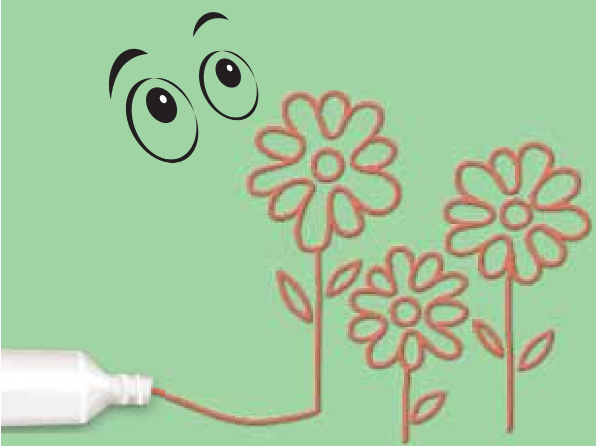
Essel Propack Limited

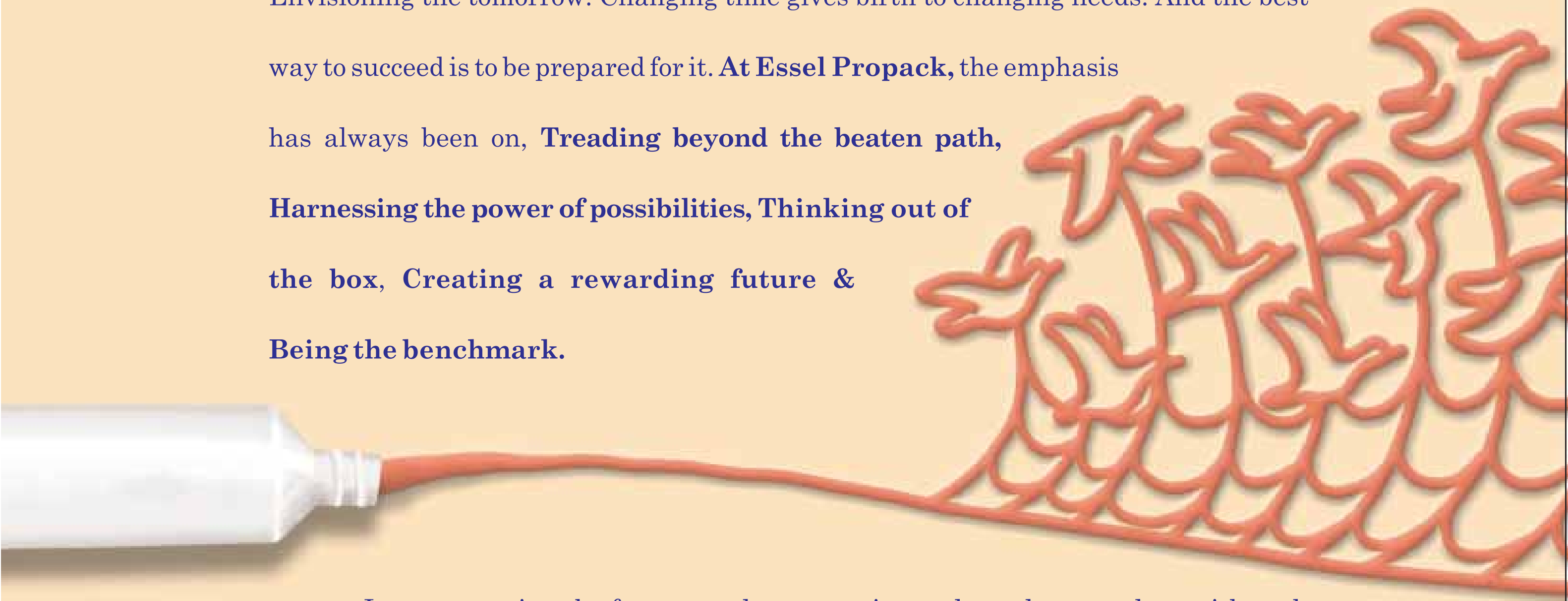
annual report 2010 - 2011

ESSEL PROPACK

DRIVEN BY INNOVATION...



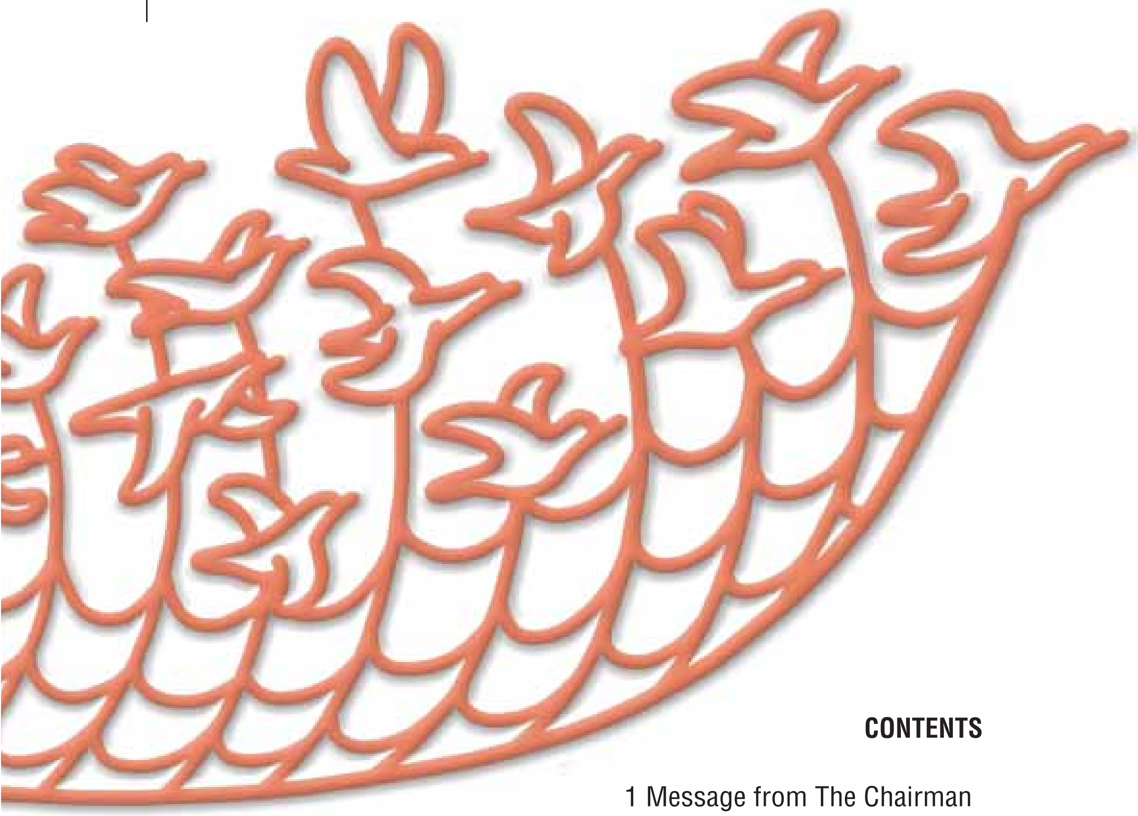
There's more to growth than mere figures. There's more to the learning than just the experience. There's more to packaging solutions than what meets the eye. At Essel Propack , we call this the Spirit of Innovation. It is about making a breakthrough, Out taking our illustrious past, Out thinking competition and Envisioning the tomorrow. Changing time gives birth to changing needs. And the best way to succeed is to be prepared for it. **At Essel Propack,** the emphasis has always been on, **Treading beyond the beaten path, Harnessing the power of possibilities, Thinking out of the box**, **Creating a rewarding future & Being the benchmark.**



In our pursuit to be future-ready, we continuously evolve ourselves with each coming day and look forward for better ways to satisfy our Stake Holders.

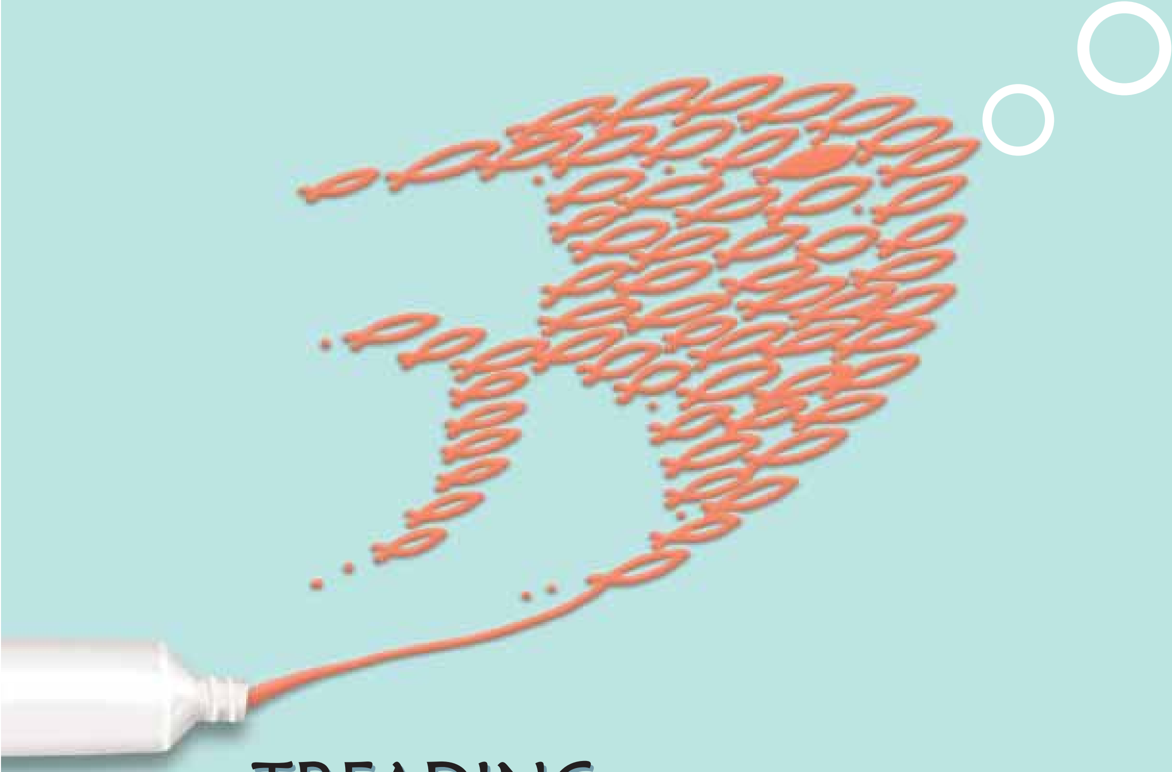
ESSEL PROPACK

'Equality is the Success to all Hurdles - Thought inspired from the Birds and the Poacher from Panchantantra'



CONTENTS

'Together let's face the challenge'



TREADING BEYOND THE BEATEN PATH

Dear Stakeholders,

Global economic environment remained fragile during 2010-11 with the US economy being kept afloat by continued quantitative easing and the European Union under pressure to ward off bankruptcy of some of its members. The emerging economies of India and China are battling inflation and possible slow down in growth. Combined with political unrest and uncertainty across many countries, businesses have to be ready to weather many more air pockets in the near term. During such times, it is always refreshing to sight examples of stability, resilience and creativity. Indian business in general has been inspirational. In particular, your Company delivered on its commitment to grow profitably after its turnaround in the previous year. This definitely is a result of doing the right things and at the right time. The challenge and the pride however will be in sustaining this in the coming years. The key to this, I believe, is Innovation.

Innovation is what catapulted Essel Propack as a formidable packaging company, converting a whole market of aluminum tubes in India into laminated tubes and gaining global leadership by offering competitive laminate structure and driving cost efficiency. But the world today is far more complex and evolving as compared to when Essel Propack started 27 years ago.

Sustainability, green house gas emission concerns, recyclability, lowering carbon foot print are all issues weighing on businesses, even as the concerns for quick poverty alleviation, affordability, improved standard of living in the developing world create a strong counter pressure.

As our customers grapple with these conflicts and seek a middle path of eco-friendly growth, innovation has to get into the core of our business as the means to differentiate, sustain and grow. Innovation then implies much more than creating new products. It is as much about opening up new paths, generating new insights, re-organising resources – men machine and materials, discovering new dimensions to engage customers, and in general, breaking paradigms, thinking out of the box and daring to push frontiers relentlessly.

Your Company today is re-capturing its innovative soul with single minded focus. The path is far from smooth, but with clarity setting in and a common vision emerging, the time to make a difference is not too far. The current year has set the platform, with a healthy top-line growth, for Essel Propack to embrace innovation more than ever and to be driven by innovation as the means to create outstanding value in the years to come for all our stakeholders.

I take this opportunity to express my sincere gratitude to all the Board members for their guidance. I thank everyone in our team for their commitment and dedication. I also thank all our shareholders, customers, suppliers, bankers and employees for believing in us and in our vision.

