



ESSEL PROPACK LIMITED



Poised to deliver

Annual Report 2009-2010



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Poised to Deliver

The last few years have presented challenges and opportunities.

Challenges that shook the world and took profits away from global businesses like ours. Opportunities that allowed us to dominate our space, increase efficiency, to challenge and change, to consolidate and grow.

At Essel Propack, we moulded the challenges into opportunities.

In 2009-2010, we turned around swiftly and surely. We reported a Net Profit of Rs. 599 million for the fifteen months period ending 31st March, 2010 against a loss of Rs. 883 million in the year 2008.

- ❖ We divested our medical devices business in 2009 to focus on growing our core tubing business globally.*
- ❖ We are building strong customer relationships based on our reliable and superior delivery model.*
- ❖ We are aggressively driving growth in Asia to significantly add volumes and build scale.*
- ❖ We are adding depth and width to our America business.*
- ❖ We have cut our Europe losses substantially.*
- ❖ We are expanding our packaging solutions to pharmaceuticals and cosmetics, with innovative and new products.*

❖ We are working to improve our cost competitiveness and shrink the debt on our Balance Sheet.

We are now prepared to embark upon a steady growth trajectory, our focus on the quality of growth that enhances margins and return on capital.

We are a new Essel Propack.

With renewed vigour. With renewed focus. With fresh energy. With fresh aggression.

And a new world to cater to. A world where Asia will grow. And USA and Europe will stabilise.

A world where players who are cost conscious and close to the customer will enhance their market share and better their margins.

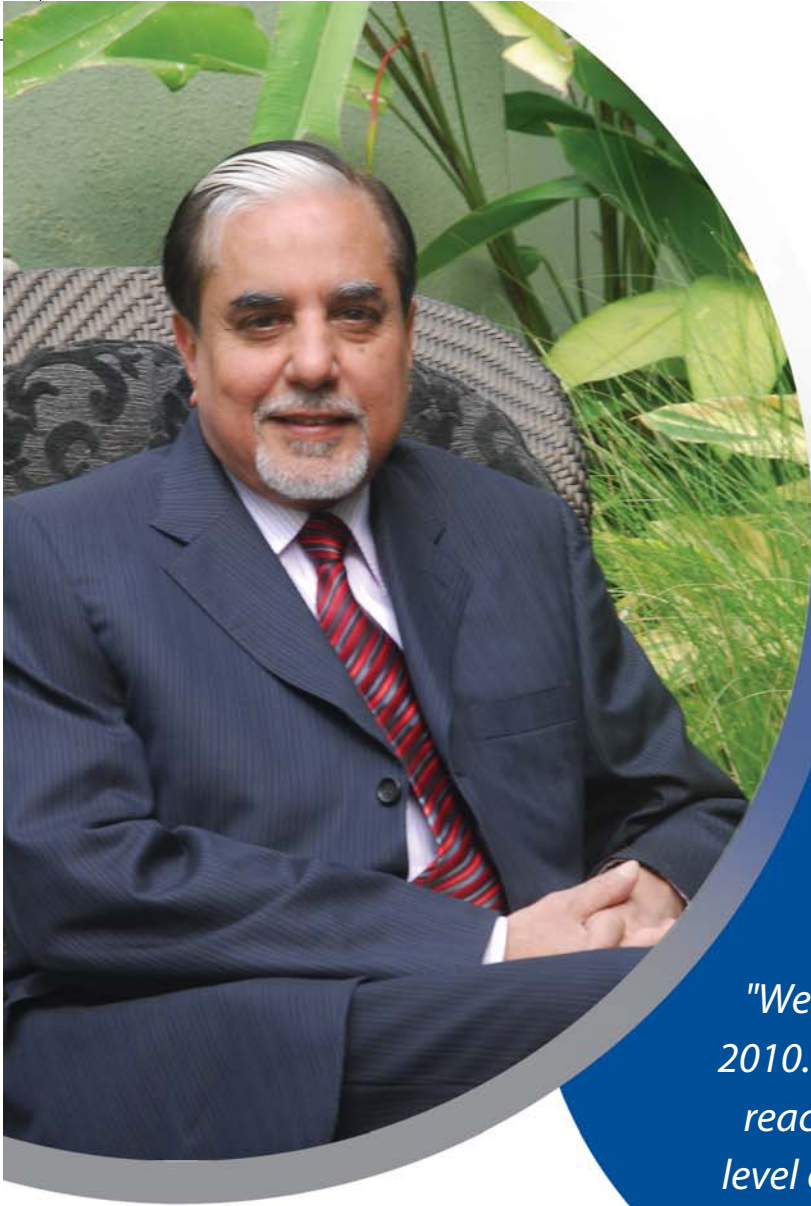
We look at the future with a lot of promise and confidence.

We feel that the next few years belong to companies like us that have a solid reputation with the customers, sound business model, high quality talent, state-of-the-art technology and the right infrastructure.

Essel Propack is now poised.

Poised to grow.

Poised to deliver sustainable value to all our stakeholders.



Message from the Chairman

"We turned around in 2009-2010. Our immediate goal is to reach our peak profitability level of 2006 and then to grow from thereon."

Dear Stakeholders,

The year 2009-2010 was a year of cautious optimism. After the financial crisis of 2008 that hit USA and Europe and threatened to plunge the world into a deep recession, 2009-2010 was a welcome change. Some order was restored, thanks to the quick response of almost every Government infusing liquidity and supporting the financial system from a chaotic collapse.



All the same, concerns still abound as even now, the developed world is struggling to bounce back. I personally feel the western world will take another few years to get back to decent growth. The good news is that the focus is now on Asia and on countries like India and China led by strong domestic consumption and industrial growth. Together, these two nations will drive global growth along with other emerging economies.

Backed by a solid foundation and sound business strategies, your Company showed its strength, character and resilience in these challenging times. Over the years, we have established ourselves as the largest producer of laminated tubes globally. We work closely with all our customers which include top global multinational companies. After reporting a loss in 2008, we were determined to turnaround and thanks to the single-minded dedication of our entire team, from the shop-floor workers to the top management, this became possible.

We have consolidated our operations in USA and Europe in consonance with the market reality. We have created a strong foundation for growth in the Asian markets like India and China, which are growing, to make sure that we will be a dominant supplier. We have also laid a lot of emphasis on maintaining strong

relationships with our customers. This will help us to be more competitive and increase our global market share.

We are committed to profitable growth. We are aggressively expanding our packaging solutions to the value added pharmaceutical and cosmetics applications where technology and product innovation are key differentiators.

We turned around in 2009-2010. Our immediate goal is to reach our peak profitability level of 2006 and then to grow from thereon. We are proud of our perseverant past converting the market of aluminium tubes in India into laminated tubes and spreading our wings to straddle the globe as one of India's earliest MNCs. This legacy will continue to fuel our dream of dominating the global packaging scene in the years to come.

Before I conclude, I would like to express my gratitude to all the Board members for their guidance. I would like to thank everyone in our team for their commitment and dedication. I would also like to thank all our shareholders, our customers, all employees and bankers for believing in us and in our vision.

Yours sincerely,

Subhash Chandra

Chairman



Message from Vice Chairman & Managing Director

"We have emerged leaner and stronger. We are committed to push the horizons to grow and grow profitably. We are committed to better the return on the capital employed."

Dear All,

The year reflected a lot of what we intend to do over the next few years. In many ways, it was a preparatory year for the next leg of growth. The downtrend of 2008 and its impact on our business and profitability made us look within, before looking beyond. And 2009-2010 was a reflection of that insight.



We set out a definitive agenda to turnaround and grow our volumes and revenue - consolidate our relationship with key customers in major markets, exit the medical devices business, rationalise our overall cost and improve finances. On each of the above fronts, our leadership team chalked out a time bound plan to achieve stretching targets.

The Europe losses which was one of the key causes of the 2008 setback, was slashed by downsizing the operations in UK and Poland. We pushed for further growth in the emerging markets of India and China, which are driven by strong domestic consumption. To strengthen our position in these markets, we took several initiatives including driving growth in the pharmaceutical and cosmetic categories. As a result, our sales to these categories has grown significantly and are set to grow further.

We cut our capital spend without sacrificing growth opportunities and worked on the roll-out of SAP globally to improve our operational efficiency. We analysed each element of the working capital and took steps to optimise the same. In the process we were able to release excess money locked in working capital. We enhanced our machine efficiencies. This helped us to meet growth opportunities without incurring new capital expenditure. We successfully implemented a global cost reduction program to save about USD 6 million. Borrowings were reduced by Rs. 1.9 billion to improve our debt equity to 1.1.

These strategic initiatives have already started to pay off from June quarter 2009 when we turned around.

The global packaging opportunity continues to be exciting. In the developed markets our innovation group is working towards offering eco-friendly tubes which are recyclable and use post consumer regrind materials. We see an opportunity to extend laminated tubes to newer product categories like hair colorant which are fast growing. Printing and high end decoration are other features where we can compete with adhesive labels. We have perfected technology to substitute bottles upto 500 ml capacity with tubes. In the emerging markets, we see a huge opportunity in the pharmaceutical and cosmetic product categories for which our extruded plastic tubes and plastic barrier laminated tubes are well placed. The opportunity to convert sachets into tubes is another big potential area in these markets.

We have divested the medical devices business in order to focus on our core packaging business. We are looking to increase our market share through new product development, value proposition and long term partnership with global customers.

We look at 2010-11 and beyond with a lot of optimism. The lessons have been learnt. We have emerged leaner and stronger. We are committed to push the horizons to grow and grow profitably. We are committed to better the return on the capital employed.

I would like to take this opportunity to express my gratitude to all our stakeholders, who have reposed their trust in us and extended their continuous support.

Best wishes and warm regards,

Ashok Kumar Goel
Vice Chairman and Managing Director

Board of Directors



Mr. Subhash Chandra
Chairman



Mr. Tapan Mitra



Mr. K. V. Krishnamurthy



Mr. Davendra Ahuja



Mr. Boman Moradian



Mr. Mukund M. Chitale



Mr. Ashok Kumar Goel
Vice Chairman and Managing Director

New facility in South China



New generation high speed tubing line



Plastic Barrier Laminated (PBL) tubes



High lustre laminated tubes (EGNITE)



Preferred supplier award



ESSEL PROPACK



Pushing Technology

Driving Growth in Asia

Expanding in Cosmetics Category

Innovating New Products

Growing with Customers

Developing Eco-friendly Solutions



Plastic tubes from Post Consumer Re grind (PCR) material (ETAİN)

Corporate Leadership Team



Sitting Left to Right | Standing Left to Right

M. R. Ramasamy

President - EAP & AMESA

R. Chandrasekhar

President - Americas & Europe

A. V. Ganapathy

Chief Financial Officer - Global

Ashok Kumar Goel

Vice Chairman and Managing Director

Evelyn Tweedlie

Vice President - Tubes & Laminates Business (Europe)

Aashay S. Khandwala

Vice President Legal & Company Secretary

M. K. Banerjee

Director - Creativity & Innovation (Global)

Ted Sojourner

Vice President - Tubes & Laminates Business (Americas)

Zoeb Adenwala

Chief Information Officer (Global)

Dileep Joshi

Director - Human Capital (Global)

Vinay Mokashi

Financial Controller (Global)

Parag Chaturvedi

Head- Manufacturing Process Initiatives (Global)

Shyam Kumar

Head - Purchase & Logistics (Global)

Edward Luo Zhiyong

Vice President - Tubes & Laminates Business (EAP)

Cherian K. Thomas

Whole Time Director & Chief Executive Officer - PIPL

Corporate Information

BOARD OF DIRECTORS

Subhash Chandra
Chairman

Davendra Ahuja*

Tapan Mitra

K.V. Krishnamurthy

Boman Moradian

Mukund M. Chitale

Ashok Kumar Goel
Vice Chairman and Managing Director

Aashay S. Khandwala
Vice President - Legal and Company Secretary

Auditors

MGB & Co.

Bankers

Axis Bank Limited
BNP Paribas
DBS Bank Limited
IDBI Bank Limited
Punjab National Bank
State Bank of India
Standard Chartered Bank
Yes Bank Limited

Advocates & Solicitors

ANS Law Associates

Registered Office

P.O. Vasind, Taluka - Shahapur, District - Thane,
Maharashtra - 421 604, India.

Corporate Office

10th Floor, Times Tower, Kamala City, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013, India.
Tel.: +91-22-2481 9000 Fax: +91-22-2496 3137

Units - India

Cuddalore, Goa, Murbad, Nalagarh, Puducherry, Silvassa,
Sitarganj (Uttarakhand), Vasind & Wada

Units - Overseas

China, Colombia, Egypt, Germany, Indonesia, Mexico, Philippines,
Poland, Russia, UK and USA

Website

www.esselpropack.com

*The Company and the Board of Directors condoles the unfortunate passing away of our Director, Mr. Davendra Ahuja on August 20, 2010.

Directors' Report

To
The Members,
EsSEL Propack Limited

Your Directors are pleased to present their Report on your Company's business operations along with the audited statement of accounts for the fifteen months period ended March 31, 2010.

As earlier communicated, in October 2009 it was decided to change the Accounting year of the Company to align with the Financial year (April – March). This would avoid duplication of time and efforts in preparing financial statements separately under the Companies Act, 1956 and the Income Tax Act, 1961. Consequently the Report and the Accounts presented here relate to the fifteen months period from January 1, 2009 to March 31, 2010. The figures for this accounting year are thus not comparable with those of the previous accounting year which covered a period of twelve months ending December 2008.

Results of Operations

Consolidated Global results

The key financials are set out below:

(Rs. Million)

	Period ended 31.03.2010 (Fifteen months)	Year ended 31.12.2008 (Twelve months)
Total Revenue (excluding Excise duty)	16941	12949
PBDIT before exchange gain/ (loss)	3015	1841
Exchange gain/(loss)	(7)	(518)
PBDIT after exchange gain/ (loss)	3008	1323
Net Interest	(841)	(619)
Profit before Tax and exceptional items	732	(497)
Exceptional items	302	12
Tax	(386)	(346)
Minority interest	(63)	(60)
Profit after Tax and Minority interest	599	(883)

In a period challenged by recessionary pressures and cautious business environment, your Company staged a quick turnaround and posted a Net Profit of Rs 599 million against Net loss of Rs 883 million during the previous year.

Revenue for the period grew 31% over the previous year. The PBDIT before exchange gain/loss however grew much higher at 64% reflecting significant improvement in business profitability helped by pro-active material cost pass through, stringent operating cost reduction measures and significant curtailment of losses in the European business.

Interest cost increased 36% on account of higher borrowings necessitated by the losses of the previous year as well as higher interest rate in the aftermath of the global financial crisis of 2008. It has however shown significant reduction during the last quarter

of the period following repayment of substantial debt, helped by divestment of the non-core Medical Devices Business.

The exceptional item for the period includes profit of Rs 314 million attributable to the divestment of Medical Devices Business by subsidiaries of your Company.

India standalone results

The summary results are set out below:

(Rs Million)

	Period ended 31.03.2010 (Fifteen months)	Year ended 31.12.2008 (Twelve months)
Total Revenue (excluding Excise duty)	4541	3548
Total expenditure	(3457)	(2708)
PBDIT	1084	840
Financial expenses (net)	(352)	(261)
Depreciation	(289)	(206)
PBT before exceptional items	443	373
Exceptional items	(1)	12
Tax	(97)	(113)
Profit after Tax	345	272
Appropriations:		
Dividend recommended (inclusive of tax)	73	55
Transfer to General Reserve	26	14

Your Company's Standalone total revenue for 15 months period grew 28% over the previous year (12 months), while the PBDIT grew 29% reflecting improved cost management. Sharp increase in the financial expenses was on account of higher short term interest rates and high level of debt. Through reduction achieved in working capital and advances, the Company's debt reduced significantly helping lower interest cost in the last quarter of the year. Your Company's plant in Nalagarh (Himachal Pradesh) ran to capacity during the period, helping optimize the tax holiday benefit and the tax cost. The net profit for the period thus grew 27% to Rs 345 million.

Review of business and operations

The packaging industry continues to play an important role in delivering fast moving consumer goods in an efficient and attractive manner to the ultimate consumer. Given this strong linkage to the FMCG sector, the plastic collapsible tubes and laminate industry has weathered the economic downturn caused by the financial crisis of 2008. The off-take for plastic extruded tubes in the developed markets of US and Europe has turned sluggish, however given the relatively minor presence of your Company in this product category, this is not expected to impede your Company in achieving its sales plans. The demand for plastic laminated tubes on the contrary holds strong in the developed markets and in fact is growing in the emerging markets.

India:

Your Company continues to lead the market for tubes in India. With rapidly increasing penetration of oral care and personal

care products helped by strong economic growth and increasing disposable income, your Company is faced with a growing demand for tubes from several FMCG customers in the country. In seizing the opportunity, your Company continues to pro-actively identify the changing needs of customers, develop tube solutions for varied applications and actively encourage conversion from conventional packaging solutions into tubes. Key initiatives include, new customer development in the pharmaceuticals and cosmetics categories. Besides continuing to grow its traditional product offering of laminated tubes for the oral care segment, your Company is now rapidly increasing its sale of plastic tubes targeted at the cosmetics segment.

Subsidiary operations

Your Company is a global player in tubing business with an active presence in eleven other countries through direct and step down subsidiaries. These subsidiaries are involved in the manufacture and marketing of tubes in the various countries. Your Company also has a wholly owned subsidiary in India focusing on manufacture and marketing of flexible packaging used in the packing of home care, personal care, food and pharmaceutical products. All these subsidiaries continue to work closely with customers and grow the business with product offerings relevant to their markets.

During the year, the subsidiaries in China, Egypt, Philippines and Latin America continued to perform well. Packaging India Private Limited, the Indian subsidiary engaged in flexible packaging business, increased its sales and profitability following the ramping up of its operations in its new unit at Uttarakhand and improvement in the gross margin.

The subsidiaries in the UK, Poland and Russia have significantly cut their losses (almost by 60%) compared to the previous year through several focused initiatives. The Polish subsidiary has added laminated tubes to its product offerings, targeting the local East European customers. All these units are actively developing new customers to ramp up their volumes and turn profitable. The plastic tubes subsidiary in the US posted loss as the off-take of a key customer fell short of the plan in the recessionary climate. The Company is working to develop new customers to be able to step up capacity utilization and achieve an early break even.

The subsidiaries in Venezuela and Nepal having ceased operations are in the process of winding up. During the year, the Nepal subsidiary carried out capital reduction and remitted Rs 20 million to the holding company.

Two of the Company's subsidiaries divested all of their shareholding in one of the Company's step down subsidiaries viz. Avalon Medical Services Pte. Ltd., Singapore, engaged in Medical Devices Business. Consequently, this step down subsidiary along with its various subsidiaries viz. Tacpro Inc, USA, Tactx Medical Inc, USA, Produxx Inc, USA, Catheter and Disposables Technology Inc, USA, Medical Engineering and Design Inc, USA have ceased to be Company's subsidiaries with effect from December 23, 2009. The consolidated financial results for the year therefore reflect the performance of these entities only until this date, and these entities are not included in the Consolidated Balance Sheet of the Company as on March 31, 2010. With this divestment, Essel Propack has exited its non-core medical devices business.

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of its subsidiaries. Your Company had applied to the Government of India and obtained exemption from such

attachment (vide letter no. 47/289/2010-CL-III dated 21/06/2010), since the Audited Consolidated financial statements are presented in the Annual report. Accordingly, the annual report does not contain the financial statements of these subsidiaries. The Company will make available the audited accounts and related information of the subsidiary companies, where applicable, upon request by any member of the Company. These documents will also be available for inspection by any member between 11.00 am to 1.00 pm at the Company's Registered office / Corporate office till the date of the 27th Annual General Meeting.

Management Discussion and Analysis

The Management Discussion and Analysis on the operations of the company is provided in a separate section of the Annual Report and forms part of the Directors' Report.

Dividend

Taking into account the profits reported, the overall need to maximize internal accruals as means to lower your Company's financial gearing and keeping in mind the interests of the small shareholders, your Directors recommend a dividend of 20% (Re.0.40 per share of Rs 2 each) for the 15 months period ended March 31, 2010 (previous year Re.0.30 per share of Rs 2 each). This will also help your Company to maintain its dividend paying record.

Annual General Meeting

Following the decision to change the accounting year as mentioned earlier in this Report, the Company has sought and received approval for extension of time from the Registrar of Companies, Mumbai for holding this 27th Annual General meeting of the Company upto September 30, 2010.

Finance and Accounts

In response to the economic downturn and as part of the turnaround strategy, your Company implemented a number of measures to reduce costs, improve asset productivity and conserve cash across its global operations. The debt profile was rationalized minimizing the short-term debt. Further helped by exit from the non-core Medical Devices Business, the debt in the Consolidated Balance Sheet of the Company has reduced by Rs 1.9 billion by end of the year.

During the year, your Company implemented SAP as its new ERP platform worldwide, replacing its existing financial accounting software. This has entailed the Company to cost the raw and packaging material inventories using "moving weighted average of prices" method instead of "FIFO" method followed earlier.

Effective January 1, 2009, your Company has adopted the amended provisions of 'AS-11' as per the Companies (Accounting Standards) Amendment Rules 2009 related to "Effects of the changes in foreign exchange rate." The impact on the reported results for the year has been disclosed in the Accounts.

Mergers, Acquisitions, Disposals

Divestiture of shareholding in Bericap India Private Limited

In December 2008, your Company had exercised the put option for transfer of 31,41,971 equity shares of Rs. 10 each in associate company, 'Bericap India Private Limited' to its joint venture partner, Bericap Holding GmbH, Germany ("Purchaser"). Accordingly, the share transfer was completed and consideration amount of Euro 442,700 was received by your Company during August, 2009 with all necessary approvals. With this your Company has fully exited from the joint venture company, Bericap India Private Limited.

Acquisition of shareholding in Ras Propack Lamipack Ltd (RPLL) and Ras Extrusion Limited (REL)

These companies (RPLL & REL) having Units near Pune to manufacture 15 million sq m of laminate and 156 million laminated tubes were declared as sick companies during the year 2001 and 2008 respectively. Your Company had agreed in principle to act as Co-Promoter in connection with an application for approval of the Scheme for Revival and Rehabilitation submitted by RPLL and REL before the Board of Industrial and Financial Reconstruction (BIFR), New Delhi.

As per the Scheme approved by BIFR and as part of Co-Promoters contribution, the Company has infused funds in RPLL and REL, by way of equity and unsecured loans. RPLL has allotted 41,09,100 equity shares of Rs 10 each at par and REL allotted 7,50,000 equity shares of Rs 10 each at par to the Company on March 29, 2010 and April 30, 2010 respectively. These shares are subject to lock in for a period of three years from the date of allotment as per the BIFR Order. Your Company's shareholding in RPLL and REL stands at 39.57% and 36.67% respectively. The unsecured loan amounts to Rs 30 million and Rs 15 million respectively in the two companies.

Buy-Back of shares

Your Company has not announced in last three years, any Share Buy-Back program. If there is any future proposal for Buy-Back, fresh mandate will be sought from the members as necessary under the applicable guidelines.

Public Deposits

Your Company has not accepted any fixed deposits from the public and there are no outstanding fixed deposits from the public as on March 31, 2010.

Human Capital

Your Company has 750 employees in India and 2044 employees globally in various subsidiaries as of March 31, 2010. The information on employees' remuneration as per Section 217 (2A) of the Companies Act, 1956 (the Act) read with the Companies (Particulars of Employees) Rules, 1975, as amended till date, forms part of this Report. However, as per provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to all the members excluding the statement containing the particulars of employees to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Company's Registered / Corporate Office between 11.00 am to 1.00 pm on all working days till the date of the 27th Annual General meeting. Further, those seeking a copy of the said statement may write to the Company Secretary at the Corporate Office.

Directors

The following Directors seek re-appointment :-

Mr. Subhash Chandra, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Subhash Chandra is related to Mr. Ashok Kumar Goel, Vice Chairman & Managing Director of the Company.

Mr. K.V. Krishnamurthy, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Brief resume of Mr. Subhash Chandra and Mr. K.V. Krishnamurthy as required by Clause 49 of the Listing Agreement with the Stock

Exchanges is annexed to the Notice convening the 27th Annual General Meeting of the Company.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Directors confirm that:

1. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same;
2. Appropriate Accounting Policies have been selected and applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit for the period from January 1, 2009, to March 31, 2010;
3. Proper and sufficient care has been taken 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 frauds and other irregularities;
4. The Annual Accounts have been prepared on a "going concern" basis.

Auditors

M/s MGB & Co., Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Corporate Governance

Your Company has complied with the Corporate Governance requirements as per the revised Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance along with a Certificate of Compliance from the Auditors forms part of this Report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The information as prescribed under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in a separate annexure, which forms part of this Report.

Cautionary Statement

Statements in the Director's Report and the Management Discussion and Analysis may be forward looking within the meaning of the applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Certain factors that could affect the Company's operations include increase in price of inputs, availability of raw materials, changes in government regulations, tax laws, economic conditions and other factors.

Appreciation

Your Directors wish to place on record their appreciation for the co-operation and support received from banks and financial institutions, customers, suppliers, members and employees towards the growth and prosperity of your Company and look forward to their continued support.

For and on behalf of the Board of Directors

ESSEL PROPACK LIMITED

Subhash Chandra
Chairman

Mumbai, July 28, 2010

Annexure to Directors' Report

Additional information given as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988:

I. Conservation of Energy

A) Energy Conservation measures taken:

Energy audits were conducted in major units in India followed by feasible and implementable actions related to energy conservation. Your Company continues to strive to reduce energy consumption. Some of the initiatives implemented in the units:

1. Formation of energy conservation cells at units.
2. Power factor has been maintained close to one, which has yielded in continued power factor efficiencies and rebates at all the locations.
3. Energy conservation by trimming of the impeller of the chillers pump by 7~8 mm to reduce the drawn current (Before implementation - 12 Amps, After implementation-9.5Amps)
4. Replacing high energy consumption motors with adequate energy consumption motors where possible.
5. Pressure setting of air reservoirs by reducing the operating pressure from 7MPa to 6 MPa
6. Innovative solution for the condenser of chillers to reduce head pressure (Drawn current reduced by 5 Amps compared to past).
7. Reduced inlet air temperature to increase the volumetric efficiency of air compressor (Temperature dropped by 5°C, Drawn current reduced by 1.5 Amps)
8. Reduced heating load in printing by plugging the heat leakages from the exhaust pipes.

B) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

Keeping the investment at minimal and working on projects with high return on capital employed. Your Company is monitoring energy consumption at frequent intervals. It is also working on pilot projects in various units on different proposals.

C) Impact of the above measure as stated under A and B above for reduction of energy consumption and consequent impact on the cost of production of goods :

Energy cost at all the production units have reported higher power factor efficiencies.

D) Total energy consumption and energy consumption per unit of production in respect of the industries specified :

Not Applicable.

II. Technology Absorption

A. Research & Development (R&D)

1. Specific areas in which R & D carried out by the Company:

During the period the Company has undertaken various sustainability projects. Fully recyclable Plastic barrier tubes and Plastic Barrier Laminated (PBL) web with PCR (Post Consumer Re grind) are two most popular structures developed by the Company.

2. Benefits Derived as a result of the above R&D :

- I. A large FMCG customer has validated and approved fully recyclable Plastic Barrier Laminated web developed by the Company. This will enable Company to enter into new high end product segments.
- II. Fully recyclable PBL web with PCR (20%) have been approved by major customer and commercial order is expected in 3rd Quarter, 2010-11. PBL – PCR Tubes will enable Company to open up new product segment covering 'Environment Friendly Packaging'.
- III. 'Egnite' brand of high lustre PBL tubes have been commercialised in large number in the Cosmetic Segment.
- IV. Pure HDPE (Code 2) for Pharma application and large diameter Plastic tubes have been successfully commercialised (packing of "Third Degree Burn Ointment").

3. Future Plan of Action:

The Company's Creative & Innovation team has been working on the following areas for future application on Laminates and tubes,

- I. Bio-degradable tubes
- II. Futuristic High Barrier fully recyclable PBL tubes
- III. Dispensation system
- IV. PBL tubes with "Invisible side seam"

4. Expenditure on R&D:

	Rs. Million
a) Capital	Nil
b) Recurring	12.64
c) Total expenditure	12.64
d) Total Expenditure as a % of Total Turnover	0.29 %

B. Technology Absorption, Adaptation & Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

During the period under report, the Company's creative & innovation team along with strategic machine vendor has worked extensively on the very high speed tube making machine and combination printing.

2. Benefits derived as a result of the above efforts.

- I. The Company has commercialised laminated tubes printed with combination printing i.e. screen, letter press and foil blocking features. Entire printing is done in one pass operation.
- II. The Company has inducted super high speed compression moulded tubing line that can make tube at faster speed and with excellent tube concentricity thus having superior finish.

3. Imported technology (imported during the last 5 years reckoned from the beginning of the financial year).

(a) Technology imported	Nil
(b) Year of import	NA
(c) Has Technology been fully absorbed?	NA
(d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action.	NA

C. Foreign Exchange Earnings and Outgo

a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans.

Exports continue to grow with focused approach. The Company has obtained EXPORT HOUSE STATUS CERTIFICATE which is valid from 1.4.2009 to 31.3.2014. Apart from host of other benefits, under this certification, the Company is entitled for Authorization and Customs clearances for both imports and exports on self-declaration basis and specified group of Status Holders will be permitted to import capital goods through DUTY CREDIT SCRIPS which equals to 1% of FOB value of previous years Exports. (Plastic industries are covered in this group).

The far-east and middle-east manufacturers have shown strengthening trend with respect to capacities, which has consequently put excessive pressure on prices and margins.

The Company continues to strengthen its position in existing markets of Middle-East, Israel, Asia Pacific & African regions. The new markets of Europe & Americas are being tapped for increased New Portfolio penetration and business. Concerted efforts are being put to enter new markets and product segments. Export of extruded plastic tubes and lower diameter laminated tubes is the focus area of growth.

b) Total Foreign exchange used and earned

	Rs. Million
I. Foreign exchange earned (excluding deemed export)	2,521.27
II. Foreign exchange used	1,230.32

For and on behalf of the Board of Directors

ESSEL PROPACK LIMITED

**Subhash Chandra
Chairman**

Mumbai, July 28, 2010

Management Discussion and Analysis

FINANCIAL AND OPERATIONAL PERFORMANCE

Overview:

Your Directors note with satisfaction that your Company achieved a speedy turnaround during the period (15 months), posting a Net profit of Rs 599 million against the Net loss of Rs 883 million suffered in the previous year. In a period haunted by the spectre of global economic depression and cut-back in new investments and innovations by the customers, the management team went on to implement with great zeal the various corrective measures highlighted in our last Annual Report. The outcome was evident as early as quarter ending June 2009 when your Company turned profitable and achieved break-even. The subsequent quarters have been building on the performance. Amongst the high points of this period, are the following :

1. PBDIT recovering to a healthy Rs 3.0 billion helped by 360 basis points improvement in the margin.
2. Winning large long term contracts in China, India and US
3. Exiting the non-core Medical Devices Business .
4. De-risking the capital structure through sharp reduction in debt equity ratio from 1.4 to 1.1.

Key financials of the Consolidated global operation are set out below:

	Rs. Million	
	Period ended 31.03.2010 (Fifteen months)	Period ended 31.12.2008 (Twelve months)
Total Revenue	16941	12949
PBDIT(before exchange gain/ losses)	3015	1841
Profit Before Tax and exceptional items	732	(497)
Profit After Tax and Minority interest	599	(883)

Segment Performance Review:

Your Company's key business is in Plastic packaging materials. The business is managed by four geographical segments viz.

1. **Americas** (with operations in the USA, Mexico and Colombia)
2. **Europe** (with operations in the UK, Germany, Poland and Russia)
3. **AMESA** - Africa, Middle East & South Asia (with operations in Egypt and India)
4. **EAP** - East Asia Pacific (with operations in China, Philippines and Indonesia)

The segment financial highlights set out below shows positive revenue growth in all regions, except in Europe which is on a consolidation phase. The growth in Profit before Interest and Tax has been robust in AMESA and EAP. Europe losses have been reduced by 50% following major restructuring in Poland and the UK units.

