as under :

Deferred Tax Working:	31.3.2009	Current year change	31.3.2008
Deferred Tax Liabilities (A)			
(i) Difference between Book & Tax Depreciation	64,259,361	(2,799,891)	67,059,252
(ii) On Account of Retiring Gratuity	1,612,018	-	1,612,018
Total (A)	65,871,379	(2,799,891)	68,671,270

Deferred Tax Assets (B)

(i) Provision for Doubtful debts	3,046,120	217,821	2,828,299
(ii) Other Miscellaneous items	1,359,310	(208,041)	1,567,351
Total (B)	4,405,430.	9,780	4,395,650
Net Deferred Liability	61,465,949	(2,809,671)	64,275,620
Net Deferred Tax Liability	18,992,978	(2,854,305)	21,847,283

- 15 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, 2009:	24.79

Details on Interest in Joint Venture are as follows :

Particulars	31.03.2009	31.03.2008
ASSETS		
Fixed Assets (Net Block)	30,036,056	29,566,560
Current Assets, Loans & Advances		
Inventories	4,045,732	3,692,207
Sundry Debtors	5,971,394	2,639,317
Cash and Bank Balances	1,413,274	17,356,871
Loan and Advances	2,739,359	2,020,484
Preliminary Expenses	124,220	124,220
LIABILITIES		
Current Liabilities & Provisions		
Current Liabilities	6,772,951	2,284,308
Provisions	42,000	-
Borrowings		
Long Term Borrowings (Term Loan & Car Loan)	20,851,713	29,216,341
Bank Borrowings (Working Capital)	10,720,202	9,599,010
INCOME		
Sales	28,828,366	-
Other Income	6,420	-
EXPENDITURE		
Materials Consumed	24,494,856	-
Operating Expenses	7,096,341	-
Interest and Finance charges	4,174,893	-
Depreciation	1,422,257	-
Profit/ (Loss) After Tax	(8,353,561)	-
Other Matters		
Contingent Liabilities	-	-
Capital Commitment	-	-

- 16 As at March 31, 2009, 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.

17 Disclosure of Derivatives

The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at 31st March, 2009 are as follows:

Particulars	31.03.2009		31.03.2008	
	Amount in Foreign Currency (In lacs)	Amount in INR (In lacs)	Amount in Foreign Currency (In lacs)	Amount in INR (In lacs)
Assets	USD 0.67	34.25	USD 10.32	412.07
Liabilities	USD 2.99	153.33	USD 9.15	365.07

- 18** 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 2009 Company is not in any default under the Scheme.
- 19** The Company has made an application to the Central Government for compounding of an offence under Section 297 of the Companies Act, 1956 in respect of conversion job valued at Rs. 1,20,000/- entrusted to a partnership firm in which two Directors of the Company are partners.
- 20** The Company prior to it being listed 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 Bonus Shares out of Revaluation Reserve and that the Department's Communiqué was advisory in nature, without any mandatory effect. The Management is therefore of the 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 this 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	31.3.2009		31.3.2008	
	Qty. MT	Value Rs.'000	Qty. MT	Value Rs.. '000
Co-Extruded Film				
Licensed Capacity	N. A.		N. A.	
Installed Capacity*	8,030		8,030	
Opening Stock	64	7,771	68	7,831
Production	2,883		4167	
Turnover	2,916	317,920	4,171	371,214
Closing Stock	31	3,966	64	7,771

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

Notes :

- 1) Production and Turnover includes 404 MT of film converted from raw materials supplied by customers and which were invoiced at Rs.5,658,760.(Previous year 728 MT invoiced at Rs. 13,509,219)
- 2) The Turnover does not include Sale of Scrap for Rs.109,418/-(Previous year Rs.368,573/-).
- 3) The Turnover includes Sale of Polyethylene Granules of Rs.3,639,785/-(Previous year Rs.4,084,165-).

B Consumption of raw materials :

	31.3.2009		31.3.2008	
	Qty. MT	Value Rs. '000	Qty. MT	Value Rs. '000
Polyethylene Granules	2,500	221,743	3,470	261,096
C Value of Imports on CIF Basis				
Raw Materials		92,695		121,370
Components and Spare Parts		1,862		516
D Expenditure in Foreign Currency				
Travelling Expenses		335		274
Capital Expenditure		-		14,968
E Value of Raw Materials, Stores and Spares Consumed				
	%	Value Rs. '000	%	Value Rs. '000
Raw Materials :				
Imported	49	108,558	48	126,128
Indigenous	51	113,185	52	134,968
	100	221,743	100	261,096
Stores & Spares :				
Imported	63	2,033	43	494
Indigenous	37	1,182	57	653
	100	3,215	100	1,147
F Earnings in Foreign Exchange on F.O.B. Basis.		78,224		134,367