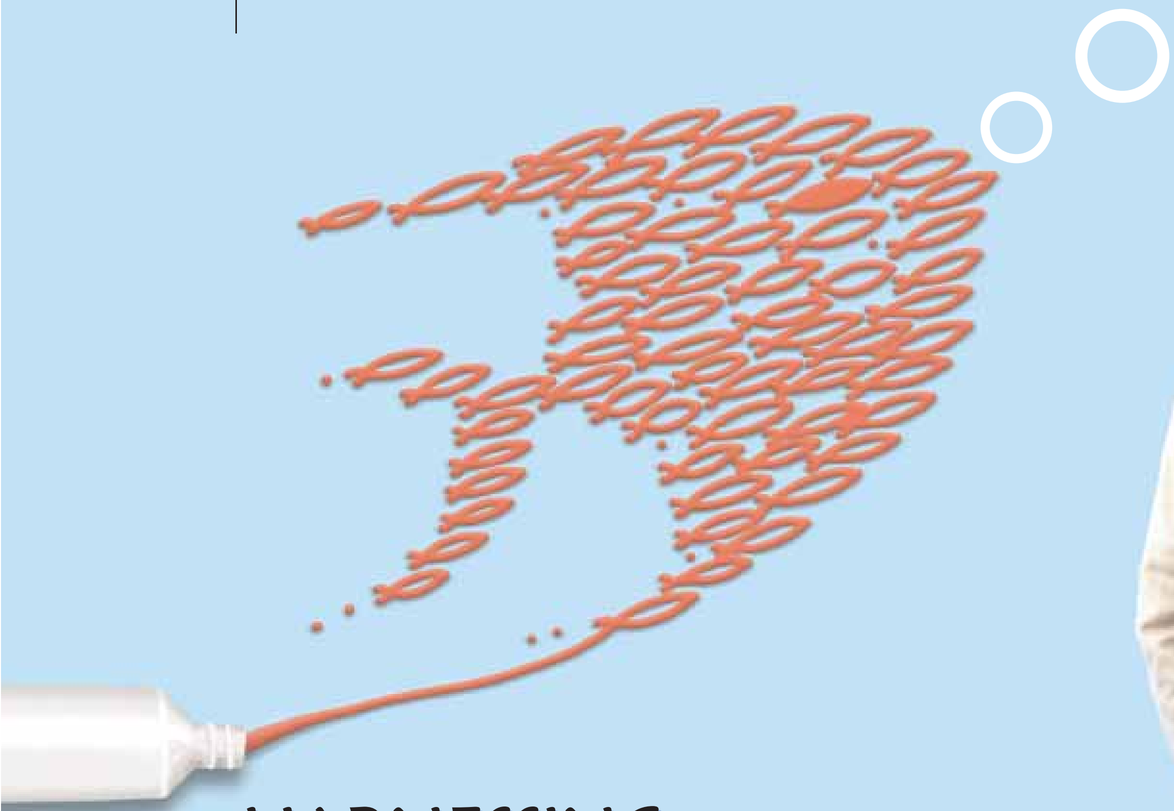
Yours sincerely,

Subhash Chandra

Chairman

Your Company today is re-capturing its innovative soul with single minded focus. The path is far from smooth, but with clarity setting in and a common vision emerging, the time to make a difference is not too far.

'Harnessing the Power' - thought inspired by the famous 'Swimmy' Fish



HARNESSING THE POWER OF POSSIBILITIES

Dear All,

At Essel Propack, we have come a long way since our inception in 1984. Today, we are the biggest player in the Laminated Tubes category with a global market share over 33%. In fact, we have achieved a new milestone by producing 5 billion tubes this year alone. But, the road to this point has not been an easy. When we stepped into the beginning of this decade, there was a renewed sense of optimism. We all wanted things to get better. Unfortunately in the midst of the decade, a recession phase during year 2008-09 had dented the industry's confidence. Post-recession, everyone was busy restructuring their organization and trying to devise new strategies. This is when we decided to re-calibrate the organization from sales driven to innovation driven. For us, 'Innovation' is not only for product or process but ingrained in each and every aspect of our work culture. Hence, the road to innovation at Essel Propack is part of its ethos.

Innovation is the driving force in delivering value to our stakeholders. In order to enhance the consumer experience, we introduced the "Egnite" tube with an attractive metallic finish. Similarly keeping sustainability in context, our product innovation team introduced "Etain" made out of post consumer recycled material.

We have gone a step further for our high end fashion clients and we came out with Iridescent tubes with interplay of rainbow colours and tubes which will give the end user the fragrance of the inside packed product.

Apart from providing innovative solutions for our clients we are also increasing our focus on value added non oral care segments i.e. pharma, cosmetics, toiletries and hair-care. The contour of our growth strategy is a combination of capacity expansion, consolidation and acquisition.

For this we have expanded and consolidated our facilities in emerging markets like Mexico, Egypt, India and China. Most of our clients are tuning their business models from being country specific to a region-oriented business. We are also reinventing ourselves in line with them. In Egypt our new consolidated unit acts as a hub for servicing the Middle-East and promising African markets. Similarly our unit in China is catering to East Asian markets. The Poland unit serves Europe market for both plastic and laminated tubes.

In the emerging markets, we expect India and China to become bigger players. India will always remain our flagship market. We have already scaled up our capacities and capabilities for decoration and pharma products. In China we expect the demand to be buoyant. We are looking at opportunities to further expand. While venturing in the emerging markets, we remain equally focused on the European and US markets. We understand that this region still remains prone to the fragile financial conditions but is showing renewed demand for consumer products. In rest of Europe, the German and Russian units have also registered strong growth this year. We are always willing to grow with our customers and re-engineer our business model accordingly. We are always looking at a long term partnership with our global customers. I hope the years behind would not only add to our legacy but also make us a formidable force to be reckoned with and respected for Innovation.

It is said that employees bring their head, heart and hand to the business. But, we at Essel Propack believe that our employees bring their heart first so that they can use their head and hands better.

This will only help us serve you better. Once again I assure you that 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 Goel

Vice Chairman & Managing Director

We at Essel Propack believe that our employees bring their heart first so that they can use their head and hands better.

'An idea can be worth looking at'- The Ant & the Clever Dove, thought inspired from Panchatantra

THINKING OUT OF THE BOX

'ONE CLICK' Decoration Process

Environmental friendly Extrusion Lamination Process

Sustainable Tubes

Lustrous Laminated Tubes

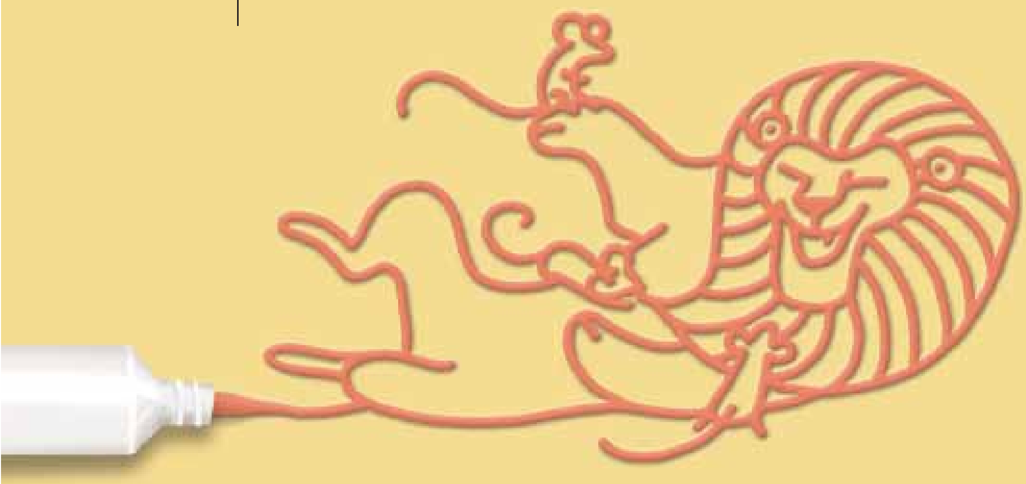
Oval Tube for Enhanced Brand Display

4G Decoration

'ONE CLICK' Decoration Tubes

Innovating Dispensing

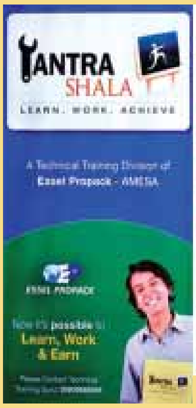
'It is the will and not the size' - Teamwork, thought inspired from Panchatantra



CREATING
A REWARDING FUTURE

UniLever 'Partner to Win' Global Award
For Business Integration

Clean Room Facility For Pharmaceutical Tubes



New In-house School For Technical Excellence

Indiastar Award For Biodegradable Tubes

Our Vision: Touch Every Household Every Day (Painting By Children Of Our China Employees)

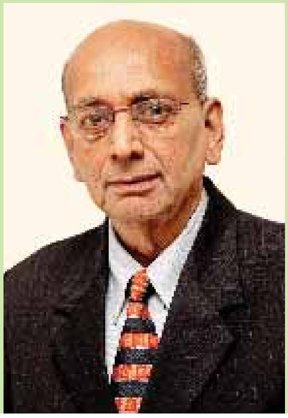
Award For Recognition of Excellence
For High Barrier Laminated Tubes

Continuous Learning Process

BOARD OF DIRECTORS

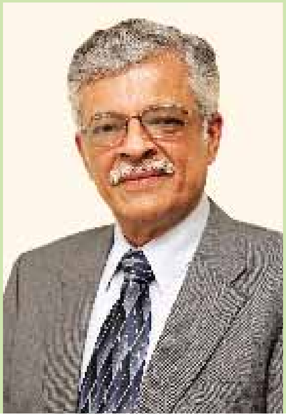
Mr. Subhash Chandra
Chairman

Mr. Tapan Mitra
Director



Mr. K. V. Krishnamurthy
Director

Mr. Ashok Kumar Goel
Vice Chairman &
Managing Director



Mr. Boman Moradian
Director

Mr. Mukund M. Chitale
Director

CORPORATE LEADERSHIP TEAM

FROM LEFT TO RIGHT

Mr. Dileep Joshi
Director - Human Capital (Global)

Mr. A. V. Ganapathy
Chief Financial Officer (Global)

Mr. Vinay Mokashi
Financial Controller (Global)

Mr. Cherian K. Thomas
Whole Time Director & Chief Executive Officer (PIPL)

Mr. Edward Luo Zhiyong
Vice President - Tubes & Laminates Business (EAP)

Mr. M. R. Ramasamy
President - EAP & AMESA

Mr. M.K.Banerjee
Director - Creativity & Innovation (Global)

Mr. R.Chandrasekhar
President - Americas & Europe

Ms. Evelyn Tweedlie
Vice President - Tubes & Laminates Business (Europe)

Mr. Ted Sojourner
Vice President - Tubes & Laminates Business (Americas)

Mr. Zoeb Adenwala
Chief Information Officer (Global)

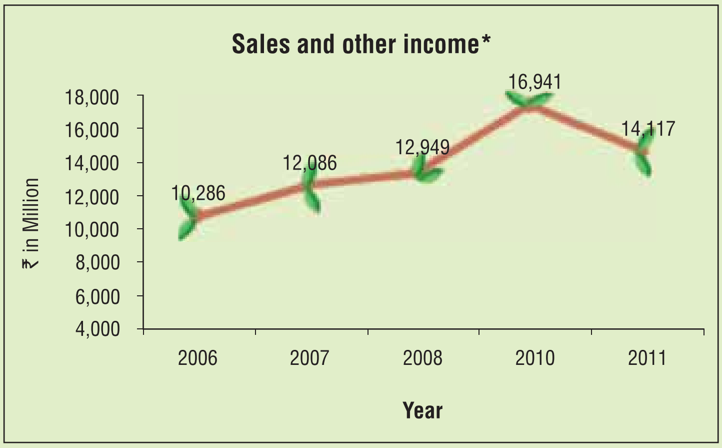
Mr. Parag Chaturvedi
Head - Manufacturing Excellence & Quality (Global)

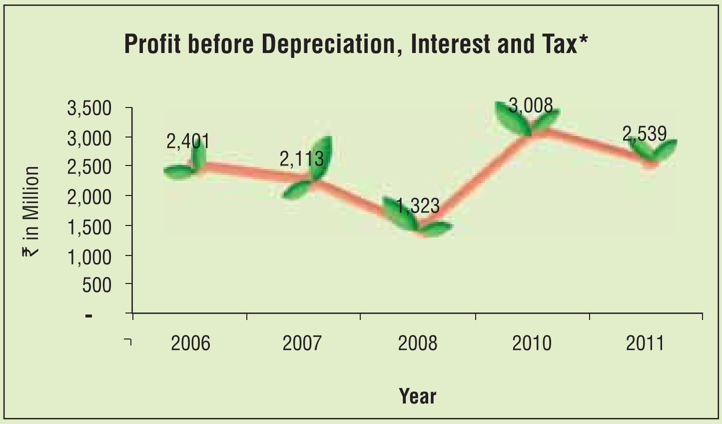
Mr. Aashay S. Khandwala
Vice President (Legal) & Company Secretary

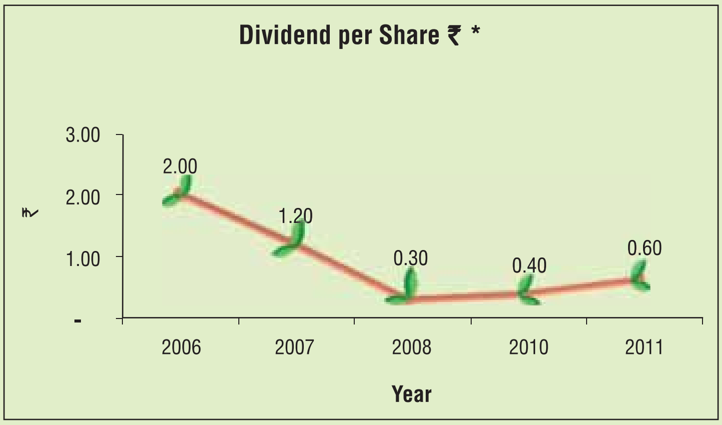
Mr. Shyam Kumar
Head - Purchase & Logistics (Global)

Mr. Ashok Kumar Goel
Vice Chairman & Managing Director

CONSOLIDATED FINANCIALS







Ratios for 2010 have been annualised.