Segment financial highlights

	Rs. Million	
	Period ended 31.03.2010 (Fifteen months)	Period ended 31.12.2008 (Twelve months)
Revenue:		
Americas	5321	4228
Europe	1579	1558
AMESA	7044	5276
EAP	3809	2911
PBIT		
Americas	106	132
Europe	(452)	(925)
AMESA	896	654
EAP	1004	740

Developments in each of the Regions are set out below:

Americas:

The US laminated tubes unit focused on reducing operating cost and sustaining high service level, in the wake of a volatile market environment wherein customers were constantly fine tuning their inventory holding in response to recessionary expectations. The unit is also actively developing new customers to improve its capacity utilization.

Capacity utilization in the US plastic tubes unit improved with sales doubling over the previous year. Together with better material usage efficiencies and operating cost reduction, the said unit cut its EBITDA losses. However the planned break even could not be achieved on account of shortfall in the key customer off-take attributed to recessionary conditions.

The Mexican unit continued to seize the growth opportunity in the local market reporting significantly higher sales and improved profitability.

The Colombian unit successfully diversified into value added cosmetic / pharma tubes by focusing on the local market. Consequently the unit's profitability which had suffered last year on account of loss of its huge export business, bounced back.

Europe:

The UK laminated tubes unit reduced its operating cost significantly by downsizing the establishment and improved its product mix. This has helped the unit to post operating profits in recent months; however on account of delays in the materialization of new customer contracts earlier in the year, the unit reported loss for the period as a whole.

Improved product mix and strong cost management measures helped the unit at Germany to grow profitably in a sluggish market.

The operating loss in the Polish unit was reduced by 40% through improved material efficiencies and operating cost reduction. The

unit would have posted operating profits but for the volume shortfall suffered in the recession ridden Europe. The unit has now developed capability to make laminated tubes using spare equipment available in the system and expect to achieve break even by end of fiscal 2010-2011. Meantime, the plastic tubes volumes are being steadily ramped up by developing new customers.

The customer development efforts have been paying off handsomely in the Russian unit. The unit has turned profitable since the end of the year helped by strong volume growth.

AMESA (Africa, Middle East and South Asia)

The units in Egypt delivered another year of strong sales and profit.

The Indian tubing operations were re-vitalised and financial performance improved with a number of initiatives in customer development, capacity de-bottlenecking, productivity improvement and cost management. A key long term customer contract was renewed. Sales to pharmaceuticals and cosmetic customers grew strongly.

Plastic tubes holds lot of promise in the context of proliferation of beauty care brands in India. The Indian unit is committed to grow and gain share in this product category by investing in new capacity and new capabilities such as high end printing, oval profiles, differentiated dispensers etc. This category has been growing strongly over the last three years and contributing to the units's bottom line.

The flexible laminate operations of Packaging India Private Limited grew profitably helped by ramping up of the new unit set up in Uttarakhand and improved margins. Consequently, the subsidiary company has turned around and reported significant net profit for the period. The said Company is actively diversifying its customer base to homecare and foods categories besides putting on test certain new products for pharma application.

EAP (East Asia Pacific):

The China operations continued to be robust helped by high levels of customer engagement and pro-active cost management. The unit has won new long term customer contracts paving way for growth in the coming years. New capacities have been successfully commissioned, in Tian Jing in North China, and in Guang Zhou in South China. The unit is also actively developing products for the cosmetic segment using Essel's "invisseam" technology. The new facility in the North China is being geared to support export opportunities to Japan and South Korea. The unit continues to pursue necessary approvals for launching products for the pharmaceuticals market.

The Philippines operations recovered strongly after sluggish sales in the early part of the year with renewed focus on the local market and strategic partnering with a key customer.

FINANCE

Conservation of cash was the dominant theme across the business during the period. New capital spend was contained at around Rs 300 million. Capacity utilization was improved by re-locating surplus equipments to growth markets. Working capital turnaround was improved by reducing inventory and debtor days.

The sale by Company's subsidiaries of their shares in the non-core Medical Devices Business further helped release significant cash. Consequently, your Company has reduced the level of debt by Rs 1.9 billion over the period thus sharply reducing the debt equity ratio from 1.4 at the end of December 2008 to around 1.1 by end of this period. The debt profile has been further de-risked by replacing volatile short term debt with secured long term loans. Having stabilized the finances, your Company is now focusing on reduction of interest cost.

HUMAN RESOURCES

The Company's human capital has been instrumental in achieving this quick turnaround in a very challenging environment. Your Company has been focusing on building necessary human capital for successful implementation of Business Strategy. Planned efforts are made to enhance the technical and functional competencies of employees and build leadership pipeline for the future, through implementation of Individual Development Plans. Implementation of Balanced Score Card is one of the key initiative undertaken to ensure line of sight between the individual, Key Result Areas and the overall Strategic Thrust Areas. A survey was conducted to assess the engagement level of the employees. This survey also helped us to prioritise the Human Capital Plans and Programmes for the Company. Industrial relations have been proactively managed through the period and initiatives such as six sigma are being actively promoted at the manufacturing units.

INFORMATION TECHNOLOGY

During the period, your Company successfully implemented SAP as the single ERP platform for its world-wide operations in a phased manner, starting with India and China in January, 2009 and ending with Poland in March, 2010. Extensive training programs were organized for the Employees and teething troubles were fixed on priority. The project was implemented by a core team of Company Employees and the Consultants, under the supervision of a Steering Committee comprising of the Corporate Leadership Team. Post implementation, the core team of Company's Employees is now working under the guidance of the Steering Committee to help leverage the SAP platform in providing timely and updated MIS reports for improving operational efficiency across the business.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place internal control systems and a structured internal audit process charged with the task of safeguarding the assets of the Company and ensuring reliability and accuracy of the accounting and other operational data. The internal audit department reports to the Audit committee.

The Company has a system of monthly review of business as a key operational control wherein the performance of units is reviewed against budgets and corrective actions initiated.

The Company has in place a capital expenditure control system for establishing the viability of and committing of funds to new projects. Accountability is established for implementing projects on time and within approved budget. This is overseen by the Investment Committee of the Corporate Leadership Team.

The Audit Committee, the Statutory Auditors and the Corporate Leadership Team are regularly apprised of internal audit findings. The Audit Committee of the Company consisting of non-executive independent directors periodically reviews the quarterly, half yearly and annual financial statements of the Company. A detailed note on the functioning of the Audit Committee and of the other Committees of the Board, forms part of the section on Corporate Governance in the Annual report.

During the period your Company also introduced / updated, with approval from the Audit Committee, several internal policy guidelines for uniform application across its units, relating to Inventory Management, Input price increase pass through, Customer Quality Protocols, Forex Risk Management etc.

RISK MANAGEMENT

The Board of Directors and the Audit Committee of the Board regularly review the risk matrix in terms of impact and probability of occurrence. The leadership team led by the Vice Chairman & Managing Director is responsible for risk mitigation measures.

Key risks to which your Company is exposed include :

a) Raw material price escalation and the lag effect in passing these on to the customers :

The constraints in ethylene capacity could continue for some more time causing upward pressure on raw material prices.

- Your Company is proactively managing its pricing terms to customers in order to minimize the lag in passing through the raw material price increases.

b) Single product dependency:

Oral care category accounts for large part of Company's business

- Being an essential consumer product and an item of daily use, 'tooth paste' in oral care a category naturally dominates the Company's product range. However, it also tends to have a stable demand in an adverse economic environment. Your Company's engagement with all global majors in this category further fortifies its position. All the same, the Company is actively developing products/ customers in the cosmetics, food, pharmaceuticals categories with a view to maximize value and tap the benefits of a diversified portfolio. Technology, Integrated Manufacturing Process and Innovation Capability are other factors which further strengthen your Company's competitiveness.

c) Attracting and retaining talent in the context of the business exigencies :

High demand for talent globally impacts people turnover.

- Your Company is addressing this to the best possible extent by on going initiatives of career planning, competitive remuneration, culture of empowerment, objective performance management system and variable performance pay.

d) Currency volatility :

The global nature of operations exposes the Company to multiple currencies; fluctuations in exchange rates could affect Company's performance.

- Appropriate pass through clauses have been built into certain customer contracts, in order to offset of to reviewing the prices. The Company also has the policy of systematically hedging its exposures using forwards/ options, wherever available in the different countries in which the Company operates.

e) High debt equity ratio :

In a down turn, higher debt could increase financial risk.

- As mentioned earlier in this report, your Company is implementing a plan to de-leverage and reduce dependency on short term borrowings. Measures to conserve cash is actively pursued.

f) Economic downturn :

This could impact the Company's markets, suppliers, customers and finances leading to business slow down, disruptions etc.

- Your Company's products are linked to daily necessities of consumers. The Company will focus on containing costs as a means to stay competitive. Proactive supplier and customer engagement is one way your Company seeks to minimize risk to business continuity, bad debts etc.

OUTLOOK

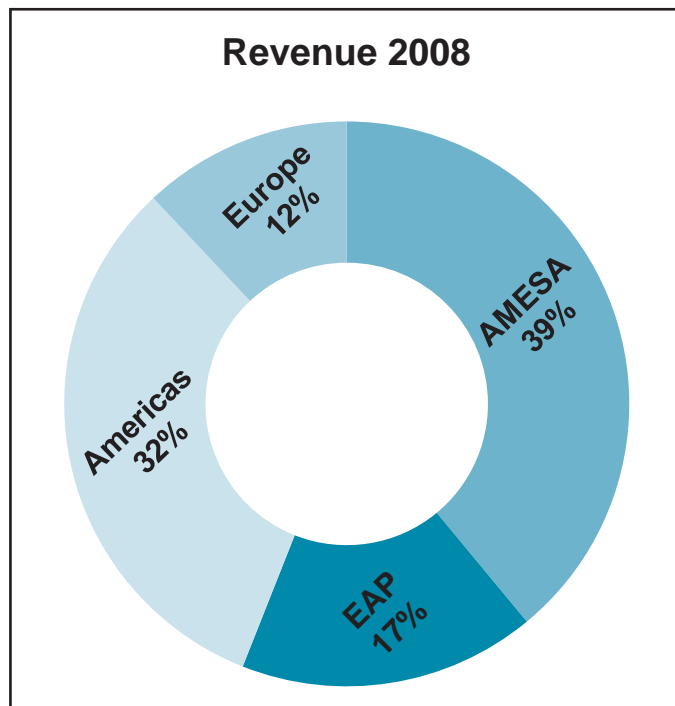
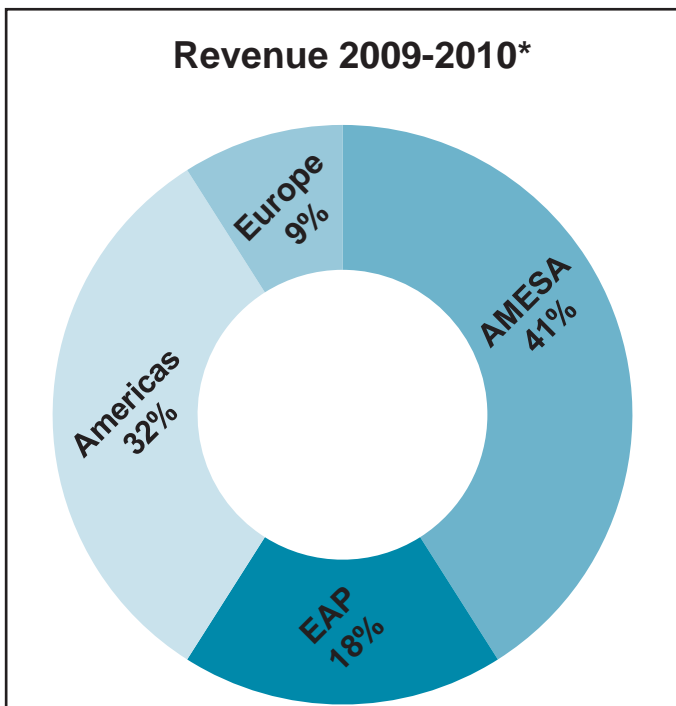
Your Company has successfully overcome the set back suffered in the year 2008.

The developed markets are still beset with recessionary concerns, while this may hold back an ambitious ramping up of plastic tubes units in Poland and US, the laminated tubes sales should be largely unaffected. The ongoing new customer additions both in the US and Europe for laminated tubes should then provide modest growth opportunity.

The emerging markets on the other hand continue to grow strongly both in the traditional oral care category as well as in the newer cosmetic / pharmaceutical category. Having emerged leaner and stronger from the setback of 2008, your Company with its strong technology and innovation base as well as global scale and customer network, is well poised to seize the emerging opportunity to grow and gain share in these markets.

CAUTIONARY STATEMENT

Statements in this report, particularly those which relate to Management Discussion and Analysis, describing Company’s objectives, projections, estimates and expectations may constitute “forward looking statements” within the meaning of applicable laws and regulations. Actual results may materially differ from those expressed or implied.



*The current year’s financial statements are in respect of the fifteen months period from January 1, 2009 to March 31, 2010.

Corporate Governance Report

I. BOARD'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in adopting the *Best Global Practices* in the area of Corporate Governance and follows the principles of full transparency and accountability, thereby protecting the interests of all its stakeholders.

The Board considers itself a Trustee of all Shareholders and acknowledges its responsibilities to the Shareholders for creating and safeguarding their wealth. During the 15 months period (15 months) under review, the Board continued its pursuit of achieving these objectives through the adoption and monitoring of corporate strategies, prudent business plans, monitoring of major risks of the Company's business and ensuring that the Company pursues policies and procedures to satisfy its legal and ethical responsibilities.

II. BOARD OF DIRECTORS

1. Composition:

The Board of Directors comprises of:-

- ❖ Non Executive Chairman;

- ❖ Five Non – Executive Independent Directors.

- ❖ Vice Chairman & Managing Director (CEO);

The Board of Directors provide strategic direction and thrust to the operations of the Company. The Board has a Non-Executive Promoter Chairman and five Independent Directors. Hence, the Company complies with the listing agreement norms for Independent Directors.

The Non-Executive Directors are professionals with specialization in their respective fields and have varied skill and expertise.

The composition and attendance of Directors at the Board Meetings and the last Annual General Meeting (AGM) held on May 12, 2009 and also their directorship held in other companies and membership of committees as on March 31, 2010 is as under:

Name of the Director	Category of Director	Board Meetings		Previous AGM Attended	No. of Committee Memberships @		No. of Directorships in other Companies §
		Held	Attended		Chairman	Member	
Subhash Chandra (Chairman)	PD, NED, NID	10	2	Yes	Nil	1	6
Ashok Kumar Goel (Vice-Chairman & Managing Director)	PD, ED, NID	10	9	Yes	Nil	1	7
Davendra Ahuja	NPD, NED, ID	10	7	No	1	2	3
Tapan Mitra	NPD, NED, ID	10	8 #	No	5	Nil	4
K.V. Krishnamurthy	NPD, NED, ID	10	8	Yes+	4	6	10
Boman Moradian	NPD, NED, ID	10	9	Yes	1	3	1
Mukund M. Chitale*	NPD, NED, ID	10	4	Yes	3	6	8

PD: Promoter Director

ED: Executive Director

NID: Non-Independent Director

NPD: Non-Promoter Director

NED: Non-Executive Director

ID: Independent Director

* Appointed as Director on March 24, 2009.

In addition, Mr. Tapan Mitra participated in one of the Board meeting via teleconference. However, no sitting fees was paid for the participation.

+ Attended the previous AGM as Alternate Chairman of the Audit Committee in place of Mr. Tapan Mitra, as he was unwell.

§ Excludes directorships in Private Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

@ Only Audit Committee and Investor Grievance Committee is considered.

2. Board Procedures:

The Agenda is prepared in consultation with the Chairman of the Board of Directors, Chairman of various Committees and Vice-Chairman & Managing Director. The Agenda for the Meetings of the Board and its Committees, together with the appropriate supporting documents, are circulated well in advance of the Meetings. The Meetings are usually held at Company's Corporate office at Mumbai.

The Board also approves by Circular Resolution any urgent item of business which is permitted under the Companies Act, 1956.

3. Meetings of the Board of Directors:

During the 15 months period under review, the Board of Directors met 10 times on January 29, 2009, March 24, 2009, March 31, 2009, April 30, 2009, June 18, 2009, July 23, 2009, October 28, 2009, December 9, 2009, January 29, 2010 and March 25, 2010.

At least one Board Meeting was held during every quarter and the time gap between two Meetings was not more than four months.

III. COMMITTEES OF THE BOARD

1. Audit Committee:

a) Composition:

The Committee comprises of five Non- Executive Independent Directors, namely,

- Mr. Tapan Mitra (Chairman)
- Mr. Davendra Ahuja
- Mr. K.V. Krishnamurthy
- Mr. Boman Moradian
- Mr. Mukund M. Chitale
(appointed as member w.e.f. 28.10.2009)

The representative/s of Statutory Auditor attends all the Meetings of the Committee. The Internal Auditor, President – Americas and Europe, President – EAP and AMESA, Chief Financial Officer (Global) and Financial Controller (Global) attend the Meetings of the Committee at the invitation of the Chairman. Operational Heads are invited to the meeting, as required. The Company Secretary acts as the Secretary to the Committee.

Mr. Tapan Mitra, Mr. Davendra Ahuja, Mr. K. V. Krishnamurthy and Mr. Mukund Chitale have expert knowledge of Finance and Accounting. Further, Mr. Boman Moradian is an eminent Management Consultant.

b) Terms of Reference:

The role, powers and functions of the Audit Committee are as per Section 292A of the Companies Act, 1956 and guidelines stated in the Clause 49 of the Listing Agreement.

The Committee, inter alia:-

- Ensures the preservation of good financial practices throughout the Company.
- Monitors that internal controls are in force to ensure the integrity of the financial performance reported to the Members.
- Provides by way of regular meetings, a line of communication between the Board and the Statutory & Internal Auditors.
- Considers and recommends the appointment, terms of reference and remuneration of the Statutory Auditors, the Internal Auditors and the outsourced Internal Auditors (who have direct access to the Committee's Chairman).

- Discuss the audit plans with both the Statutory and Internal Auditors before the commencement of audit and ensure co-ordination between them.
- Review the interim and full year financial statements with the management and Statutory Auditors before recommending them to the Board.
- Review Management Discussion and Analysis of financial condition and result of operations.
- Review statement of Related Party transactions.
- Discuss with the Statutory Auditors their concerns, if any, arising from their audits (in Management's absence, where necessary)
- Review the Auditors' Management Letters and the Management's responses.
- Review reports of the Internal Auditors and Management's responses thereto.
- Consider the findings of internal investigations and Management's responses thereto.
- Review the Company's financial control systems including those of treasury. In particular, it will periodically review :
 1. Procedures for identifying business risks (including financial risks) and controlling their financial impact on the Company;
 2. Company's policies for preventing or detecting fraud;
 3. Company's policies for ensuring compliance with the relevant regulatory and legal requirements and their operational effectiveness.
- Review with the Management the performance of the Statutory and Internal Auditors, adequacy of the Internal Control Systems.
- Discuss with the Internal Auditors any significant findings and follow up thereon.
- Review the adequacy of the Internal Audit function.
- Discuss with Statutory Auditors before the commencement of the Audit, the nature and scope of the Audit as well as post audit discussion to ascertain any areas of concern.

c) Meetings and Attendance:

During the 15 months period under review, the Committee met 7 times on January 29, 2009, March 24, 2009, March 31, 2009, April 30, 2009, July 23, 2009, October 28, 2009 and January 29, 2010.

The attendance record of the Members of the Audit Committee is as under:-

Members	Meetings attended
Mr.Tapan Mitra	7
Mr.Davendra Ahuja	4
Mr.K.V.Krishnamurthy	7
Mr.Boman Moradian	6
Mr.Mukund M. Chitale*	1

* appointed w.e.f. October 28, 2009.

2. Investors' Grievance Committee

a) Composition:

The Committee comprises of:

- ❖ Mr. K.V. Krishnamurthy (Chairman)
- ❖ Mr. Ashok Kumar Goel
- ❖ Mr. Boman Moradian.

Mr. Aashay S. Khandwala, Vice President- Legal and Company Secretary is the Compliance Officer of the Company.

b) Terms of Reference:

The Committee deals in matters relating to:

- i) Transfer and Transmission of shares.
- ii) Issue of duplicate Share Certificates.
- iii) Review of Dematerialised shares.
- iv) Redressal of Shareholders' grievances.
- v) Other matters related to shares.

c) Meetings and Attendance:

The Investor Grievance Committee met four times during the period on March 05, 2009, July 23, 2009, October 28, 2009 and January 29, 2010.

The attendance record of the Members of the Investors' Grievance Committee is as under:-

Members	Meetings attended
Mr. K.V. Krishnamurthy	4
Mr. Ashok Kumar Goel	4
Mr. Boman Moradian	3

d) Number and nature of Complaints for the 15 months period ended March 31, 2010 is as under:

Nature of Complaints	No. of Complaints	No. of Complaints redressed
Non-receipt of Dividend	2	2
Non-receipt of Annual Report	Nil	Nil
Non-receipt of Share Certificates	Nil	Nil
Dematerialisation	Nil	Nil
Miscellaneous	2	2

3. Remuneration Committee

a) Composition:

The Committee comprises of three Non-Executive Directors:

- ❖ Mr. Davendra Ahuja (Chairman)
- ❖ Mr. Tapan Mitra
- ❖ Mr. K.V. Krishnamurthy

b) Terms of Reference:

The Committee approves / recommends to the Board of Directors, the remuneration of Mr. Ashok Kumar Goel, Vice Chairman and Managing Director of the Company.

c) Meetings & Attendance:

During the 15 months period under review, the Committee met thrice on January 7, 2009, October 28, 2009 and January 1, 2010. The attendance record of the Members of the Remuneration Committee is as under:-

Members	Meetings attended
Mr. Davendra Ahuja	2
Mr. Tapan Mitra	2
Mr. K.V. Krishnamurthy	3

In addition, Mr. Tapan Mitra participated in one of the Committee meeting via teleconference.

IV. REMUNERATION TO DIRECTORS

a) The Committee recommends / approves the remuneration of Vice Chairman & Managing Director by way of salary, allowances and perquisites and Annual Performance Bonus. The Company has a structured assessment of the Key Performance Indicators for all employees including for Vice Chairman & Managing Director and Performance Bonus/variable pay is related to the achievement of performance standards.

b) Remuneration paid to Non-Executive Independent Directors of the Company:

The Non-Executive Independent Directors are paid sitting fees for attending each Meeting of the Board of Directors and Committees thereof. The Members at Annual General meeting held on May 6, 2006, had approved payment of commission to Non-Executive Independent Directors not exceeding 1% of the Net Profits of the Company, as computed under the applicable Sections of the Companies Act, 1956. The Commission to be paid is decided each year by the Board of Directors considering the valuable contributions, guidance for the various business initiatives and decisions and also profitability of the Company. During the 15 months period ended March 31, 2010, Commission for the year 2008 was paid to Non-Executive Independent Directors.

The details of sitting fees and Commission paid during the 15 months period ended March 31, 2010 are given below:

Director	Commission(Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. Davendra Ahuja	750,000	130,000	880,000
Mr. Tapan Mitra	750,000	180,000	930,000
Mr. K.V. Krishnamurthy	750,000	220,000	970,000
Mr. Boman Moradian	750,000	180,000	930,000
Mr. Mukund M. Chitale	N.A. *	50,000	50,000
Total	3,000,000	760,000	3,760,000

* Appointed as a Director on March 24, 2009

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors during the period.

- c) The Remuneration paid to the Vice Chairman and Managing Director of the Company for the 15 months period ended March 31, 2010, is as under:-

Director	Position	Gross Remuneration Paid (Rs.)*	Stock Options Granted	Term	Notice Period
Mr. Ashok Kumar Goel	Vice Chairman and Managing Director	42,734,000 #	NIL	Re-appointed for 5 years w.e.f. 21/10/2008	3 months

* Perquisites are valued as per Income Tax Rules.

Break up of remuneration paid /payable is as under:

Sr.No.	Particulars	Rs.
1.	Salaries, Allowances and Perquisites*	30,200,000
2.	Contribution to Provident and other funds	2,934,000
3.	Annual performance bonus **	9,600,000
	Total	42,734,000

* Excludes leave encashment and gratuity which is based on actuarial valuation provided on an overall Company basis.

** On the recommendation of Remuneration Committee, the Board of Directors has approved the Annual Performance Bonus to the Vice Chairman & Managing Director for the calendar year 2009 as per his contractual terms. The Company has made an application to the Central Government. This amount will be paid after receipt of approval from the Central Government.

- d) The Non-Executive Independent Directors of the Company do not hold any shares of the Company. Mr. Subhash Chandra, Promoter and Non-Executive Director hold 89,305 Equity Shares of the Company and Mr. Ashok Kumar Goel, Vice Chairman and Managing Director holds 625 Equity Shares of the Company.

V. DISCLOSURES

1. Materially significant Related Party Transactions.

The transactions between the Company and the Management, Directors or their relatives are disclosed in the Note No. 14 of the Annual Accounts in compliance with the Accounting Standard relating to "Related Party Disclosures". There is no materially significant Related Party Transaction that may have potential conflict with the interest of the Company at large.

2. Statutory Compliance, Penalties and Strictures

There were no cases of non-compliance with Stock

Exchanges or SEBI regulations, nor any cases of penalties or strictures imposed by any Stock Exchange or SEBI or any other statutory authorities for any violation related to the Capital Market during the last three years.

During August 2008, the Office of Registrar of Companies ("RoC") issued various show cause notices alleging violation of certain provisions of the Companies Act, 1956. The Company has denied all the alleged violations. However, in order to avoid further litigation, the applications for compounding of offences for all violations alleged by the said show cause notices have been filed with RoC.

Similar applications for compounding have also been filed by the Company for certain alleged violation of the provisions of the Companies Act, 1956 in respect of which legal proceedings had been initiated. Approval for compounding of above offences is awaited.

3. Whistle Blower policy

The Company has a Whistle Blower policy. None of the Company's personnel has been denied access to the Audit Committee under the said policy.

4. Code of Conduct

The Company has adopted a Code of Conduct for the Board of Directors, Senior Management and the Employees of the Company who have affirmed their adherence to the Code, which has been posted on the Company's website (www.esselpropack.com). The Vice Chairman and Managing Director's declaration to this effect forms a part of this Report.

5. Listing Agreement Compliance

The Company complies with all the requirements of the Listing Agreement including the mandatory requirements of Clause 49 of the Agreement.

6. Risk Management

As required under Clause 49 of Listing Agreement, the Company has set up a procedure to apprise the Board of Directors of the Company on the key risk assessment

areas and suggestive risk mitigation mechanism. All the unit heads of the company and its subsidiaries submit the certificate confirming compliance of the applicable laws and regulations of any potential liabilities.

7. Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

As per the requirement of Clause 49 of the Listing Agreement, a Certificate duly signed by CEO and CFO of the Company was placed at the Board Meeting of the Company held on July 28, 2010. A copy of the certificate is annexed to this Report.

8. Corporate Social Responsibility Policy

During the year 2006, the Board of Directors has approved a Corporate Social Responsibility Policy of the Company. Under this Policy, the Company supports programmes for various social causes thus fulfilling the Company's responsibility towards the betterment of the Society. This Policy has been uploaded on the Company's website for information of the Members.

VI. MEANS OF COMMUNICATION

The quarterly results and annual results are published in newspapers viz. DNA (in English) and Mumbai Lakshadip (in Marathi) and simultaneously posted on the Company's website (www.esselpropack.com). The Company displays on its website official press releases and presentations made to investors / analysts.

The Members are also kept informed about important developments in the Company.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis forms part of the Annual Report.

VIII. SHAREHOLDERS' INFORMATION

1. Annual General Meeting

(Day, Date, Time & Venue)
Friday, September 24, 2010, at 11.00 a.m.
at Registered Office at P.O. Vasind, Taluka - Shahapur,
District - Thane, Maharashtra - 421604, India.

6. Corporate Benefits

A glimpse of the past corporate benefits issued by your Company is given below :-

a) Dividends

Year	%	Year	%	Year	%
1990-91	10%	1997-98 (Interim)	20%	2003 (Interim)	70%
1991-92	15%	" (Final)	32%	" (Final)	10%
1992-93	20%	1998-99 (Interim)	20%	2004 (Interim)	80%
1993-94	27%	" (Final)	34%	" (Final)	10%
1994-95	27%	1999-00 (Special)	150%	2005 (Interim)	100%
1995-96	32%	" (Interim)	54%	" (Special)	120%
1996-97 (Interim)	15%	2000-01	54%	2006 (Interim)*	100%
" (Final)	30%	2001	55%	2007	60%
		2002	65%	2008	15%

* The face value of stock was subdivided from Rs. 10 to Rs. 2 with effect from June 15, 2006.

2. Financial year

April to March (w.e.f. 01.04.2010) (previously calendar year January to December)

3. Book Closure Dates

From September 17, 2010 to September 24, 2010 (both days inclusive)

4. Financial Calendar

(Tentative)

Dividend (Dividend for the : Within 7 days from the
Financial year (15 months date of 27th AGM
period) ended March 31, 2010

Last AGM held on : May 12, 2009

Board meeting to approve -

First Quarter (2010) Results : July 28, 2010

Half Yearly (2010) Results : November 2010

Third Quarter (2010) Results : January 2011

Fourth Quarter (2011) Results : April 2011

Approval of Annual Audited : within stipulated time
Accounts (2010-2011)

5. Registered Office

P.O. Vasind, Taluka - Shahapur,
District - Thane, Maharashtra - 421 604, India.

Listing of Shares on Stock Exchanges

1. Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai 400 001.
Stock Code: 500135

2. National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
'G'Block, Bandra-Kurla Complex,
Bandra (East), Mumbai- 400 051.
Stock Code: ESSELPACK

(Prescribed listing fees have been paid to the Stock Exchanges.)

ISIN No. INE255A01020

b) Rights Shares (Price inclusive of premium)

Year	Face Value (Rs.)	Ratio	Price (Rs.)
1990	10	1:2	10
1992	10	1:4	50
1995	10	1:3	225

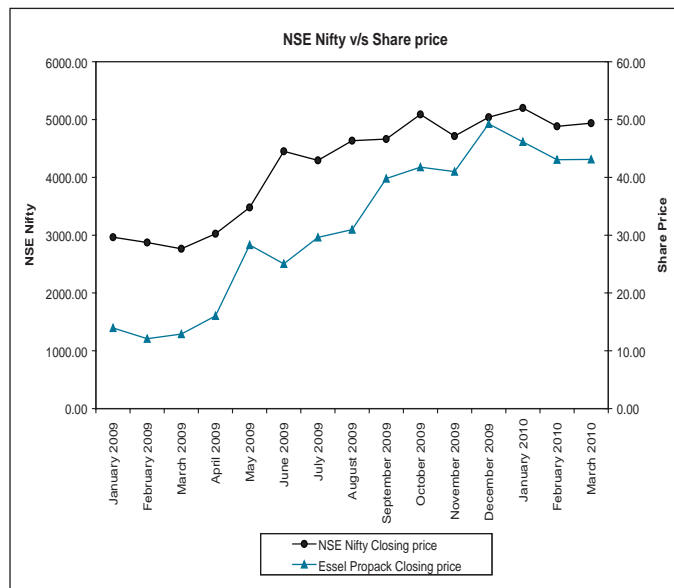
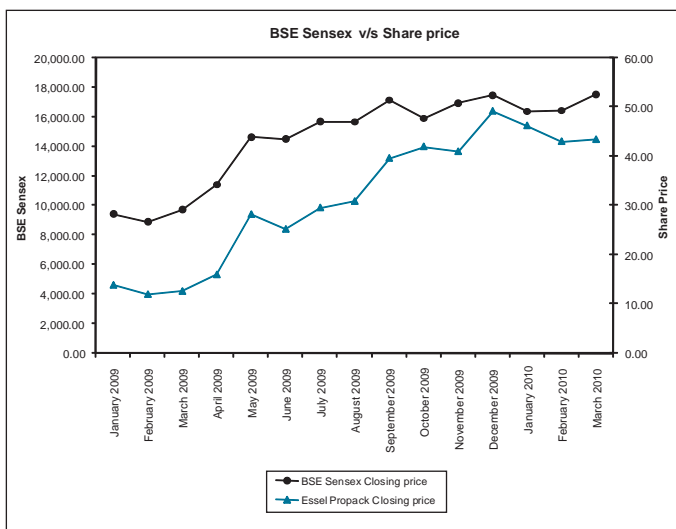
c) Bonus Shares

Year	Face Value (Rs.)	Ratio
1994	10	1:2
2000	10	3:5

7. Market Price Data: (High / Low during each month for the 15 months period ended March 31, 2010)

Month	BSE		NSE	
	High	Low	High	Low
January 2009	21.70	12.90	21.80	13.20
February 2009	15.09	11.00	14.85	13.75
March 2009	13.90	9.50	13.80	11.00
April 2009	17.80	12.55	17.90	11.60
May 2009	30.25	15.10	30.50	15.20
June 2009	32.80	22.85	33.00	22.80
July 2009	30.20	23.10	30.00	23.10
August 2009	31.00	25.15	31.20	25.50
September 2009	40.80	29.55	41.00	29.75
October 2009	49.40	35.05	49.35	35.15
November 2009	45.25	38.20	46.00	39.00
December 2009	50.50	40.50	50.50	40.30
January 2010	58.50	45.00	58.30	45.20
February 2010	50.70	40.95	50.80	41.00
March 2010	46.30	40.15	46.50	36.00

8. Stock Performance of Essel Propack in comparison to BSE Sensex & NSE Nifty



9. Registrar & Transfer Agent

Investor Relation Centre
Sharepro Services (India) Private Limited
Unit: ESSEL PROPACK LIMITED
 912, Raheja Centre, Free Press Journal Road,
 Nariman Point, Mumbai – 400 021.
 Tel.: (022) 2282 5163
 Fax: (022) 2859 1568
 E-mail: sharepro@shareproservices.com

Head Office :
Sharepro Services (India) Private Limited
Unit: ESSEL PROPACK LIMITED
 Samhita Ware Housing Complex, Plot No. 13 A B,
 Gala No. 53, 2nd Floor, Sakinaka Telephone Exchange Lane,
 Andheri - Kurla Road, Sakinaka, Mumbai – 400 072.
 Tel. : (022) 6772 0300
 Fax : (022) 2859 1568
 E-mail: sharepro@shareproservices.com

10. Compliance Officer

Mr. Aashay S. Khandwala
 Vice President – Legal & Company Secretary
 Essel Propack Limited,
 10th Floor, Times Tower, Kamala City,
 Senapati Bapat Marg, Lower Parel,
 Mumbai – 400 013, India.
 Tel. : (022) 2481 9000
 Fax : (022) 2496 3137
 Email : aashay.khandwala@ep.esselgroup.com

11. Investor Relations

Mr. Surje Singh
 Manager - Investor Relations
 Essel Propack Limited,
 10th Floor, Times Tower, Kamala City,
 Senapati Bapat Marg, Lower Parel,
 Mumbai – 400 013, India.
 Tel. : (022) 2481 9000 / 9065
 Fax : (022) 2496 3137
 E-mail: surje.singh@ep.esselgroup.com

In order to facilitate investor servicing, the Company has designated email id: investor.grievance@ep.esselgroup.com mainly for registering complaints by investors.