21 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 :	31.03.2009
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	210,919,817
	Total Assets	210,919,817
	Sources of Funds	
	Paid-up Capital	30,000,000
	Reserves and Surplus	92,243,602
	Secured Loan	28,427,902
	Unsecured Loan	8,605,385
	Deferred Tax Liability	18,992,978
	Application of Funds	
	Net Fixed Assets	117,257,922
	Investments	3,524,600
	Net Current Assets	57,487,346
	Miscellaneous Expenditure	Nil
	Accumulated Losses	Nil
d.	Performance of the Company [Amount in Rs.]	
	Turnover [including Other income]	319,788,822
	Total Expenditure	322,034,581
	Profit Before Tax	(2,245,760)
	Profit After Prior Period Items	(286,835)
	Earning per share in Rs.	(0.10)
	Dividend Rate %	
e.	Generic Names of Principal Products of the Company	
	Item Code No. (ITC Code)	3920.10.99
	Product Description	Plastic Films

22 Cash Flow Statement for the year ended 31st March, 2009 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

For and on behalf of the Board Directors

SANJAY MEHTA
Partner

P. P. KHARAS
Chairman

JAYMIN B. DESAI
Managing Director

B.R. TARAFDAR
Company Secretary

Mumbai, 27th June, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

A. Cash Flow from Operating activities	31.3.2009	31.3.2008
Net Profit before tax and extraordinary items	(2,245,760)	14,248,635
ADJUSTMENTS FOR:		
Depreciation	10,944,644	10,176,011
Interest expenses	9,454,321	8,170,973
Interest income	(925,029)	(360,144)
Loss on assets sold / discarded	-	338,027
Other finance charges	1,190,223	2,367,484
	<u>20,664,159</u>	<u>20,692,352</u>
Operating Profit before Working Capital changes	18,418,399	34,940,986
ADJUSTMENTS FOR:		
Trade & other Receivables	43,464,783	(22,817,020)
Inventories	18,849,306	(7,122,346)
Trade Payables	(21,375,284)	22,522,370
	<u>(40,938,805)</u>	<u>(7,416,996)</u>
Cash generated from operations	59,357,203	27,523,988
Taxes paid (Net)	485,000	2,811,000
	<u>(485,000)</u>	<u>(2,811,000)</u>
Cash flow before extraordinary items	58,872,203	24,712,988
Extraordinary items	(410,380)	3,205,350
Net Cash from Operating Activities A	<u>58,461,823</u>	<u>27,918,338</u>
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(1,555,568)	(35,860,698)
Sale of Fixed Assets	-	136,107
Investments in Joint Venture Company	-	(3,514,600)
Interest received	925,029	360,144
Net Cash used in Investing Activities B	<u>(630,539)</u>	<u>(38,879,047)</u>
C. Cash Flow from Financing activities		
Proceeds from borrowings (Net)	(55,192,291)	14,533,094
Other Finance Charges	(1,190,223)	(2,367,484)
Interest paid	(9,454,321)	(8,170,973)
Dividend paid	(5,400,000)	(4,500,000)
Income tax on dividend paid	(918,000)	(765,000)
Net Cash used in Financing Activities C	<u>(72,154,834)</u>	<u>(1,270,363)</u>
Net increase in Cash and Cash Equivalents A+B+C	(14,323,550)	(12,231,072)
Cash and Cash equivalents - Opening Balance	21,200,546	32,962,642
Cash and Cash equivalents - Closing Balance	6,876,996	21,200,546

Notes to the Cash Flow Statement for the year ended 31st March, 2009 :

1. The cash flow statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
2. 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

Mumbai, 27th June, 2009

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, 2009 and March 31, 2008 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.

For AKKAD MEHTA & CO.
Chartered Accountants

SANJAY MEHTA
Partner

Mumbai, 27th June, 2009

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 SEVENTH ANNUAL GENERAL MEETING of the Company at Country Club, P.O. Vashier, Valsad, 396 001 at 11.30 a.m. on Friday the 11th September, 2009.

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.

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 Seventh
Annual General Meeting of the Company, to be held on Friday, the 11th September 2009 and at any adjournment thereof.
Signed this day of 2009.

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.

BOOK POST

If undelivered, please return to :

Ecoplast Limited

National Highway No. 8,
Water Works Cross Road,
Ahroba - Valsad, 396 001.