* The financial numbers for 2010 relate to 15 months period ending March 31, 2010 and hence are not comparable with current year (2011) which is for 12 months period ending March.

Corporate Information

BOARD OF DIRECTORS

Subhash Chandra
Chairman

Tapan Mitra

K.V. Krishnamurthy

Boman Moradian

Mukund M. Chitale

Ashok Kumar Goel
Vice Chairman & Managing Director

Aashay S. Khandwala
Vice President (Legal) & Company Secretary

Auditors
MGB & Co.
Chartered Accountants

Bankers
Axis Bank Limited
Barclays Bank Limited
DBS Bank Limited
IDBI Bank Limited
ING Vysya Bank Limited
Punjab National Bank
Standard Chartered Bank
State Bank of India
Yes Bank Limited

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.

Units - India
Vasind, Murbad, Wada, Goa, Silvassa and Nalagarh

Subsidiaries / Joint Ventures / Associates
India, China, Colombia, Egypt, Germany, Indonesia,
Mexico, Philippines, Poland, Russia, UK and USA

Website
www.esselpropack.com

ESSEL PROPACK

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 financial year ended March 31, 2011.

As you are aware, your Company changed its Accounting year to align with the Financial year (April – March), and consequently the previous accounting year was a period of 15 months, January 2009 – March 2010. The current accounting year being a period of 12 months ended March 2011, the current year figures are not comparable with those of the previous period.

Results of Operations:

India Standalone results:

The summary results are set out below:

(₹ Million)

	Year ended 31.03.2011 (Twelve months)	Period ended 31.03.2010 (Fifteen months)
Total Revenue (excluding Excise duty)	4,380	4,541
Total expenditure	(3,283)	(3,457)
Profit Before Depreciation, Interest and Tax	1,097	1,084
Financial expenses (net)	(221)	(352)
Depreciation	(243)	(289)
Profit before Tax and exceptional items	633	443
Exceptional items	-	(1)
Tax	(192)	(97)
Profit after Tax	441	345
Appropriations:		
Dividend recommended (inclusive of tax)	109	73
Transfer to General Reserve	44	26

Your directors are pleased to highlight that amidst challenges posed during the year by rising input costs and interest rates, your Company recorded a Profit After Tax of ₹ 441 million i.e. 27% higher, compared to ₹ 345 million during the previous period which was a 15 months period. Improved Sales, reduction in the interest cost and capital productivity have been the main drivers.

Consolidated Global results

The key financials are set out below. In comparing the current year consolidated global results with those of previous period, it may be noted that the previous year besides being a 15 months period also included the results of the Medical devices business and the one-off exceptional gain arising upon divestment of that business during December 2009.

(₹ Million)

	Year ended 31.03.2011 (Twelve months)	Period ended 31.03.2010 (Fifteen months)
Total Revenue (excluding Excise duty)	14,117	16,941
Profit Before Depreciation, Interest and Tax	2,539	3,008
Financial expenses (net)	(640)	(947)
Depreciation	(1,070)	(1,329)
Profit before Tax and exceptional items	829	732
Exceptional items	(14)	302
Tax	(338)	(386)
Share of profits from associates	25	14
Minority interest	(29)	(63)
Profit after Tax and minority interest	473	599

Your directors are pleased to report that in a year which witnessed economic malaise in the developed countries, relentless inflationary pressures in the developing countries, significant volatility in the commodity prices and forex rates, your Company's global operations recorded a "Profit Before Tax and exceptional items" for the year of ₹ 829 million, 13% higher, as compared to ₹ 732, million reported for the 15 months period ended March 31, 2010. The "Profit after tax and minority interest" for the year of ₹ 473 million is also a good improvement considering that the previous period net profit of ₹ 599 million, included one off exceptional gain of ₹ 302 million relating to the divestment of Medical Devices business. It is indeed satisfying that the growth in your Company's plastic packaging business has within just a year closed the gap in the revenue and profit stream caused by divestment of the Medical Devices business. The exceptional charge for the year of ₹ 14 million relates to one-off plant consolidation and re-location costs, net of retention relating to divestment of Medical Devices business.

Review of business and operations:

Global:

The packaging industry plays an important role in delivering Fast Moving Consumer Goods in an efficient and attractive manner to the ultimate consumer while protecting the product inside. The industry continued to grow strongly in the emerging markets even as it recovered from the 2009 lows in the developed markets of Europe and USA. Your Company rolled out a number of market specific initiatives during the year involving customer partnering, new customer development, new product introduction, de-bottlenecking of supply chain, improvement in customer servicing etc, which underpin the improved performance during the year.

India:

Your Company continues to be the lead supplier of laminated and plastic tubes in India. While ramping up its supplies to the large customer category, your Company also strongly pursued opportunities in the high value Cosmetics, Food and Pharma categories with innovative products and improved order turnaround times. To this end, during the year, your Company expanded the capacity at its units in Nallagarh, Goa and Wada. The Company pioneered in the Indian market new decorative tubes offerings involving customized printing and multi-effect decorations and innovated new laminate structures to pack food products like cheese and jams in tubes. The Company also established a focused pharma manufacturing facility complete with a "Clean Room" and other accessories meeting highest hygiene standards. Consequently, the Company posted a double-digit annualized top line growth and improved profits and grew its market share in India.

Subsidiary operations:

As a global player in tubing business, your Company has active presence in eleven other countries through direct and step down Subsidiaries, Joint Ventures and Associates. These entities manufacture and market tubes in these various countries. Your Company also has a wholly owned subsidiary in India to manufacture and market flexible plastic laminates used in the packing of home care, personal care, food and pharma products. All these subsidiaries continue to work closely with customers and grow their business with product offerings relevant to their markets. The highlights of the various subsidiary operations are set out below:

During the year, all the Company's subsidiaries in the emerging markets of China, Philippines, Egypt and Latin America continued to grow profitably.

a. The subsidiary in China successfully ramped up its new manufacturing units in North China and South China, and increased its market share in laminated tubes. The unit was also granted license for manufacture of pharma tubes, which is expected to open a new growth avenue. The unit is actively developing customers in the cosmetics category for its high decoration inviseam tubes.

b. The subsidiaries in Egypt were re-located to a new larger premises with a view to develop into a regional manufacturing hub catering to Africa and Middle East, and pioneering into the pharma category in Egypt by accelerating conversion from the aluminium to laminated tubes.

c. With a view to create space for future growth, the Mexican subsidiary relocated its manufacturing facility to a new modern facility during the last quarter of the year under report.

d. Colombian plant also qualified for manufacture of baby care products.

The subsidiaries in UK, Poland and Russia have cut their losses by more than half compared to the previous period through several initiatives.

a. In Russia, new customer wins improved capacity utilisation.

b. The Poland subsidiary's plastic tube plant was not able to achieve break even as planned given the weak market conditions in Europe during the year. However, the unit has stabilized on productivity and quality parameters. The unit has been able to fill its recently added laminated tubes capacity through new customer development in Europe.

c. The UK subsidiary has been downsized in line with the customer off-take, so as to minimize cash losses and with the new customer and supply chain strategies that the management is working on, these losses will be plugged.

The laminated tubes subsidiary in USA posted growth in a recession hit market. Focussed measures to improve productivity and efficiency helped this unit to improve its profitability during the year. The subsidiary in USA manufacturing plastic tubes, however continued to underperform. There were also capacity bottlenecks on account of line balancing which have since been streamlined. The unit has recently won a large contract for export of plastic tubes which is expected to improve capacity utilization and help achieve break even. The unit has re-located its plant to Danville, USA, which has laminated tubes manufacturing facility, in order to achieve operational and cost synergies as part of its turn-around strategy. During the year, your Company transferred its holding of equity and preference shares in its wholly owned subsidiary, Essel Propack America LLC, USA to Arista Tubes Inc., USA which in consideration has allotted its own equity shares to your Company, thereby becoming a direct subsidiary, as detailed in the note 4(b) (Investments and Restructuring) to India Standalone Accounts.

Packaging India Private Limited, the Indian wholly owned subsidiary engaged in the flexible plastic laminate business, increased its sales and profitability in a very challenging local environment where prices of some key raw material inputs, shot up three fold during the first half of financial year ended March 31, 2011. The unit worked closely with customers for prompt review of sale prices and implemented a number of cost effectiveness measures during the year. The Unit in Uttarakhand set up in 2007 is fully ramped up.

The subsidiary in Venezuela and Nepal having ceased operations, and will go through dissolution process as per local regulatory frame-work.

During the year, your Company's holding of 1250 Non Cumulative Preference shares of USD 1000 each in its wholly owned subsidiary, Lamitube Technologies Limited, Mauritius were redeemed.

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Report of Board of Directors and Auditors, Balance sheet and Profit and Loss account (financial statements) of its subsidiaries. In view of the general exemption granted by the Ministry of Corporate Affairs, Central Government vide General Circular no. 2, 2011 dated February 8, 2011 and consent of the Board of Directors as required by the circular, the said reports and financial statements of the subsidiaries are not annexed.

The Company will make available annual accounts of the subsidiary companies and the related detailed information, where applicable, upon request by any member of the Company. These documents will also be available for inspection to any member at the registered office of the Company during business hours on any working day upto the date of this Annual General Meeting. The Consolidated Financial Statements presented by the Company include financial results of subsidiaries.

Joint ventures and Associates:

Your Company's joint venture for manufacture of laminated tubes in Germany and its associate in Indonesia, both continued to be profitable.

Ras Propack Lamipack Limited and Ras Extrusions Limited became associate company, following allotment of shares to your Company as a Co-promoter pursuant to order of the Hon'ble Board of Industrial and Financial Reconstruction (BIFR). The financial results of these companies have been duly considered in your Company's accounts.

Proposed Merger of Ras Propack Lamipack Limited (RPLL) and Ras Extrusions Limited (REL), sick industrial companies with the Company.

Your Company had agreed to be Co-Promoter in the rehabilitation of RPLL and REL, sick industrial companies, and as per the scheme approved by the Hon'ble BIFR, your Company has infused funds in these companies, by way of equity and unsecured loans amounting to ₹ 110 million. The Company's shareholding in RPLL and REL is 39.57% and 36.67% respectively.

BIFR in its recent hearing, gave directions to RPLL and REL (sick industrial companies) to file a Draft Modified Rehabilitation Proposal (DMRP) along with the requisite documents in connection with their proposal to merge the sick industrial companies (RPLL & REL) with your Company to achieve an early turnaround. The DMRP including the Scheme of Merger and other documents were approved by the Board of Directors of your Company and have since been filed with IDBI Bank Limited, who is the Monitoring Agency appointed by BIFR. Based on an independent valuer's report, the proposed scheme of merger envisages issue of 10 equity shares of face value of ₹ 2 each of your Company for every 165 equity shares of face value of ₹ 10 each held by the shareholders of RPLL (other than to your Company) and 10 equity shares of your Company of face value of ₹ 2 each for every 108 equity shares of face value of ₹ 10 each held by the shareholders of REL (other than to your Company).

The DMRP involving the Scheme of Merger and allotment of Equity shares as per aforesaid share exchange ratio is subject to sanction of BIFR, approval of the Company's members, and all other necessary approvals, as may be required.

Group

Pursuant to the intimation received by the Company from the Promoter entities, names of Promoter entities comprising 'group' for the purpose of regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations,1997 are disclosed in Annual Report.

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.

Equity 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 shareholders, your Directors recommend a dividend of ₹ 0.60 per share of ₹ 2 each on 1,56,601,130 equity shares for the financial year ending March 31, 2011 [@30%]. (previous financial period (15 months) ₹ 0.40 per share of ₹ 2 each [@20%].

Finance and Accounts:

Your Company continues to focus on reducing financial leverage and the finance costs through higher capital productivity and improved cash generation. Forex and interest rate exposures are closely reviewed and appropriately hedged to minimize risk.

Buy-Back of shares

Your Company has not announced in the 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, 2011.

Human Capital

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 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 and / or corporate office between 11.00 a.m. to 1.00 p.m. on all working days till the date of the 28th Annual General Meeting of the Company. Further, those seeking a copy of the said statement may write to the Company Secretary.

Directors

The following Directors seek re-appointment -

Mr. Tapan Mitra, Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

Mr. Boman Moradian, Director retires by rotation and being eligible, offers himself for re-appointment.