12. Share Transfer System

Physical shares sent for transfer are duly transferred within 15 days of receipt of the documents, if the documents are complete in all respects. Shares under objection are returned within 7 working days. The Investors' Grievance Committee meets regularly to review the transfer proposals approved by the Compliance Officer or Manager – Investor Relations, who have been delegated with requisite authority. All requests for dematerialisation of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. Share Transfers in physical form can be lodged with Sharepro Services (India) Private Limited, Registrar & Transfer Agents at the above mentioned address.

The Members holding shares in electronic mode should address all their correspondence to their respective Depository Participant (DP) regarding change of address, change of Bank Account Mandate and Nomination.

13. General Body Meetings

The last three Annual General Meetings of the Company were held at the Registered Office of the Company at Vasind at 11.30 am on May 4, 2007, May 12, 2008 and at 11.00 am on May 12, 2009.

1. Special Resolutions were passed in the previous General Meetings held during last 3 years:
 - i) 25th AGM held on May 12, 2008:
 - Special Resolution was passed to ratify, confirm and approve the Annual

15. Distribution of Shares as on March 31, 2010

Distribution	No. of shareholders	% to total holders	No. of shares	% to total shares
Less than 500	20,105	70.15	3,891,365	2.49
501 - 1000	3,901	13.61	3,190,365	2.04
1001 - 2000	2,330	8.13	3,544,150	2.26
2001 - 3000	845	2.95	2,153,370	1.38
3001 - 4000	374	1.30	1,353,123	0.86
4001 - 5000	294	1.03	1,407,679	0.90
5001 - 10000	429	1.50	3,153,164	2.01
Above 10001	380	1.33	137,907,914	88.06
TOTAL	28,658	100.00	156,601,130	100.00

16. Categories of Shareholders as on March 31, 2010

Category	No. of shares held	% of share holding
1. Promoter's holding (A)	92,269,255	58.92
2. Non-Promoters Holding		
- Mutual Funds, FI & Banks	14,129,190	9.01
- FIs	5,793,113	3.70
- Body Corporates	15,808,178	10.10
- Resident Indians	26,583,282	16.98
- NRIs	2,018,112	1.29
Sub Total (B)	64,331,875	41.08
Total (A+B)	156,601,130	100.00

Performance Bonus/incentive of Rs.1,49,64,000/- payable to Mr. Ashok Kumar Goel, Vice Chairman & Managing Director, for the year ended December 31, 2007.

ii) 26th AGM held on May 12, 2009

- Special Resolution was passed to confirm and approve payment of Rs.22,86,527 p.m. to Mr. Ashok Kumar Goel, Vice Chairman & Managing Director being minimum remuneration in order to protect his remuneration consisting of salary, allowances and perquisites, as per the terms of his appointment for the period from January 1, 2008 to October 20, 2008 notwithstanding absence or inadequacy of profits during the financial year 2008.
- Special Resolution was passed to confirm and approve the re-appointment of Mr. Ashok Kumar Goel, Vice Chairman and Managing Director of the Company for a period of five years commencing October 21, 2008.

iii) Extra-Ordinary General Meeting held on March 14, 2008:

Special Resolution under section 81(1A) of the Companies Act, 1956 was passed to offer, issue and allot Securities for an amount not exceeding \$50,000,000 including a Green Shoe Option.

14. Postal Ballot

No special resolution was passed by way of Postal Ballot during the 15 months period ended March 31, 2010.

17. Dematerialisation of Shares

The Company has arrangements with National Securities Depository Limited (NSDL) as well as the Central Depository Services (India) Limited (CDSL) for demat facility. As on March 31, 2010, 98.45% of the total Equity Capital is held in the demat form with NSDL and CDSL.

18. Physical & Demat Shares

Category	As on 31.03.2010	%
No. of Shares held by NSDL	132,826,181	84.82
No. of Shares held by CDSL	21,348,713	13.63
Physical	2,426,236	1.55
Total	156,601,130	100.00

19. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments and their likely impact on equity

As on date there are no outstanding warrants or any convertible instruments. The Company has not issued any GDR/ADR.

20. Subdivision of Shares

As approved by the Members at the 23rd Annual General Meeting of the Company, the nominal face value of the Company's Equity Shares has been subdivided from Rs.10/- per share to Rs.2/- per share, with effect from June 15, 2006.

21. Plant Locations (including subsidiaries)

China (4), Colombia, Egypt (2), Germany, India (9), Indonesia, Mexico, Poland, Philippines, Russia, UK and USA (2).

IX. NON-MANDATORY REQUIREMENTS

The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under Clause 49 of the Listing Agreement:

- 1) Remuneration Committee of the Company is operational. Presently, the Committee comprises of three Non-Executive Independent Directors of the Company.
- 2) Half yearly unaudited financial results are sent to all the Members.
- 3) Company has adopted a Whistle Blower Policy for the employees.

For and on behalf of the Board of Directors

ESSEL PROPACK LIMITED

**Subhash Chandra
Chairman**

Mumbai, July 28, 2010

DECLARATION

It is hereby declared that all the Board Members, Senior Management and Employees of the Company have affirmed adherence to and compliance with the 'Code of Conduct' laid down by the Company, for the fifteen months period ended March 31, 2010.

For ESSEL PROPACK LIMITED

Ashok Kumar Goel

Vice Chairman & Managing Director

Mumbai, July 28, 2010

CEO/CFO CERTIFICATION

To,

The Board of Directors

Essel Propack Limited

We, the undersigned, in our respective capacities as Vice Chairman & Managing Director (CEO) and Chief Financial Officer (Global) (CFO) of the Company hereby certify that, to the best of our knowledge and belief:

- a. We have reviewed Financial Statements and the Cash Flow Statement for the fifteen months period (financial year) ended March 31, 2010 and that to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements 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. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls and evaluating the effectiveness of the same for financial reporting for the fifteen months period ended March 31, 2010 and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such 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 to the Auditors and the Audit Committee:
 - i) significant changes, if any, in internal control over financial reporting during the said financial year;
 - ii) significant changes, if any, in the accounting policies during the said financial year and that the same have 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 a significant role in the company's internal control system over financial reporting.

ASHOK KUMAR GOEL
VICE CHAIRMAN & MANAGING DIRECTOR

A.V. GANAPATHY
CHIEF FINANCIAL OFFICER (GLOBAL)

Place: Mumbai

Date : July 28, 2010

Certificate of compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement

Auditors' Certificate on Corporate Governance

To
The Members of
Essel Propack Limited

We have examined the compliance of conditions of Corporate Governance by Essel Propack Limited, for the period ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that generally no investor grievances are pending for a period exceeding 30 days against the Company as per the records maintained by the Company.

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

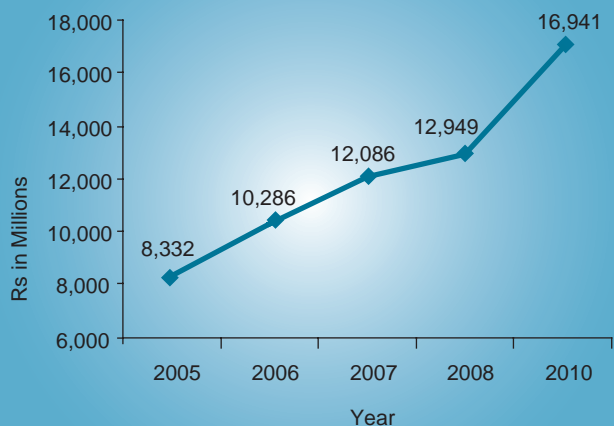
For **MGB & Co**
Chartered Accountants
Firm Registration No. 101169W

Mohan Bhandari
Partner
Membership No. 12912

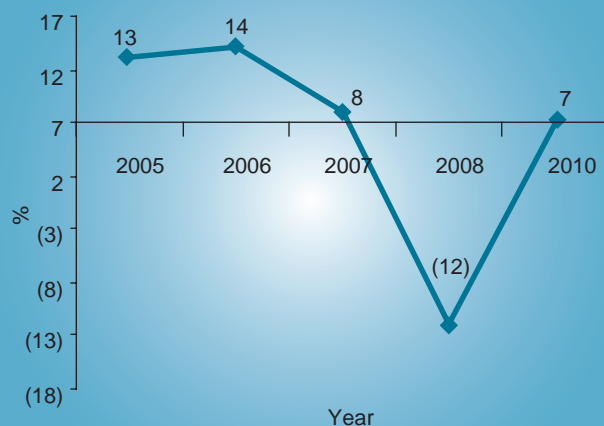
Mumbai, July 28, 2010

Consolidated Financials

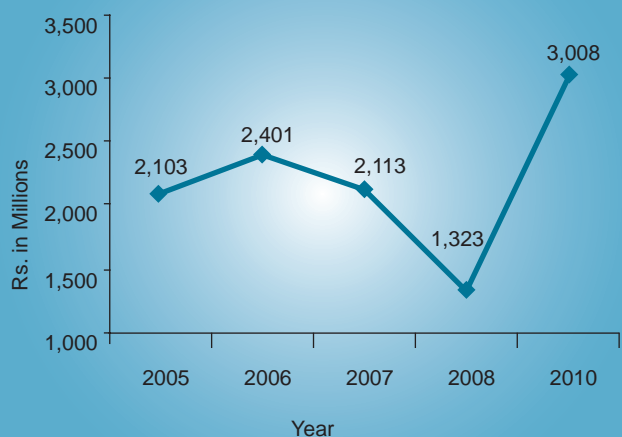
Sales and other income @



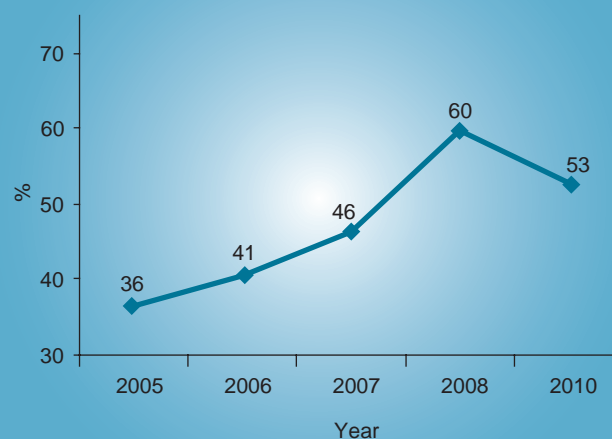
Return on Net worth



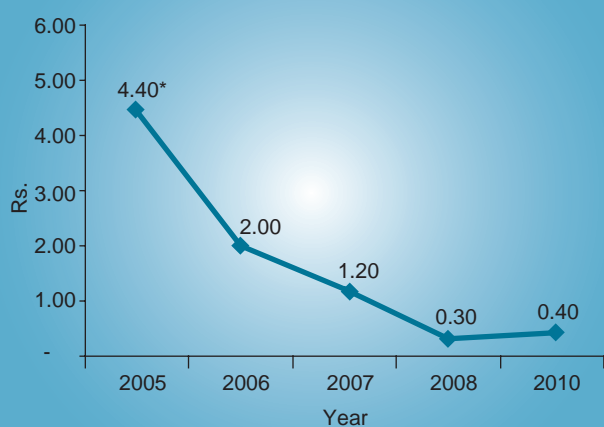
Profit before Depreciation, Interest and Tax @



Gearing Ratio



Dividend per Share Rs.



Return on Capital Employed



Ratios for 2010 have been annualised.

* In addition to the Dividend of Rs. 2/- per share, the company declared special one time dividend of Rs. 2.40 per share for the year ended December 31, 2005.

@ The financial numbers for 2010 relate to 15 months period ending March 31, 2010 and hence are not comparable with previous years which relate to 12 months period ending December.

Five Years' Summary of Selected Financial Data (Consolidated)

	Rs. Million				
	2005	2006	2007	2008	2010#
Sales and other income	8,332.32	10,286.06	12,086.50	12,949.29	16,941.36
Profit before depreciation, interest and tax	2,103.14	2,400.63	2,113.18	1,323.12	3,007.87
Depreciation	766.20	865.38	667.35	1,119.90	1,328.67
Profit before tax (before extra-ordinary & Exceptional items)	1,216.94	1,300.16	927.80	(489.04)	745.90
Profit after tax	901.52	985.49	608.13	(883.11)	599.20
Dividends (including Dividend Tax)	787.27	357.18	219.86	63.87	96.80
Cash Profit	1,667.72	1,850.86	1,275.49	236.80	1,927.87
Earning per share - Rs (Basic after extraordinary items)**	5.76	6.29	3.88	(5.64)	3.83
Dividend per share - Rs*	4.40	2.00	1.20	0.30	0.40
Capital Employed	11,291.57	13,119.14	15,388.65	17,480.71	15,966.27
ASSETS LESS CURRENT LIABILITIES					
Goodwill	3,042.63	4,060.63	4,060.63	4,390.03	3,606.94
Fixed assets (net)	5,892.43	6,148.68	7,676.88	7,253.08	6,703.57
Investment	419.59	423.79	447.78	452.60	476.60
Current assets, Loans and Advances	4,039.12	4,923.26	5,754.41	7,589.61	7,152.91
	13,393.77	15,556.35	17,939.69	19,685.32	17,940.02
Current liabilities and Provisions	(2,102.19)	(2,437.21)	(2,551.04)	(2,204.62)	(1,973.75)
Net Assets	11,291.58	13,119.14	15,388.65	17,480.71	15,966.27
FINANCED BY					
Share capital	313.13	313.13	313.13	313.13	313.13
Reserves	6,722.21	7,344.70	7,848.71	6,678.65	7,215.35
Shareholders' funds	7,035.34	7,657.83	8,161.85	6,991.79	7,528.48
Miscellaneous Expenditure	(64.60)	(56.77)	(24.38)	(51.98)	(79.96)
Net Worth	6,970.75	7,601.06	8,137.47	6,939.81	7,448.52
Minority Interest	55.66	97.71	118.30	165.58	83.35
Deferred Tax Balances	234.70	197.40	56.13	61.20	36.77
	7,261.11	7,896.16	8,311.90	7,166.59	7,568.64
Loan Funds	4,030.47	5,222.98	7,076.75	10,314.12	8,397.63
Capital employed	11,291.58	13,119.14	15,388.65	17,480.71	15,966.27
FINANCIAL RETURNS AND STATISTICS					
Profit after tax as a percent of Sales and other income	11%	10%	5%	(7%)	4%
Profit before depreciation, interest and tax as a percent of Sales and other income	25%	23%	17%	10%	18%
Return on Capital Employed (PBIT/Avg Capital Employed) (With Goodwill)	14%	14%	11%	2%	11%#
Return on Capital Employed (PBIT/Avg Capital Employed) (Without Goodwill)	19%	19%	15%	3%	14%#
Return on Net worth (PAT/Avg Network) (With Goodwill)	13%	14%	8%	(12%)	7%#
Return on Net worth (PAT/Avg Network) (Without Goodwill)	23%	26%	16%	(27%)	15%#
Loan funds as a percentage of Shareholders' funds	57%	68%	87%	148%	112%
Gearing ratio (Loan funds as a percentage to Loan funds plus Shareholders funds)	36%	41%	46%	60%	53%
Financial Expenses Cover (Times) (Profit before Financial Expenses (Gross) and Taxation/Financial expenses (gross))	6	5	2	0	2
Cash profit to sales and other income	20%	18%	11%	2%	11%

* In addition to the Dividend of Rs. 2/- per share, the company declared special one time dividend of Rs. 2.40 per share for the year ended December 31, 2005.

** Pursuant to the approval by the shareholders, each equity share of the Company of face value Rs 10 each fully paid up has been split into 5 equity shares of Rs 2 each fully paid up with effect from 15th June, 2006. Prior years figures have been restated wherever applicable for comparison purpose.

The current year's financial statements are in respect of the 15 months period from January 1, 2009 to March 31, 2010. Hence the financial numbers for this year are not comparable with past years which relate to 12 months period ending December. However, the financial ratios have been annualised as necessary and are thus comparable.

Five Years' Summary of Selected Financial Data (Consolidated)

USD Million

	2005	2006	2007	2008	2010#
Sales and other income	188.88	226.97	292.25	298.23	353.93
Profit before depreciation, interest and tax	47.67	52.97	51.10	30.47	62.84
Depreciation	17.37	19.10	16.14	25.79	27.76
Profit before tax (before extra-ordinary & Exceptional items)	27.59	28.69	22.43	-11.26	15.58
Profit after tax	20.44	21.75	14.70	-20.34	12.52
Dividends (including Dividend Tax)	17.85	7.88	5.32	1.47	2.02
Cash Profit	37.80	40.84	30.84	5.45	40.28
ASSETS LESS CURRENT LIABILITIES					
Goodwill	67.32	92.04	102.97	90.61	79.91
Fixed assets (net)	130.38	139.36	194.67	149.70	148.51
Investment	9.28	9.61	11.35	9.34	10.56
Current assets, Loans and Advances	89.37	111.59	145.92	156.65	158.46
	296.36	352.59	454.92	406.30	397.43
Current liabilities and Provisions	(46.51)	(55.24)	(64.69)	(45.50)	(43.73)
Net Assets	249.84	297.35	390.23	360.80	353.71
FINANCED BY					
Share capital	6.93	7.10	7.94	6.46	6.94
Reserves	148.74	166.47	199.03	137.85	159.84
Shareholders' funds	155.67	173.57	206.97	144.31	166.78
Miscellaneous Expenditure	(1.43)	(1.29)	(0.62)	(1.07)	(1.77)
Net Worth	154.24	172.28	206.35	143.24	165.01
Minority Interest	1.23	2.21	3.00	3.42	1.85
Deferred Tax Balances	5.19	4.47	1.42	1.26	0.81
	160.66	178.97	210.77	147.92	167.67
Loan Funds	89.18	118.38	179.45	212.88	186.04
Capital employed	249.84	297.35	390.23	360.80	353.71
FINANCIAL RETURNS AND STATISTICS					
Profit after tax as a percent of Sales and other income	11%	10%	5%	(7%)	4%
Profit before depreciation, interest and tax as a percent of Sales and other income	25%	23%	17%	10%	18%
Return on Capital Employed (PBIT/Avg Capital Employed) (With Goodwill)	14%	13%	10%	2%	10%#
Return on Capital Employed (PBIT/Avg Capital Employed) (Without Goodwill)	19%	19%	14%	3%	13%#
Return on Net worth (PAT/Avg Networth) (With Goodwill)	13%	13%	7%	(13%)	6%#
Return on Net worth (PAT/Avg Networth) (Without Goodwill)	24%	26%	15%	(30%)	14%#
Loan funds as a percentage of Shareholders' funds	57%	68%	87%	148%	112%
Gearing ratio (Loan funds as a percentage to Loan funds plus Shareholders funds)	36%	41%	46%	60%	53%
Financial Expenses Cover (Times) (Profit before Financial Expenses (Gross) and Taxation/Financial expenses (gross))	6	5	2	0	2
Cash profit to sales and other income	20%	18%	11%	2%	11%

Note : Audited INR numbers have been translated into US Dollar using the average exchange rate for P & L items and the year end exchange rate for balance sheet items.

The current year's financial statements are in respect of the 15 months period from January 1, 2009 to March 31, 2010. Hence the financial numbers for this year are not comparable with past years which relate to 12 months period ending December. However, the financial ratios have been annualised as necessary and are thus comparable.

Five Years' Summary of Selected Financial Data (India)

	Rs. Million				
	2005	2006	2007	2008	2010#
Sales and other Income	2,616.78	2,939.64	3,311.91	3,548.13	4,541.34
FOB value of Exports	310.29	284.51	266.35	357.18	380.95
Profit before depreciation, interest and tax	871.60	869.32	960.69	840.25	1,083.79
Financial Expenses (Gross)	120.94	205.42	388.55	260.90	352.36
Depreciation/Amortisation	209.69	205.94	200.83	206.56	288.86
Profit before tax and exceptional items	682.86	605.92	559.94	372.79	442.57
Profit after tax	459.67	410.46	372.93	271.78	345.49
Dividends (including Dividend Tax)	785.68	357.13	219.86	54.96	73.04
Cash profit	669.37	616.40	573.75	478.34	634.35
Book value per share*	34.75	35.10	33.93	37.31	38.78
Earnings per share* - (Basic after exceptional items)	2.94	2.62	2.38	1.74	2.21
Dividend per share* - Rs.	4.40	2.00	1.60	0.30	0.40
Closing share price on BSE at year end - (Rs. per share)	355.40	*78.90	77.15	18.08	43.40
Market capitalisation (As at year end)	11,131.00	12,355.83	12,081.78	2,831.35	6,796.49
ASSETS LESS CURRENT LIABILITIES					
Fixed assets (Net)	1,510.26	1,631.86	1,679.12	1,813.21	1,752.83
Investments	4,881.94	5,509.04	5,744.32	5,744.32	5,733.99
Current Assets, Loans and Advances	1,784.83	1,775.54	2,938.49	4,629.51	4,168.59
	8,177.03	8,916.44	10,361.93	12,187.04	11,655.41
Current Liabilities and Provisions	(1,128.46)	(791.90)	(672.88)	(696.92)	(650.33)
Net Current Assets	7,048.57	8,124.53	9,689.05	11,490.12	11,005.08
FINANCED BY					
Share capital	313.12	313.13	313.20	313.13	313.13
Reserves	5,129.81	5,183.22	5,313.56	5,530.39	5,797.18
Shareholders' Fund	5,442.93	5,496.35	5,626.76	5,843.52	6,110.31
Miscellaneous Expenditure	-	-	-	-	37.08
Net worth	5,442.93	5,496.35	5,626.76	5,843.52	6,073.23
Deferred Tax Balances	150.92	148.80	129.81	124.32	171.12
Loan Funds	1,454.71	2,479.38	3,932.55	5,522.28	4,760.72
Capital Employed	7,048.56	8,124.53	9,689.12	11,490.12	11,005.08
FINANCIAL RETURNS AND STATISTICS					
Profit after tax as a percent of sales and other income	18%	14%	11%	8%	8%
Profit before depreciation, interest and tax as a percent of sales and other income	33%	30%	29%	24%	24%
Return on Capital Employed (PBIT)	11%	9%	8%	6%	6%#
Return on common stockholders' equity % (PAT)	8%	7%	7%	5%	5%#
Loan Funds as a percent of total year end Shareholders' Fund	27%	45%	70%	95%	78%
Gross Gearing %	21	31	41	49	44
(Loan Fund as a percentage of Loan plus Shareholders' Fund)					
Financial Expenses Cover (Times)	7	4	2	2	2
(Profit before Financial Expenses (Gross) and Taxation divided by Financial Expenses (Gross))					
Number of Equity Shares Outstanding (in Million)	31.32	*156.60	156.60	156.60	156.60
Cash profit to sales and other income	26%	21%	17%	13%	14%

*Pursuant to the approval by the shareholders, each equity share of the Company of face value Rs.10 each fully paid up has been split into 5 equity shares of Rs. 2 each fully paid up with effect from June 15, 2006 & the figures have been restated wherever applicable for comparison purpose.

The current year's financial statements are in respect of the 15 months period from January 1, 2009 to March 31, 2010. Hence the financial numbers for this year are not comparable with past years which relate to 12 months period ending December. However, the financial ratios have been annualised as necessary and are thus comparable.



Standalone Financials

Auditors' Report

To the Members of **Essel Propack Limited**

1. We have audited the attached Balance Sheet of **Essel Propack Limited** ("the Company") as at March 31, 2010, and also the Profit and Loss account and the Cash Flow Statement for the period 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 the 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 from 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 issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956 ("the Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Without qualifying our report, we draw reference to Note 2(b) of schedule 22B, regarding Managerial Remuneration for the period is subject to approval of Central Government.
5. Further to our comments in the Annexure referred to Paragraph (3) above, we report that:
 - (i) 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;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of those books;
 - (iii) The Balance Sheet, the Profit and Loss account and the Cash Flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, the Profit and Loss account and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act;
 - (v) On the basis of written representations received from the Directors and taken on record by the Board, we report that none of the directors is disqualified as at March 31, 2010 from being appointed as a director in

terms of clause (g) of sub-section (1) of Section 274 of the Act;

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes to accounts as per Schedule 22, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (b) In the case of the Profit and Loss account, of the Profit for the period ended on that date; and
 - (c) In the case of the Cash Flow statement, of the cash flows, for the period ended on that date.

For **MGB & Co**
Chartered Accountants
Firm Registration No. 101169W

Mohan Bhandari
Partner
Membership No. 12912

Mumbai, July 28, 2010

Annexure referred to in paragraph 3 of Auditors' Report to the Members of EsSEL Propack Limited on the accounts for the period ended March 31, 2010.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, the fixed assets have been physically verified by the management in a phased program periodical manner at reasonable intervals, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the period and the going concern status of the Company is not affected.
- (ii) (a) The inventories have been physically verified by the management during the period except stock lying with third parties in respect of whom confirmations have been obtained. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, 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) As explained to us, the Company is maintaining proper records of inventories and no material discrepancies were noticed on physical verification of inventories as compared to the book records.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, the requirements of clauses (iii) (b), (iii) (c) and (iii) (d) of paragraph 4 of the Order are not applicable.
- (b) According to the information and explanations given to us, the Company has taken unsecured loan from one company covered in the register maintained under section 301 of the Act. Loan outstanding as at March 31, 2010 is Rs Nil and maximum amount involved during the period was Rs. 195,000,000.
- (c) The rate of interest and other terms and conditions of unsecured loan taken by the Company are not prima-facie prejudicial to the interest of the Company.
- (d) The Company is regular in repayment of Loan taken and interest thereon considering the terms of the Loan.
- (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 purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal control system.
- (v) (a) According to the information and explanations given to us, all contracts or arrangements the particulars of which are required to be entered into the register in pursuance of Section 301 of the Act have been so entered.
- (b) Sub-clause (b) is not applicable as there are no such transactions of purchases and sales exceeding Rs. 5 lacs in aggregate.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the period with in the meaning of section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's products.
- (ix) (a) According to the records of the Company, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax / Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues to the extent applicable have been deposited regularly with the appropriate authorities except delay in few cases. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.
- (b) There are no disputed dues on account of Income Tax, Custom Duty and Cess. Dues on account of the disputed Sales Tax / Value Added Tax, Wealth Tax, Service Tax and Excise Duty which have not been deposited are as under:

Name of the Statute	Nature of the Dues	Amount in (Rs.)	Period to which the amount relate	Forum where dispute is pending
Wealth Tax Act, 1957	Wealth Tax	129,688	A.Y.1998-1999	Income Tax Appellate Tribunal
Central Excise Act, 1944	Excise (Including interest and penalty)	122,597,968	1994 to 2001	Supreme Court
		32,153,356	1998 to 2000 & 2002 to 2006	CESTAT
		3,848,655	2001 to 2005 & 2008-10	Commissioner of Central Excise (Appeals)
		93,140,021	1997-1998, 2000 to 2003 and 2004 to 2006	Commissioner of Central Excise

Name of the Statute	Nature of the Dues	Amount in (Rs.)	Period to which the amount relate	Forum where dispute is pending
	Service Tax	5,243,737	1995-1996, 1997-1998 & 2005-07	Deputy / Joint / Assistant Commissioner of Central Excise
		3,208,306	1997-98 to 2002	High Court of Mumbai
		865,940	2002-2003 & 2005 to 2007	Deputy / Assistant Commissioner of Service Tax
Maharashtra Value Added Tax Act, 2002	Value Added Tax	36,134,596	2005-06	Deputy Commissioner of Sales Tax (Appeals), Palghar.
Central Sales Tax Act, 1956	Central Sales Tax	2,480,274	2001 to 2003	Maharashtra Sales Tax Tribunal
		22,808,521	2002 to 2005	Commissioner of VAT-Dadra and Nagar Haveli – Silvassa.
		45,971,077	2005-06	Deputy Commissioner of Sales Tax (Appeals), Palghar.
		9,290,529	2003 to 2005	Joint Commissioner of Sales Tax (Appeals), Thane.

- (x) The Company does not have accumulated losses as at March 31, 2010 and has not incurred cash losses during the period ended on that date or in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks, financial institutions and debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) The Company is not dealing or trading in securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loans taken by subsidiaries from banks and financial institutions are prima facie not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans raised during the period have been applied for the purposes for which they were raised.
- (xvii) On the basis of review of utilization of funds which is based on an overall examination of the Balance Sheet of the Company and related information as made available to us, we report that no short term funds have been used for long term purposes.
- (xviii) 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 during the period.
- (xix) The Company has not issued any secured debentures during the period.
- (xx) The Company has not raised any money by way of public issue during the period.
- (xxi) Based on our audit procedures performed and according to the information and explanations given by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **MGB & Co**
Chartered Accountants
Firm Registration No. 101169W

Mohan Bhandari
Partner
Membership No. 12912

Mumbai, July 28, 2010

Balance Sheet as at 31 March, 2010

	Schedule	As at 31-Mar-2010	(Amount in Rs.) As at 31-Dec-2008
Sources of Funds			
Shareholders' Funds			
Share Capital	1	313,130,610	313,130,610
Reserves and Surplus	2	5,797,179,989	5,530,386,547
		<u>6,110,310,599</u>	<u>5,843,517,157</u>
Loan Funds			
Secured Loans	3	2,691,975,387	1,659,999,666
Unsecured Loans	4	2,068,748,355	3,862,280,603
		<u>4,760,723,742</u>	<u>5,522,280,269</u>
Deferred Tax Liabilities (Net) (Refer Note 5)		171,121,445	124,318,729
Total		<u>11,042,155,786</u>	<u>11,490,116,155</u>
Application of Funds			
Fixed Assets			
Gross Block	5	4,850,254,295	4,642,548,982
Less : Depreciation / Amortisation		3,306,814,042	3,018,177,717
Net Block		<u>1,543,440,253</u>	<u>1,624,371,265</u>
Capital Work-in-progress		209,390,949	188,834,611
		<u>1,752,831,202</u>	<u>1,813,205,876</u>
Investments	6	5,733,987,298	5,744,316,008
Foreign Currency Monetary Items			
Translation Difference Account		80,041,332	-
Current Assets, Loans and Advances			
Inventories	7	438,316,685	534,018,273
Sundry Debtors	8	730,236,032	846,289,096
Cash and Bank Balances	9	84,755,241	72,697,249
Other Current Assets	10	150,622,584	311,427,693
Loans and Advances	11	2,684,619,157	2,865,081,117
		<u>4,088,549,699</u>	<u>4,629,513,428</u>
Less : Current Liabilities and Provisions			
Current Liabilities	12	509,739,116	578,813,368
Provisions	13	140,594,432	118,105,789
		<u>650,333,548</u>	<u>696,919,157</u>
Net Current Assets		<u>3,438,216,151</u>	<u>3,932,594,271</u>
Miscellaneous Expenditure (To the extent not written off)		37,079,803	-
Total		<u>11,042,155,786</u>	<u>11,490,116,155</u>
Significant Accounting Policies and Notes to Accounts	22		

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants**Mohan Bhandari**
Partner
Membership No. 12912

Mumbai, July 28, 2010

For and on behalf of the Board

Subhash Chandra Chairman

Mukund M. Chitale Tapan Mitra K.V. Krishnamurthy Boman Moradian	}	Directors
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Ashok Kumar Goel Vice-Chairman and Managing Director**A.V. Ganapathy** Chief Financial Officer (Global)
A.S. Khandwala Vice President - Legal and Company Secretary

Mumbai, July 28, 2010

Profit and Loss Account for the 15 months ended 31 March, 2010

	Schedule	15 months ended 31-Mar-2010	(Amount in Rs.) 12 months ended 31-Dec-2008
Income			
Sales and Services (Gross)	14	4,492,911,900	3,559,968,064
Less:Excise Duty		202,037,670	200,873,202
Sales and Services (Net)		4,290,874,230	3,359,094,862
Other Income	15	250,468,530	189,032,619
Total		4,541,342,760	3,548,127,481
Expenditure			
Cost of Materials	16	1,869,385,821	1,486,808,330
Manufacturing and Other Expenses	17	665,656,760	517,697,279
Personnel Cost	18	461,020,029	359,768,719
Administrative and Other Expenses	19	206,850,249	178,342,333
Loss on Foreign Exchange Fluctuation (Net)		125,278,331	89,514,728
Selling and Distribution Expenses	20	129,360,569	75,743,119
Total		3,457,551,759	2,707,874,508
Profit Before Depreciation Interest and Tax (PBDIT)		1,083,791,001	840,252,973
Finance Expenses (Net)	21	352,361,492	260,904,433
Depreciation / Amortisation		288,858,158	206,557,025
Profit Before Tax and Exceptional Items		442,571,351	372,791,515
Exceptional Items (Refer Note 6)		1,041,636	(11,848,506)
Profit Before Tax (PBT)		441,529,715	384,640,021
Provision for Taxation			
Current Tax - Current year		45,222,712	114,898,289
- Earlier period		-	(2,015,006)
Deferred Tax		49,613,128	(5,491,095)
Fringe Benefit Tax		1,205,961	5,463,074
Profit After Tax (PAT)		345,487,914	271,784,759
Balance Brought Forward		525,185,408	321,954,537
Amount Available for Appropriation		870,673,322	593,739,296
Appropriations			
Dividend - Proposed (inclusive of tax)		73,044,248	54,964,648
General Reserve		25,912,000	13,589,240
Balance carried to Balance Sheet		771,717,073	525,185,408
Total		870,673,322	593,739,296
Earnings Per Share (Equity Shares,par value Rs.2 each)			
Basic and Diluted Earnings Per Share before exceptional items		2.21	1.66
Basic and Diluted Earnings Per Share after exceptional items		2.21	1.74
Weighted average number of Shares used in computing			
Basic and Diluted Earnings per share		156,601,130	156,601,130
Significant Accounting Policies and Notes to Accounts	22		

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants

Mohan Bhandari
Partner
Membership No.12912

Mumbai, July 28, 2010

For and on behalf of the Board

Subhash Chandra Chairman
Mukund M. Chitale
Tapan Mitra
K.V. Krishnamurthy
Boman Moradian } Directors

Ashok Kumar Goel Vice-Chairman and Managing Director

A.V. Ganapathy Chief Financial Officer (Global)
A.S. Khandwala Vice President - Legal and Company Secretary

Mumbai, July 28, 2010

Schedules forming part of Accounts

	As at 31-Mar-2010	(Amount in Rs.) As at 31-Dec-2008
Schedule 1		
Share Capital		
Authorised		
200,000,000 Equity Shares of Rs.2 each	400,000,000	400,000,000
Issued, Subscribed and Paid up		
156,601,130 Equity Shares of Rs.2 each fully paid-up	313,202,260	313,202,260
Out of the above		
(i) 65,166,915 Equity Shares of Rs.2 each fully paid up are issued as Bonus Shares by Capitalisation of General Reserves and Securities Premium.		
(ii) 34,316,610 Equity Shares of Rs.2 each fully paid up were allotted for consideration other than cash.		
Less : Calls in Arrears (Other than Directors)	71,650	71,650
Total	313,130,610	313,130,610
Schedule 2		
Reserves and Surplus		
Securities Premium		
As per last Balance Sheet	3,842,983,298	3,842,976,048
Add : Received during the year	-	7,250
	3,842,983,298	3,842,983,298
Capital Reserve		
As per Last Balance Sheet	200,610,538	200,610,538
General Reserve		
As per Last Balance Sheet	961,607,303	948,018,063
Add : Appropriated during the year	25,912,000	13,589,240
Less: Adjustments as per amended provisions of AS 11 (net of tax of Rs.2,810,413) (Refer Note 7(a))	5,650,224	-
	981,869,079	961,607,303
	771,717,073	525,185,408
Profit and Loss Account	5,797,179,989	5,530,386,547
Schedule 3		
Secured Loans (Refer Note 18)		
Term Loan from Banks	2,662,611,625	1,132,053,159
Working Capital Loans from Banks	29,363,762	527,433,365
Other Secured Loan	-	513,142
Total	2,691,975,387	1,659,999,666
Schedule 4		
Unsecured Loans (Refer Note 19)		
Short Term Loan from Banks	631,237,396	3,393,811,477
Inter Corporate Deposit	160,000,000	20,000,000
Other Loans		
From Banks	830,000,000	-
Deferred Sales Tax (Repayable on different dates starting from Year 2009)	447,510,959	446,953,910
Interest accrued and due	-	1,515,216
Total	2,068,748,355	3,862,280,603

Schedules forming part of Accounts

Schedule 5

Fixed Assets (At Cost)

(Amount in Rs.)

Description of Asset	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-Jan-09	Additions	Deductions	As at 31-Mar-10	Upto 31-Dec-08	For the period	Deductions	Upto 31-Mar-10	As at 31-Mar-10	As at 31-Dec-08
a) Intangibles										
Software	26,432,226	66,415,874	-	92,848,100	17,531,997	13,853,425	-	31,385,422	61,462,678	8,900,229
b) Tangibles										
Freehold Land	11,605,951	-	-	11,605,951	-	-	-	-	11,605,951	11,605,951
Leasehold Land	2,076,595	-	-	2,076,595	412,206	47,602	-	459,808	1,616,787	1,664,389
Leasehold Improvements	17,218,838	-	-	17,218,838	4,893,271	2,748,159	-	7,641,430	9,577,408	12,325,567
Buildings	245,009,933	1,137,410	-	246,147,343	66,482,339	9,586,411	-	76,068,750	170,078,593	178,527,594
Plant and Machinery	4,176,743,677	115,898,358	-	4,292,642,035	2,855,660,934	242,490,402	-	3,098,151,336	1,194,490,699	1,321,082,744
Equipments	116,808,109	24,443,851	47,000	141,204,960	54,864,253	16,736,629	8,892	71,591,990	69,612,970	61,943,856
Furniture and Fixtures	40,861,348	284,749	-	41,146,097	15,299,063	2,819,471	-	18,118,534	23,027,562	25,562,285
Vehicles	5,792,305	-	427,929	5,364,376	3,033,654	576,059	212,941	3,396,772	1,967,604	2,758,651
Grand Total	4,642,548,982	208,180,242	474,929	4,850,254,295	3,018,177,717	288,858,158	221,833	3,306,814,042	1,543,440,253	1,624,371,265
Previous Year	4,343,954,312	336,518,512	37,923,842	4,642,548,982	2,820,491,835	206,557,025	8,871,143	3,018,177,717	1,624,371,265	

Note: Buildings include Roads, Residential Flats, Tubewells and Watertanks and shares in Co-operative Society.

Schedule 6

Investments

Long Term

Equity Shares in wholly owned Subsidiary Companies -Unquoted

320,000 (640,000) of NPR 100 each of Essel Packaging Nepal Private Limited, Nepal (Refer Note 4(a))

Less: Provision for Diminution in value

830,000 of US \$ 10 each of Lamitube Technologies Limited, Mauritius

10,000,000 of US \$ 1 each of Essel Propack America, LLC

1,600 of US \$ 1000 each of Lamitube Technologies (Cyprus) Limited, Cyprus

416,150 of Rs.100 each of Packaging India Private Limited *

Equity Shares in Associate Company - Quoted

4,109,100 of Rs.10 each of Ras Propack Lamipack Limited (Refer Note 4(c)) (market value not available)

Equity Shares in others - Unquoted

3,141,971 of Rs.10 each of Bericap India Private Limited (Refer Note 4(b))

Redeemable Preference Shares in wholly owned Subsidiary Companies

1,250 Non Cumulative Preference Shares of US \$ 1000 each of Lamitube Technologies Limited, Mauritius with fixed rate of dividend of US \$ 110 per share

6,000 Non Cumulative and Optionally Convertible Redeemable Preference Shares of US \$ 1000 each of Essel Propack America, LLC, with fixed rate of dividend of US \$ 110 per share

10,400 Non Cumulative and Optionally Convertible Redeemable Preference Shares of US \$ 1000 each of Lamitube Technologies (Cyprus) Limited, Cyprus with fixed rate of dividend of US \$ 110 per share

1,025,000 5% of Rs. 100 each of Packaging India Private Limited

Total

* The Company has given non-disposal undertaking against credit facilities granted by banks.

	As at 31-Mar-2010	(Amount in Rs.) As at 31-Dec-2008
	20,000,000	40,000,000
	(16,996,622)	(16,996,622)
	3,003,378	23,003,378
	3,625,783,282	3,625,783,282
	479,140,000	479,140,000
	71,991,500	71,991,500
	636,240,638	636,240,638
	41,091,000	-
	-	31,419,710
	55,550,000	55,550,000
	265,201,250	265,201,250
	453,486,250	453,486,250
	102,500,000	102,500,000
Total	5,733,987,298	5,744,316,008

Schedules forming part of Accounts

Units of Mutual Funds bought and sold during the period

Name of the Fund	Face Value (Rs.)	Nos.	Cost (Rs.)
Reliance Mutual Fund - Money Manager	1000	80,513	100,000,000
HDFC Cash Management Fund - Treasury Advantage - Wholesale - Growth Purchase	10	5,004,980	100,000,000
HDFC Cash Management Fund Savings Plan - Growth	10	8,370,652	160,000,000
HDFC Cash Management Fund Savings Plan - Growth	10	2,350,962	45,000,000
HDFC Floating Rate Income Fund - ST Plan - Wholesale Option - Growth	10	10,281,444	160,014,230
TATA Floater Fund - Growth	10	7,357,215	100,000,000
TATA Floater Fund - Growth	10	8,807,645	120,012,086
TATA Liquid Super High Inv. Fund - Appreciation	1000	71,140	120,000,000
IDFC MUTUAL FUND -IDFC Cash Fund - Plan C - Super I P - Growth [1016510/66]	10	12,594,232	140,000,000
SBI Magnum Insta Cash Fund - Daily Dividend Option	10	11,940,085	200,000,000
SBI Magnum Insta Cash Fund - Daily Dividend Option	10	1,076	18,030
SBI Ultra Short Term Funds - Daily Dividend Option	10	19,989,809	200,018,030
SBI Ultra Short Term Funds - Daily Dividend Option	10	5993	59,969
SBI Ultra Short Term Funds - Daily Dividend Option	10	2,078	20,796
SBI Ultra Short Term Funds - Daily Dividend Option	10	2,039	20,398
SBI Ultra Short Term Funds - Daily Dividend Option	10	1,999	20,000
SBI Ultra Short Term Funds - Daily Dividend Option	10	1,999	20,002
SBI Ultra Short Term Funds - Daily Dividend Option	10	5,698	57,011
SBI Ultra Short Term Funds - Daily Dividend Option	10	512	5,118
SBI Ultra Short Term Funds - Daily Dividend Option	10	482	4,818
SBI Ultra Short Term Funds - Daily Dividend Option	10	477	4,769
SBI Ultra Short Term Funds - Daily Dividend Option	10	497	4,970
SBI Ultra Short Term Funds - Daily Dividend Option	10	1,470	14,710
HDFC Cash Fund Plan C Growth	10	12,594,232	140,000,000
IDFC Money Manager Fund TP Plan C Growth	10	12,924,035	140,015,119

(Amount in Rs.)

Schedule 7

Inventories

(As taken, valued and certified by the Managing Director)

Raw Materials (including goods in transit)	117,770,761	184,368,962
Finished Goods	8,846,522	11,174,954
Goods-in-Process	198,419,277	201,436,145
Packing Materials	5,977,813	7,039,696
Stores and Spares	107,302,312	129,998,516
Total	438,316,685	534,018,273

Schedule 8

Sundry Debtors

(Unsecured and Considered Good, unless otherwise stated)

Over six months *

Considered Good	158,183,107	261,223,079
Considered Doubtful	36,970,581	44,650,704
	197,573,266	305,873,783
Others **	572,052,925	585,066,017
	767,206,613	890,939,800
Less : Provision for doubtful debts	36,970,581	44,650,704
Total	730,236,032	846,289,096

Includes * Rs.139,483,959 (Rs.194,852,965) and ** Rs.144,492,102
(Rs.213,471,144) due from Subsidiary Companies

Schedules forming part of Accounts

	As at 31-Mar-2010	(Amount in Rs.) As at 31-Dec-2008
Schedule 9		
Cash and Bank Balances		
Cash on Hand	314,969	307,044
With Scheduled Banks		
(a) In Current Account		
i) Indian Rupee accounts *	77,551,893	26,787,709
ii) Foreign Currency accounts	12,914	14,723
(b) In Fixed Deposit		
Indian Rupee accounts **	206,600	41,706,600
(c) Cheques in Hand	6,668,865	3,881,173
Total	84,755,241	72,697,249
*Includes Rs. 7,870,166 (Rs. 8,310,496) being balance in unclaimed dividend accounts.		
**Includes		
(i) Rs. 206,600 (Rs. 206,600) Deposited with / Lien in favour of various Government Authorities.		
(ii) Rs. Nil (Rs. 41,500,000) given as Margin Money to a bank on behalf of a Subsidiary.		
Schedule 10		
Other Current Assets		
Interest Receivable on Loans to		
Subsidiaries	121,201,609	166,695,573
Others	314,420	124,251,910
Export Benefit Receivable	27,967,696	19,327,301
Other Receivables	1,138,859	1,152,909
Total	150,622,584	311,427,693
Schedule 11		
Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Loans and Advances to Subsidiaries	1,274,557,689	1,552,657,641
Loans to others	893,912,284	922,725,154
Advances (Recoverable in cash or in kind or for value to be received)		
Advances Indirect Taxes	235,958,685	220,008,054
Advances Direct Taxes (Net of provisions)	144,922,208	15,849,211
Other Advances	41,563,897	63,662,041
Deposits	93,704,394	90,179,015
Total	2,684,619,157	2,865,081,117
Schedule 12		
Current Liabilities and Provisions		
Current Liabilities		
Acceptances		
for Goods	93,420,347	163,654,982
Sundry Creditors *		
for Goods	130,215,856	77,170,034
for Capital Goods	50,814,098	58,215,241
for Micro, Small and Medium Enterprises (Refer Note 8)	8,996,373	358,404
for Others	172,570,549	225,578,221
Trade Deposits and Advances Received	7,932,967	6,925,992
Interest accrued but not due	37,918,760	38,599,998
Investor Education and Protection Fund		
Unpaid Dividend	7,870,166	8,310,496
Total	509,739,116	578,813,368

* Includes Rs.50,486,741 (Rs.26,626,037) due to Subsidiaries

Schedules forming part of Accounts

	As at 31-Mar-2010	(Amount in Rs.) As at 31-Dec-2008
Schedule 13		
Provisions		
For Retirement Benefits	67,550,184	63,141,141
For Proposed Dividend (inclusive of tax)	73,044,248	54,964,648
Total	140,594,432	118,105,789
Schedule 14		
Sales and Services		
Sales	4,334,203,215	3,323,267,182
Royalty/Service Charges (Tax Deducted at Source Rs.11,236,056 (Rs.21,448,782))	135,513,255	217,064,053
Export Incentives	23,195,430	19,636,829
Total	4,492,911,900	3,559,968,064
Schedule 15		
Other Income		
Dividend income		
from Subsidiary (Tax Deducted at Source Rs.Nil (Rs.36,270))	247,141,180	186,790,000
from others	250,592	-
Profit on sale of fixed assets (Net)	-	211,015
Profit on sale of current investments	1,887,684	-
Miscellaneous Income	1,189,074	2,031,604
Total	250,468,530	189,032,619
Schedule 16		
Cost of Materials		
Raw Materials Consumed		
Opening Stock	184,368,962	155,881,641
Add : Purchases	1,797,442,319	1,569,083,180
	1,981,811,281	1,724,964,821
Less : Closing Stock	117,770,761	184,368,962
Total (A)	1,864,040,520	1,540,595,859
Increase/(Decrease) in Stocks		
Closing Stock		
Finished Goods	8,846,522	11,174,954
Goods-in-process	198,419,277	201,436,145
	207,265,799	212,611,099
Less :		
Opening Stock		
Finished Goods	11,174,954	9,915,886
Goods-in-process	201,436,145	148,907,684
	212,611,099	158,823,570
Total (B)	(5,345,301)	53,787,529
Total (A-B)	1,869,385,821	1,486,808,330

Schedules forming part of Accounts

	15 months ended 31-Mar-2010	(Amount in Rs.) 12 months ended 31-Dec-2008
Schedule 17		
Manufacturing and other expenses		
Stores and Spares	186,187,335	130,007,142
Packing Materials	157,671,600	131,509,067
Power and Fuel	148,711,447	135,250,455
Job Work Charges	120,683,726	87,793,998
Repairs and Maintenance		
Building	3,713,783	5,800,598
Plant and Machinery	17,451,218	10,724,584
Other Manufacturing Expenses	24,412,651	11,151,435
Factory Rent	6,825,000	5,460,000
Total	665,656,760	517,697,279
Schedule 18		
Personnel Cost		
Managerial Remuneration	39,800,000	23,800,000
Salaries, Wages and Allowances	364,581,789	268,984,098
Contribution to Provident and other Funds	24,018,853	21,155,672
Welfare Expenses	28,705,650	38,067,603
Gratuity	3,913,737	7,761,346
Total	461,020,029	359,768,719
Schedule 19		
Administrative and Other Expenses		
Rent	27,809,826	23,207,626
Rates and Taxes	5,116,262	6,950,936
Repairs to Others	7,570,713	14,980,983
Insurance	4,888,157	5,425,712
Directors' Sitting Fees	760,000	680,000
Travelling and Conveyance Expenses	12,041,830	9,911,855
Advertisement Expenses	337,553	439,390
Professional and Consultancy Charges	23,904,019	20,291,342
Communication Expenses	8,568,035	9,277,008
Donation	1,083,601	1,112,352
Miscellaneous Expenses	114,394,661	84,936,134
Research and Development Expenses	307,850	1,128,996
Loss on sale/discard of fixed assets	67,742	-
Total	206,850,249	178,342,333

Schedules forming part of Accounts

		15 months ended 31-Mar-2010	(Amount in Rs.) 12 months ended 31-Dec-2008
Schedule 20			
Selling and Distribution Expenses			
Freight and Forwarding expenses		85,714,120	64,397,606
Discount and Rebate		2,086,472	10,129
Bad Debts written off	48,695,225		
Less: Written off from earlier provisions	(32,285,414)	16,409,811	328,675
Provision for Doubtful Debts		24,605,291	10,852,153
Commission		544,875	154,556
Total		129,360,569	75,743,119
Schedule 21			
Finance Expenses (Net)			
Interest Paid			
On Fixed Loans		470,177,138	119,814,610
On Others		405,899,696	473,337,228
		876,076,834	593,151,838
Interest Received			
From Banks (Tax Deducted at Source Rs. 205,413 (Rs.91,441))		(914,720)	(425,000)
From Others (Tax Deducted at Source Rs.44,810,448 (Rs.75,459,309))		(561,617,542)	(349,996,144)
		(562,532,262)	(350,421,144)
Interest Paid (Net)		313,544,572	242,730,694
Other Financial Charges		38,816,920	18,173,739
Total		352,361,492	260,904,433

Significant Accounting Policies and Notes to Accounts

Schedule 22: Significant Accounting Policies and Notes to Accounts

A. Significant Accounting Policies

The significant accounting policies adopted in presentation of these accounts are:

(i) Basis of Accounting

These financial statements have been prepared under the historical cost convention and accrual basis in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

(ii) Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from these estimates. The difference between the actual results and estimates are recognized in the period in which the results are known / materialised.

(iii) Fixed Assets

- a) Fixed assets are stated at original cost of acquisition / installation (net of cenvat credit availed) net off accumulated depreciation, amortization and impairment losses except land which is carried at cost including lease premium. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.
- b) Capital work-in-progress is stated at the amount expended upto the date of Balance Sheet including advances for capital expenditure.
- c) The capitalized cost of software includes license fees, cost of implementation and system integration services. These costs are capitalized as intangible assets in the year in which related software is implemented.

(iv) Borrowing Costs

Borrowing Costs attributable to the acquisition or construction of assets are capitalised as part of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged to revenue when incurred.

(v) Impairment of Assets

At each Balance Sheet date, the Company reviews the carrying amount of fixed assets to determine whether there is any indication that those assets suffered impairment loss. If any such indication exist, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

(vi) Depreciation / Amortisation

- a) Depreciation on tangible fixed assets (including on fixed assets acquired under finance lease) is provided on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.
- b) Software (Intangible Asset) other than (c) below, is amortised on a straight-line basis over a period of three years from the date of its implementation based on the management estimate of useful life.
- c) Cost of Enterprise Resource Planning (ERP) software including expenditure on implementation is amortised over a period of ten years based on the management estimate of useful life.
- d) Premium on Leasehold Land is amortised over the period of lease and Leasehold improvements are amortised over the normal / extendable period of lease.

(vii) Investments

Long Term Investments intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline other than temporary, in the value of investments. Current investments are carried at lower of cost or fair value.

(viii) Foreign Currency Transactions

- a) Foreign exchange transactions are recorded at exchange rates prevailing on the date of such transactions. Current monetary assets and liabilities are reported using the closing exchange rate prevailing on the last day of the year. Non monetary items are carried at cost.

Significant Accounting Policies and Notes to Accounts

- b) Gains or losses arising on account of difference in foreign exchange rates on settlement / translation of monetary assets and liabilities on the closing date are recognised in the Profit and Loss account except to the extent provided under amendment to AS-11 (Refer Note 7(a)).
- c) In respect of forward exchange contracts assigned to the current monetary foreign currency assets/liabilities, the difference due to change in exchange rate between the inception of forward contract and date of Balance Sheet and the proportionate premium / discount for the period upto the date of Balance Sheet is recognised in the Profit and Loss account. Any profit or loss on settlement / cancellation of forward contract is recognised as an income or expenses for the year in which they arise.

(ix) Revenue Recognition

- a) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods. Gross Sales include excise duty but exclude value added tax / sales tax and is net of volume discount. Export sales are accounted for on the basis of date of bill of lading.
- b) Export incentives / benefits are accounted on accrual basis. Custom duty benefit (Advance license) is recognized on entitlement and is set off from material costs.
- c) Income from Royalty and Service charges is accounted as per the agreed terms.
- d) Dividend income is recognized when the right to receive the dividend is unconditional.

(x) Inventories

- a) Inventories are valued at lower of cost or estimated net realisable value.
- b) The basis of determining cost for various categories of inventories is as follows:

i) Raw Materials, Packing Materials and Stores and Spares	Moving Weighted average price method (Refer Note 10)
ii) Finished Goods and Goods-In-Process	Cost of Direct Materials, Labour, Other Manufacturing Overheads and excise duty wherever applicable

(xi) Employee Benefits

- a) Short term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.
- b) Post employment and other long term benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the Profit and Loss account.
- c) Payments to defined contribution retirement benefit schemes are charged as expenses as they fall due.

(xii) Accounting for Taxes on Income

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- b) Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates.

(xiii) Leases

a) Finance Lease

Assets acquired under finance lease are capitalised and the corresponding lease liability is recorded at an amount equal to the fair value of the leased asset at the inception of the lease. Initial costs incurred in connection with the specific leasing activities directly attributable to activities performed by the Company are included as part of the amount recognised as an asset under the lease.

b) Operating Lease

Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on accrual basis in accordance with the respective lease agreements.

Significant Accounting Policies and Notes to Accounts

(xiv) Earnings per Share

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti-dilutive. Dilutive earnings per share include the dilutive effect of potential equity shares under Stock options.

(xv) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes to accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

(xvi) Miscellaneous Expenditure

Ancillary Loan costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period for which the benefits accrue (Refer Note 9).

B. NOTES TO ACCOUNTS

1) a) Capital Commitments

(Amount in Rs.)

Particulars	As at 31-Mar-2010	As at 31-Dec-2008
Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	270,103,755	105,945,748

b) Contingent Liabilities not provided for

(Amount in Rs.)

Sr. No.	Particulars	As at 31-Mar-2010	As at 31-Dec-2008
a)	Unexpired Letters of Credit	24,903,527	17,532,064
b)	Guarantees and counter guarantees given by the Company [includes Rs. 4,619,879,977 (Rs. 6,230,497,924) for loans taken by Subsidiaries]. Loans outstanding against these guarantees are Rs. 3,643,691,169 (Rs. 4,913,293,952)	4,660,722,516	6,331,124,474
c)	Disputed Indirect Taxes *	244,789,742	166,253,616
d)	Disputed Direct Taxes	72,838,393	49,784,919
e)	Claims not acknowledged as debts	3,556,550	3,556,550
f)	Deferred Sales Tax Liability assigned	144,937,480	180,319,450
g)	Duty benefit availed under EPCG scheme, pending export obligations	59,213,138	65,793,947

* Does not include Rs. 198,191,799 (Rs. 198,191,799) for alleged undervaluation in inter unit transfer of Web, for captive consumption as it does not have significant impact on profits of the Company since excise duty paid by one unit is admissible as Cenvat credit at other unit. Further, the appeal filed by Excise Department against the decision (in Company's favour) of High Court is pending before Supreme Court.

2) Managerial Remuneration

a) The Computation of Net Profit in accordance with the provisions of Section 198/309/349 of the Companies Act, 1956 is as under:

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
Net Profit before tax as per Profit and Loss Account	441,529,715	384,640,021
Add : Directors sitting fees	760,000	680,000
Managerial remuneration	42,734,000	26,104,000
Commission paid to Independent Directors	3,000,000	4,400,000
Loss on sale/discard of fixed assets	67,742	-

Significant Accounting Policies and Notes to Accounts

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
Provision for doubtful debts (written back) (Net)	(7,680,123)	10,852,153
Loss on Sale of long term investments	1,041,636	-
Less: Profit on sale of current investments	1,887,684	-
Profit on sale of fixed assets (Net)	-	12,059,521
Net Profit as per Section 198/349 of the Companies Act, 1956	479,565,286	414,616,653
Maximum permissible remuneration to Managing Director as per section 198/309	23,978,264	20,730,833
Remuneration paid / provided (Refer note (b) below)	42,734,000	26,104,000
Remuneration as per Central Government approval #	33,134,000	26,104,000
Maximum permissible commission to Non-Executive Directors under section 198/309	4,795,653	4,146,167

In respect of remuneration payable to the Managing Director in excess of the limits prescribed under section 198, the Company has received approval from the Central Government vide SRN No. A-51334415-CL.VII dated March 2, 2010 for the financial year ended December 31, 2008 and vide SRN No. A52758216-CL-VII dated July 28, 2009 for the financial year ended March 31, 2010.

- b) Details of Remuneration paid / payable to the Managing Director are as stated below:

(Amount in Rs.)

Sr.No.	Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
1.	Salaries, Allowances and Perquisites*	30,200,000	23,800,000
2.	Contribution to Provident and other funds	2,934,000	2,304,000
3.	Annual Performance Bonus **	9,600,000	-
	Total	42,734,000	26,104,000

* Excludes Leave Encashment and Gratuity which is based on actuarial valuation provided on an overall Company basis.

**On the recommendation of Remuneration Committee, the Board of Directors has approved the Annual Performance Bonus to the Managing Director for the Calendar year 2009 as per the Contractual terms. Hence the Company has made an application to the Central Government and pending approval, this has not been paid.

- c) During the period, the Company has paid commission of Rs.3,000,000 (Rs.4,400,000) to Non-Executive Independent Directors based on the Profits for the year ended December 31, 2008.

3) Leases

The Company has leased certain premises, residential facilities, plant and machinery (including equipments) and vehicles under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the leases vary from eleven to sixty months. The rental obligations under these are as follows:

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
Lease rental charges (Net)	58,551,355	44,973,636
Future lease rental obligation payable (under non-cancellable leases)		
Not later than one year	35,710,521	45,668,709
Later than one year but not later than five years	64,909,043	65,746,333
Total	100,619,564	111,415,042

4) Investments

- a) Essel Packaging Nepal Private Limited

The Company's wholly owned subsidiary (WOS), Essel Packaging (Nepal) Private Limited, had discontinued its operation and disposed its assets and paid off its liabilities. The Company had received Rs. 40,000,000 upon reduction of the Subsidiary's capital, and provided Rs.16,996,622 towards diminution in value of Investment in earlier years. In 2008, the WOS made an

Significant Accounting Policies and Notes to Accounts

application to concerned authorities for further reduction of capital by 50% (NPR 32,000,000 equivalent to Rs.20,000,000) and repayment thereof to shareholders. Pursuant to approval, the Company has received Rs. 20,000,000 during the current period.

The Management is of the opinion that the realizable value of balance Investment will not be less than its carrying value.

b) Bericap India Private Limited

In accordance with the terms of agreement with Bericap Holding Gmbh and Bericap India Private Limited, the Company had in December, 2008 exercised the Put option for sale and transfer of 3,141,971 equity shares held by the Company in Bericap India Private Limited to Bericap Holding Gmbh. The transfer of shares has been effected and money received during the period.

c) In the year 2007, the Company had consented to act as Co-promoter in the rehabilitation and revival scheme of RAS Propack Lamipack Limited (RPLL) and RAS Extrusion Limited (REL), before the Board for Industrial and Financial Reconstruction (BIFR), New Delhi. Pursuant to the BIFR orders dated February 6, 2009 and February 17, 2009 the Company

i) made an investment of Rs.41,091,000 in Equity shares and Rs.30,000,000 as unsecured loans to RPLL during the period.

ii) made an investment of Rs.7,500,000 in Equity shares and Rs.15,000,000 as unsecured loans to REL, subsequent to March 31, 2010.

5) Taxation

The components of the deferred tax balances are as under:

(Amount in Rs.)