Brief resume of Mr. Tapan Mitra and Mr. Boman Moradian as required by Clause 49 of the Listing Agreement with the Stock Exchanges is annexed to the Notice convening the 28th Annual General Meeting of the Company.

Your directors place on record their special appreciation to Late Shri Davendra Ahuja for his long and meritorious association as Director of the Company till his sad demise on August 20, 2010.

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, 2011 and of the profit for the financial year ended March 31, 2011;

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. Chartered Accountants, Statutory Auditors of the Company, retire at the forthcoming 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 a 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 a 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 securities 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
Mumbai, July 15, 2011 **Chairman**

ESSEL PROPACK

Annexure to Directors' Report

Entities comprising of "Group" for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

Sr. No.	Name
1	Churu Trading Company Private Limited
2	Ganjam Trading Company Private Limited
3	Prajatma Trading Company Private Limited
4	Briggs Trading Company Private Limited
5	Veena Investments Private Limited
6	Ambience Business Services Private Limited
7	Essel Infra Projects Limited
8	Churu Enterprises LLP
9	Prajtma Enterprises LLP
10	Jayneer Enterprises LLP
11	Premier Finance and Trading Company Limited
12	Jayneer Capital Private Limited
13	Buddha Films Private Limited
14	Cyquator Media Services Private Limited
15	Intrex India Limited
16	New Media Broadcast Private Limited
17	Pan India Network Infravest P Limited
18	Pan India Network Limited
19	Prime Publishing Limited
20	Mediavest India Private Limited
21	Vasant Sagar Properties Private Limited
22	Essel Sports Private Limited
23	Aqualand India Limited
24	Wire and Wireless (India) Limited
25	Dish TV India Limited
26	Zee Entertainment Enterprises Limited
27	Zee Learn Limited
28	Shirpur Gold Refinery Limited
29	Solid Containers Limited
30	Essel Airport Infrastructure Private Limited
31	Pan India Infrastructure Private Limited
32	Essel Infra Projects International Holding Limited, Singapore
33	Essel Sagar Damoh Toll Roads Limited
34	Essel Bhind Mihona Gopalpur Toll Roads Limited

Sr. No.	Name
35	Essel Bina Khimlasa Malthon Toll Roads Limited
36	Essel Damoh-Jabalpur Toll Roads Limited
37	Essel Ahmedabad Godhra Toll Roads Limited
38	EOP PTE Limited, Singapore
39	Jay Properties Private Limited
40	Edisons Continental Laboratories Private Limited
41	Essel Ship Breaking Limited
42	Continental Drug Company Private Limited
43	25FPS Media Private Limited
44	Rama Associates Limited
45	Essel International Limited
46	Essel Agro Private Limited
47	ICL Heroes Sports Private Limited
48	ICL Rockets Sports Private Limited
49	Lahore Badshahs Private Limited
50	Dhaka Warriors Sports Private Limited
51	Royal Bengal Sports Private Limited
52	ICL Lions Private Limited
53	Maharashtra Hydrocarbon Products Private Limited
54	Rupee Finance and Management Private Limited
55	Delgrada Limited, Mauritius
56	Lazarus Investments Limited, Mauritius
57	Essel Holdings Limited, Mauritius
58	Packaging Products Investments Limited, Mauritius
59	Afro Asian Satellite Communications Limited, Mauritius
60	Agrani Holdings (Mauritius) Limited
61	Asian Satellite Broadcast Private Limited
62	Integrated Subscriber Management Services Limited
63	Essel Media & Entertainment Limited, Mauritius
64	Essel Media Corporation PLC, UK
65	Essel EM Infra Holding Company Limited, Mauritius
66	Essel Corporate Resources Private Limited
67	East India Company (Trading) Private Limited
68	Pan India Paryatan Private Limited

Information under section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report:

I. Conservation of Energy

A) Energy Conservation measures taken:

Your Company is committed to continuously reducing energy consumption at its various units. To this end, besides sustaining the various initiatives of the previous years, a number of new measures were implemented during the year, as set out below:

a) Reducing load on Heating Ventilation Air conditioner (HVAC) by exhausting hot air generated from vacuum pumps. Machine hot air exhaust pipes were replaced with insulated exhaust pipes thus helping in reduction on heat load.

b) Conventional water cooled Air Handling Units (AHU) replaced by direct AC units.

c) Composite aluminum piping for compressed air and Poly Propylene Random Copolymer (PPR) Piping for Process water distribution are used in the new facility, which lowers friction and pressure losses resulting in lower pressure requirements across the system.

d) Lower energy consuming lamps are installed on machines consuming high power, which further interlock with a timer provided on machines to switch off lamps when not used.

e) Rationalization of Utilities to ensure that optimum utilities are switched on as per the need.

f) Use of Insulated sandwiched PUF clean room wall panel with double glass windows for all the new structures and sections that have been constructed resulting in reduction of cooling load by 10%.

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

Your Company is pursuing other investment proposals to reduce consumption of energy, viz.

- To use Solar Power for water heaters, Solar Photovoltaic panels and LED lighting for the canteen block.
- Working with machinery suppliers to ensure that the new equipment procured meets the Company's growth plans and are energy efficient and that consumes around 22% lower energy.
- Replacement of old Chillers with energy efficient and non-green gas based chillers and of the conventional tube lights with energy saving CFL lamps for lighting.

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:

Capacitor banks installed have helped high power factor, close to 1, at the various units .

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

Not Applicable to the Company

II. Technology Absorption, Adaptation & Innovation and Research and Development (R&D)

A. Research and Development (R&D)

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

You Company continues to pursue R&D as means to sustain its market leadership in a competitive environment. The Company's R&D thrust spans the input materials, laminate substrate structure, dispensation system, decoration, on-demand printing, security features and sustainability.

2. Benefit derived as a result of the above R&D:

I. Towards its objective of helping to reduce the overall carbon footprint, your Company has exported about 1.05 million sq.m. (value ₹ 61 million) of fully recyclable all plastic barrier laminated web to USA for conversion and supply as tubes to large FMCG companies.

II. Your Company has successfully helped convert part of a popular cheese brand to a friendly, easy to dispense tube pack. These tubes have been specially designed to withstand 'Aseptic filling' conditions.

III. Custom made Oval tube with 'Tamper Evident' feature on the closure have been commercialized for a major pharmaceutical company.

IV. Instant turnaround capability has been commercialized for smaller size orders.

V. With the use of high decoration capability, the Company offers a substitute for Labels on Cosmetic tubes.

VI. New customer order in Cosmetic category in China for tubes involving plastic barrier laminated web and 'Inviseam' technology is expected to drive category growth in the years to come.

3. Future Plan of Action:

Your Company's Creative & Innovation team is working on several new projects in anticipation of the customer needs and new technology development, for future application on Laminated and Plastic tubes. Prime aim is to sustain leadership with continuous innovation. The thrust areas continue to be,

I. Sustainable tube design covering full recyclability and re-usability

II. Alternate barrier

III. High definition printing for superior consumer appeal

IV. Anticounterfeit technology covering 'Overt'& 'Covert' security features

4. **Expenditure on R&D:**

(₹ in million)

a)	Capital	5.54
b)	Recurring	30.41
c)	Total expenditure	35.95
d)	Total expenditure as a % of total turnover	0.82%

B. Technology absorption, adaptation & Innovation

1. **Efforts made towards technology absorption, adaptation and innovation:**

I. Your Company's Technology and C&I team along with strategic machine vendor have worked for a custom made, Your Company specific Decoration technology.

II. "On Demand" Digital press technology has been specially adapted for creating instant turnaround capability. It can produce Industrial quality Printing and is suitable for Dentifrice, Cosmetic, Food and Pharmaceutical industries.

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

I. Your Company has commercialised high decoration tubes in its Plastic tube category targeting high value cosmetic application.

II. Instant printing turnaround capability has been enabled to service order involving shorter run lot and for various promotional activities.

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

(a)	**Technology imported**	-	Combination pixel quality print system State of Art technology for pre press CTP, graphics software
(b)	**Year of import**	-	2010
(c)	**Has Technology been fully absorbed?**	-	Yes
(d)	**If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action.**	-	NA

III. **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**

Your Company continues to grow and strengthen its traditional export markets of SAARC, Middle East, Israel and Africa Regions, through a focused approach of developing new customers and catering to new applications beyond the oral care. The FOB value of exports for the year at ₹ 667 million represents 30% growth over the previous year on annualized basis.

The recent expansion in the capacity for plastic tubes, and the new printing and decoration capability, are being leveraged to tap opportunities in the sophisticated markets of Europe and USA. Your Company has already met with success with respect to export of plastic tubes to its traditional markets. Over a period, these initiatives will help diversify the export portfolio. Export of Extruded Plastic Tubes and lower diameter Laminated tubes will continue to be the focus area to drive growth in these markets.

Competition from Far East tends to put pressure on prices and margins. Your Company is addressing these with clear value proposition and supply reliability.

b) **Total Foreign exchange used and earned**

(₹ in million)

I	Foreign exchange earned (excluding deemed export)	772.38
II.	Foreign exchange used	1,326.57

For and on behalf of the Board of Directors
ESSEL PROPACK LIMITED

Subhash Chandra
Chairman

Mumbai, July 15, 2011

Management Discussion and Analysis

Your Directors are pleased to present the Management Discussion and Analysis for the year ended March 31, 2011.

Business overview:

Your Company manufactures and market a wide range of plastic tubes , both laminated and extruded, and flexible plastic laminates. These tubes are eminently suited for packing viscous product forms such as pastes, gels and creams. Besides preserving and protecting the product, tubes as a packaging form offer superior value proposition in terms of ease of dispensing product, hygienic storage in a multiple usage situation and excellent brand visibility on shop shelves. Tubes therefore have become a favoured packaging material worldwide for a range of consumer products such as tooth paste, face creams, hair conditioners, shaving creams, cosmetics and pharmaceutical ointments. Flexible Plastic laminates find use as pouches, sachets and wrappers to contain product forms such as solids, powders and liquids. Their sale proposition is low cost and excellent brand visibility. A number of products use these laminates, such as detergent powder, soap tablets, food products, oils, shampoos, biscuits, chocolates, pharmaceuticals etc.

Your Company pioneered plastic laminated tubes in India. Over the last 27 years, it has transformed into a leading global player in laminated tubes, manufacturing and selling close to 5 billion tubes across 12 countries. The other two products, viz. plastic extruded tubes and the flexible plastic laminates are relatively recent forays targeting select markets viz. India, Europe and USA in the case of plastic extruded tubes and only India in the case of flexible plastic laminates. Your Company's key strengths include a strong domain knowledge of polymers and plastic structures, proven innovation capability, global customer network and full integrated manufacturing.

The market for your Company's products is huge in the developed markets of Europe and America. It is growing in the emerging markets of Asia, Africa and Latin America driven by the robust growth of the Fast Moving Consumer Goods (FMCG) industry. As the disposable income in these markets grow, both the usage and sophistication of packaging is expected to witness sustained uptrend. Plastic tubes in a sense are a more evolved form of packaging, and in the long term could benefit from conversion from other packaging forms such as bottles and sachets. With its scale, global reach and innovation capability, your Company is strategically well-placed to benefit from this linkage to the FMCG sector.

Operational performance Review:

The year under review was marked by volatile commodity and input prices, weak consumer demand in USA and Europe, rising inflation and interest rates in emerging economies, and volatile exchange rates. Despite the difficult environment, your Company having staged a quick turnaround in the previous year, got back to healthy growth levels during the current year helped by a four pronged strategy, i.e.

1. Seek aggressive growth in the emerging markets,
2. Fix Performance issues and losses in Europe and USA,
3. Drive value proposition through Innovation and high level of customer servicing, and
4. Conserve cash through heightened cost and capital productivity.

Amongst the high notes of this year, your Directors wish to mention the following:

1. Successful commissioning and ramping up of a new back factory facility in the south of China and of the newly developed high speed tubing lines in India
2. Building a strong base for growth in the non oral-care category in India by way of setting up a dedicated facility for manufacture of pharma tubes, new customer wins in the pharma and cosmetic categories, streamlined supply chain process, a new organisation structure and new decoration capabilities
3. Curtailing Europe (excluding Germany) losses by 60%
4. Implementing Material and Machine productivity improvement program in USA to help improve profitability
5. Innovations involving environmental friendly product offerings, packaging solutions for new categories such as food products, provision of value added new features
6. Consolidation of the manufacturing sites in USA and Egypt in order to drive cost savings
7. Reduction in the debt levels and interest cost

<u>Segment Performance Review:</u>

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

1. **Americas** (with operations in USA, Mexico and Colombia)
2. **Europe** (with operations in 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)

<u>Segment financial highlights:</u>

The table below sets out the segment financial highlights for the year :

(₹ Million)

	Twelve months ended March 2011	Twelve months ended March 2010 (***)
Revenue:		
Americas	3,279	2,955
Europe	1,308	1,187
AMESA	6,718	5,529
EAP	2,778	2,391
PBIT		
Americas	21	(75)
Europe	(160)	(341)
AMESA	933	732
EAP	668	741

*** unaudited, based on management accounts.

Since the previous year was a 15 months period and included the results relating to the divested Medical Devices business, to help better assess the current year performance by the Regions, comparison has been provided with figures (unaudited) relating only to the packaging business, for the preceding 12 months period.

Developments in each of the Regions are set out below:

Americas:

Your Company has strong market presence in USA, Mexico and Columbia. Laminated tubes constitute the mainstay in all these markets; extruded plastic tubes are offered only in USA. Helped by pro-active customer engagement and new customer wins in the high value pharma and cosmetic category, the region grew its top line by 11% over the previous 12 month period, despite recessionary conditions in the lead market of USA. Profitability improvement was the other challenge taken in this region, and achieved through machine productivity improvement programs, re-training of human resources, implementation of Total Productive Maintenance (TPM), and active management of costs. Consequently, the Region posted an operating profit of ₹ 21 million as compared to loss ₹ 75 million in the previous 12 months period. Your Company has won a large contract for export of plastic tubes, and this should help the region to deliver enhanced profits in the coming year.

The strategic thrust in this region is to extend product offerings to the high value cosmetics category, using both plastic extruded tubes as well as laminated tubes using the plastic barrier web innovated by your Company. The USA unit already has capability for multi-effect decoration on laminated tubes. The opportunity in the non-oral care category is quite promising in the Mexican and Colombian markets too.

Europe:

Your Company offers both laminated tubes and extruded tubes in Europe. Poland is the hub for extruded plastic tubes. Key thrust this year was in stabilizing the volumes of the Plastic tube plant by improving the customer portfolio, order turnaround time and the order service level. Cost effectiveness measures were implemented in UK plant, while new customer development was aggressively pursued in Russia by offering value add propositions. It is a matter of satisfaction that the sales grew 10% in this region and the operating losses were reduced by 53% compared to preceding 12 months period.

The strategic thrust in this region is to secure an early break even of Poland and Russia unit, seize opportunity with a few large volume customers and pursue consolidation and scaling up to become cost effective.

AMESA (Africa, Middle East and South Asia):

The strategy for growth yielded satisfying results in this region with the sales growing 22% and the operating profits 27% over the preceding 12 months period. The growth in India was a result of both active customer development in the extruded plastic tubes, pharma and cosmetic tubes as well as growing with key customers through pro-active capacity management, and collaborative supply chain. Egyptian operation was consolidated in a new large unit. Seeding operations were started in the pharma and cosmetic category using Company's other units as sourcing base. The profits of flexible packaging operations in India improved following pro-active pass through, improved material efficiencies and active management of operating costs.

The key thrust is to grow the plastic extruded tube market in India, create greater flexibility in the supply chain and instant order turnaround capability to grow and gain share in the high value cosmetic and pharma categories.

EAP (East Asia Pacific):

This Region got into growth track following the extension of manufacturing presence in the North and in the Southern parts of China. Strong customer partnering and high quality servicing has helped the region to grow market share in the existing customers. Japan and Korean markets are being explored using the new manufacturing base in the north of China. During the year, the China unit secured the pharma license and has commenced new customer development in this niche market. The unit is actively targeting the cosmetics category with its newly developed capability for large diameter, high decoration tubes made using plastic barrier web and inviseam technology. The increase in the wage costs as well taxes on exports have impacted the margin for the year which is lower by 10% despite sales being higher by 16%.

The region's thrust is to build a sizeable business in the pharma and cosmetic category with state of the art technology, while continuing to grow and improve its share with existing customers.

FINANCIAL AND OPERATIONAL PERFORMANCE

Overview:

It may be noted that the previous year's figures relate to a 15 month period and further include the financial results of the divested Medical Devices Business as also the exceptional gain in December 2009. The current year's figures are not directly comparable with those of the previous year. With a view to help assess better the current year's financial performance which relates only to the continuing packaging business, corresponding figures (unaudited) relating to that business for the preceding 12 months period have been provided in the table below:

₹ Millions

Particulars	Twelve months ended March 2011	Twelve months ended March 2010 (***)	Growth
Net Sales/ Income from operations	14,083	12,042	16.9%
Profit from Operations before Other Income, Interest and Exceptional items	1,333	992	34.4%
Financial expenses Net	(557)	(662)	15.9%
Profit/ (Loss) from ordinary activities before tax	815	469	73.7%
Net Profit/ (loss) for the period	473	201	135.3%
EPS	3.02	1.28	135.3%

***published unaudited figures based on the Management accounts

It will be clear from the above that during the current year your Company significantly improved its Profit after Tax to ₹ 473 million from ₹ 201 million during the comparable preceding 12 months period, helped by strong cost management, revenue growth and lower finance costs.

CREATIVITY & INNOVATION (C&I)

The Creativity & Innovation has been one of the key drivers of your Company's growth into a leading global player. During the year, the C&I team took on a number of projects to make a difference to the customers. Environment friendly plastic barrier web was commercialized in USA, to help the cause of reducing carbon foot print. New products were developed to address the specific requirements of customers such as "aseptic filling process" and "aggressive ingredient formulation". These products targeting food and hair colorant respectively should facilitate new conversion into laminated tubes from the traditional packaging. Other innovations related to providing security features in the tubes to help the customer ward off product tampering and counterfeits helping the cause of consumer safety. New tube decoration capability which can help customers eliminate additional material in the form of labels is being commercialized . Another thrust has been towards developing instant order turnaround capability which can help the cause of lean supply chain and improved value to customers. Your Company's research and development efforts have won accolades in several forums across the globe. The prestigious Indian Institute of Packaging award for innovative product and recyclable tube was bestowed on two of your Company's innovations – the high luster 'EGNITE' tube and the recyclable 'ETAIN' tube. Another innovation viz. Scented tube won commendation of the European Tube Makers Association. Your Company is committed to leverage its Research & Development (R&D) capability to improve the value creation.

FINANCE

Your Company continued to focus on cash generation through cost management and capital productivity improvement measures. Capital expenditure during the year was confined to the growth markets of India and China. Inventory and receivables were closely managed. Raw material price volatility was pro-actively addressed, including through regular price reviews and 'pass through' clauses in the long term contracts. Interest cost was contained during the year which saw monetary tightening in India, through rate reviews with lenders based on your Company's improved financials. Both, the Debt Equity ratio and Interest cover have shown improvement during the year.

HUMAN CAPITAL

Your Company has 825 employees in India and 2200 employees globally as of March 31, 2011. Your Company attaches great importance to the continuous development of its Human resources as means to sustain profitable growth. During the year, most of the managers and executives across the global operations were put through competency mapping workshop, and career development plans worked out involving both 'on the job coaching' and sponsor to training programmes conducted by reputed institutions.

Your Company has significantly strengthened the Performance Management System through Goal Setting Workshops, Performance Coaching Workshops and a streamlined Reward System. Six sigma projects have been rolled out to all key operations, and have helped to address issues with material yields and machine productivity . Quality staff have been trained on the 8 D Problem solving approach. Industrial relations in all the units were cordial.

INFORMATION TECHNOLOGY

During the year, your Company leveraged its ERP platform for providing high quality internal MIS spanning areas of material and machine efficiencies, sales, inventory and receivables analysis. Timely and standardized reports are now made available to operating management, facilitating proactive corrective measures and performance improvement. Continuous training was imparted for staff on effective use of SAP, and the knowledge of power users has improved. A dedicated Core Team supports SAP globally. A Steering committee comprising of the Corporate leadership team, supervises the IT initiatives globally through its regular monthly reviews.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your 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 reports to the Audit committee.

Your 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.

Your 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 top Management are regularly appraised 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 year, your Company issued several internal policy guidelines for uniform application across its units, relating to both financial and operating matters.

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 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 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 as 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, your Company is actively developing products/ customers in the cosmetics, food and pharma 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 elsewhere in this report, your Company is implementing a plan to de-leverage and reduce dependency on short term borrowings. Measures to conserve cash are 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 and should not be much impacted by the downturn. 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.

OUTLOOK

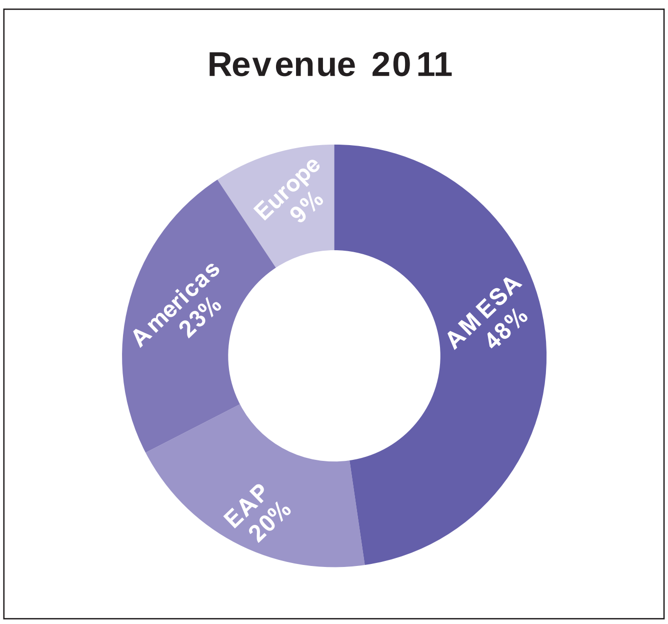
Your Company has shown remarkable resilience in reverting to profitable growth. In fact, the continuing packaging business has more than offset the gap in the Sales and Profits caused by the divestment during the previous period of the Medical Devices business.

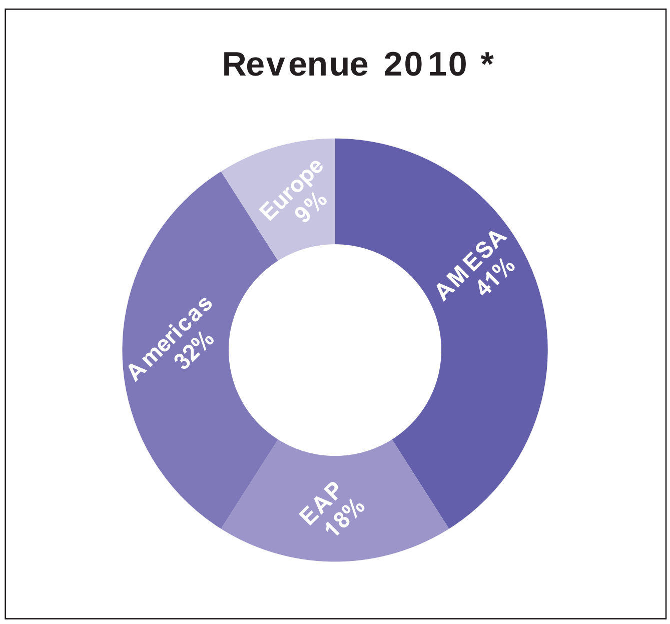
The developed markets are still beset with recessionary concerns. While this may hold back an ambitious ramping up of extruded plastic tube units in Poland and USA, the laminated tube sales should not only be unaffected but should see a modest growth helped by ongoing customer additions.

The emerging markets on the other hand continue to grow strongly both in the traditional oral care categories as well as in the newer cosmetic / pharma categories. The new innovations and capabilities built up by your Company should give further impetus. 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 financial statements of the previous year are in respect of the fifteen months period from January 01,2009 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 financial year 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;
- Four Non-Executive Independent Directors.
- Executive Director designated as 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 four 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 September 24, 2010 and also their directorship in other companies and membership of committees as on March 31, 2011 is as under:

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

PD: Promoter Director ED: Executive Director ID: Independent Director
NPD: Non-Promoter Director NED: Non-Executive Director NID:Non-Independent Director

* Expired on August 20, 2010

@ Excludes directorship 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, the 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 meeting date. The meetings are usually held in Company's Corporate office at Mumbai.

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

3. Meetings of the Board of Directors:

During the year under review, the Board of Directors met 6 times on April 28, 2010, July 28, 2010, November 02, 2010, November 24, 2010, January 25, 2011 and March 03, 2011.

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 four Non- Executive Independent Directors,

❖ Mr. Tapan Mitra (Chairman)

❖ Mr. K.V. Krishnamurthy

❖ Mr. Boman Moradian

❖ Mr. Mukund M. Chitale

❖ Late Mr. Davendra Ahuja (upto 20.08.2010)

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) attends the meetings of the Committee at the invitation of the Chairman. Operational heads are invited to the meeting, if required. The Company Secretary acts as the Secretary to the Committee.

Mr. Tapan Mitra, Mr. K. V. Krishnamurthy and Mr. Mukund M. 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 Clause 49 of the Listing Agreement with Stock Exchanges.

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 will have direct access to the Committee's Chairman).
- Discusses the audit plans with both the Statutory and Internal Auditor before the commencement of audit and ensure co-ordination between them.
- Reviews the interim and full year financial statements with the Management and Statutory Auditor before recommending them to the Board.
- Reviews Management Discussion and Analysis of financial condition and result of operations.
- Reviews Statement of Related Party transactions.
- Discusses with the Statutory Auditor their concerns, if any, arising from their audits.
- Reviews the Auditors' Management Letters and the Management's responses.
- Reviews reports of the Internal Auditors and Management's responses thereto.
- Considers the findings of internal investigations and Management's responses thereto.
- Reviews the Company's financial control systems including those of treasury. In particular, it periodically reviews:
  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.
- Reviews with the Management the performance of the Statutory and Internal Auditor, adequacy of the Internal Control Systems.
- Discusses with the Internal Auditor any significant findings and follow up thereon.
- Reviews the adequacy of the Internal Audit function.
- Discusses with Statutory Auditor 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 year under review, the Audit Committee met four times on April 28, 2010, July 28, 2010, November 02, 2010 and January 25, 2011.