Particulars	As at 31-Mar-2010	As at 31-Dec-2008
Deferred Tax Assets		
Disallowances under the Income Tax Act, 1961	40,841,399	55,836,636
Deferred Tax Liabilities		
Related to fixed assets	173,058,131	174,664,705
Other items	38,904,713	5,490,660
Total	211,962,844	180,155,365
Deferred Tax Liabilities (Net)	171,121,445	124,318,729

6) Exceptional items

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
Profit on Sale of Land at Goa	-	11,848,506
Loss on Sale of Long Term Investments	1,041,636	-

7) a) The Companies (Accounting Standards) Amendment Rules 2009 has amended the provision of AS-11 related to 'Effects of the changes in Foreign Exchange Rates'. Accordingly, the Company has adjusted exchange difference gain of Rs. 5,650,224 (net of Tax Rs.2,810,413) through General Reserve pertaining to earlier periods and exchange difference loss of Rs.126,096,690 is transferred to 'Foreign Currency Monetary Item Translation Difference Account' to be amortised over the balance period of such long term assets/liabilities. Out of the above, Rs. 37,594,721 has been written off in the current year and Rs. 80,041,332 has been carried over.

b) Derivative contracts (forward contracts for hedging purposes) entered into by the Company and outstanding as on March 31

i. For Payments to be received against exports and other receivables

Derivative Contracts	As at 31-Mar-2010		As at 31-Dec-2008	
	Amount in Foreign Currency	Equivalent Indian Rupees	Amount in Foreign Currency	Equivalent Indian Rupees
USD/INR	9,970,729	465,276,979	40,780,000	1,895,925,800

Significant Accounting Policies and Notes to Accounts

- ii. For payments to be made against imports and other payables

Derivative Contracts	As at 31-Mar-2010		As at 31-Dec-2008	
	Amount in Foreign Currency	Equivalent Indian Rupees	Amount in Foreign Currency	Equivalent Indian Rupees
USD/INR	4,748,553	218,614,927	500,000	241,133,750
JPY/INR	938,880,000	323,630,901	1,408,320,000	485,446,351
CHF/INR	2,000,000	86,000,000	-	-

- (c) Foreign currency exposures outstanding that are not hedged by derivative transactions

(Amount in Rs.)

Particulars	As at 31-Mar-2010	As at 31-Dec-2008
Foreign Currency Payables	59,138,230	176,212,783
Receivables	1,087,137,278	45,208,833

8) Micro, Small and Medium Enterprises

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 "The Act" are given as follows:

(Amount in Rs.)

Particulars	As at 31-Mar-2010	As at 31-Dec-2008
a) Principal amount due to suppliers under the Act	8,996,373	358,404
b) Interest accrued and due to suppliers under the Act, on the above amount	29,299	-
c) Payment made to suppliers (Other than interest) beyond the appointed day, during the year	65,446,023	1,163,756
d) Interest paid to suppliers under the Act (Other than Section 16)	-	-
e) Interest paid to suppliers under the Act (Section 16)	-	-
f) Interest due and payable to suppliers under the Act, for payments already made	804,717	12,178
g) Interest accrued and remaining unpaid at the end of the year to suppliers under Act	846,194	12,178

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro, Small and Medium" enterprises on the basis of information available with the Company.

- 9) During the period, ancillary costs for arrangement of borrowings are amortised over the period of borrowings instead of expensed when incurred. Accordingly, Profit before Tax for the period is higher by Rs.37,079,803. This change is as permitted under AS 16 on "Borrowing Costs".
- 10) During the period with the implementation of ERP software cost formulae for valuation of inventories is changed to Moving Weighted Average basis instead of First in First out (FIFO). Impact of this change on Profit before Tax is not determinable.
- 11) Miscellaneous Expenses include Auditors' Remuneration as under:

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
Audit Fees	2,300,000	1,840,000
Tax audit fees	316,250	253,000
Fees for Tax matters	807,501	1,626,650
Fees for Certification and others	1,723,751	2,223,500
Out of Pocket Expenses	114,510	188,400

Significant Accounting Policies and Notes to Accounts

- 12) As per Accounting Standard – 15 “Employee Benefits”, the disclosures of employee benefits as defined in the Accounting Standard are given below:

The employees’ gratuity fund scheme managed by LIC of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

- I. Expenses recognised during the year (Under the head “Personnel Cost”)

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010		12 months ended 31-Dec-2008	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Current Service cost	7,106,040	2,397,558	7,166,854	4,070,863
Interest Cost	5,335,233	1,699,338	4,481,786	1,084,697
Expected return on plan assets	(1,725,395)	-	(1,031,735)	-
Actuarial (gain) / loss	(6,802,141)	7,345,398	(2,855,559)	6,631,839
Net Cost	3,913,737	11,442,294	7,761,346	11,787,399

- II. Net Asset / Liability recognised in the Balance Sheet

(Amount in Rs.)

Particulars	As at 31-Mar-2010		As at 31-Dec-2008	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Fair value of plan assets	26,509,495	-	17,253,954	-
Present value of obligation	68,882,414	25,177,265	60,974,095	19,421,000
Amount recognized in Balance sheet	42,372,919	25,177,265	43,720,141	19,421,000

- III. Reconciliation of opening and closing balances of Defined Benefit obligation

(Amount in Rs.)

Particulars	As at 31-Mar-2010		As at 31-Dec-2008	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit obligation at the beginning	60,974,095	19,421,000	50,986,690	11,342,108
Current service cost	7,106,040	2,397,558	7,166,854	4,070,863
Interest cost	5,335,233	1,699,338	4,481,786	1,084,697
Actuarial (gain) / loss on obligation	107,321	7,345,398	2,601,192	6,631,839
Benefit paid	(4,640,275)	(5,686,029)	(4,262,427)	(3,708,507)
Defined Benefit obligation at the closing	68,882,414	25,177,265	60,974,095	19,421,000

- IV. Reconciliation of opening and closing balance of fair value of plan assets

(Amount in Rs.)

Particulars	Gratuity (Funded)	
	As at 31-Mar-2010	As at 31-Dec-2008
Fair value of plan assets at beginning of the year	17,253,954	15,027,895
Expected return on plan assets	1,725,395	1,031,735
Actuarial gain / (loss)	6,909,462	5,456,751
Employer contribution	5,260,959	-
Benefit paid	(4,640,275)	(4,262,427)
Fair value of plan assets at year end	26,509,495	17,253,954
Actual return on plan assets	8,634,857	6,488,486

Significant Accounting Policies and Notes to Accounts

V. Investment details

(Amount in Rs.)

Particulars	Gratuity (Funded)	
	As at 31-Mar-2010	As at 31-Dec-2008
Insurer Managed Funds	26,509,495	17,253,954

VI. Actuarial assumptions

Particulars	15 months ended 31-Mar-2010		12 months ended 31-Dec-2008	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate(per annum)	8.00%	8.00%	7.00%	7.00%
Expected rate of return on plan assets (per annum)	8.00%	-	8.00%	-
Rate of escalation in salary (per annum)	5.50%	5.50%	5.50%	5.50%

- 13) a) Capital Work In Progress includes Capital advances of Rs.124,577,517 (Rs. 43,753,974)
 b) Sundry Creditors for others include cheques overdrawn to the tune of Rs. Nil (Rs.41,044,439) which are since presented and paid.

14) Related Party Disclosure

- i) List of Parties where control exists
 a) Subsidiary Companies

Name of the Subsidiary	Extent of Holding
Essel Packaging (Nepal) Private Limited, Nepal ^	100%
Essel Propack America, LLC, USA	100%
Lamitube Technologies Limited, Mauritius	100%
Lamitube Technologies (Cyprus) Limited, Cyprus	100%
Packaging India Private Limited, India	100%
The Egyptian Indian Company for Modern Packaging S.A.E., Egypt	75%
Essel Propack MISR for Advanced Packaging S.A.E., Egypt	75%
Essel Packaging (Guangzhou) Limited, China	100%
Essel Propack Philippines, Inc, Philippines	100%
MTL de Panama S.A., Panama	100%
Packtech Limited, Mauritius	100%
Arista Tubes Limited, UK	100%
Essel Propack UK Limited, UK	100%
Essel Propack de Venezuela, C.A., Venezuela ^	100%
Essel de Mexico, S.A. de C.V., Mexico	100%
Tubo pack de Colombia S.A., Colombia	100%
Essel Propack LLC, Russia	100%
Avalon Medical Services Pte. Limited, Singapore*	85%
Essel Propack Polska Sp. Z.O.O., Poland	100%
Tacpro Inc., USA*	85%

Significant Accounting Policies and Notes to Accounts

Tactx Medical Inc., USA*	85%
Produxx Inc., USA*	85%
Arista Tubes Inc., USA	100%
Catheter and Disposable Technology INC.*	85%
Medical Engineering and Design INC.*	62.90%

^ These subsidiaries have discontinued their operations and are in the process of liquidation.

* These Companies ceased to be Subsidiaries w.e.f. December 23, 2009 following sale by Company's overseas Subsidiaries of their shareholding in these Companies.

b) Joint Venture /Associate Companies

Name of the Company	Nature	Extent of Holding
P.T. Lamipak Primula, Indonesia	Associate	30.00%
Ras Propack Lamipack Limited @	Associate	39.57%
Essel Deutschland GmbH & Co.,KG Germany	Joint Venture	24.90%
Essel Deutschland Management GmbH, Germany	Joint Venture	24.90%

@ Associate w.e.f. March 29, 2010

- ii) Other Related parties with whom transactions have taken place during the period and balances outstanding at the year-end.

a) Other Related Parties

Ayeppee Lamitubes Limited, Briggs Trading Company Private Limited, Churu Trading Company Private Limited, Continental Drug Company Private Limited, Pan India Network Infravest Private Limited, Essel Corporate Resources Private Limited, Ganjam Trading Company Private Limited, Pan India Paryatan Private Limited, Premier Finance and Trading Company Limited, Prajatma Trading Company Private Limited.

b) Directors of the Company

Non-Executive Directors

Mr.Subhash Chandra
Mr.Boman Moradian
Mr.Dev Ahuja
Mr.K.V.Krishnamurthy
Mr.Tapan Mitra
Mr Mukund M. Chitale

Executive Director

Mr. Ashok Kumar Goel
(Vice-Chairman & Managing Director)

Transactions with Related Parties:

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010		12 months ended 31-Dec-2008	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
(A) Transactions				
Sales / (Sales returns) to and Recoveries from Subsidiaries	335,916,681		251,961,350	
The Egyptian Indian Company for Modern Packaging S.A.E., Egypt		99,144,469		100,356,626
Lamitube Technologies Limited, Mauritius.		5,562,009		25,589,077
Essel Propack America, LLC, USA		27,009,878		27,145,441
Essel Propack MISR for Advanced Packaging S.A.E., Egypt		43,791,419		26,456,313
Essel Propack LLC, Russia		25,165,500		31,547,710
Essel Packaging (Guangzhou) Limited		74,571,466		19,926,981

Significant Accounting Policies and Notes to Accounts

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010		12 months ended 31-Dec-2008	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
Joint Venture / Associates	(935,124)		8,128,866	
Essel Deutschland GmbH & Co., KG Germany		(1,133,811)		8,128,866
P.T. Lamipak Primula, Indonesia		198,687		-
Royalty / Service charges Income				
Subsidiaries	134,935,506		217,039,950	
Essel Packaging (Guangzhou) Limited, China		63,407,156		47,155,359
TacPro Inc., USA		8,876,000		68,194,000
Essel Propack America, LLC, USA		25,007,330		18,352,981
Essel Propack Polska Sp. Z.O.O., Poland		4,946,179		62,556,611
Dividend Income				
Subsidiaries	247,141,180		186,790,000	
Lamitube Technologies Limited, Mauritius		247,141,180		186,790,000
Purchase of Goods and Services				
Subsidiaries	5,981,852		6,324,477	
Essel Packaging (Guangzhou) Limited, China		730,336		4,852,569
Packaging India Private Limited, India		947,884		687,817
Essel Propack Polska Sp. Z.O.O., Poland		3,919,000		211,630
Joint Venture / Associates	3,878,443		-	
Ras Propack Lamipack Limited		3,878,443		-
Other Related Parties	32,459,815		42,554,750	
Essel Corporate Resources Private Limited		5,250,000		21,000,000
Ganjam Trading Company Private Limited		21,420,000		17,136,000
Continental Drugs Company Private Limited		3,795,308		3,000,000
Purchase of Fixed Assets				
Subsidiaries	26,112,798		15,180,173	
Essel Packaging (Guangzhou) Limited, China		7,315,099		-
Essel Propack America, LLC, USA		46,629		8,621,478
Packaging India Private Limited, India		-		6,558,695
Essel Propack UK Limited, UK		17,145,750		-
Loans / Advances / Deposits given				
Subsidiaries	929,897,900		1,236,057,407	
Lamitube Technologies Limited, Mauritius		333,419,000		243,437,500
Essel Propack America, LLC, USA		-		610,868,000
Lamitube Technologies (Cyprus) Limited, Cyprus		596,478,900		283,724,500
Joint Venture / Associates	30,000,000		-	
Ras Propack Lamipack Limited		30,000,000		-
Other Related Parties	1,321,133,822		3,575,509,001	
Churu Trading Company Private Limited		534,264,117		1,031,515,368
Premier Finance and Trading Company Limited		310,541,545		776,477,789
Ayepee Lamitubes Limited		385,436,913		649,719,180
Briggs Trading Company Private Limited		12,225,844		740,717,590
Prajatma Trading Company Private Limited		38,213,699		341,000,000

Significant Accounting Policies and Notes to Accounts

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010		12 months ended 31-Dec-2008	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
Repayment of Loans / Advances / Deposits given				
Subsidiaries	1,092,701,517		677,731,026	
Lamitube Technologies Limited, Mauritius		879,911,271		200,467,500
Essel Propack America, LLC, USA		47,427,825		407,105,125
Packaging India Private Limited, India		-		70,000,000
Lamitube Technologies (Cyprus) Limited, Cyprus		165,362,421		-
Other Related Parties	1,037,098,154		3,071,972,162	
Churu Trading Company Private Limited		221,771,952		1,013,000,000
Premier Finance and Trading Company Limited		413,400,000		645,000,000
Ayepee Lamitubes Limited		342,206,311		649,719,180
Briggs Trading Company Private Limited		12,682,742		741,000,000
Loans / Advances / Deposits taken				
Other Related Parties	225,000,000		-	
Pan India Paryatan Private Limited		225,000,000		-
Repayment of Loans / Advances / Deposits taken				
Other Related Parties	225,000,000		-	
Pan India Paryatan Private Limited		225,000,000		-
Interest Income on Loans / Advances / Deposits given				
Subsidiaries	240,097,506		144,212,342	
Lamitube Technologies Limited, Mauritius		86,011,570		59,056,838
Essel Propack America, LLC, USA		57,203,257		51,573,260
Packaging India Private Limited, India		20,476,737		14,230,846
Lamitube Technologies (Cyprus) Limited, Cyprus		76,405,943		19,351,398
Other Related Parties	318,752,580		202,341,834	
Churu Trading Company Private Limited		86,312,330		57,355,808
Premier Finance and Trading Company Limited		88,410,048		52,110,340
Ayepee Lamitubes Limited		67,151,874		42,300,552
Briggs Trading Company Private Limited		1,515,821		28,384,607
Prajatma Trading Company Private Limited		73,023,582		19,320,219
Interest Expense on Loans / Advances / Deposits taken				
Subsidiaries	1,206,571		-	
The Egyptian Indian Company for Modern Packaging S.A.E., Egypt		1,206,571		-
Other Related Parties	14,362,838		-	
Pan India Paryatan Private Limited		14,362,838		-
Investment Sold/Transferred/Redeemed during the period				
Subsidiaries	20,000,000		-	
Essel Packaging (Nepal) Private Limited, Nepal		20,000,000		-
Investment acquired during the period				
Joint Venture / Associates	41,091,000		-	
Ras Propack Lamipack Limited		41,091,000		-

Significant Accounting Policies and Notes to Accounts

(Amount in Rs.)

Particulars	As at 31-Mar-2010		As at 31-Dec-2008	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
(B) Balance Outstanding				
Debtors/Royalty Receivable				
Subsidiaries	283,976,061		408,324,109	
Essel Propack America, LLC, USA		65,510,133		55,221,072
Tacpro Inc., USA		-		68,194,000
Essel Packaging (Guangzhou) Limited, China		42,489,997		15,663,586
Essel Propack LLC, Russia		87,951,000		70,585,415
Essel Propack Polska Sp. Z.O.O., Poland		14,145,008		113,570,165
Other Related Party	218,754		223,284	
Pan India Paryatan Private Limited		218,754		223,284
Loans / Advances / Deposits given				
Subsidiaries	1,274,557,689		1,552,657,641	
Essel Propack America, LLC, USA		313,193,096		395,942,493
Lamitube Technologies (Cyprus) Limited, Cyprus		726,706,500		348,276,500
Lamitube Technologies Limited, Mauritius		87,234,113		646,452,134
Packaging India Private Limited, India		131,305,281		131,496,713
Joint Venture / Associates	31,700,481		1,555,215	
Essel Deutschland GmbH & Co., KG Germany		1,426,378		1,460,322
Ras Propack Lamipack Limited		30,000,000		-
Other Related Parties	933,473,813		649,296,828	
Churu Trading Company Private Limited		366,606,057		54,113,892
Premier Finance and Trading Company Limited		58,626,142		161,484,597
Ayepee Lamitubes Limited		93,230,602		50,000,000
Prajatma Trading Company Private Limited		379,213,699		341,000,000
Interest Receivable				
Subsidiaries	121,201,609		166,695,573	
Essel Propack America, LLC, USA		13,550,514		63,135,048
Lamitube Technologies (Cyprus) Limited, Cyprus		50,835,136		20,164,226
Lamitube Technologies Limited, Mauritius		21,931,328		65,037,421
Packaging India Private Limited, India		34,884,633		18,358,878
Other Related Parties	-		123,376,496	
Churu Trading Company Private Limited		-		43,516,445
Premier Finance and Trading Company Limited		-		42,112,660
Prajatma Trading Company Private Limited		-		19,320,219
Briggs Trading Company Private Limited		-		15,788,765
Creditors				
Subsidiaries	50,486,741		26,626,037	
Essel Packaging (Guangzhou) Limited, China		7,228,898		4,545,084
MTL De Panama S.A., Panama		2,766,185		3,000,910
Essel Propack America, LLC		10,546,657		11,393,173
Packaging India Private Limited, India		8,212,992		7,265,108
Essel Propack UK Limited, UK		19,969,425		-
Joint Venture / Associates	33,220,968		-	
Ras Propack Lamipack Limited		31,973,097		-
Other Related Parties	7,648,244		-	
Essel Corporate Resources Private Limited		3,861,231		-
Continental Drugs Company Private Limited		3,787,013		-

Significant Accounting Policies and Notes to Accounts

(Amount in Rs.)

Particulars	As at 31-Mar-2010		As at 31-Dec-2008	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
Investments in shares				
Subsidiaries	5,692,896,298		5,712,896,298	
Lamitube Technologies Limited, Mauritius		3,681,333,282		3,681,333,282
Essel Propack America, LLC, USA		744,341,250		744,341,250
Packaging India Private Limited, India		738,740,638		738,740,638
Joint Venture / Associates	41,091,000		-	
Ras Propack Lamipack Limited		41,091,000		-
Guarantees given				
Subsidiaries	4,619,879,977		6,230,497,924	
Lamitube Technologies Limited, Mauritius		1,766,356,250		2,618,162,500
Packaging India Private Limited, India		618,650,000		651,035,000
Essel Propack America, LLC, USA		615,130,000		667,327,000
Essel Propack Polska Sp. Z.O.O., Poland		549,699,627		900,429,034
Arista Tubes Inc., USA		898,000,000		974,200,000

"Major Parties" denotes entries who account 10% or more of the aggregate for that category of transaction. For details of Remuneration to Directors refer note 2.

c) Disclosure as required by Clause 32 of the listing agreement :

i) Loans and advances to Subsidiary / Joint Venture / Associate Companies:

(Amount in Rs.)

Particulars	Balances		Maximum amount outstanding during	
	As at 31-Mar-2010	As at 31-Dec-2008	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
a) Loans to Subsidiaries / Joint Venture / Associates				
Essel Propack America, LLC, USA	308,014,000	382,373,500	382,373,500	728,929,250
Lamitube Technologies Limited, Mauritius	83,065,000	628,359,000	864,041,500	628,359,000
Packaging India Private Limited, India	126,292,823	126,292,823	126,292,823	176,292,823
Lamitube Technologies (Cyprus) Limited, Cyprus	726,706,500	348,276,500	779,392,979	348,276,500
Ras Propack Lamipack Limited	30,000,000	-	30,000,000	-
b) Advances & Reimbursement to Subsidiaries/ Joint Venture / Associate Companies				
The Egyptian Indian Company for Modern Packaging S.A.E., Egypt	592,790	420,294	634,859	420,294
Essel Propack America, LLC, USA	18,729,716	76,704,040	114,403,232	76,704,040
Essel Packaging (Guangzhou) Limited, China	685,541	652,877	1,483,059	2,859,496
Essel Packaging (Nepal) Private Limited, Nepal	-	52,902	52,909	52,902
Lamitube Technologies Limited, Mauritius	26,100,441	83,130,555	136,712,616	88,921,301
Tubo pack de Columbia S.A., Colombia	335,045	217,377	353,081	2,540,599
Lamitube Technologies (Cyprus) Limited, Cyprus	50,835,136	20,164,226	50,835,136	20,164,226
Essel Propack Philippines, Inc, Philippines	191,490	-	191,490	66,811
Essel De Mexico, S.A. de C.V., Mexico	2,768,143	2,707,814	2,990,704	2,707,814
Essel Propack LLC, Russia	1,416,006	719,747	1,529,040	719,747
Arista Tubes Inc., USA	2,154,264	2,099,373	2,323,340	2,099,373
Arista Tubes Limited, UK	-	4,068,377	4,068,377	4,400,614

Significant Accounting Policies and Notes to Accounts

Particulars	Balances		Maximum amount outstanding during	
	As at 31-Mar-2010	As at 31-Dec-2008	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
EsseL Propack UK Limited, UK	3,314,736	3,443,146	3,443,146	3,958,405
EsseL Propack de Venezuela, C.A., Venezuela	1,856,825	2,014,386	2,014,386	2,014,386
Avalon Medical Services Pte. Limited, Singapore	-	432,514	432,514	444,634
EsseL Propack MISR for Advanced Packaging S.A.E., Egypt	89,781	65,035	89,781	1,112,262
Packaging India Private Limited, India	39,897,090	23,562,768	39,897,090	23,713,740
EsseL Propack Polska Sp., Z.O.O., Poland	2,713,973	13,595,960	15,908,365	13,640,280
Tacpro Inc., USA	-	-	-	1,994,961
EsseL Deutschland GmbH & Co., KG Germany	1,426,378	1,460,322	1,550,172	1,515,319
P.T. Lamipak Primula, Indonesia	274,102	94,892	293,579	97,054

Notes:

- Advances / Reimbursements to Subsidiary/Joint Venture/ Associate Companies are interest free and there is no repayment schedule.
- Loans, repayable on demand, are not considered in the above disclosure requirements. However, interest is charged on terms not prejudicial to the interest of the Company.

ii) Investments by Loanee in the Shares of the Company as at

Loanee	No. of fully paid-up equity shares as at	
	31-Mar-2010	31-Dec-2008
Churu Trading Company Private Limited	8,190,390	8,190,390
Ganjam Trading Company Private Limited	10,176,800	10,176,800
Premier Finance and Trading Company Limited	10,848,675	10,848,675
Briggs Trading Company Private Limited	6,208,520	6,208,520
Prajatma Trading Company Private Limited	5,953,380	5,953,380

15) Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956

A. Capacity, Production, Turnover and Stocks

Particulars	Unit	Licensed Capacity \$	Installed Capacity # #	Opening Stock		Production Quantity	Turnover		Closing Stock	
				Quantity	Amount (Rs.)		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Laminated & Co-ex Tubes	Million	NA	2,293	10.94	8,918,785	#2,388.86	2,359.45	4,000,991,395	*2.76	3,001,634
	Nos.	NA	(2,253)	(5.05)	(4,385,681)	(1,737.85)	(1,720.69)	(3,018,315,222)	(10.94)	(8,918,785)
Laminates	M.T.	NA	4,000	14.17	2,256,169	**9,991.79	1,739.02	301,813,804	33.79	5,844,888
		NA	(4,000)	(49.73)	(5,586,844)	(7,663.11)	(1,772.28)	(273,845,595)	(14.17)	(2,256,169)
Plastic Film	M.T.	NA	6,690	-	-	***6,820.35	-	-	-	-
		NA	(6,690)	-	-	(5,762.03)	(14.62)	(2,921,588)	-	-
Others****								190,106,701		
								(265,195,454)		

* Excludes 37.59 Mio (11.27 Mio.) tubes scrapped

** Consumed 8,233.15 MT (5,926.39MT) for captive

*** Includes 320.21 MT (292.49 MT) produced through third parties and captive consumption is 6820.35 MT (5747.41 MT)

**** Including Royalty, Export Incentives, Service Charges, Sale of Scrap, Sale of caps etc.

\$ Licensed Capacity per annum not indicated due to abolition of industrial licenses as per Notification No. 477(E) dated July 25, 1991 issued under the Industries (Development and Regulation) Act, 1951

Includes 88.10 Mio(70.69 Mio) Produced through third party

Installed capacity on annualized basis, as certified by the management

Significant Accounting Policies and Notes to Accounts

B. Particulars of Raw Materials Consumed

Particulars	Unit	15 months end 31-Mar-2010		12 months ended 31-Dec-2008	
		Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Amount (Rs.)
Polymer Resins	M.T.	18,238	1,207,291,250	11,837	947,500,835
Aluminium Foils	M.T.	1,177	232,833,640	878	185,452,162
Others			423,915,630		407,642,862
Total			1,864,040,520		1,540,595,859

C. Value of Imported and Indigenous Raw Materials, Spare parts and Stores and Packing Materials consumed and percentage of each to the total consumption:

	Particulars	15 months end 31-Mar-2010		12 months ended 31-Dec-2008	
		Percentage	Amount (Rs.)	Percentage	Amount (Rs.)
1)	Raw Materials				
	a) Imported	60	1,108,365,371	52	798,305,013
	b) Indigenous	40	755,675,149	48	742,290,846
2)	Stores and Spares				
	a) Imported	66	122,228,037	54	70,844,327
	b) Indigenous	34	63,959,298	46	59,162,815
3)	Packing Material				
	Indigenous	100	157,671,600	100	131,509,068

D. Dividend Remittances in Foreign Currency

Particulars	No. of Shareholders	No. of Equity Shares held	Amount (Rs.)
Current Period			
December 2008 Final	41	34,292,520	10,287,756
Previous Year			
December 2007 Final	41	34,292,520	41,151,024

E. Other Information

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
C.I.F. Value of Imports		
Raw Materials	950,357,936	976,308,312
Stores and Spares	79,888,620	80,353,993
Capital Goods	74,497,248	253,635,494
Expenditure in Foreign Currency (On accrual basis)		
Financial Charges	60,051,422	42,337,372
Travelling Expenses	1,879,871	1,724,998
Others	6,452,366	2,797,531
FOB Value of Exports		
Product exports	380,948,837	357,176,479
Income in Foreign Currency		
Royalty / Service Charges	134,935,505	217,039,953
Interest	219,620,770	129,981,496
Dividend	247,141,180	186,790,000

Significant Accounting Policies and Notes to Accounts

16) Joint Ventures

In compliance with Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures", the Company's share of each of the assets, liabilities, income and expenses in respect of jointly controlled entities are as follows:

Name of the Enterprise	Extent of Holding	Country of Incorporation
Essel Deutschland Management GmbH	24.90%	Germany
Essel Deutschland GmbH & Co. KG, Dresden	24.90%	Germany

- i) Financial Interest (on the basis of audited financial information)

(Amount in Rs.)

Particulars	Essel Deutschland GmbH & Co. KG, Dresden		Essel Deutschland Management GmbH	
	As at 31-Mar-2010	As at 31-Dec-2008	As at 31-Mar-2010	As at 31-Dec-2008
Company's share of Interest				
Assets	174,576,462	188,688,671	569,715	757,013
Liabilities	45,922,274	138,366,557	128,901	127,402
	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
Income	435,153,473	296,803,881	2,390,140	1,928,542
Expenses	377,235,996	283,850,624	2,501,346	2,030,134

- ii) The parent company's share of capital commitments and contingent liabilities in the Joint Ventures as at March 31, 2010 is Rs. Nil (Rs.Nil).
- iii) No contingent liabilities and capital commitments have been incurred as at March 31, 2010 in relation to the parent company's interest in the Joint Ventures along with other venturer.

17) Financial Statements of Subsidiary Companies

The Ministry of Corporate Affairs, Government of India vide its order no.47/289/2010-CL-III dated June 21, 2010 issued under section 212(8) of the Companies Act, 1956 ("The Act") has exempted the Company from attaching the Balance Sheets and Profit and Loss Accounts of its subsidiaries under section 212(1) of the Act. As per the orders, key details of each subsidiary are attached along with statements under section 212 (1) of the Act.

18) Secured Loans

- i) Term loans amounting to Rs.2,512,611,625 are secured by pari passu first charge on Company's fixed assets situated at Vasind, Wada, Murbad, Goa and Nalagarh units and further by security provided and guarantees issued by group companies.
- ii) Term loan amounting to Rs.150,000,000 is secured by subservient charge on Company's movable fixed assets situated at Vasind, Wada, Murbad, Goa and Nalagarh units, both present and future and further by security provided and corporate guarantee issued by a group company.
- iii) Term loans repayable within one year Rs.1,007,340,450 (Rs.97,500,000)
- iv) Working Capital loan is secured by hypothecation of current assets of the Company and second charge on fixed assets of the Company's units situated at Vasind, Wada, Murbad, Goa and Nalagarh.

19) Unsecured Loans

- i) Short Term Loan from Banks includes Rs.500,000,000 (Rs.400,000,000) which is against letter of comfort issued by a group company
- ii) Other Loans from Banks of Rs.830,000,000 (Rs.Nil) which is against security and guarantee issued by a group company
- iii) Repayable within one year Rs.192,500,000 (Rs.97,500,000)

Significant Accounting Policies and Notes to Accounts

20) Comparatives

- a) Pursuant to the approval of the Board of Directors at its meeting held on October 28, 2009 the Company's current accounting year has been aligned with the fiscal year of the Government. Hence the current year's financial statements are in respect of the fifteen months period from January 1, 2009 to March 31, 2010. Previous year figures relate to the twelve months ended December 31, 2008. Current year's figures are accordingly, not comparable with those of the previous year.
- b) Previous year figures are regrouped, rearranged or recast wherever necessary to confirm to this year's classification. Figures in brackets pertain to previous year.

21) Earnings per Share

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
Profit after tax before Exceptional Items	346,529,550	259,936,253
Profit after tax after Exceptional Items	345,487,914	271,784,759
Weighted average number of Basic and Diluted Equity Shares (Nos.)	156,601,130	156,601,130
Nominal value of equity shares	2	2
Basic and Diluted EPS before Exceptional Items	2.21	1.66
Basic and Diluted EPS after Exceptional Items	2.21	1.74

22) Segment Reporting

Under AS-17, the Company has only one major identifiable business segment viz. Plastic packaging material.

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants

Mohan Bhandari
Partner
Membership No. 12912

Mumbai, July 28, 2010

For and on behalf of the Board

Subhash Chandra Chairman

Mukund M. Chitale
Tapan Mitra
K.V. Krishnamurthy
Boman Moradian } Directors

Ashok Kumar Goel Vice-Chairman and Managing Director

A.V. Ganapathy Chief Financial Officer (Global)
A.S. Khandwala Vice President - Legal and Company Secretary

Mumbai, July 28, 2010

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

			2	8	9	4	7
--	--	--	---	---	---	---	---

State Code

1	1
---	---

Balance Sheet Date

3	1	0	3	1	0
---	---	---	---	---	---

II. Capital Raised During the year (Amount In Rs.Thousands)

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

Right Issue

					N	I	L
--	--	--	--	--	---	---	---

Private Placement

					N	I	L
--	--	--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities

1	1	0	4	2	1	5	6
---	---	---	---	---	---	---	---

Total Assets

1	1	0	4	2	1	5	6
---	---	---	---	---	---	---	---

Sources of Funds:

Paid-up Capital

		3	1	3	1	3	1
--	--	---	---	---	---	---	---

Reserves & Surplus

		5	7	9	7	1	8	0
--	--	---	---	---	---	---	---	---

Deferred Tax Balances

		1	7	1	1	2	1
--	--	---	---	---	---	---	---

Secured Loans

		2	6	9	1	9	7	6
--	--	---	---	---	---	---	---	---

Unsecured Loans

		2	0	6	8	7	4	8
--	--	---	---	---	---	---	---	---

Application of Funds:

Net Fixed Assets

		1	7	5	2	8	3	1
--	--	---	---	---	---	---	---	---

Investments

		5	7	3	3	9	8	7
--	--	---	---	---	---	---	---	---

Net Current Assets

		3	5	1	8	2	5	8
--	--	---	---	---	---	---	---	---

Misc. Expenditure

				3	7	0	8	0
--	--	--	--	---	---	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

IV. Performance of the Company (Amount in Rs.Thousands)

Turnover *

		4	5	4	1	3	4	3
--	--	---	---	---	---	---	---	---

Profit Before Tax (+/-)

		4	4	1	5	3	0
--	--	---	---	---	---	---	---

Earnings per shares (Basic- before Exceptional item) in Rs.