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

Members	Meetings attended
Mr. Tapan Mitra	4
Late Mr. Davendra Ahuja*	1
Mr. K. V. Krishnamurthy	4
Mr. Boman Moradian	3
Mr. Mukund M. Chitale	4

* upto 20.08.2010

2) **Investors' Grievance Committee:**

a) Composition:

The Committee comprises of:

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

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:

During the year under review, the Committee met four times on April 28, 2010, July 28, 2010, November 02, 2010 and January 25, 2011.

The attendance 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 year ended March 31, 2011 is as under:

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

3) **Remuneration Committee:**

a) Composition:

The Committee comprises of three Non-Executive Independent Directors,

- ❖ Late Mr. Davendra Ahuja (upto 20.08.2010)
- ❖ Mr. K. V. Krishnamurthy (Chairman) (w.e.f. 04.05.2011)
- ❖ Mr. Tapan Mitra
- ❖ Mr. Mukund M. Chitale (w.e.f. 02.11.2010)

b) Terms of Reference:

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

c) Meetings and Attendance:

During the year under review, the Committee met once on April 28, 2010. The attendance of the Members of the Remuneration Committee is as under:-

Members	Meetings attended
Late Mr. Davendra Ahuja (upto 20.08.2010)	1
Mr. Tapan Mitra	1
Mr. K.V. Krishnamurthy	1
Mr. Mukund M. Chitale	NA

IV. REMUNERATION TO EXECUTIVE DIRECTOR

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 the Vice Chairman & Managing Director and Annual Performance Bonus 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 of ₹15000 for attending each Meeting of the Board of Directors and Committees thereof. The Members at Annual General Meeting has 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 is decided each year by the Board considering the valuable contributions, guidance for the various business initiatives and decisions and also profitability of the Company. During the year ended March 31, 2011, commission for the 15 months period ended March 31, 2010, was paid to Non-Executive Independent Directors.

The details of sitting fees and Commission paid during the year ended March 31, 2011 are given below:

Director	Commission (₹)	Sitting Fees (₹)	Total (₹)
Late Mr. Davendra Ahuja*	825,000	45,000	870,000
Mr. Tapan Mitra	825,000	165,000	990,000
Mr. K.V. Krishnamurthy	825,000	210,000	1,035,000
Mr. Boman Moradian	825,000	165,000	990,000
Mr. Mukund Chitale	825,000	135,000	960,000
TOTAL	**4,125,000**	**720,000**	**4,845,000**

* expired on August 20, 2010

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

c) The Remuneration paid / payable to the Executive Director of the Company for year ended March 31, 2011, is as under:-

Director	Position	Gross Remuneration Paid (₹)	Stock Options Granted	Service Contract	Notice Period
Mr.Ashok Kumar Goel	Vice Chairman & Managing Director	49,984,000#	NIL	Re-appointed for 5 years w.e.f. 21/10/2008	3 months

Break up of remuneration paid /payable is as under:

Sr. No.	Particulars	(₹)
1.	Salaries, Allowances and Perquisites*	26,050,000
2.	Contribution to Provident and other funds	2,574,000
3.	Annual performance bonus **	21,360,000
	Total	**49,984,000**

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

**The Annual Performance Bonus has been approved by the Board of Directors on the recommendation of the Remuneration Committee and pending approval of the Central Government, has not been paid.

d) The Non-Executive Independent Directors of the Company do not hold any shares of the Company. Mr. Subhash Chandra, Promoter and Chairman holds 89,305 Equity Shares of the Company and Mr. Ashok Kumar Goel, Vice Chairman & Managing Director holds 3,20,760 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. 12 of the Annual Accounts in compliance with the Accounting Standard relating to "Related Party Disclosures". There were 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 for alleged violation of certain provisions of the Companies Act, 1956. The Company had denied all the alleged violations. However, in order to avoid further litigation had gone for compounding of the offences. Hon'ble Company Law Board vide its order dated May 11, 2011 and June 1, 2011 has compounded all the said alleged offences against the Company and its Directors and erstwhile Directors & officers.

3. Whistle Blower Policy

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

4. Model Code of Conduct

The Company has adopted a Model Code of Conduct for the Board of Directors, Senior Management and the Employees of the Company who have affirmed their adherence to the Code, and has been posted on the Company's website (www.esselpropack.com). The Company's Vice Chairman & 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 and the mandatory requirements of Clause 49 of the Listing Agreement.

6. Risk Management

As required under Clause 49 of Listing Agreement, the Company has set up a procedure to appraise 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 15, 2011. 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 financial results and annual financial results are published in newspapers viz. The Economic Times and DNA (in English) and Maharashtra Times (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 09, 2011, at 11.00 a.m.
   at Registered office at P.O. Vasind, Taluka- Shahapur, District - Thane, Maharashtra - 421604, India.

2. **Financial year**
   April to March

3. **Book Closure Dates**
   From August 30, 2011 to September 09, 2011 (both days inclusive)

4. **Financial Calendar**
   (Tentative**)**

   Dividend

Dividend for the year ended March 31, 2011:	: within 7 days from the date of 28th AGM
	: on or after September 13, 2011
Last AGM held on :	: September 24, 2010

   Board meeting to approve Financial Results

1st Quarter (2011)	: July 28, 2011
2nd Quarter (2011)	: Oct./Nov. 2011
3rd Quarter (2011)	: Jan./Feb. 2012
4th Quarter (2012)	: April/ May 2012
Approval of Annual Audited Accounts (2011-2012)	: within stipulated time.

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

6. **Listing of Shares on Stock Exchanges**
   1. Bombay Stock Exchange Limited,
      Phiroze Jeejeebhoy Towers,
      Dalal Street, Fort,
      Mumbai - 400 001.
      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.
      Code: ESSELPACK

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

ISIN No. INE255A01020

7. **Corporate Benefits**
   A glimpse of the past corporate benefits issued by your Company is given below :-

   a) **Equity Dividend**

Year		Year		Year	
1990-91	10%	1997-98 (Final)	32%	2003 (Final)	10%
1991-92	15%	1998-99 (Interim)	20%	2004 (Interim)	80%
1992-93	20%	1998-99 (Final)	34%	2004 (Final)	10%
1993-94	27%	1999-00 (Special)	150%	2005 (Interim)	100%
1994-95	27%	1999-00 (Interim)	54%	2005 (Special)	120%
1995-96	32%	2000-01	54%	2006 (Interim) *	100%
1996-97 (Interim)	15%	2001	55%	2007	60%
1996-97 (Final)	30%	2002	65%	2008	15%
1997-98 (Interim)	20%	2003 (Interim)	70%	2009-10 (15 months)	20%

   * The face value of equity shares was subdivided from ₹ 10 to ₹ 2 with effect from June 15, 2006

   b) **Rights Shares (Price inclusive of premium)**

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

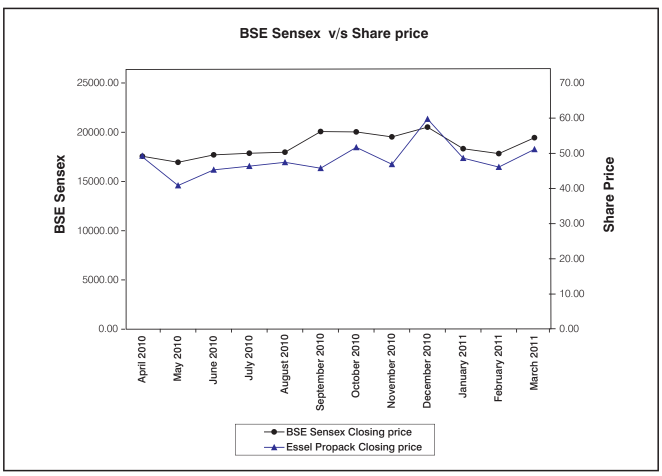
   c) **Bonus Shares**

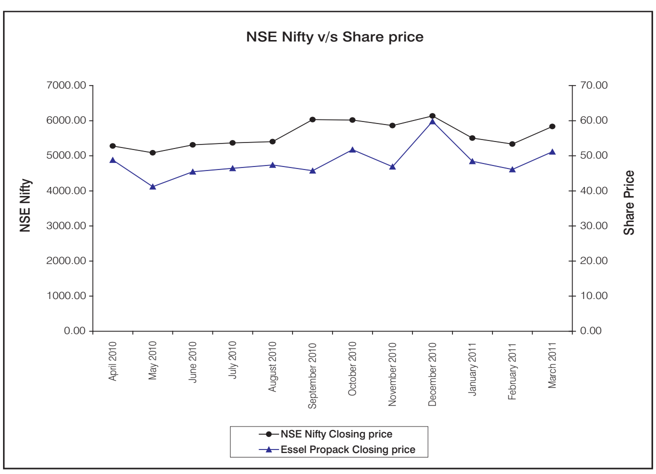
Year	Face Value (₹)	Ratio
1994	10	1:2
2000	10	3:5

8. **Market Price Data: (High / Low during each month for the year ended March 31, 2011)**

Month	BSE (₹) High	BSE (₹) Low	NSE (₹) High	NSE (₹) Low
April 2010	53.50	42.50	53.00	40.10
May 2010	50.00	38.10	51.30	38.10
June 2010	48.20	39.50	48.25	39.55
July 2010	55.00	45.00	54.20	45.00
August 2010	52.60	45.30	53.00	45.15
September 2010	58.20	45.60	52.65	45.45
October 2010	52.90	45.70	52.90	45.25
November 2010	57.25	43.00	57.25	43.00
December 2010	65.00	42.10	60.70	40.15
January 2011	61.50	45.20	61.50	45.00
February 2011	51.80	40.05	55.95	39.90
March 2011	52.45	42.70	52.65	42.10

9. **Performance of shares of Essel Propack Limited in comparison to BSE Sensex & NSE Nifty.**





10. **Registrar & Transfer Agent**

Sharepro Services (India) Private Limited
Unit: ESSEL PROPACK LIMITED
Samhita Ware Housing Complex,
Plot No. 13 A B, Gala No. 53,
Sakinaka Telephone Exchange Lane,
Andheri - Kurla Road, Sakinaka,
Mumbai – 400 072.
Tel. : (022) 6772 0300 / 400
Fax : (022) 28591568
E-mail: sharepro@shareproservices.com

11. **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
Telephone Number : 022 2481 9000
Fax Number : 022 2496 3137
Email : aashay.khandwala@ep.esselgroup.com

12. **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
Telephone Number : 022 2481 9000 / 9065
Fax Number : 022 2496 3137
E-mail : surje.singh@ep.esselgroup.com

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

13. **Share Transfer System**

Physical shares sent for transfer are duly transferred within 15 days of receipt of the documents, if they 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 Mandate and Nomination.

14. **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 a.m. on May 12, 2008 and at 11.00 a.m. on May 12, 2009 & September 24, 2010.

Special Resolutions passed in the previous General Meetings held during last 3 years:

i) Annual General Meeting (AGM).

a) 25th AGM held on May 12, 2008:

- Special Resolution was passed to ratify, confirm and approve the Annual Performance Bonus of ₹ 1,49,64,000 to Mr. Ashok Kumar Goel, Vice Chairman & Managing Director, for the year ended December 31, 2007.

b) 26th AGM held on May 12, 2009:

- Special Resolution was passed to confirm and approve minimum remuneration of ₹ 2,286,527 p.m. consisting of salary, allowances and perquisites to Mr Ashok Kumar Goel, Vice Chairman & Managing Director, as per the terms of his appointment for the period from January 1, 2008 to October 20, 2008.
- Special Resolution was passed to confirm and approve the re-appointment of Mr. Ashok Kumar Goel, Vice Chairman & Managing Director of the Company for a period of five years commencing October 21, 2008.

c) 27th AGM held on September 24, 2010:

- Special Resolution was passed for payment of Commission to Non-Executive Directors of the Company, of 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 Companies Act, 1956, for a period of five financial years commencing from April 01, 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.
- Special Resolution was passed to keep the Register of Members, Index of Members and other related returns or documents at Sharepro Services (India) Private Limited, Registrar and Transfer Agent at Samhita Ware Housing Complex, Plot No. 13 A B, Gala No. 53, Sakinaka Telephone Exchange Lane, Andheri - Kurla Road, Sakinaka, Mumbai – 400 072.

ii) Extra Ordinary General Meeting (EGM)

EGM 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.

15. **Postal Ballot**

No special resolution was passed by way of Postal Ballot during the year ended March 31, 2011.

16. **Distribution of Shares as on March 31, 2011**

Distribution	No. of shareholders	% to total share holders	No. of shares	% to total shares
Less than 500	20,152	71.36	3,744,058	2.39
501 - 1000	3,875	13.72	3,088,863	1.97
1001 - 2000	2,149	7.61	3,247,605	2.07
2001 - 3000	751	2.66	1,907,074	1.22
3001 - 4000	342	1.21	1,230,541	0.79
4001 - 5000	248	0.88	1,186,531	0.76
5001 - 10000	382	1.35	2,806,673	1.79
10001 and above	342	1.21	139,389,785	89.01
TOTAL	**28,241**	**100.00**	**156,601,130**	**100.00**

17. **Categories of Shareholders as on March 31, 2011**

	Category	No. of shares held	% of share holding
1.	Promoter's holding **(A)**	**92,589,390**	**59.12**
2.	Non-Promoters Holding		
	- Mutual Funds, FI & Banks	15,226,162	9.72
	- FIIs	5,122,992	3.27
	- Body Corporates	15,725,519	10.04
	- Resident Indians	26,006,059	16.62
	- NRIs	1,931,008	1.23
	Sub- Total (B)	**64,011,740**	**40.88**
	Total (A+B)	**156,601,130**	**100.00**

18. **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, 2011, 98.56% of the total Equity Capital is held in the demat form with NSDL and CDSL.

Category	As on 31.03.2011	%
No. of Shares held by NSDL	114,902,968	73.37
No. of Shares held by CDSL	39,444,936	25.19
Physical	2,253,226	1.44
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 held on May 06, 2006, the nominal face value of the Company's Equity Shares has been subdivided from ₹10 per share to ₹ 2 per share, with effect from June 15, 2006.

21. **Plant Locations (India and Overseas)**

India (9), China (4), Egypt (1), Philippines, Germany, U.K, Russia, USA, Colombia, Mexico, Poland and Indonesia.

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) Quarterly 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 15, 2011

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 'Model Code of Conduct' laid down by the Company for the year ended March 31, 2011.

For ESSEL PROPACK LIMITED

Ashok Kumar Goel
Vice Chairman & Managing Director

Mumbai, July 15, 2011

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 (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 financial year ended March 31, 2011 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 Model 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 financial year ended March 31, 2011 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 15, 2011

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 year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance 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 based on the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 Number 101169W

Hitendra Bhandari
Partner
Membership Number 107832

Mumbai, July 15, 2011

ESSEL PROPACK

Five Years' Summary of Selected Financial Data (Consolidated)

₹ Million

	2006	2007	2008	2010#	2011
Sales and other income	10,286.06	12,086.50	12,949.29	16,941.36	14,117.13
Profit before depreciation, interest and tax	2,400.63	2,113.18	1,323.12	3,007.87	2,539.40
Depreciation	865.38	667.35	1,119.90	1,328.67	1,069.61
Profit before tax (before extra-ordinary & Exceptional items)	1,300.16	927.80	(489.04)	745.90	854.62
Profit after tax	985.49	608.13	(883.11)	599.20	472.70
Dividends	313.20	187.92	46.98	62.64	93.96
Cash Profit	1,850.86	1,275.49	236.80	1,927.87	1,542.31
Earning per share - ₹ (Basic after extraordinary items)**	6.29	3.88	(5.64)	3.83	3.02
Dividend per share - ₹**	2.00	1.20	0.30	0.40	0.60
Capital Employed	13,119.14	15,388.65	17,480.71	16,046.31	15,969.67
Assets Less Current Liabilities					
Goodwill	4,060.63	4,060.63	4,390.03	3,606.94	3,606.94
Fixed assets (net)	6,148.68	7,676.88	7,253.08	6,703.57	6,487.41
Investment	423.79	447.78	452.60	476.60	498.80
Current assets, Loans and Advances	4,923.26	5,754.41	7,589.61	7,232.95	7,789.64
	15,556.35	17,939.69	19,685.32	18,020.06	18,382.78
Current liabilities and Provisions	(2,437.21)	(2,551.04)	(2,204.62)	(1,973.75)	(2,413.11)
Net Assets	**13,119.14**	**15,388.65**	**17,480.71**	**16,046.31**	**15,969.67**
FINANCED BY					
Share capital	313.13	313.13	313.13	313.13	313.13
Reserves	7,344.70	7,848.71	6,678.65	7,295.39	7,643.51
Shareholders' funds	7,657.83	8,161.85	6,991.79	7,608.52	7,956.64
Miscellaneous Expenditure	(56.77)	(24.38)	(51.98)	(79.96)	(103.16)
Net Worth	7,601.06	8,137.47	6,939.81	7,528.57	7,853.48
Minority Interest	97.71	118.30	165.58	83.35	67.17
Deferred Tax Balances	197.40	56.13	61.20	36.77	(82.75)
	7,896.16	8,311.90	7,166.59	7,648.68	7,837.91
Loan Funds	5,222.98	7,076.75	10,314.12	8,397.63	8,131.76
Capital employed	**13,119.14**	**15,388.65**	**17,480.71**	**16,046.31**	**15,969.67**
Financial Returns and Statistics					
Profit after tax as a percent of Sales and other income	10%	5%	(7%)	4%	3%
Profit before depreciation, interest and tax as a percent of Sales and other income	23%	17%	10%	18%	18%
Return on Capital Employed (PBIT/Avg Capital Employed) (With Goodwill)	14%	11%	2%	11%#	10%
Return on Capital Employed (PBIT/Avg Capital Employed) (Without Goodwill)	19%	15%	3%	14%#	13%
Return on Net worth (PAT/Avg Networth) (With Goodwill)	14%	8%	(12%)	7%#	6%
Return on Net worth (PAT/Avg Networth) (Without Goodwill)	26%	16%	(27%)	15%#	12%
Loan funds as a percentage of Shareholders' funds	68%	87%	148%	110%	102%
Gearing ratio (Loan funds as a percentage to Loan funds plus Shareholders' funds)	41%	46%	60%	52%	51%
Financial Expenses Cover (Times) (Profit before Financial Expenses (Gross) and Taxation/Financial expenses (gross))	5	2	0.4	2	2
Cash profit to sales and other income	18%	11%	2%	11%	11%

** Pursuant to the approval by the shareholders, each equity share of the Company of face value ₹ 10 each fully paid up has been split into 5 equity shares of ₹ 2 each fully paid up with effect from June 15, 2006.

The financial statements of 2010 are in respect of the fifteen months period from January 01, 2009 to March 31, 2010. Hence, balance sheet ratios have been annualised.

Five Years' Summary of Selected Financial Data (Consolidated)

USD Million

	2006	2007	2008	2010#	2011
Sales and other income	226.97	292.25	298.23	353.93	309.75
Profit before depreciation, interest and tax	52.97	51.10	30.47	62.84	55.72
Depreciation	19.10	16.14	25.79	27.76	23.47
Profit before tax (before extra-ordinary & Exceptional items)	28.69	22.43	(11.26)	15.58	18.75
Profit after tax	21.75	14.70	(20.34)	12.52	10.37
Dividends	6.91	4.54	1.08	1.31	2.06
Cash Profit	40.84	30.84	5.45	40.28	33.84
Assets Less Current Liabilities					
Goodwill	92.04	102.97	90.61	79.91	80.78
Fixed assets (net)	139.36	194.67	149.70	148.51	145.29
Investment	9.61	11.35	9.34	10.56	11.17
Current assets, Loans and Advances	111.59	145.92	156.65	160.23	174.46
	352.59	454.92	406.30	399.20	411.71
Current liabilities and Provisions	(55.24)	(64.69)	(45.50)	(43.73)	(54.05)
Net Assets	**297.35**	**390.23**	**360.80**	**355.48**	**357.66**
FINANCED BY					
Share capital	7.10	7.94	6.46	6.94	7.01
Reserves	166.47	199.03	137.85	161.62	171.19
Shareholders' funds	173.57	206.97	144.31	168.55	178.20
Miscellaneous Expenditure	(1.29)	(0.62)	(1.07)	(1.77)	(2.31)
Net Worth	172.28	206.35	143.24	166.78	175.89
Minority Interest	2.21	3.00	3.42	1.85	1.50
Deferred Tax Balances	4.47	1.42	1.26	0.81	(1.85)
	178.97	210.77	147.92	169.44	175.54
Loan Funds	118.38	179.45	212.88	186.04	182.12
Capital employed	**297.35**	**390.23**	**360.80**	**355.48**	**357.66**
Financial Returns and Statistics					
Profit after tax as a percent of Sales and other income	10%	5%	(7%)	4%	3%
Profit before depreciation, interest and tax as a percent of Sales and other income	23%	17%	10%	18%	18%
Return on Capital Employed (PBIT/Avg Capital Employed) (With Goodwill)	13%	10%	2%	10%#	10%
Return on Capital Employed (PBIT/Avg Capital Employed) (Without Goodwill)	19%	14%	3%	13%#	13%
Return on Net worth (PAT/Avg Networth) (With Goodwill)	13%	7%	(13%)	6%#	6%
Return on Net worth (PAT/Avg Networth) (Without Goodwill)	26%	15%	(30%)	14%#	11%
Loan funds as a percentage of Shareholders' funds	68%	87%	148%	110%	102%
Gearing ratio (Loan funds as a percentage to Loan funds plus Shareholders' funds)	41%	46%	60%	52%	51%
Financial Expenses Cover (Times) (Profit before Financial Expenses (Gross) and Taxation/Financial expenses (gross))	5	2	0.4	2	2
Cash profit to sales and other income	18%	11%	2%	11%	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 financial statements of 2010 are in respect of the fifteen months period from January 01, 2009 to March 31, 2010. Hence, balance sheet ratios have been annualised.

ESSEL PROPACK

Five Years' Summary of Selected Financial Data (India)

₹ Million

	2006	2007	2008	2010#	2011
Sales and other Income	2,939.64	3,311.91	3,548.13	4,541.34	4,380.37
FOB value of Exports	284.51	266.35	357.18	380.95	348.27
Profit before depreciation, interest and tax	869.32	960.69	840.25	1,083.79	1,096.68
Financial Expenses (Gross)	205.42	388.55	260.90	352.36	221.01
Depreciation/Amortisation	205.94	200.83	206.56	288.86	243.05
Profit before tax and exceptional items	605.92	559.94	372.79	442.57	632.62
Profit after tax	410.46	372.93	271.78	345.49	440.83
Dividends (including Dividend Tax)	357.13	219.86	54.96	73.04	109.20
Cash profit	616.40	573.75	478.34	634.35	683.88
Book value per share*	35.10	33.93	37.31	38.78	40.94
Earnings per share* - (Basic after exceptional items)	2.62	2.38	1.74	2.21	2.81
Dividend per share* - ₹	2.00	1.60	0.30	0.40	0.60
Closing share price on BSE at year end - (₹ per share)	*78.90	77.15	18.08	43.40	51.15
Market capitalisation (As at year end)	12,355.83	12,081.78	2,831.35	6,796.49	8,010.15
ASSETS LESS CURRENT LIABILITIES					
Fixed assets (Net)	1,631.86	1,679.12	1,813.21	1,752.83	2,028.11
Investments	5,509.04	5,744.32	5,744.32	5,733.99	5,685.94
Current Assets, Loans and Advances	1,775.54	2,938.49	4,629.51	4,168.59	3,861.43
	8,916.44	10,361.93	12,187.04	11,655.41	11,575.48
Current Liabilities and Provisions	(791.90)	(672.88)	(696.92)	(650.33)	(759.55)
Net Current Assets	**8,124.53**	**9,689.05**	**11,490.12**	**11,005.08**	**10,815.93**
FINANCED BY					
Share capital	313.13	313.20	313.13	313.13	313.13
Reserves	5,183.22	5,313.56	5,530.39	5,797.18	6,128.80
Shareholders' Fund	5,496.35	5,626.76	5,843.52	6,110.31	6,441.93
Miscellaneous Expenditure	-		-	(37.08)	(30.06)
Net worth	5,496.35	5,626.76	5,843.52	6,073.23	6,411.87
Deferred Tax Balances	148.80	129.81	124.32	171.12	159.73
Loan Funds	2,479.38	3,932.55	5,522.28	4,760.72	4,244.33
Capital Employed	**8,124.53**	**9,689.12**	**11,490.12**	**11,005.08**	**10,815.93**
FINANCIAL RETURNS AND STATISTICS					
Profit after tax as a percent of sales and other income	14%	11%	8%	8%	10%
Profit before depreciation, interest and tax as a percent of sales and other income	30%	29%	24%	24%	25%
Return on Capital Employed (PBIT)	9%	8%	6%	6%	8%
Return on common stockholders' equity % (PAT)	7%	7%	5%	5%	7%
Loan Funds as a percent of total year end Shareholders' Fund	45%	70%	95%	78%	66%
Gross Gearing % (Loan Fund as a percentage of Loan plus Shareholders' Fund)	31	41	49	44	40
Financial Expenses Cover (Times) (Profit before Financial Expenses (Gross) and Taxation divided by Financial Expenses (Gross))	4	2	2	2	4
Number of Equity Shares Outstanding (in Million)	*156.60	156.60	156.60	156.60	156.60
Cash profit to sales and other income	21%	17%	13%	14%	16%

* Pursuant to the approval by the shareholders, each equity share of the Company of face value of ₹ 10 each fully paid up has been split into 5 equity shares of ₹ 2 each fully paid up with effect from June 15, 2006.

\# The financial statements of 2010 are in respect of the fifteen months period from January 01, 2009 to March 31, 2010. Hence, balance sheet ratios have been annualised.