				2	.	2	1
--	--	--	--	---	---	---	---

Earnings per shares (Diluted- after Exceptional item) in Rs.

				2	.	2	1
--	--	--	--	---	---	---	---

Total Expenditure**

		4	0	9	9	8	1	3
--	--	---	---	---	---	---	---	---

Profit After Tax (+/-)

		3	4	5	4	8	8
--	--	---	---	---	---	---	---

Dividend Rate (%)

						2	0
--	--	--	--	--	--	---	---

*Includes other income

** Includes exceptional item

V. Generic Name of the Principal Product of the Company (as per Monetary Terms)

Item Code No. (ITC Code)

7	6	1	2	1	3	0	0
---	---	---	---	---	---	---	---

Product Description

P	L	A	S	T	I	C	A	N	D
---	---	---	---	---	---	---	---	---	---

L	A	M	I	N	A	T	E	D	
---	---	---	---	---	---	---	---	---	--

C	O	L	L	A	P	S	I	B	L	E
---	---	---	---	---	---	---	---	---	---	---

T	U	B	E	S					
---	---	---	---	---	--	--	--	--	--

For and on behalf of the Board

Subhash Chandra Chairman

Mukund M. Chitale	}	Directors
Tapan Mitra		
K.V. Krishnamurthy		
Boman Moradian		

Ashok Kumar Goel Vice-Chairman and Managing Director
Chief Financial Officer (Global)A.V. Ganapathy Vice President - Legal and Company Secretary
A.S. Khandwala

Mumbai, July 28, 2010

Cash Flow Statement for the 15 months ended 31 March, 2010

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
A. Cash Flow from Operating Activities		
Net Profit before tax and exceptional items	442,571,351	372,791,515
Adjustments for:		
Depreciation / Amortisation	288,858,158	206,557,025
Interest expense	876,076,834	593,151,839
Interest income	(562,532,262)	(350,421,144)
Profit / (Loss) on Sale of fixed assets (Net)	67,742	(211,015)
Dividend income	(247,391,772)	(186,790,000)
Provision for doubtful debts (written back)	(7,680,123)	10,852,153
Profit on sale of current investments	(1,887,684)	-
Exchange adjustments (Net)	38,148,746	(132,382,599)
Operating Profit before Working Capital changes	826,230,990	513,547,773
Adjustments for:		
(Increase) / Decrease in Trade Receivables	108,537,822	(262,346,022)
(Increase) / Decrease in Inventories	95,701,587	(82,883,607)
Increase / (Decrease) in Trade Payables	(56,468,586)	37,125,644
Cash Generated from Operations	974,001,813	205,443,788
Direct Taxes Paid (Net of refunds)	(175,501,669)	(93,949,858)
Net Cash from Operating activities (A)	798,500,144	111,493,930
B. Cash Flow from Investing Activities		
Purchase of fixed assets (including Capital work-in-Progress)	(228,736,579)	(335,717,870)
Sale of fixed assets	185,338	41,112,220
Investment in Associate	(41,091,000)	-
Sale of Investment - Subsidiaries	19,981,268	-
- Others	30,378,074	-
Purchase of current Investments	(1,585,310,051)	-
Sale of current Investments	1,587,197,735	-
(Increase)/Decrease in Short Term Loans to other parties (Net)	342,976,910	(52,441,677)
Repayment of Long Term Loans given to related parties	-	29,814,134
Short Term Loans given to related parties	(1,351,262,194)	(3,575,557,187)
Repayment of Short Term Loans given to related parties	1,037,098,154	3,072,020,347
(Increase) / Decrease in Loans and Advances to Subsidiary / Associate / Joint Venture Companies	146,273,322	(540,443,507)
Interest Received	731,963,716	208,445,016
Dividend Received	247,391,772	305,271,490
Net Cash to Investing Activities (B)	937,046,465	(847,497,035)
C. Cash Flow from Financing Activities		
Calls in Arrears received (Including Securities Premium)	-	7,500
Increase/(Decrease) in other Borrowings (Net)	(477,277,728)	343,435,992
Proceeds from Long Term Loans	3,000,000,000	-
Repayment of Long Term Loans	(641,290,450)	(433,188,939)
Proceeds from Short Term Borrowings	7,988,831,047	9,779,162,371
Repayment of Short Term Borrowings	(10,622,993,418)	(8,135,000,000)
Principal payment under finance Lease	-	(152,414)

Cash Flow Statement for the 15 months ended 31 March, 2010

Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
Interest paid	(878,273,288)	(572,168,280)
Dividend paid (including tax)	(55,404,977)	(229,231,577)
Deferred Revenue expenses paid	(37,079,803)	-
Net Cash from Financing Activities (C)	(1,723,488,617)	752,864,653
Net Changes in Cash and Cash Equivalents (A+B+C)	12,057,992	16,861,548
Cash and Cash Equivalents - Opening Balance	72,697,249	55,835,701
Cash and Cash Equivalents - Closing Balance	84,755,241	72,697,249

Notes

- 1 Previous year figures are regrouped/reconsidered wherever necessary
- 2 The balance in the Cash and Cash Equivalents includes Rs. 7,870,166 (Rs. 17,683,482) set aside for payment of dividends and accordingly is not otherwise available to the company
- 3 Cash and Cash Equivalents include Rs. 1,096 (Rs. 2,810) on account of realignment of foreign currency account
- 4 Cash and Cash Equivalents include the following :

	As at 31-Mar-2010	As at 31-Dec-2008
Cash on hand	314,969	307,044
Bank Balance with Scheduled Banks		
In Current accounts		
i) Indian Rupee accounts	77,551,893	26,787,709
ii) Foreign Currency accounts	12,914	14,723
iii) Fixed Deposits / Margin Money accounts	206,600	41,706,600
iv) Remittance in Transit	6,668,865	3,881,173
	84,755,241	72,697,249

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants

Mohan Bhandari
Partner
Membership No. 12912

Mumbai, July 28, 2010

For and on behalf of the Board

Subhash Chandra Chairman

Mukund M. Chitale
Tapan Mitra
K.V. Krishnamurthy
Boman Moradian } Directors

Ashok Kumar Goel Vice-Chairman and Managing Director

A.V. Ganapathy Chief Financial Officer (Global)
A.S. Khandwala Vice President - Legal and Company Secretary

Mumbai, July 28, 2010



Consolidated Financials

Auditors' Report on Consolidated Financial Statements

To the Board of Directors of **Essel Propack Limited**

- 1) We have audited the attached Consolidated Balance Sheet of Essel Propack Limited ("the Company"), its subsidiaries, associates and joint venture Companies ("the Group") as at March 31, 2010, the Consolidated Profit and Loss Account for the period ended on that date annexed thereto and the Consolidated Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of 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 the 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)
 - (a) The financial statements of subsidiaries, with total assets of Rs. 10,321,560,027 as at March 31, 2010 and total revenues of Rs. 12,428,516,916 for the period ended on that date have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of those subsidiaries, are based solely on the report of the other auditors except Note 2(c) regarding removal of effect of inflation / revaluation accounting.
 - (b) The financial statements of an associate have been audited by other auditor whose report has been furnished to us. The profit of such associate considered for consolidation is Rs. 13,550,870 for the period. Our opinion in so far as it relates to the amount included in respect of that associate, is based solely on the report of that auditor.
 - (c) The financial statements of an associate have been consolidated based on the management estimate and therefore unaudited. The profit / (loss) of such associate considered for consolidation is Rs. Nil for the period.
 - (d) The financial statements of joint ventures have been audited by other auditors whose reports have been furnished to us. The total assets and revenues considered for consolidation is Rs. 178,708,742 and Rs. 437,459,724 respectively. Our opinion, is so far as it relates to the amount included in respect of those joint ventures, is based solely on the report of the other auditors.
- 4) We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements," AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements" and AS-27 "Financial Reporting of Interests in Joint Venture," notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company, its subsidiaries, associates and joint ventures.
- 5) Without qualifying our report, we draw reference to Note 21(a) of schedule 23, regarding managerial remuneration for the period is subject to approval of Central Government.
- 6) Based on our audit and on consideration of the reports of other auditors on separate financial statements of subsidiaries, associates and joint ventures, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of the group as at March 31, 2010;
 - (ii) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the group for the period ended on that date; and
 - (iii) In the case of the Consolidated Cash Flow Statement of the consolidated cash flows of the group for the period ended on that date.

For **MGB & CO**
Chartered Accountants
Firm Registration No. 101169W

Mohan Bhandari
Partner
Membership No. 12912

Mumbai, July 28, 2010

Consolidated Balance Sheet as at 31 March, 2010

	Schedule	As at 31-Mar -2010	(Amount in Rs.) As at 31-Dec-2008
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	313,130,610	313,130,610
Reserves and Surplus	2	7,295,390,019	6,678,654,888
		<u>7,608,520,629</u>	<u>6,991,785,498</u>
Loan Funds			
Secured Loans	3	5,150,974,345	4,996,853,047
Unsecured Loans	4	3,246,653,615	5,317,265,282
		<u>8,397,627,960</u>	<u>10,314,118,329</u>
Minority Interest		83,346,908	165,578,838
Deferred Tax Liabilities (net)	5	36,772,161	61,201,233
Total		16,126,267,658	17,532,683,898
APPLICATION OF FUNDS			
Fixed Assets			
Goodwill on Consolidation		3,606,939,968	4,390,031,815
Fixed Assets (other than Goodwill on Consolidation)			
Gross Block	6	14,865,704,523	14,534,820,463
Less : Depreciation / Amortisation		<u>8,742,203,653</u>	<u>7,704,296,836</u>
Net Block		6,123,500,870	6,830,523,627
Capital Work-in-progress		580,066,693	422,560,712
		<u>6,703,567,563</u>	<u>7,253,084,339</u>
Investments	7	476,601,559	452,599,865
Foreign Currency Monetary Items Translation Difference Account		80,041,332	-
Current Assets, Loans and Advances			
Inventories	8	1,643,057,262	2,079,405,495
Sundry Debtors	9	2,021,062,777	2,019,949,467
Cash and Bank Balances	10	943,808,975	817,379,811
Other Current Assets	11	42,762,323	154,237,081
Loans and Advances	12	2,502,219,841	2,518,636,574
		<u>7,152,911,178</u>	<u>7,589,608,428</u>
Less : Current Liabilities and Provisions	13	1,973,749,277	2,204,617,412
Net Current Assets		5,179,161,901	5,384,991,016
Miscellaneous Expenditure	14	79,955,335	51,976,863
(To the extent not written off or adjusted)			
Total		16,126,267,658	17,532,683,898
Significant Accounting Policies and Notes to Consolidated Accounts	23		

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants**Mohan Bhandari**
Partner
Membership No. 12912

Mumbai, July 28, 2010

For and on behalf of the Board

Subhash Chandra Chairman

Mukund M. Chitale	}	Directors
Tapan Mitra		
K.V. Krishnamurthy		
Boman Moradian		

Ashok Kumar Goel Vice-Chairman and Managing Director**A.V. Ganapathy** Chief Financial Officer (Global)
A.S. Khandwala Vice President - Legal and Company Secretary

Mumbai, July 28, 2010

Consolidated Profit and Loss Account for the 15 months ended 31 March, 2010

	Schedule	15 months ended 31-Mar -2010	(Amount in Rs.) 12 months ended 31-Dec-2008
Income			
Sales and Services (Gross)	15	17,024,118,677	13,227,624,282
Less: Excise Duty		202,037,670	316,667,970
Sales and Services (Net)		16,822,081,007	12,910,956,312
Other Income	16	119,280,234	38,329,710
Total		16,941,361,241	12,949,286,022
Expenditure			
Cost of Materials	17	7,377,164,630	5,809,808,146
Manufacturing and Other Expenses	18	2,092,723,278	1,606,026,280
Personnel Cost	19	3,156,725,901	2,534,512,923
Administrative and Other Expenses	20	827,035,926	702,573,319
Loss on Foreign Exchange Fluctuation (Net)		7,482,160	517,408,311
Selling and Distribution Expenses	21	472,357,359	455,834,892
Total		13,933,489,254	11,626,163,871
Profit Before Depreciation, Interest and Tax (PBDIT)		3,007,871,987	1,323,122,151
Finance Expenses (Net)	22	946,849,926	700,058,568
Depreciation / Amortisation		1,328,671,386	1,119,903,432
Profit Before Tax and Exceptional Items		732,350,675	(496,839,849)
Exceptional Items (Refer Note 25)		(301,568,353)	(11,848,506)
Profit Before Tax (PBT)		1,033,919,028	(484,991,343)
Provision for Taxation			
Current Tax - Current year		355,439,372	328,340,348
- Earlier periods		30,669,090	5,912,724
Deferred Tax		(2,163,320)	5,072,172
Fringe Benefit Tax		1,774,961	6,263,074
Profit after Tax (PAT) before Minority Interest and Share of Profit from Associate		648,198,925	(830,579,661)
Share of Profit from Associate Company		13,550,870	7,804,418
Minority Interest		62,553,280	60,332,879
Net Profit for the period		599,196,515	(883,108,122)
Balance Brought Forward		1,422,173,845	2,445,851,878
Amount Available for Appropriation		2,021,370,360	1,562,743,756
Appropriations			
Dividend - Final Proposed		62,640,452	46,980,339
Dividend Tax		34,161,946	16,894,626
Legal Reserve		98,199,075	63,105,706
General Reserve		25,912,000	13,589,240
Balance carried to Balance Sheet		1,800,456,887	1,422,173,845
Total		2,021,370,360	1,562,743,756
Earnings Per Share (Equity Shares, par value Rs. 2 each)			
Basic and Diluted Earnings Per Share before Exceptional items		1.90	(5.71)
Basic and Diluted Earnings Per Share after Exceptional items		3.83	(5.64)
Weighted average number of Shares used in computing Basic and Diluted Earnings Per Share		156,601,130	156,601,130
Significant Accounting Policies and Notes to Consolidated Accounts	23		

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants**Mohan Bhandari**
Partner
Membership No. 12912

Mumbai, July 28, 2010

For and on behalf of the Board

Subhash Chandra Chairman

Mukund M. Chitale	}	Directors
Tapan Mitra		
K.V. Krishnamurthy		
Boman Moradian		

Ashok Kumar Goel Vice-Chairman and Managing Director**A.V. Ganapathy** Chief Financial Officer (Global)
A.S. Khandwala Vice President - Legal and Company Secretary

Mumbai, July 28, 2010

Schedules forming part of Consolidated Accounts

	As at 31-Mar -2010	(Amount in Rs.) As at 31-Dec-2008
Schedule 1		
Share Capital		
Authorised		
200,000,000 Equity Shares of Rs.2 each	400,000,000	400,000,000
Issued, Subscribed and Paid-up		
156,601,130 Equity Shares of Rs. 2 each fully paid-up.	313,202,260	313,202,260
Out of the above		
(i) 65,166,915 Equity Shares of Rs. 2 each fully paid up are issued as Bonus Shares by Capitalisation of General Reserves and Securities Premium.		
(ii) 34,316,610 Equity Shares of Rs.2 each fully paid up were allotted for consideration other than cash.		
Less : Calls in Arrears (Other than Directors)	71,650	71,650
Total	313,130,610	313,130,610
Schedule 2		
Reserves and Surplus		
Securities Premium		
As per last Balance Sheet	3,842,983,298	3,842,976,048
Add : Received during the year	-	7,250
	3,842,983,298	3,842,983,298
Capital Reserve		
As per last Balance Sheet	195,123,208	195,123,208
Capital Subsidy		
As per last Balance Sheet	49,525,279	45,509,387
Add : Received during the year	11,522,882	14,842,021
	61,048,161	60,351,408
Less : Transfer to Profit and Loss Account	13,446,377	10,826,129
	47,601,784	49,525,279
Legal Reserves		
As per last Balance Sheet	296,211,964	233,106,258
Add : Appropriated during the year	98,199,075	63,105,706
	394,411,039	296,211,964
General Reserve		
As per last Balance Sheet	962,924,398	949,335,158
Add : Appropriated during the year	25,912,000	13,589,240
	988,836,398	962,924,398
Add : Adjustments as per amended provisions of AS 11 (net of tax)(Refer Note 17a(vi))	24,867,377	-
	1,013,703,775	962,924,398
Foreign Currency Translation Reserve		
	(48,499,337)	(90,287,104)
Profit and Loss Account		
	1,800,456,887	1,422,173,845
Add : Adjustments as per amended provisions of AS 11 (Refer Note 17a(vi))	49,609,365	-
	1,850,066,252	1,422,173,845
Total*	7,295,390,019	6,678,654,888

* Includes Share in Joint Ventures Rs. 35,663,677 (Rs. 20,821,934)

Schedules forming part of Consolidated Accounts

	As at 31-Mar -2010	(Amount in Rs.) As at 31-Dec-2008
Schedule 3		
Secured Loans		
Term Loan from Banks	4,717,837,668	3,828,720,040
Working Capital Loans from Banks	387,214,403	1,094,506,509
Other Secured Loan	-	513,142
	<u>5,105,052,071</u>	<u>4,923,739,691</u>
Share in Joint Ventures	45,922,274	73,113,356
Total	<u>5,150,974,345</u>	<u>4,996,853,047</u>
Schedule 4		
Unsecured Loans		
Short Term Loan		
From Banks	1,353,350,908	3,470,842,545
Others	-	11,585,183
Inter Corporate Deposit	160,000,000	20,000,000
Other Loans		
From Banks	1,281,400,000	1,362,403,987
Deferred Sales Tax Loan (Repayable on different dates starting from Year 2009)	448,038,875	448,406,779
Lease Finance	3,863,832	2,511,572
Interest accrued and due	-	1,515,216
Total	<u>3,246,653,615</u>	<u>5,317,265,282</u>
Schedule 5		
Deferred Tax Liabilities (Net) (Refer Note 18(c))		
Deferred Tax Liabilities	482,734,964	517,881,172
Less: Deferred Tax Assets	445,962,803	456,679,939
Total	<u>36,772,161</u>	<u>61,201,233</u>

Schedules forming part of Consolidated Accounts

Schedule 6

Fixed Assets (Other than Goodwill on Consolidation)

(Amount in Rs.)

Description of Assets	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-Jan-2009	Additions	Deductions	As at 31-Mar-2010	Up to 31-Dec-2008	For the 15 months	Deductions	Up to 31-Mar-2010	As at 31-Mar-2010	As at 31-Dec-2008
a) Intangibles										
Patents / Trademarks	21,322	-	-	21,322	5,050	3,038	-	8,088	13,234	16,272
Software	61,417,788	147,341,570	1,869,466	206,889,892	41,670,502	24,135,714	1,869,467	63,936,749	142,953,143	19,747,286
b) Tangibles										
Owned Assets										
Freehold Land	53,210,492	-	-	53,210,492	-	-	-	-	53,210,492	53,210,492
Leasehold Land	59,529,391	2,667,945	6,428,256	55,769,080	11,878,746	2,246,947	6,428,256	7,697,437	48,071,643	47,650,645
Buildings	1,042,048,771	6,428,431	-	1,048,477,202	143,051,041	41,707,676	-	184,758,717	863,718,485	898,997,730
Leasehold Improvements	280,122,217	-	-	280,122,217	67,320,898	30,712,713	-	98,033,611	182,088,606	212,801,319
Plant and Machinery	12,358,382,627	554,604,941	407,201,609	12,505,785,959	7,098,127,564	1,130,864,262	238,255,787	7,990,736,039	4,515,049,920	5,260,255,063
Equipment	251,629,305	47,964,511	20,748,303	278,845,513	143,344,483	39,277,004	18,818,945	163,802,542	115,042,971	108,284,822
Furniture and Fixtures	209,723,650	16,987,330	42,685,989	184,024,991	84,429,198	26,231,041	21,533,984	89,126,255	94,898,736	125,294,452
Vehicles	16,143,560	495,896	2,564,949	14,074,507	8,856,822	1,507,754	1,951,870	8,412,706	5,661,801	7,286,738
Owned Assets (A)	14,332,229,123	776,490,624	481,498,572	14,627,221,175	7,599,684,304	1,296,686,149	288,858,309	8,606,512,144	6,020,709,031	6,733,544,819
Leased Assets										
Vehicles	3,455,927	-	3,455,927	-	878,685	914,529	1,793,214	-	-	2,577,242
Leased Assets (B)	3,455,927	-	3,455,927	-	878,685	914,529	1,793,214	-	-	2,577,242
Total (A+B)	14,335,685,050	776,490,624	484,954,499	14,627,221,175	7,599,562,989	1,297,600,678	290,651,523	8,606,512,144	6,020,709,031	6,736,122,061
Share in Joint Ventures	199,135,413	39,577,956	230,021	238,483,348	104,733,847	31,070,708	113,046	135,691,509	102,791,839	94,401,566
Grand Total 2010	14,534,820,463	816,068,580	485,184,520	14,865,704,523	7,704,296,836	1,328,671,386	290,764,569	8,742,203,653	6,123,500,870	6,830,523,627
Grand Total 2008	13,548,072,559	1,099,379,042	112,631,138	14,534,820,463	6,641,942,286	1,119,903,432	57,548,882	7,704,296,836	6,830,523,627	
Capital Work in Progress									579,764,957	388,745,773
Share in Joint Ventures									301,736	33,814,939
Total									580,066,693	422,560,712

Notes:

- Buildings include Roads, Residential Flats, Tubewells and Watertanks and Shares in Co-operative Housing Society.
- Deductions for the period include Rs 268,764,371 in Gross Block and Rs 156,732,400 in Accumulated Depreciation, resulting from the divestment of Medical device Business. (Refer Note 24).

Schedules forming part of Consolidated Accounts

	As at 31-Mar -2010	(Amount in Rs.) As at 31-Dec-2008
Schedule 7		
Investments		
Long term Trade - Unquoted		
(a) Shares in Associate Company		
2100 Equity Shares of USD 350/- each of PT Lamipak Primula Indonesia (Extent of holding 30%)	50,812,215	50,812,215
Unamortised Goodwill	320,009,310	320,009,310
Share of accumulated Profit	55,065,418	50,211,433
Share of Profit for the year	13,550,870	7,804,417
Less : Dividend Received	4,659,392	2,950,432
	434,778,421	425,886,943
(b) Shares in Other Company		
Nil (3,141,971) Equity Shares of Rs. 10 each of Bericap India Private Limited (Extent of Holding 16.5%)	-	31,419,710
Less : Provision for Diminution in value of investment	-	(5,445,500)
	-	25,974,210
Long term Trade - Quoted		
Shares in Associate Company		
4,109,100 (Nil) Equity Shares of Rs.10 each of Ras Propack Lamipack Limited (Extent of Holding 39.57%) (Refer Note 23)	(49,176,565)	-
Unamortised Goodwill (Market Value not available)	90,267,565	-
	41,091,000	-
Long term Trade - Quoted		
(a) 100 Equity Shares of Rs.10 each in Akar Laminators Limited	1,125	1,125
(b) 200 Equity Shares of Rs.10 each in Cosmo Films Limited	1,760	1,760
(c) 100 Equity Shares of Rs.10 each in Flex Industries Limited	1,515	1,515
(d) 100 Equity Shares of Rs.10 each in Orient Press Limited	1,360	1,360
(e) 5 Equity Shares of Rs.10 each in Sharp Industries Limited	7,130	7,130
(f) 50 Equity Shares of Rs.10 each in Paper Products Limited	6,105	6,105
Long term NonTrade - Quoted		
(a) 400 Equity Shares of Rs.10 each in Associated Business Credit Limited	4,000	4,000
(b) 70 Equity Shares of Rs.100 each in State Bank of Travancore	42,000	42,000
	64,995	64,995
Less: Provision for Diminution in value of investments	48,161	48,161
	16,834	16,834
Note:		
Quoted Investments		
Cost	Rs. 64,995	
Market Value	Rs. 62,517	
NonTrade - Unquoted		
(a) Nil (700) shares (Preferred Stock) of Long Distance of PHP 10 each	-	6,574
(b) Others - (Obligatory Investment in Government Securities)	715,304	715,304
Total	476,601,559	452,599,865

Schedules forming part of Consolidated Accounts

	As at 31-Mar -2010	(Amount in Rs.) As at 31-Dec-2008
Schedule 8		
Inventories		
Raw Materials	576,097,281	941,932,416
Finished Goods	168,438,386	214,301,310
Goods-in-Process	427,839,673	429,937,478
Stores, Spares and Packing materials	317,160,295	341,827,780
Goods-in-Transit	127,865,564	129,289,663
	<u>1,617,401,199</u>	<u>2,057,288,647</u>
Share in Joint Ventures	25,656,063	22,116,848
Total	<u>1,643,057,262</u>	<u>2,079,405,495</u>
Schedule 9		
Sundry Debtors		
(Unsecured and Considered Good, unless otherwise stated)		
Over six months		
Considered Good	209,258,805	80,260,055
Considered Doubtful	57,893,012	86,666,564
	<u>267,151,817</u>	<u>166,926,619</u>
Others	1,775,114,855	1,907,821,761
	<u>2,042,266,672</u>	<u>2,074,748,380</u>
Less : Provision for doubtful debts	57,893,012	86,666,564
	<u>1,984,373,660</u>	<u>1,988,081,816</u>
Share in Joint Ventures	36,689,117	31,867,651
Total	<u>2,021,062,777</u>	<u>2,019,949,467</u>
Schedule 10		
Cash and Bank Balances		
Cash on Hand	1,485,682	2,131,234
With Banks :		
(a) In Current Account	766,018,304	632,118,474
(b) In Fixed Deposit	165,441,427	178,160,927
(c) Remittance in transit	6,698,272	4,473,329
	<u>939,643,685</u>	<u>816,883,964</u>
Share in Joint Ventures	4,165,290	495,847
Total	<u>943,808,975</u>	<u>817,379,811</u>
Schedule 11		
Other Current Assets		
Interest Receivable on Loans and Advances	2,627,786	124,251,911
Export Benefit Receivable	37,693,794	24,312,790
Other Receivables	2,440,743	5,672,380
Total	<u>42,762,323</u>	<u>154,237,081</u>

Schedules forming part of Consolidated Accounts

	As at 31-Mar -2010	(Amount in Rs.) As at 31-Dec-2008
Schedule 12		
Loans and Advances		
(Unsecured, Considered Good unless otherwise stated)		
Loans	894,185,411	922,992,385
Advances (Recoverable in cash or in kind or for value to be received)		
Other Advances	1,404,991,231	1,488,323,454
Tax advance (Net of provisions)	97,588,737	-
Deposits	105,269,644	103,319,528
	2,502,035,023	2,514,635,367
Share in Joint Ventures	184,818	4,001,207
Total	2,502,219,841	2,518,636,574
Schedule 13		
Current Liabilities and Provisions		
A. Current Liabilities		
Acceptances	154,565,918	280,337,005
Sundry Creditors		
for Goods	810,627,084	610,123,420
for Capital Goods	50,825,506	119,400,998
for Others	642,031,431	870,771,471
Interest accrued but not due	75,277,874	66,995,090
Trade Advances and Deposits Received	29,146,343	12,438,219
Investor Education and Protection Fund		
Unpaid Dividend	7,870,166	8,310,496
	1,770,344,322	1,968,376,699
Share in Joint Ventures	51,479,931	57,444,688
	1,821,824,253	2,025,821,387
B. Provisions		
For Taxation (Net of Advances)	-	48,649,932
For Retirement Benefits	72,287,587	69,961,800
For Proposed Dividend	62,640,452	46,980,339
For Dividend tax	10,403,796	7,984,309
	145,331,835	173,576,380
Share in Joint Ventures	6,593,189	5,219,645
	151,925,024	178,796,025
Total	1,973,749,277	2,204,617,412
Schedule 14		
Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure	79,955,335	51,688,190
Share in Joint Ventures	-	288,673
Total	79,955,335	51,976,863

Schedules forming part of Consolidated Accounts

	15 months ended 31-Mar -2010	(Amount in Rs.) 12 months ended 31-Dec-2008
Schedule 15		
Sales and Services		
Sales	16,568,617,122	12,908,560,555
Export Incentives	34,233,472	27,384,840
	16,602,850,594	12,935,945,395
Share in Joint Ventures	421,268,083	291,678,887
Total	17,024,118,677	13,227,624,282
Schedule 16		
Other Income		
Dividend Received (Gross)	260,092	-
Profit on sale of Fixed Assets (Net)	33,855,554	-
Profit on Sale of Investments	8,490,330	-
Excess provision written back	7,818,051	5,312,519
Miscellaneous Income	54,575,310	25,963,655
	104,999,337	31,276,174
Share in Joint Ventures	14,280,897	7,053,536
Total	119,280,234	38,329,710
Schedule 17		
Cost of Materials		
Raw Materials Consumed		
Opening Stock	941,932,416	910,802,373
Add : Purchases	6,744,503,936	5,792,020,500
	7,686,436,352	6,702,822,873
Less : Closing Stock	576,097,281	941,932,416
	7,110,339,071	5,760,890,457
Share in Joint Ventures	223,418,070	137,259,531
Total (A)	7,333,757,141	5,898,149,988
Increase / (Decrease) in stocks		
Closing Stock		
Finished Goods	168,438,386	214,301,310
Goods-in-process	427,839,673	429,937,478
	596,278,059	644,238,788
Less : Opening Stock		
Finished Goods	214,301,310	208,885,120
Goods-in-process	429,937,478	343,739,312
	644,238,788	552,624,432
	(47,960,729)	91,614,356
Share in Joint Ventures	4,553,240	(3,272,514)
Total (B)	(43,407,489)	88,341,842
Total (A) - (B)	7,377,164,630	5,809,808,146

Schedules forming part of Consolidated Accounts

	15 months ended 31-Mar -2010	(Amount in Rs.) 12 months ended 31-Dec-2008
Schedule 18		
Manufacturing and Other Expenses		
Stores, Spares and Packing Materials	856,049,674	655,874,058
Power and Fuel	425,939,467	352,170,814
Job Work Charges	154,928,447	103,939,957
Repairs and Maintenance		
Building	21,657,098	13,820,331
Plant and Machinery	83,264,643	63,215,735
Other Manufacturing Expenses	133,574,227	120,703,892
Lease Rent		
Building	133,054,656	112,902,535
Plant and Machinery	261,379,588	167,191,297
	<u>2,069,847,800</u>	<u>1,589,818,619</u>
Share in Joint Ventures	22,875,478	16,207,661
Total	<u>2,092,723,278</u>	<u>1,606,026,280</u>
Schedule 19		
Personnel Cost		
Managerial Remuneration	39,800,000	23,800,000
Salaries, Wages and Allowances	2,838,012,540	2,276,830,166
Welfare Expenses	204,029,502	169,434,280
Gratuity	4,333,574	11,953,603
	<u>3,086,175,616</u>	<u>2,482,018,049</u>
Share in Joint Ventures	70,550,285	52,494,874
Total	<u>3,156,725,901</u>	<u>2,534,512,923</u>
Schedule 20		
Administrative and Other Expenses		
Rent	58,238,283	42,625,896
Repairs to Others	65,866,610	50,842,916
Rates and Taxes	70,374,320	60,575,295
Insurance	115,767,865	79,641,383
Directors' Sitting Fees	915,000	1,203,604
Travelling and Conveyance Expenses	112,270,046	107,538,994
Advertisement Expenses	4,305,108	6,038,688
Professional and Consultancy Charges	114,790,357	99,874,985
Communication Expenses	53,816,739	48,099,755
Donation	1,194,385	1,251,508
Auditors Remuneration	33,961,808	26,793,930
Miscellaneous Expenses	173,635,111	148,356,333
Provision for diminution in value of Investments		35,906
Loss on Sale of Assets (Net)	-	535,122
Research and Development Expenses	1,571,852	1,497,676
	<u>806,707,484</u>	<u>674,911,991</u>
Share in Joint Ventures	20,328,442	27,661,328
Total	<u>827,035,926</u>	<u>702,573,319</u>

Schedules forming part of Consolidated Accounts

	15 months ended 31-Mar -2010	(Amount in Rs.) 12 months ended 31-Dec-2008
Schedule 21		
Selling and Distribution Expenses		
Freight and Forwarding Expenses	382,502,045	376,267,404
Discount and Rebate	2,717,118	164,478
Provision for Bad and Doubtful Debts	41,745,331	40,240,626
Commission	19,336,789	22,623,063
	446,301,283	439,295,571
Share in Joint Ventures	26,056,076	16,539,321
Total	472,357,359	455,834,892
Schedule 22		
Finance Expenses (Net)		
Interest Paid		
On Fixed Loans	717,057,540	338,364,056
On Others	453,335,515	497,463,117
Share in Joint Ventures	4,260,820	3,222,625
	1,174,653,875	839,049,798
Interest Received		
From Banks	8,966,402	12,102,816
From Others	324,368,049	207,621,714
Share in Joint Ventures	61,261	110,058
	333,395,712	219,834,588
Interest Paid (Net)		
Bank Charges	841,258,163	619,215,210
Share in Joint Ventures	105,021,523	80,622,963
	570,240	220,395
	105,591,763	80,843,358
Total	946,849,926	700,058,568

Significant Accounting Policies and Notes to the Consolidated Accounts

Schedule 23: Significant Accounting Policies and Notes to the Consolidated Accounts

1 Background

Essel Propack Limited (hereinafter referred to as 'the parent company', 'the Company' or 'EPL') together with its subsidiaries, associates and joint ventures (collectively referred to as 'Group') is a producer of plastic packaging material in the form of multilayer collapsible tubes and laminates used primarily for packaging of toothpaste, personal care, cosmetics, foods, pharmaceuticals, household and industrial products.

2 Basis of Consolidation

- a. The Consolidated Financial Statements (CFS) of parent and its subsidiaries are prepared under the Historical Cost Convention on going concern basis except companies under liquidation in accordance with the Generally Accepted Accounting Principles in India and Accounting Standard-21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI), to the extent possible in the same format as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures wherever considered necessary.
- b. CFS are prepared to the extent possible using uniform accounting policies for transactions and other events in similar circumstances, except as under :
 - i) In case of a subsidiary, inventories are valued on First In First Out (FIFO) Method. The proportion of the inventory so valued as at March 31, 2010 is Rs. 121,117,373.
 - ii) In certain foreign subsidiaries, the cost of compensated absences is recognised when actually paid and liability is not provided at the year end as considered immaterial.
 - iii) No adjustment made for the impact of policy difference referred in (i) and (ii) above.
- c. The CFS of the parent company and its subsidiaries is done on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. To restate the financial statements to historical cost convention in case of certain subsidiaries, the effect of inflation / revaluation accounting is reversed. All significant inter-group transactions, unrealized inter-company profits and balances have been eliminated in the process of consolidation. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net assets and net income.
- d. The CFS includes the accounts of the parent company and the subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer / disposal.

Significant Accounting Policies and Notes to the Consolidated Accounts

Name of the Subsidiary	Extent of holding	Country of Incorporation
Direct Subsidiaries		
Essel Propack America, LLC	100%	USA
Lamitube Technologies Limited	100%	Mauritius
Lamitube Technologies (Cyprus) Limited	100%	Cyprus
Packaging India Private Limited	100%	India
Essel Packaging (Nepal) Private Limited ^	100%	Nepal
Indirect Subsidiaries		
The Egyptian Indian Company for Modern Packaging S.A.E.	75%	Egypt
Essel Propack MISR for Advanced Packaging S.A.E.	75%	Egypt
Essel Packaging (Guangzhou) Limited	100%	China
Essel Propack Philippines, Inc	100%	Philippines
MTL de Panama S.A	100%	Panama
Packtech Limited	100%	Mauritius
Arista Tubes Limited	100%	United Kingdom
Essel Propack UK Limited	100%	United Kingdom
Essel Propack de Venezuela, C.A.^	100%	Venezuela
Essel de Mexico, S.A. de C.V.	100%	Mexico
Tubopack de Colombia S.A	100%	Colombia
Essel Propack LLC	100%	Russia
Avalon Medical Services Pte. Limited*	85%	Singapore
Essel Propack Polska Sp. Z.O.O.	100%	Poland
Tacpro Inc.*	85%	USA
Tactx Medical Inc.*	85%	USA
Produx Inc.*	85%	USA
Arista Tubes Inc.	100%	USA
Catheter and Disposables Technology Inc.*	85%	USA
Medical Engineering and Design Inc.*	62.90%	USA

^ These subsidiaries have discontinued their operations and are in the process of liquidation.

* These Companies ceased to be Subsidiaries w.e.f. December 23, 2009 following sale by Company's overseas Subsidiaries of their shareholding in these Companies.

e. Associates

The Group has adopted and accounted for Investment in the following associates using the "Equity Method" as per AS-23 issued by ICAI in this CFS.

Name of the Company	Extent of holding	Country of Incorporation
P.T. Lamipak Primula	30.00%	Indonesia
RAS Propack Lamipack Limited @	39.57%	India

@ Associate w.e.f. March 29, 2010

Significant Accounting Policies and Notes to the Consolidated Accounts

f. Joint Ventures

- (i) The Group has adopted and accounted for interest in following Joint Ventures in this CFS, using the "Proportionate Consolidation Method" as per AS-27 issued by ICAI.

Name of the Company	Extent of holding	Country of Incorporation
Essel Deutschland Management GmbH	24.90%	Germany
Essel Deutschland GmbH & Co. KG, Dresden	24.90%	Germany

- (ii) The parent company's share of capital commitments and contingent liabilities in the Joint Ventures as at March 31, 2010 is Rs. Nil (Rs Nil).
- (iii) No contingent liabilities and capital commitments have been incurred as at March 31, 2010 in relation to the parent company's interest in the Joint Ventures along with other venturer.

3 Use of estimates

The preparation of CFS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from these estimates. The difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

4 Comparatives

- a. Pursuant to the approval of the Board of Directors at its meeting held on October 28, 2009 the Company's current accounting year has been aligned with the fiscal year of the Government. Hence the current year's financial statements are in respect of the fifteen months period from January 1, 2009 to March 31, 2010. Previous year figures relate to the twelve months ended December 31, 2008. During the period, the group has divested its investment in Medical Devices Group. Current year's figures are accordingly, not comparable with those of the previous year.
- b. Previous year figures have been regrouped, rearranged or recasted wherever necessary to confirm to this year's classification. Figures in brackets pertain to previous year.

5 Secured Loans

a. Term Loan from Banks

- i) In case of parent company, is secured by way of first charge ranking pari passu on fixed assets of the Company situated at Vasind, Wada, Murbad, Goa and Nallagarh units, both present and future, and further by security provided and guarantee issued by group companies.
- ii) In case of subsidiaries / joint ventures, are secured by way of mortgage of all fixed assets including building, plant and machinery, equipments and floating charge on inventories, debtors and other current assets and pledge of shares of other subsidiaries and in case of certain subsidiaries, Parent Company has provided corporate guarantee.

b. Working Capital Loans from Banks

- i) In case of parent company, Working Capital Loans are secured by way of hypothecation of all inventories both on hand and in transit, book debts and other receivables, and are also secured by way of second charge on all immovable properties and other fixed assets of the Company at Wada, Vasind, Murbad, Goa and Nallagarh.
- ii) In case of subsidiaries / Joint Ventures are secured by way of first charge on all fixed assets and entire current assets.

6 Fixed Assets

a. Goodwill on Consolidation

Goodwill represents the difference between the Group's share in the net assets of subsidiaries or associates, and the cost of acquisition at the time of making the investment in the subsidiary or the associate. Capital reserve represents negative goodwill arising on consolidation.

b. Intangible Assets

- (i) Patent right in Joint Venture is capitalised at the amount paid for acquisition of such right.
- (ii) The capitalised cost of software includes license fees, cost of implementation and system integration services. These costs are capitalised as intangible assets in the year in which related software is implemented.

Significant Accounting Policies and Notes to the Consolidated Accounts

c. Tangible Fixed Assets

- (i) Fixed assets are stated at original cost of acquisition / installation (net of cenvat / modvat credit availed) net off accumulated depreciation, amortisation and impairment losses except Land which is carried at cost including lease premium. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.
- (ii) Capital work in progress is stated at the amount expended upto the date of Balance Sheet including advances for capital expenditure.

7 Depreciation / Amortization

- a. Depreciation is provided on tangible fixed assets including leased assets, at the rates adopted in the accounts of respective subsidiaries as permissible under applicable local law on straight line basis from the time they are available for use, so as to write off their costs over estimated useful lives of the assets.
- b. Software (Intangible Assets) other than (c) below is amortised on a straight-line basis over a period of three years from the date of its implementation based on the management's estimate of useful life over which economic benefits will be derived from the use.
- c. Cost of Enterprise Resource Planning(ERP) software including expenditure on implementation of SAP, is amortised over a period of ten years based on the management estimate of useful life.
- d. Premium on Leasehold Land is amortised over the period of lease and Leasehold improvements are amortised over the normal / extendable period of lease.
- e. Cost of Patent rights is amortised over a period of five years.
- f. No part of goodwill (arising on Consolidation) is amortised.

8 Impairment of Assets

At each Balance Sheet date, the Company reviews the carrying amount of the fixed assets to determine whether there is any indication that those assets suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset of their present value.

9 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of assets are capitalised as a part of cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged to revenue when incurred.

10 Investments

Long Term Investments (other than investments in associate) intended to be held for more than a year, from the date of acquisition, are classified as Long-Term Investments and are carried at cost. However, provision for diminution in value of investments is made to recognize a decline other than temporary, in the value of investments. Current investments are carried at lower of cost and fair value.

11 Employee Benefits

In case of parent company

- a. Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- b. Post employment and other long term benefits are recognised as an expense in the Profit and Loss Account for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss Account.
- c. Payments to defined contribution retirement benefit schemes are charged as expenses as they fall due.

In case of subsidiaries/associates /joint ventures

- a. Payments to defined contribution retirement plans are charged as expense as they fall due.
- b. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution plans, where the company's obligation under the scheme are equivalent to those arising in defined contribution benefit plan.
- c. Defined retirement benefit plans, the cost of providing benefits is determined on actuarial valuations being carried out at each Balance Sheet date. Accrued liabilities for leave encashment benefit, wherever applicable are based on the accumulated leave to the credit of the employees in accordance with the rule of the respective companies except in case of certain foreign subsidiaries accounted for on cash basis.

Significant Accounting Policies and Notes to the Consolidated Accounts

12 Revenue Recognition

- a. Revenue from sale of goods is recognized when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch. Gross Sales include Excise Duty but exclude Value Added Tax / Sales Tax.
- b. Export incentives / benefits are accounted on accrual basis. Custom Duty benefits (advance license) are recognised on entitlement and are set-off from material costs.

13 Grant Revenue

Grant Revenue received from the state has been recognized as revenue in the separate financial statements, on compliance of the stipulated conditions. The balance grant has been considered as Capital Subsidy under the head "Reserves and Surplus".

14 Inventories

- a. Inventories are valued at lower of cost or net realisable value.
- b. Inventory of Raw Materials, Packing Materials and Stores and Spares are valued on Moving Weighted Average Basis.
- c. The cost of finished goods and work in process generally includes cost of Direct Material, Labour cost, other Manufacturing overheads and excise duty wherever applicable.
- d. During the period, with the implementation ERP software cost formula for valuation of inventories is changed to Moving Weighted Average basis instead of First In First Out (FIFO) basis. Impact of this change on Profit Before Tax for the period is not determinable.

15 Miscellaneous Expenditure

- a. Share issue expenses are deferred and amortised over a period of ten years. In case of foreign subsidiaries, such expenses are charged to Profit and Loss Account when incurred.
- b. Ancillary Loan costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period for which benefits accrue.

During the period, in case of parent company, ancillary costs for arrangement of borrowings are amortised over the period of borrowings instead of expensed when incurred. Accordingly, Profit before Tax is higher by Rs. 37,079,803. This change is as permitted under AS 16 on "Borrowing Costs".

16 Research and Development Expenditure

Revenue expenditure on Research and Development is charged to Profit and Loss Account when incurred.

17 Foreign Currency

a. Accounting of Transactions

- (i) The functional currency of each entity in the Group is its respective local currency. Monetary assets and liabilities in foreign currencies are converted into functional currency at the rates of exchange prevailing at the Balance Sheet date.
- (ii) Foreign Currency Transactions are recorded at exchange rates prevailing on the date of such transaction.
- (iii) Gain and losses arising on account of difference in foreign exchange rates on settlement / translation of Monetary Assets and Liabilities on the closing date are recognized in the Profit and Loss account, except to the extent provided under amendment to AS-11 (Refer Note (vi) below).
- (iv) Non-monetary items denominated in foreign currency are reported using exchange rate prevailing on the date of transaction.
- (v) In respect of forward exchange contracts assigned to the foreign currency assets/liabilities, the difference due to change in exchange rate between the inception of forward contract and date of Balance Sheet is recognised in the Profit and Loss account. Any profit or loss on settlement / cancellation of forward contract is recognized as income or expenses for the year in which they arise.
- (vi) The Companies (Accounting Standards) Amendment Rules, 2009 has amended the provision of AS-11 related to "Effects of the changes in Foreign Exchange Rate" vide notification dated March 31, 2009 issued by the Ministry of Corporate Affairs. Accordingly, exchange differences of earlier period pertaining to foreign currency borrowings for acquisition of fixed assets, have been adjusted to the extent of net loss Rs. 30,517,602 through General Reserve, and to the extent of net loss Rs. 49,609,364 through the opening balance in the Profit and Loss Account. During the current period, the Company has decapitalised the related foreign exchange gain amounting to Rs. 57,087,683.

Significant Accounting Policies and Notes to the Consolidated Accounts

Further net exchange loss of Rs. 120,446,466 (net of gain of Rs.5,650,224 (net of tax Rs 2,810,413) of earlier years adjusted through General Reserve) pertaining to Long term monetary assets/ liabilities is transferred to Foreign Currency Monetary Item Translation Difference Account to be amortised over the balance period of such long term assets/ Liabilities but not beyond March 31, 2011. Out of the above, Rs.37,594,721 has been written off in the current year and Rs.80,041,332 has been carried over.

b. Translation

Financial statements of overseas non-integral operations are translated as under:

- (i) Assets and Liabilities at the rates prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted.
- (ii) Revenue and expenses at yearly average rates prevailing during the year (except for inventories are converted at opening/ closing rates as the case may be). Off Balance Sheet items are translated into Indian Rupees at year-end rates.
- (iii) Exchange differences arising on translation of non integral foreign operations are accumulated in the Foreign Currency Translation Reserve until the disposal of such operations.

18 Taxation

- a. Current income tax is calculated on the results of individual companies in accordance with local accounting practices and tax regulations.
- b. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- c. The Components of the deferred tax balances are as under:

(Amount in Rs.)

Particulars	As at 31-Mar-2010	As at 31-Dec-2008
Deferred Tax Asset		
Provision for doubtful debts	1,784,816	19,441,930
Allowable on Payment basis	43,379,526	47,201,325
Start-up and organisational costs	211,688	251,940
Effect of Tax Loss carry forwards	362,386,668	354,417,888
Others	38,200,105	35,366,856
Total	445,962,803	456,679,939
Deferred Tax Liabilities		
Depreciation and other Capital Expenditure	370,228,666	494,223,340
Accrued interest income on deferred sales tax loan liability assigned / paid	-	12,032,122
Others	112,506,298	11,625,710
Total	482,734,964	517,881,172
Deferred Tax Liabilities (Net)	36,772,161	61,201,233

19 Leasing Liabilities

a. Finance Lease

Long-term leases, which in economic terms constitute investments financed on a long-term basis (finance lease) are recognised as assets and recorded under tangible fixed assets at their cash purchase value. The initial tenure is 3 years. The minimum lease payments required under this finance lease that have initially or remaining non-cancelable lease terms in excess of one year as at March 31, 2010 and its present value are as follows:

Significant Accounting Policies and Notes to the Consolidated Accounts

Reconciliation of minimum lease payment and present value:

(Amount in Rs.)

Particulars	As at 31-Mar-2010	As at 31-Dec-2008
Minimum lease payment as at		
Not later than one year	2,330,353	1,556,515
Later than one year but not later than five years	1,866,567	1,573,642
Total	4,196,920	3,130,157
Less: Amount representing interest	333,088	618,585
Present value of Minimum Lease Payment	3,863,832	2,511,572
Less: Amount due not later than one year	2,082,489	1,113,927
Amount due later than one year but not later than five years	1,781,343	1,397,645

b. Operating Lease

- i) Lease of assets where all the risk and rewards of ownership are effectively retained by the Lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with the respective lease agreements.

Operating Lease liabilities primarily relate to lease of Property, Plant and Machinery and Equipment. The initial tenure of the lease is generally for eleven to eighty six months. The minimum rental payments under operating leases that have initially or remaining non-cancellable lease term in excess of one year as at March 31, 2010 are as follows:

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
Lease rental charges (Net) (Including Rs. Nil (Rs. 55,634) of Joint Ventures)	282,291,433	290,039,556
Future lease rental obligation payable (under non-cancellable leases)		
Not later than one year (Including Rs. Nil (Rs. 816,270) of Joint Ventures)	194,152,249	216,445,872
Later than one year but not later than five years (Including Rs. Nil (Rs. 1,087,035) of Joint Ventures)	214,943,148	605,299,362
Later than five years	-	173,717,281
Total	409,095,397	995,462,515

- ii) In respect of assets given under operating lease.

The Company has given part of building under non- cancellable operating lease agreement. The initial term of the lease is 60 months. The rental revenue for the year is Rs. 1,918,737

20 a. Contingent Liabilities

(Amount in Rs.)

Sr.No.	Particulars	As at 31-Mar-2010	As at 31-Dec-2008
(i)	Unexpired Letters of Credit	24,903,527	17,532,064
(ii)	Guarantees and counter guarantees given by the Company net of liability booked [includes Rs. 969,453,673 (Rs. 1,245,803,972) for loans taken by Subsidiaries net of liabilities booked].	1,010,296,212	1,588,680,522
(iii)	Disputed Indirect Taxes*	256,319,651	179,862,155
(iv)	Disputed Direct Taxes	73,150,322	50,096,848
(v)	Claims not acknowledged as debts	72,103,735	249,260,586
(vi)	Deferred Sales Tax Liability assigned	144,937,480	180,319,450
(vii)	Duty benefit availed under EPCG scheme, pending export obligations	571,953,138	663,793,947
(viii)	Bills discounted from banks	29,138,318	-

* Does not include Rs. 198,191,799 (Rs. 198,191,799) for alleged undervaluation in inter unit transfer of Web, for captive consumption as it does not have significant impact on profits of the Company, since excise duty paid by one unit is admissible as Cenvat credit at other unit. Further the appeal filed by Excise Department against the decision (in Company's favour) of High Court is pending before Supreme Court.

Significant Accounting Policies and Notes to the Consolidated Accounts

b. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs.271,167,258 (Rs. 126,388,282) (including Rs. Nil of Joint Ventures).

21 Managerial Remuneration

a. Remuneration paid/ payable to the Managing Director is included in personnel cost as detailed below:

(Amount in Rs.)

Sr.No.	Particulars	15 months ended 31-Mar- 2010	12 months ended 31-Dec-2008
1	Salaries, Allowances and Perquisites*	30,200,000	23,800,000
2	Contribution to Provident and other funds	2,934,000	2,304,000
3	Annual Performance Bonus**	9,600,000	-
	Total	42,734,000	26,104,000

*Excludes Leave Encashment and Gratuity which is based on actuarial valuation provided on an overall Company basis.

**On the recommendation of Remuneration Committee, the Board of Directors has approved the Annual Performance Bonus to the Managing Director for the Calendar year 2009 as per the Contractual terms. Hence the Company has made an application to the Central Government and pending approval, this has not been paid.

- b. During the period, the Company has received necessary approval from Central Government for excess remuneration paid for the year 2008.
- c. During the period, the Company has paid Commission of Rs. 3,000,000 (Rs.4,400,000) to Non-Executive Independent Directors based on the profits for the year ended December 31, 2008.

22 In accordance with the terms of agreement with Bericap Holding GmbH and Bericap India Private Limited, the Company had in December, 2008 exercised the Put option for sale and transfer of 3,141,971 equity shares held by the Company in Bericap India Private Limited to Bericap Holding GmbH. The transfer of shares has been effected and money received during the year. (Also refer Note 25)

23 During the year 2007, the Company had consented to act as co-promoter in the rehabilitation and revival scheme of RAS Propack Limited (RPL) and RAS Extrusion Limited (REL), both declared as "Sick Industrial Companies" under the Sick Industrial Companies (special provisions) Act, 1985 (SICA) before the Board for Industrial and Financial Reconstruction (BIFR), New Delhi. Pursuant to the BIFR Orders dated February 6, 2009 and February 17, 2009 the company has

- (i) made an investment of Rs 41,091,000 in Equity Shares and Rs.30,000,000 as unsecured loans to RPL during the period.
- (ii) made an investment of Rs 7,500,000 in Equity Shares and Rs 15,000,000 as unsecured loans to REL, subsequent to March 31, 2010.

24 On December 23, 2009, Group has divested its investment in Medical Devices Group. Profit on divestment of Medical Devices Business is Rs. 314,865,444 (Also refer Note 25)

25 Exceptional items include

(Amount in Rs.)

Particulars	15 months ended 31-Mar- 2010	12 months ended 31-Dec-2008
Profit on divestment of Medical Devices Business	314,865,444	-
Consolidation expenses of Facilities in case of Medical Devices Group	(12,255,455)	-
Loss on sale of long term investment (Refer note 22)	(1,041,636)	-
Profit on Sale of Land at Goa	-	11,848,506
Total	301,568,353	11,848,506

26 Financial Statements of Subsidiary Companies

The Ministry of Corporate Affairs, Government of India vide its order no.47/289/2010-CL-III dated June 21, 2010 issued under Section 212(8) of the Companies Act, 1956 ("The Act") has exempted the Company from attaching the Balance Sheets and Profit and Loss Accounts of its subsidiaries under section 212(1) of the Act. As per the orders, key details of each subsidiary are attached along with statements under section 212 (1) of the Act.

Significant Accounting Policies and Notes to the Consolidated Accounts

27 Earnings per share

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year except when the results would be anti-dilutive. Diluted earnings per share include the dilutive effect of potential equity shares under stock options.

Particulars	15 months ended 31-Mar- 2010	12 months ended 31-Dec-2008
Net Profit for the year before Exceptional items (Rs.)	297,628,162	(894,956,628)
Net Profit for the year after Exceptional items (Rs.)	599,196,515	(883,108,122)
Weighted average no. of Basic and Diluted Equity Shares (Nos.)	156,601,130	156,601,130
Nominal value of equity shares (Rs.)	2.00	2.00
Basic and Diluted Earnings per share before Exceptional items (Rs.)	1.90	(5.71)
Basic and Diluted Earnings per share after Exceptional items (Rs.)	3.83	(5.64)

28 Related Party Disclosure

- a. List of Parties where control exists:

The list of Subsidiary Companies is disclosed in Note 2(d) above.

- b. Other Related parties with whom transactions have taken place during the year and balances outstanding at the year-end.

(i) Joint Ventures / Associates

Essel Deutschland GmbH & Co. KG (Dresden), Essel Deutschland Management GmbH, P.T. Lamipak Primula and Ras Propack Lamipack Limited (w.e.f. March 29, 2010)

(ii) Other Related Parties

Ayeppee Lamitubes Limited, Briggs Trading Company Private Limited, Churu Trading Company Private Limited, Continental Drug Company Private Limited, Pan India Network Infravest Private Limited, Essel Corporate Resources Private Limited, Ganjam Trading Company Private Limited, Premier Finance and Trading Company Limited, Prajatma Trading Company Private Limited, Pan India Paryatan Private Limited.

- c. **Directors of the Company**

Non-Executive Directors

Mr. Subhash Chandra
Mr. Boman Moradian
Mr. Mukund M Chitale
Mr. Dev Ahuja
Mr. K.V. Krishnamurthy
Mr. Tapan Mitra

Executive Director

Mr. Ashok Kumar Goel
(Vice-Chairman and Managing Director)

Significant Accounting Policies and Notes to the Consolidated Accounts

d. Transactions with related parties

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010		12 months ended 31-Dec-2008	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
(A) Transactions				
Sales / (Sales returns) to and Recoveries from				
Joint Venture / Associate	(652,805)		8,128,866	
Essel Deutschland GmbH & Co., KG Germany		(851,492)		8,128,866
Lamipack – Indonesia		198,687		-
Purchase of Goods and Services				
Joint Venture / Associate	3,878,443		-	
Ras Propack Lamipack Limited		3,878,443		-
Other Related Parties	32,459,815		42,554,750	
Essel Corporate Resources Private Limited		5,250,000		21,000,000
Ganjam Trading Company Private Limited		21,420,000		17,136,000
Continental Drugs Company Private Limited		3,795,308		3,000,000
Loans / Advances / Deposits given				
Joint Venture / Associate	30,000,000		-	
Ras Propack Lamipack Limited		30,000,000		-
Other Related Parties	1,321,133,822		3,575,509,001	
Churu Trading Company Private Limited		534,264,117		1,031,515,368
Premier Finance and Trading Company Limited		310,541,545		776,477,789
Ayeppee Lamitubes Limited		385,436,913		649,719,180
Briggs Trading Company Private Limited		12,225,844		740,717,590
Prajatma Trading Company Private Limited		38,213,699		341,000,000
Repayment of Loans / Advances / Deposits given				
Other Related Parties	1,037,098,154		3,071,972,162	
Churu Trading Company Private Limited		221,771,952		1,013,000,000
Premier Finance and Trading Company Limited		413,400,000		645,000,000
Ayeppee Lamitubes Limited		342,206,311		649,719,180
Briggs Trading Company Private Limited.		12,682,742		741,000,000
Loans / Advances / Deposits taken				
Other Related Parties	225,000,000		-	
Pan India Paryatan Private Limited		225,000,000		-
Repayment of Loans / Advances / Deposits taken				
Other Related Parties	225,000,000		-	
Pan India Paryatan Private Limited		225,000,000		-
Interest Income on Loans / Advances / Deposits /given				
Other Related Parties	318,752,580		202,341,834	
Churu Trading Company Private Limited		86,312,330		57,355,808
Premier Finance and Trading Company Limited		88,410,048		52,110,340
Ayeppee Lamitubes Limited		67,151,874		42,300,552
Briggs Trading Company Private Limited		1,515,821		28,384,607
Prajatma Trading Company Private Limited		73,023,582		19,320,219
Interest Expense on Loans / Advances / Deposits /taken				
Other Related Parties	14,362,838		-	
Pan India Paryatan Private Limited		14,362,838		-

Significant Accounting Policies and Notes to the Consolidated Accounts

(Amount in Rs.)

Particulars	As at 31-Mar-2010		As at 31-Dec-2008	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
(B) Balance Outstanding				
Other Related Party	218,754		223,284	
Pan India Paryatan Private Limited		218,754		223,284
Loans / Advances / Deposits given				
Joint Venture / Associate	31,345,313		1,163,127	
Essei Deutschland GmbH & Co., KG Germany		1,071,210		1,096,702
Ras Propack Lamipack Limited		30,000,000		-
Other Related Parties	933,473,813		649,296,828	
Churu Trading Company Private Limited		366,606,057		54,113,892
Premier Finance and Trading Company Limited		58,626,142		161,484,597
Ayeppee Lamitubes Limited		93,230,602		50,000,000
Prajatma Trading Company Private Limited		379,213,699		341,000,000
Interest Receivable				
Other Related Parties	-		123,376,496	
Churu Trading Company Private Limited		-		43,516,445
Premier Finance and Trading Company Limited		-		42,112,660
Prajatma Trading Company Private Limited		-		19,320,219
Briggs Trading Company Private Limited		-		15,788,765
Creditors				
Joint Venture / Associate	32,910,248		-	
Ras Propack Lamipack Limited		31,973,097		-
Essei Deutschland GmbH & Co., KG Germany		937,151		-
Investment in shares				
Joint Venture / Associate	41,091,000			
Ras Propack Lamipack Limited		41,091,000		
Remuneration to Directors	42,734,000		26,104,000	
Managing Director		42,734,000		26,104,000

29 Segment Information

The Company considers geographical segment as the primary segment in the context of AS-17. The geographical segments have been identified and reported taking into account, the differing risk and returns, the organization structure and the internal financial reporting systems.

Geographical Segmentation:

- Africa, Middle East and South Asia (AMESA) include operations in India, Nepal and Egypt.
- East Asia Pacific (EAP) includes operations in China, Philippines and Singapore.
- Americas includes operations in United States of America and Latin America.
- Europe includes operations in Germany, United Kingdom, Poland and Russia.

Significant Accounting Policies and Notes to the Consolidated Accounts

GEOGRAPHICAL SEGMENTS: 15 months ended 31-Mar-2010

(Amount in Rs.)

Particulars	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Consolidated Total
REVENUE							
External Sales and Services	6,861,279,607	3,060,424,293	5,317,574,137	1,576,470,206	6,332,764	-	16,822,081,007
Inter-segment Sales and Services	183,028,094	748,460,160	3,700,824	2,736,417	2,616,030	(940,541,525)	-
Total Revenue	7,044,307,701	3,808,884,453	5,321,274,961	1,579,206,623	8,948,794	(940,541,525)	16,822,081,007
Segment Result (Operating Profit before Interest, Foreign Exchange Fluctuation (Net), Exceptional items and Tax)	895,842,371	1,003,522,574	106,055,121	(452,090,202)	777,479,411	(749,718,277)	1,581,090,998
(Gain)/Loss on Foreign Exchange fluctuation (Net)	116,194,701	15,175,668	(93,790,601)	(32,904,777)	2,807,169		7,482,160
Segment Result (Operating Profit before Interest, Exceptional items and Tax)	779,647,670	988,346,906	199,845,722	(419,185,425)	774,672,242	(749,718,277)	1,573,608,838
Interest Expenses							1,174,653,875
Interest Income							333,395,712
Profit before tax and exceptional items							732,350,675
Profit on Sale of Subsidiaries							(314,865,444)
Other Exceptional items							13,297,091
Profit before tax							1,033,919,028
Current Taxes							
- Current Year							355,439,372
- Earlier Years							30,669,090
Deferred Tax							(2,163,320)
Fringe Benefit Tax							1,774,961
Profit after tax							648,198,925
Share of profit in Associate company							13,550,870
Minority Interest							62,553,280
Net Profit							599,196,515

Other Segment Information:

(Amount in Rs.)

Particulars	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Consolidated Total
1. Segment Assets	6,039,745,490	2,928,490,001	2,691,833,619	2,121,375,702	13,291,401,095	(8,606,907,502)	18,465,938,405
2. Segment Liabilities	1,408,046,839	398,003,691	822,124,537	471,782,862	10,741,015,631	(2,903,514,452)	10,937,459,108
3. Capital Expenditure	296,456,026	674,917,700	150,014,555	41,127,885	-	(21,354,040)	1,141,162,126
4. Depreciation	461,768,569	297,367,534	352,535,669	221,786,768	-	(4,787,154)	1,328,671,386
5. Non Cash expenditure other than depreciation	40,754,732	1,125,717	8,058,725	869,731	1,337,579	-	52,146,484

Significant Accounting Policies and Notes to the Consolidated Accounts

GEOGRAPHICAL SEGMENTS: 12 months ended 31-Dec-2008

(Amount in Rs.)

Particulars	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Consolidated Total
REVENUE							
External Sales and Services	5,004,462,953	2,146,064,326	4,198,410,624	1,557,126,453	4,891,956	-	12,910,956,312
Inter-segment Sales and Services	271,313,916	765,201,205	29,542,746	1,218,097	4,067,196	(1,071,343,160)	-
Total Revenue	5,275,776,869	2,911,265,531	4,227,953,370	1,558,344,550	8,959,152	(1,071,343,160)	12,910,956,312
Segment Result (Operating Profit before Interest, Foreign Exchange Fluctuation (Net), Exceptional items and Tax)	654,268,347	739,926,470	131,927,666	(924,726,290)	764,642,374	(726,254,895)	639,783,672
(Gain)/Loss on Foreign Exchange fluctuation (Net)	171,558,502	16,818,853	48,823,126	227,957,580	52,250,250		517,408,311
Segment Result (Operating Profit before Interest, Exceptional items and Tax)	482,709,845	723,107,617	83,104,540	(1,152,683,870)	712,392,124	(726,254,895)	122,375,361
Interest Expenses							839,049,798
Interest Income							219,834,588
Profit before tax and exceptional items							(496,839,849)
Exceptional items							(11,848,506)
Profit before tax							(484,991,343)
Current Taxes							
- Current Year							328,340,348
- Earlier Years							5,912,724
Deferred Tax							5,072,172
Fringe Benefit Tax							6,263,074
Profit after tax							(830,579,661)
Share of profit in Associate company							7,804,418
Minority Interest							60,332,879
Net Profit							(883,108,122)

Other Segment Information:

(Amount in Rs.)

Particulars	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Consolidated Total
1. Segment Assets	7,590,337,113	3,153,968,489	4,505,577,606	2,308,544,505	11,873,232,433	(9,237,162,348)	20,194,497,798
2. Segment Liabilities	1,396,280,655	321,047,658	1,103,501,403	759,581,885	13,672,785,354	(4,050,484,655)	13,202,712,300
3. Capital Expenditure	499,124,633	98,263,448	91,643,897	110,199,743	-	(71,253,483)	727,978,239
4. Depreciation	342,261,779	286,959,932	322,044,976	174,644,255	-	(6,007,510)	1,119,903,432
5. Non Cash expenditure other than Depreciation	10,852,153	-	8,145,134	20,399,697	-	-	39,396,984

Significant Accounting Policies and Notes to the Consolidated Accounts

Business Segment

In the Context of Accounting Standard - 17 issued by the Institute of Chartered Accountants of India, the Company considers the business of Multilayer Collapsible and Plastic Tubes / Laminates as major business segment and other business segment being Medical Device.

(a) The revenues are based on business segment

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
Plastic Packaging Material	15,068,038,072	11,439,130,801
Medical Devices	1,754,042,935	1,471,825,511
Total	16,822,081,007	12,910,956,312

(b) Other Segment Information

(Amount in Rs.)

Particulars	Segment Assets		Capital Expenditure	
	As at 31-Mar-2010	As at 31-Dec-2008	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
Plastic Packaging Material	18,465,938,404	18,833,614,495	973,574,557	693,296,685
Medical Devices	-	1,360,883,303	-	34,681,553
Total	18,465,938,404	20,194,497,798	973,574,557	727,978,238

Notes:

(a) Sale by Market

The following information shows the distribution of the Company's Consolidated Sales by geographical market, regardless of where the goods were produced:

(Amount in Rs.)

Particulars	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
AMESA	6,861,279,607	5,004,462,953
EAP	3,060,424,293	2,146,064,326
Americas	5,317,574,137	4,198,410,624
Europe	1,576,470,206	1,557,126,453

(b) Segment Revenue and Expenses

All the segment revenue and expenses, which are directly attributable to the segments, are identified and reported. Certain expenses, which are not allocable to any specific segment, are separately disclosed at the enterprise level.

(c) Inter-segment transfers

Segment revenue, Segment expenses and Segment results include transfers between geographical segments. Such transfers are eliminated in consolidation.

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants

Mohan Bhandari
Partner
Membership No. 12912

Mumbai, July 28, 2010

For and on behalf of the Board

Subhash Chandra Chairman

Mukund M. Chitale
Tapan Mitra
K.V. Krishnamurthy
Boman Moradian } Directors

Ashok Kumar Goel Vice-Chairman and Managing Director

A.V. Ganapathy Chief Financial Officer (Global)

A.S. Khandwala Vice President - Legal and Company Secretary

Mumbai, July 28, 2010

Consolidated Cash Flow Statement for the 15 months ended 31 March, 2010

(Amount in Rs.)

	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
A. Cash Flow from Operating Activities		
Profit Before Tax and Exceptional Items	732,350,675	(496,839,849)
Adjustments for		
Depreciation / Amortisation	1,328,671,386	1,119,903,432
Interest expense	1,174,653,875	839,049,798
Interest income	(333,395,712)	(219,834,588)
(Profit)/Loss on sale of fixed assets (net)	(33,855,554)	535,122
Deferred Revenue expenses written off	27,415,273	1,594,610
Provision for doubtful debts /(written back)	(28,773,552)	15,128,652
Exceptional expenses	(12,255,455)	-
Provision for diminution in value of Investments written back	(5,445,500)	-
Profit on sale of Investments	(1,887,684)	-
Provision for diminution in value of Investments	-	35,906
Exchange adjustments (net)	(27,181,340)	(124,873,821)
Capital Incentive transferred from Reserve	(13,446,377)	(10,826,129)
Operating Profit before Working Capital Changes	2,806,850,035	1,123,873,133
Adjustments for		
Increase in Trade Receivables	(205,094,594)	(935,551,451)
(Increase)/Decrease in Inventories	280,270,952	(155,132,178)
Decrease in Trade Payables	(10,826,241)	(94,775,404)
Cash Generated from Operations	2,871,200,152	(61,585,900)
Direct Taxes Paid (Net)	(534,122,092)	(241,560,848)
Net Cash from Operating Activities	2,337,078,060	(303,146,748)
B. Cash Flow from Investing Activities		
Purchase of fixed assets (including capital work in progress)	(963,061,450)	(907,621,095)
Sale of Fixed Assets	116,243,534	66,395,640
Investments for acquisition of Subsidiaries	-	(383,010,434)
Investments for acquisition of Associate company	(41,091,000)	-
Sale of Investments in Subsidiaries	1,300,321,290	-
Sale of Long term Investments	30,384,648	-
Purchase of current investments	(1,585,310,051)	-
Sale of current investments	1,587,197,735	-
(Increase)/Decrease in Short term Loans to other parties	342,971,014	(51,887,085)
Short term loans given to related parties	(1,351,262,194)	(3,575,509,001)
Repayment of Short term loans given to related parties	1,037,098,154	3,071,972,162
Repayment of Long term loan to related party	-	29,814,134
Interest received	455,019,837	209,420,189
Dividend received	4,659,392	2,950,432
Capital Incentive received	11,522,882	14,842,022
Net Cash to Investing Activities	944,693,791	(1,522,633,036)

Consolidated Cash Flow Statement for the 15 months ended 31 March, 2010

(Amount in Rs.)

	15 months ended 31-Mar-2010	12 months ended 31-Dec-2008
C. Cash Flow from Financing Activities		
Calls in Arrears received (including Securities Premium)	-	7,500
Proceeds from issue of Shares (Minority Interest)	-	280
Increase in other Borrowings (net)	(517,749,371)	503,342,296
Proceeds from Long term Borrowings	3,023,145,000	1,993,564,950
Repayment of Long term Borrowings	(2,244,071,357)	(707,962,549)
Proceeds from Short term Borrowings	1,717,993,418	9,899,293,071
Repayment of Short term Borrowings	(3,718,658,528)	(8,472,850,335)
Increase /(Decrease) in Finance Lease	-	(6,610,087)
Interest Paid	(1,167,886,307)	(812,709,452)
Dividend Paid (including tax)	(79,163,128)	(238,141,894)
Dividend Paid (Minority Interest)	(28,412,663)	(36,995,457)
Deferred Revenue expenses Paid	(55,393,745)	(29,196,005)
Net Cash from Financing Activities	(3,070,196,681)	2,091,742,318
Net Changes in Cash and Cash Equivalents (A+B+C)	211,575,170	265,962,534
Cash and Cash Equivalents-Opening Balance	817,379,811	551,417,277
Less : Cash and Cash Equivalents on Sale of Subsidiaries	(85,146,006)	-
Cash and Cash Equivalents-Closing Balance	943,808,975	817,379,811

Notes:

- 1 Previous year figures are regrouped /reconsidered wherever necessary.
- 2 The balance in the Cash and Cash Equivalents include Rs 7,870,166 (Rs 8,310,496) set aside for payment of dividends and accordingly is not otherwise available to the company.
- 3 Cash and Cash Equivalent include Rs. 1,096 (Rs. 2,810) on account of realignment of foreign currency account.
- 4 Cash and Cash Equivalents include the following

	As at 31-Mar -2010	As at 31-Dec-2008
Cash on Hand	1,485,682	2,131,234
With Banks :		
(a) In Current Account	766,018,304	632,118,474
(b) In Fixed Deposit	165,441,427	178,160,927
(c) Remittance in transit	6,698,272	4,473,329
	939,643,685	816,883,964
Share in Joint Venture	4,165,290	495,847
	943,808,975	817,379,811

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants**Mohan Bhandari**
Partner
Membership No. 12912

For and on behalf of the Board

Subhash Chandra Chairman

Mukund M. Chitale	}	Directors
Tapan Mitra		
K.V. Krishnamurthy		
Boman Moradian		

Ashok Kumar Goel Vice-Chairman and Managing Director**A.V. Ganapathy** Chief Financial Officer (Global)**A.S. Khandwala** Vice President - Legal and Company Secretary

Mumbai, July 28, 2010

Mumbai, July 28, 2010

Statement Pursuant to Section 212 of the Companies Act, 1956.

Name of the Subsidiary	Financial year of Subsidiary Company ending on	Currency	Capital	Reserves	Total Assets	Total Liabilities	Total Loan	Investment (Other than in Subsidiary)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
Packaging India Pvt. Ltd., India	31.03.2010	Indian Rupee	144,115,000	85,422,980	1,002,221,563	1,002,221,563	772,683,585	16,834	2,156,695,394	23,537,075	10,813,766	12,723,309	-
Essei Packaging (Nepal) P. Ltd, Nepal	31.03.2010	Nepalese Rupee	32,000,000	(27,044,607)	4,955,392	4,955,392	-	-	-	151,957	90,055	61,902	-
Essei Propack America, LLC, USA	31.03.2010	US Dollar	16,000,000	3,255,112	36,251,041	36,251,041	16,995,930	-	55,906,075	258,677	923,699	(665,022)	-
Lamitube Technologies Ltd, Mauritius.	31.03.2010	US Dollar	9,550,000	52,473,951	100,306,244	100,306,244	38,282,293	-	186,952	19,365,933	-	19,365,933	5,137,500
Lamitube Technologies Cyprus Ltd., Cyprus	31.03.2010	US Dollar	12,000,000	1,921,019	29,642,862	29,642,862	16,019,861	-	132,300	2,640,798	-	2,640,798	-
The Egyptian India Company for Modern Packaging S.A.E, Egypt	31.03.2010	Egyptian Pound	6,075,000	8,074,607	14,850,418	14,850,418	700,811	-	41,201,210	8,034,147	1,936,367	6,097,780	7,420,110
Essei Packaging (Guangzhou) Ltd, China	31.03.2010	Chinese Yuan	230,261,712	148,303,178	398,753,176	398,753,176	20,188,283	-	497,954,406	122,117,582	25,844,163	96,273,419	56,233,183
Essei Propack Philippines, Inc., Philippines.	31.03.2010	Philippine Peso	37,559,300	50,241,901	87,299,388	87,299,388	(501,811)	-	130,368,586	29,235,306	8,616,712	20,618,594	8,500,000
MTL de Panama S.A, Panama	31.03.2010	US Dollar	3,066,732	1,853,771	4,920,503	4,920,503	-	14,117	-	106,752	-	106,752	-
Packtech Ltd, St. Vincent Island	31.03.2010	EC Dollar	10,000	-	10,000	10,000	-	-	-	-	-	-	-
Arista Tubes Limited, United Kingdom.	31.03.2010	British Pound	917,000	(3,660,919)	41,209	41,209	2,785,127	-	1,271,089	(313,346)	-	(313,346)	-
Essei Propack UK Limited United Kingdom.	31.03.2010	British Pound	5,011,370	(3,280,775)	1,541,970	1,541,970	(188,625)	-	4,263,334	(815,184)	-	(815,184)	-
Essei Propack de Venezuela, C.A, Venezuela.	31.03.2010	Venezuelian Bolivar	2,495,096,669	4,339,921,460	6,835,018,130	6,835,018,130	-	-	-	2,960,963,240	-	2,960,963,240	-
Essei de Mexico, S.A. de C.V, Mexico	31.03.2010	Mexican Peso	51,067,490	(42,088,643)	(59,777)	(59,777)	(9,038,624)	-	144,757,676	8,137,225	2,974,269	5,162,956	-
Tubopack de Colombia S.A, Colombia	31.03.2010	Colombian Peso	51,000,000	10,988,953,295	11,461,263,089	11,461,263,089	(38,690,206)	1,130,000	13,794,540,918	923,852,813	377,143,000	546,709,813	-
Essei Propack LLC (Russia), Russia.	31.03.2010	Russian Rouble	105,845,052	(134,123,220)	69,093,339	69,093,339	97,371,508	-	139,442,144	(16,721,457)	3,788,587	(20,510,044)	-
Essei Propack Mistr for Advanced Packaging S.A.E, Egypt	31.03.2010	Egyptian Pound	5,250,000	6,097,010	12,105,505	12,105,505	758,495	-	19,708,307	6,046,242	592,389	5,453,853	2,272,711
Essei Propack Polska, Poland	31.03.2010	Polish Zloty	100,580,000	(73,743,655)	60,754,961	60,754,961	31,291,644	-	33,547,649	(25,298,754)	-	(25,298,754)	-
Arista Tubes Inc, USA	31.03.2010	US Dollar	1,500,000	(8,726,671)	2,813,639	2,813,639	10,040,309	-	6,724,412	(4,512,082)	(1,724,100)	(2,787,982)	-
Avalon Medical Services Pte Ltd, Singapore**	23.12.2009	US Dollar	-	-	-	-	-	-	3,169,574	2,019,268	72,183	1,947,085	-
Tactix Medical Inc., USA**	23.12.2009	US Dollar	-	-	-	-	-	-	-	-	-	-	-
Produx Inc., USA**	23.12.2009	US Dollar	-	-	-	-	-	-	-	-	-	-	-
Tacpro Inc., USA**	23.12.2009	US Dollar	-	-	-	-	-	-	20,685,237	2,283,110	1,007,130	1,275,980	-
Medical Engineering Devices Inc., USA**	23.12.2009	US Dollar	-	-	-	-	-	-	1,292,244	14,641	14,482	159	-
Catheter and Disposal Technology Inc., USA**	23.12.2009	US Dollar	-	-	-	-	-	-	7,154,695	489,478	266,359	223,119	-

Note : ** in December 2009 the overseas subsidiaries of the company had divested / sold their investment in these companies carrying on Medical Device Business.



Statement Pursuant to Section 212 of the Companies Act, 1956.

Name of the Subsidiary	Financial year of Subsidiary Company ending on	Currency	Exchange Rate as on 31.03.2010	Capital	Reserves	Total Assets	Total Liabilities	Total Loan	Investment (Other than in Subsidiary)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
Packaging India Pvt. Ltd., India	31.03.2010	Indian Rupee	1.000	144,115,000	85,422,978	1,002,221,563	1,002,221,563	772,683,585	16,834	2,156,895,394	23,537,075	10,813,766	12,723,309	-
Essei Packaging (Nepal) P.Ltd, Nepal	31.03.2010	Nepalese Rupee	0.625	20,000,000	(16,902,880)	3,097,120	3,097,120	-	-	-	94,973	56,284	38,689	-
Essei Propack America, LLC, USA	31.03.2010	US Dollar	45.140	744,341,248	167,587,097	1,639,877,994	1,639,877,994	767,196,264	-	2,676,039,305	10,869,203	29,111,823	(18,242,620)	-
Lamitube Technologies Ltd, Mauritius.	31.03.2010	US Dollar	45.140	443,201,499	2,434,036,017	4,587,909,104	4,587,909,104	1,728,062,706	-	8,948,794	925,645,713	-	925,645,713	245,915,171
Lamitube Technologies Cyprus Ltd., Cyprus	31.03.2010	US Dollar	45.140	525,477,750	95,165,283	1,295,263,229	1,295,263,229	723,136,526	-	6,332,764	126,406,268	-	126,406,268	-
The Egyptian Indian Company for Modern Packaging S.A.E, Egypt	31.03.2010	Egyptian Pound	8.242	75,937,500	46,505,546	165,120,882	165,120,882	5,775,803	-	362,320,555	70,373,104	15,594,741	54,778,363	48,938,946
Essei Packaging (Guangzhou) Ltd, China	31.03.2010	Chinese Yuan	6.606	1,260,254,068	848,448,500	2,457,694,534	2,457,694,534	133,371,876	-	3,525,626,742	863,329,279	170,736,878	692,592,401	398,143,310
Essei Propack Philippines, Inc., Philippines.	31.03.2010	Philippine Peso	0.997	33,991,167	45,501,726	76,569,524	76,569,524	(500,406)	-	133,560,009	29,722,405	8,603,066	21,119,339	8,708,080
MTL de Panama S.A, Panama	31.03.2010	US Dollar	45.140	91,758,768	95,942,905	181,441,105	181,441,105	-	690,625	-	5,109,862	-	5,109,862	-
Packtech Ltd, St. Vincent Island	31.03.2010	EC Dollar	18.976	468,900	-	173,861	173,861	-	-	-	-	-	-	-
Arista Tubes Limited, United Kingdom.	31.03.2010	British Pound	67.869	74,654,470	(291,926,539)	2,796,765	2,796,765	189,022,421	-	95,958,549	(23,655,460)	-	(23,655,460)	-
Essei Propack UK Limited United Kingdom.	31.03.2010	British Pound	67.869	421,060,792	(273,895,599)	141,308,911	141,308,911	(12,801,709)	-	321,852,581	(59,835,858)	3,373,051	(63,208,909)	-
Essei Propack de Venezuela, C.A, Venezuela.	31.03.2010	Venezuelan Bolivar	0.023	62,522,277	289,803,802	71,767,690	71,767,690	-	-	-	61,410,378	-	61,410,378	-
Essei de Mexico, S.A. de C.V, Mexico	31.03.2010	Mexican Peso	3.629	209,488,315	(189,575,665)	20,777,769	20,777,769	(32,801,166)	-	524,196,498	29,162,126	10,872,625	18,289,501	-
Tubopack de Colombia S.A, Colombia	31.03.2010	Colombian Peso	0.024	20,492,426	240,326,475	265,844,603	265,844,603	(910,767)	24,679	320,447,186	23,195,015	8,850,014	14,345,001	-
Essei Propack LLC (Russia), Russia.	31.03.2010	Russian Rouble	1.528	165,113,570	(222,583,909)	113,004,013	113,004,013	(23,434,270)	-	215,768,590	(28,831,590)	9,079,931	(37,911,521)	-
Essei Propack Milsr for Advanced Packaging S.A.E, Egypt	31.03.2010	Egyptian Pound	8.242	40,912,350	50,078,486	96,946,863	96,946,863	6,251,215	-	173,313,476	53,031,991	4,830,012	48,201,979	19,986,061
Essei Propack Polska, Poland	31.03.2010	Polish Zloty	15.647	1,637,685,345	(1,271,369,614)	988,978,131	988,978,131	489,629,742	-	531,118,334	(406,373,774)	-	(406,373,774)	-
Arista Tubes Inc. USA	31.03.2010	US Dollar	45.140	70,618,866	(384,129,430)	106,229,240	106,229,240	453,219,529	-	321,875,398	(218,428,068)	(65,238,275)	(153,189,793)	-
Avalon Medical Services Pte Ltd, Singapore**	23.12.2009	US Dollar	45.140	-	-	-	-	-	-	151,717,060	96,695,336	3,258,348	93,436,988	-
Tactx, Inc, USA**	23.12.2009	US Dollar	45.140	-	-	-	-	-	-	-	-	-	-	-
Produx Inc, USA**	23.12.2009	US Dollar	45.140	-	-	-	-	-	-	-	-	-	-	-
Tacpro Inc U S A**	23.12.2009	US Dollar	45.140	-	-	-	-	-	-	990,134,049	103,943,967	44,953,238	58,990,729	-
Medical Engineering Devices Inc	23.12.2009	US Dollar	45.140	-	-	-	-	-	-	61,855,472	(255,140)	653,722	(908,862)	-
Catheter and Disposal Technology Inc	23.12.2009	US Dollar	45.140	-	-	-	-	-	-	342,471,662	22,554,641	11,989,663	10,564,978	-

Note: ** in December 2009 the overseas subsidiaries of the company had divested / sold their investment in these companies carrying on Medical Device Business.

For and on behalf of the Board

Subhash Chandra Chairman

Mukund M. Chitale
Tapan Mitra
K.V. Krishnamurthy
Boman Moradian } Directors

Ashok Kumar Goel Vice-Chairman and Managing Director

A.V. Ganapathy Chief Financial Officer (Global)

A.S. Khandwala Vice President - Legal and Company Secretary

Mumbai, July 28, 2010



"A man is but the product of his thoughts
what he thinks, he becomes."

- Mahatma Gandhi



ESSEL PROPACK LIMITED

NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of ESSEL PROPACK LIMITED will be held on Friday, September 24, 2010, at 11.00 a.m. at the Company's Registered Office at P.O.Vasind, Taluka - Shahapur, District - Thane, Maharashtra - 421 604, India to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the fifteen months period (financial year) ended March 31, 2010 and the Balance Sheet as on that date and the Report of the Directors' and Auditors' thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Subhash Chandra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K.V. Krishnamurthy, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, be paid to the Non- Executive Independent Directors of the Company, for a period of five financial years commencing from April 1, 2010, such amount be paid to the Directors in such manner as the Board of Directors of the Company may from time to time determine."

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

"RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to create such mortgage, charge, hypothecation in addition to the existing mortgage / charge / hypothecation created by the Company, on such movable and immovable properties whosoever situate, both present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company on such terms and in such manner as the Board may think fit, to secure Rupee / Foreign Currency Loans, Working

Capital Facility(ies) or any other Credit Facility (hereinafter referred to as "Facilities") availed or to be availed from any Bank(s), Financial or Other Institution(s), or any other Person(s), Body(ies) Corporate, (hereinafter collectively referred to as "Lenders"), upto the borrowing limits as approved by the Members under Section 293 (1) (d) of the Companies Act, 1956 from time to time, and that the existing mortgage / charge / hypothecation created by the Company to secure the facilities borrowed from lenders, be and are hereby confirmed.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, as well as to execute all such documents, instruments and writings as may be required in order to give effect to the above resolution"

8. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956, the Register of Members, Index of Members and other related returns or documents be kept at Sharepro Services (India) Private Limited, Registrar and Transfer Agents at 13AB, Samhita Warehousing Complex, 2nd floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072"

By Order of the Board of Directors

For **ESSEL PROPACK LIMITED**

Place : Mumbai
Date : August 23, 2010

Aashay S. Khandwala
Vice President - Legal &
Company Secretary

NOTES :

- (1) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under item nos. 6, 7 and 8 is annexed hereto. The relevant details of Directors seeking re-appointment under item nos. 3 and 4 above as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges is annexed.
- (2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AT THE MEETING. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME FOR COMMENCEMENT OF THE MEETING.
- (3) Members / proxy holders are requested to bring their attendance slip duly signed so as to avoid inconvenience at the Annual General Meeting.
- (4) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 17, 2010 to Friday, September 24, 2010 (both days inclusive).
- (5) Subject to the provisions of the Companies Act, 1956, the Dividend on Equity Shares as recommended by the Board of Directors, if any, declared at the meeting, will be payable on or after September 24, 2010 to those members whose names appear in the Register of Members as on September 17, 2010 and in respect of shares held in Electronic Form, the Dividend will be paid to those Members whose name appear on close of business on September 16, 2010 as beneficial owners, as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this propose.
- (6) In respect of the Members having their shareholding in the electronic form, the Company has been disbursing dividends through direct deposit into the respective bank accounts, the particulars of which have been given by you to your Depository Participant (DP).
- (7) In order to prevent against fraudulent encashment of dividend warrants, Members having physical shares are requested to provide their bank account numbers alongwith the names and addresses of the concerned banks to enable the Company to incorporate the said details on the dividend warrants. Members, who have not yet provided such information, are requested to provide the aforementioned details quoting their folio numbers. The Members will appreciate that the Company will not be responsible for any loss arising out of fraudulently encashed dividend warrants.
- (8) The unclaimed dividends upto year 2002 have been transferred to the Investor Education and Protection Fund of the Central Government pursuant to the provisions of Section 205-A of the Companies Act, 1956.
- (9) Unpaid / unclaimed Dividend for the year 2003 (Interim Dividend and Final Dividend) are due for transfer on

03/02/2011 and on 06/04/2011 respectively, to the Investor Education & Protection Fund of the Central Government pursuant to the provisions of Section 205-C of the Companies Act, 1956. Members who have not yet encashed their dividend warrants for the said year or any subsequent year(s), are requested to claim the dividend(s) by writing to the Company's Registrar & Transfer Agents, M/s. Sharepro Services (India) Private Limited, 2nd floor, Samhita Ware Housing Complex, Plot No. 13 A B, Gala No. 53, Sakinaka Telephone Exchange Lane, Andheri - Kurla Road, Sakinaka, Mumbai - 400 072.

- (10) Members desirous of asking any questions at the ensuing Annual General Meeting (AGM), are requested to send their questions addressed to the Company Secretary at least ten days before the AGM so that the same can be replied suitably.
- (11) Members are requested to carry their copy of the Annual Report to the Meeting.

By Order of the Board of Directors
For **ESSEL PROPACK LIMITED**

Place : Mumbai
Date : August 23, 2010

Aashay S. Khandwala
Vice President - Legal &
Company Secretary

EXPLANATORY STATEMENT OF MATERIAL FACTS PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956:-

Item No. 6

The Members at the 23rd Annual General Meeting held on May 6, 2006 had approved the payment of Commission to the Non-Executive Independent Directors of the Company not exceeding 1% of the net profit of the Company for a period of 5 years commencing from January 1, 2005.

Taking into consideration the increased role and responsibilities of the Non-Executive Independent Directors of the Company, it is proposed to pay Commission to the Non-Executive Independent Directors not exceeding 1% per annum of net profits of the Company as computed under Section 198, 349 and 350 of the Companies Act, 1956 for a period of five financial years of the Company, commencing from April 1, 2010. The Commission will be in addition to the sitting fees paid for attending meetings of Board of Directors or any Committee thereof.

Section 309(4) of the Companies Act, 1956 requires approval of Members of the Company by way of Special Resolution in General meeting for payment of Commission to the Directors.

The Board of Directors recommend the Special Resolution for your approval.

All the Directors except Mr. Subhash Chandra and Mr. Ashok Kumar Goel are concerned or interested in the resolution to the extent of the commission that may be received by them.

Item No. 7

Members of the Company in the Extra-Ordinary General meeting held on March 14, 2008 had approved, pursuant to Section 293 (1)(d) of the Companies Act, 1956 ('the Act'), the borrowing limit of Rs. 700 crores (apart from temporary loans obtained from time to time by the Company from its bankers in the ordinary course of its business), such amount being over and above the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

The loan(s) borrowed or to be borrowed by the Company are / may be required to be secured by way of mortgage /charge / hypothecation on Company's assets in favour of the Lender(s) / Security holders / Trustees.

Approval of members is sought pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 for charge / mortgage / hypothecation created / to be created upto the borrowing limits as may be approved by the Members under Section 293(1)(d) of the Act, from time to time.

The Board of Directors recommends the Ordinary Resolution for your approval.

None of the Directors of the Company is concerned or interested in the said resolution.

Item No. 8

As per Section 163 of the Companies Act, 1956, ("the Act") Register and Index of Members, Register and Index of Debenture holders, if any, etc. are required to be kept at the Registered

Office of the Company. However, these documents can be kept at any other place within the city, town or village in which the Registered Office of the Company is situated, with the approval of the Members to be accorded by a Special Resolution.

M/s. Sharepro Services (India) Private Limited, Mumbai ("Sharepro"), Registrar and Share Transfer Agent of the Company, has shifted their Registered office from Satam Estate, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai – 400 099 to 13AB, Samhita Warehousing Complex, 2nd floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400072.

Consent of the Members is sought under Section 163 of the Companies Act, 1956 to keep the Register of Members and copies of Annual Reports and other documents at the above office.

The Board of Directors recommends the Special Resolution for your approval.

None of the Directors of the Company is concerned or interested in the said resolution.

By Order of the Board of Directors
For **ESSEL PROPACK LIMITED**

Place : Mumbai
Date : August 23, 2010

Aashay S. Khandwala
Vice President - Legal &
Company Secretary

ADDITIONAL INFORMATION OF DIRECTORS BEING APPOINTED/ RE-APPOINTED AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES :-

Name of Director: Retiring by rotation	Mr.Subhash Chandra	Mr.K.V.Krishnamurthy
Appointed / Re-appointed	Re-appointed	Re-appointed
Age	60 years	67 years
Experience and Qualification	<p>He is the Non-Executive Chairman of the Board and promoter of Essel Group of Companies. His industry leading businesses include television networks and film entertainment, cable systems, satellite communications, theme parks, flexible packaging, family entertainment centers and online gaming. He has been recipient of numerous honorary degrees, industry awards, and civic honors, including being named 'Global Indian Entertainment Personality of the Year' by FICCI for 2004, 'Businessman of the Year' by Business Standard in 1999, 'Entrepreneur of the Year' by Ernst & Young in 1999 and 'Enterprise CEO of the Year' by International Brand Summit.</p>	<p>He has rich experience of 35 years in Banking Industry and a fellow member of The Institute of Chartered Accountants of India and the Indian Institute of Bankers. He had consistently held position of stature and responsibility in the banking industry and has held the following positions in the recent past:-</p> <ul style="list-style-type: none"> Chairman and Managing Director - Bank of India (May 2000 to May 2003). Chairman and Managing Director - Syndicate Bank (December 1997 to May 2000). Executive Director – Bank of Baroda (March 1996 to November 1997). Managing Director – Indo Hong Kong International Finance Company Limited, Hong Kong (November 1989 to March 1992).
List of Directorship held in other Public Limited Companies (excluding Foreign Companies)	<ul style="list-style-type: none"> Zee Entertainment Enterprises Limited, Essel Infraprojects Limited, Dish TV India Limited, Zee News Limited, Agrani Satellite Services Limited, Wire and Wireless (India) Limited 	<ul style="list-style-type: none"> Asset Reconstruction Company (India) Limited, Sundaram BNP Paribas Trustee Co. Limited, FCH Centrum Direct Limited, Borosil Glass Works Limited, Essar Steels Limited, Thirumalai Chemicals Limited, Centrum Capital Limited, VVF industries Limited, Essar Oil Limited, Essar Shipping Ports & Logistics Limited Packaging India Private Limited (100% Subsidiary of Essel Propack Limited)
Chairman / Member of the Committees of the Board of other Companies	<p>Member: <u>Remuneration Committee and Share Transfer & Investor Grievance Committee:</u></p> <ul style="list-style-type: none"> Zee News Limited 	<p>Chairman: <u>Audit Committee</u></p> <ul style="list-style-type: none"> Borosil Glass Works Limited VVF Industries Limited Centrum Capital Limited <p><u>Remuneration Committee</u></p> <ul style="list-style-type: none"> Asset Reconstruction Company (India) Limited, Centrum Capital Limited <p>Member: <u>Audit Committee</u></p> <ul style="list-style-type: none"> Asset Reconstruction Company (India) Limited, Sundaram BNP Paribas Trustee Co. Limited, Essar Steels Limited, Thirumalai Chemicals Limited, Essar Shipping Ports & Logistics Limited
Shareholding in the Company (No. of shares)	89,305 Equity Shares of Rs. 2 each.	NIL



ESSEL PROPACK LIMITED

Registered Office: P.O. Vasind, Taluka - Shahapur, District - Thane, Maharashtra - 421 604, India.

Reg. Folio No. _____ DP ID * _____ Client ID* _____

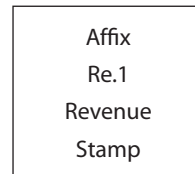
I/We _____ of _____

being a Member(s) of ESSEL PROPACK LIMITED hereby appoint _____

of _____ or failing him/her _____

of _____ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday, September 24, 2010, at 11.00 a.m. at the Company's Registered Office at P.O. Vasind, Taluka - Shahapur, District - Thane, Maharashtra - 421 604, India and at any adjournment thereof.

Signed this _____ day of _____, 2010



Signature of the Member/s : _____

Note : This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the above referred Meeting.

* Applicable for Members holding shares in electronic (dematerialised) form.



ESSEL PROPACK LIMITED

Registered Office: P.O. Vasind, Taluka - Shahapur, District - Thane, Maharashtra - 421 604, India.

(To be handed over at the entrance of the Meeting hall)

Reg. Folio No. _____ DP ID * _____ Client ID* _____

I hereby record my/our presence at the Annual General Meeting of the Company to be held on Friday, September 24, 2010, at 11.00 a.m. at the Company's Registered Office at P.O. Vasind, Taluka - Shahapur, District - Thane, Maharashtra - 421 604, India.

Full Name of the Member (in BLOCK LETTERS) _____

Full Name of the Proxy (in BLOCK LETTERS) _____

Member's/Proxy's Signature _____

* Applicable for Members holding shares in electronic (dematerialised) form