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, 2011, and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with 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 Performance Bonus to Managing Director 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 as at March 31, 2011 and taken on record by the Board, we report that none of the directors is disqualified as at March 31, 2011 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, 2011;

      (b) In the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date; and

      (c) In the case of the Cash Flow statement, of the cash flows of the Company for the year ended on that date.

For **MGB & Co.**
Chartered Accountants
Firm Registration Number 101169W

Hitendra Bhandari
Partner
Membership Number 107832

Mumbai, July 15, 2011

ESSEL PROPACK

Annexure referred to in paragraph 3 of Auditors' Report to the Members of Essel Propack Limited on the accounts for the year ended March 31, 2011.

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) The fixed assets are physically verified by the management during the year pursuant to a phased programme designed to cover all the assets over a period, which in our opinion, is reasonable having regard to size of the company and nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) The Company has not disposed off substantial part of fixed assets during the year.

(ii) (a) As explained to us, the inventories have been physically verified by the management during the year except stocks lying with third parties in respect of whom confirmations have been obtained. In our opinion, the frequency of such 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.

(b) According to the information and explanations given to us, the Company has taken unsecured loan from a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year is ₹ 80,000,000/- and there is no amount outstanding at the year-end.

(c) The rate of interest and other terms and conditions of such loan taken are prima-facie not prejudicial to the interests of the Company.

(d) The Company is regular in repayment of the 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 continuing failure to correct major weaknesses in the internal control systems in respect of the aforesaid areas.

(v) According to the information and explanations given to us, there are no contracts or arrangements, the particulars of which are required to be entered into the register in pursuance to Section 301 of the Act.

(vi) The Company has not accepted any deposits from the public during the year.

(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 activities.

(ix) According to the records of the Company, examined by us and information and explanations given to us:

(a) 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 others as applicable have generally been deposited regularly with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues which have remained outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.

(b) The disputed dues of Sales Tax / Value Added Tax, Service Tax, Excise Duty and Cess which have not been deposited are as under:

Name of the Statute	Nature of the Dues	Amount in (₹)	Period to which the amount relate	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	122,597,968	FY 1993 - 1994 to FY 2000 - 2001	Supreme Court
		48,574,121	FY 1997 - 1998 and FY 2000 - 2001 and FY 2001 - 2002 to FY 2005-2006	Tribunal CESTAT
		733,114	FY 2000 - 2001 to FY 2004 - 2005	Commissioner of Central Excise (Appeals)
		93,140,021	FY 1997-1998 and FY 2000 - 2006	Commissioner of Central Excise
		5,243,737	FY 1997-1998 and FY 2005 - 2007	Deputy / Joint / Assistant Commissioner of Central Excise
	Service Tax	3,208,306	FY 1997-1998 and FY 2005 - 2006	High Court of Mumbai
		1,292,139	FY 2002 - 2003 and 2005 - 2006 to FY 2009 - 2010	Deputy / Assistant Commissioner of Service Tax
		243,077	FY 2004 - 2005 to FY 2006 - 2007	Commissioner of Central Excise (Appeals)
		666,027	FY 2005 - 2006 to FY 2007 - 2008	Commissioner of Central Excise
Maharashtra Value Added Tax Act, 2002	Value Added Tax	36,134,596	FY 2005 - 2006	Deputy Commissioner of Sales Tax (Appeals) Palghar.
Central Sales Tax Act, 1956	Central Sales Tax	2,480,274	FY 2001 - 2002 to FY 2002 - 2003	Maharashtra Sales Tax Tribunal
		22,808,521	FY 2002 - 20003 to FY 2004 - 2005	Commissioner of VAT-Dadra and Nagar Haveli – Silvassa
		45,971,077	FY 2005 - 2006	Deputy Commissioner of Sales Tax (Appeals) Palghar
		3,695,198	FY 2002 - 2003	Deputy Commissioner of Sales Tax (Appeals) Thane
		11,724,643	FY 2003 - 2004 to FY 2004 - 2005	Joint Commissioner of Sales Tax (Appeals) Thane
		5,543,653	FY 2005 - 2006 to FY 2007 - 2008	Assistant Commissioner of Commercial Taxes – Panaji
Bombay Provincial Municipal Corporation Act, 1959	Cess	3,213,082	FY 2003 - 2004 to FY 2007 - 2008	Deputy Commissioner of Cess, Navi Mumbai

(x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to Banks, financial institutions and debenture holders during the year.

(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 of the guarantees given by the Company, for loans taken by subsidiaries from banks or financial institutions during the year, are not prejudicial to the interests of the Company.

(xvi) In our opinion and according to the information and explanations given to us, the term loans raised during the year have been applied for the purposes for which they were raised.

(xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company and related information as made available to us, we report that short term funds have not been used for long term investments.

(xviii) The Company has not made any preferential allotment of shares to companies or parties covered in the register maintained under Section 301 of the Act.

(xix) The Company has not issued any secured debentures during the year.

(xx) The Company has not raised any money by way of public issue during the year.

(xxi) Based on the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For **MGB & Co.**
Chartered Accountants
Firm Registration Number 101169W

Hitendra Bhandari
Partner
Membership Number 107832

Mumbai, July 15, 2011

ESSEL PROPACK

Balance Sheet as at March 31, 2011

(Amount in ₹)

	Schedule	As at March 31, 2011	As at March 31, 2010
Sources of funds			
Shareholders' Funds			
Share Capital	1	313,130,610	313,130,610
Reserves and Surplus	2	6,128,804,018	5,797,179,989
		6,441,934,628	6,110,310,599
Loan Funds			
Secured Loans	3	2,102,854,699	2,736,037,059
Unsecured Loans	4	2,141,475,591	2,024,686,683
		4,244,330,290	4,760,723,742
Deferred Tax Liabilities (net) (Refer Note 5)		159,730,922	171,121,445
Total		**10,845,995,840**	**11,042,155,786**
Application of funds			
Fixed Assets			
Gross Block	5	5,348,696,411	4,850,254,295
Less : Depreciation / Amortisation		3,532,076,990	3,306,814,042
Net Block		1,816,619,421	1,543,440,253
Capital Work-in-progress		211,492,584	209,390,949
		2,028,112,005	1,752,831,202
Investments	6	5,685,937,298	5,733,987,298
Foreign Currency Monetary Items Translation Difference (Refer Note 7(a))		7,282,441	80,041,332
Current Assets, Loans and Advances			
Inventories	7	625,121,538	438,316,685
Sundry Debtors	8	761,456,825	730,236,032
Cash and Bank Balances	9	22,787,169	84,755,241
Other Current Assets	10	133,188,074	150,622,584
Loans and Advances	11	2,311,595,612	2,684,619,157
		3,854,149,218	4,088,549,699
Less : Current Liabilities and Provisions			
Current Liabilities	12	587,441,355	509,739,116
Provisions	13	172,104,288	140,594,432
		759,545,643	650,333,548
Net Current Assets		3,094,603,575	3,438,216,151
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Deferred Revenue Expenditure		30,060,521	37,079,803
Total		**10,845,995,840**	**11,042,155,786**
Significant Accounting Policies and Notes to Accounts	22		

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
FRN 101169W

Hitendra Bhandari
Partner
Membership No. 107832

Place : Mumbai
Date : July 15, 2011

For and on behalf of the Board

Subhash Chandra Chairman

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

Ashok Kumar Goel Vice Chairman & Managing Director

A.V. Ganapathy Chief Financial Officer (Global)

Aashay S. Khandwala Vice President (Legal) & Company Secretary

Profit and Loss Account for the year ended March 31, 2011

(Amount in ₹)

	Schedule	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Income			
Sales and Services (Gross)	14	4,398,438,469	4,492,911,900
Less:Excise Duty		215,064,646	202,037,670
Sales and Services (net)		4,183,373,823	4,290,874,230
Other Income	15	196,992,953	250,468,530
Total		**4,380,366,776**	**4,541,342,760**
Expenditure			
Cost of Materials	16	1,857,488,181	1,869,693,671
Manufacturing and Other Expenses	17	696,296,270	665,354,008
Personnel Cost	18	431,657,545	461,020,029
Administrative and Other Expenses	19	170,681,184	206,845,151
Loss on Foreign Exchange Fluctuation (net)		20,156,024	125,278,331
Selling and Distribution Expenses	20	107,402,956	129,360,569
Total		**3,283,682,160**	**3,457,551,759**
Profit before Depreciation Interest and Tax (PBDIT)		**1,096,684,616**	**1,083,791,001**
Financial Expenses (net)	21	221,013,893	352,361,492
Depreciation / Amortisation		243,051,614	288,858,158
Profit before Tax and Exceptional Items		632,619,109	442,571,351
Exceptional Items (Refer Note 6)		-	1,041,636
Profit before Tax (PBT)		**632,619,109**	**441,529,715**
Provision for Taxation			
Current Tax - Current year		193,449,683	45,222,712
- Earlier years		9,732,471	-
Deferred Tax charge / (benefit)		(11,390,523)	49,613,128
Fringe Benefit Tax		-	1,205,961
Net Profit after Tax (PAT)		**440,827,478**	**345,487,914**
Balance Brought Forward		771,717,074	525,185,408
Amount available for Appropriation		**1,212,544,552**	**870,673,322**
Appropriations			
Proposed Dividend		93,960,678	62,640,452
Tax on Proposed Dividend		15,242,771	10,403,796
General Reserve		44,083,000	25,912,000
Balance carried to Balance Sheet		1,059,258,103	771,717,074
Total		**1,212,544,552**	**870,673,322**
Earnings Per Share (Equity Shares, par value ₹ 2 each)			
Basic and Diluted Earnings Per Share		2.81	2.21
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
FRN 101169W

Hitendra Bhandari
Partner
Membership No. 107832

Place : Mumbai
Date : July 15, 2011

For and on behalf of the Board

Subhash Chandra Chairman

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

Ashok Kumar Goel Vice Chairman & Managing Director

A.V. Ganapathy Chief Financial Officer (Global)

Aashay S. Khandwala Vice President (Legal) & Company Secretary

ESSEL PROPACK

Schedules forming part of accounts

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Schedule 1		
Share Capital		
Authorised		
200,000,000 Equity Shares of ₹ 2 each	**400,000,000**	**400,000,000**
Issued, Subscribed and Paid up		
156,601,130 Equity Shares of ₹ 2 each fully paid-up	313,202,260	313,202,260
Of the above,		
(i) 65,166,915 Equity Shares of ₹ 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 ₹ 2 each fully paid up are 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	3,842,983,298
Capital Reserve		
As per last balance sheet	200,610,538	200,610,538
General Reserve		
As per last balance sheet	981,869,079	961,607,303
Add : Appropriated during the year	44,083,000	25,912,000
Less: Adjustments as per amended provisions of AS 11 (net of tax)	-	5,650,224
	1,025,952,079	981,869,079
Profit and Loss Account	1,059,258,103	771,717,074
Total	**6,128,804,018**	**5,797,179,989**
Schedule 3		
Secured Loans (Refer Note 16)		
Term Loan from Banks	1,665,634,972	2,662,611,625
Working Capital Loans from Banks	437,219,727	73,425,434
Total	**2,102,854,699**	**2,736,037,059**
Schedule 4		
Unsecured Loans (Refer Note 17)		
Term Loan from Banks	1,165,625,000	830,000,000
Short Term Loan from Banks	470,000,000	500,000,000
Working Capital Loans from Banks	84,968,926	87,175,724
Inter Corporate Deposit	-	160,000,000
Deferred Sales Tax	420,881,665	447,510,959
Total	**2,141,475,591**	**2,024,686,683**

Schedules forming part of accounts

Schedule 5

Fixed Assets (At Cost) (Amount in ₹)

Description of Assets	Gross Block				Depreciation / Amortisation				Net Block	
	As at April 1, 2010	Additions	Deductions	As at March 31, 2011	Upto March 31, 2010	For the year	Deductions	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
a) Intangibles										
Software	92,848,100	198,238	10,067,713	82,978,625	31,385,422	9,033,208	7,470,293	32,948,337	50,030,288	61,462,678
b) Tangibles										
Freehold Land	11,605,951	-	-	11,605,951	-	-	-	-	11,605,951	11,605,951
Leasehold Land	2,076,595	-	-	2,076,595	459,808	37,630	-	497,438	1,579,157	1,616,787
Leasehold Improvements	17,218,838	-	-	17,218,838	7,641,430	1,113,513	-	8,754,943	8,463,895	9,577,408
Buildings	246,147,343	245,000	1,066,210	245,326,133	76,068,750	7,713,643	106,736	83,675,657	161,650,476	170,078,593
Plant and Machinery	4,292,642,035	468,719,139	10,763,602	4,750,597,572	3,098,151,336	209,011,460	6,960,583	3,300,202,213	1,450,395,359	1,194,490,699
Equipments	141,204,960	48,038,426	3,238,021	186,005,365	71,591,990	13,214,376	2,549,821	82,256,545	103,748,820	69,612,970
Furniture and Fixtures	41,146,097	7,314,823	931,859	47,529,061	18,118,534	2,513,516	695,433	19,936,617	27,592,444	23,027,563
Vehicles	5,364,376	-	6,105	5,358,271	3,396,772	414,268	5,800	3,805,240	1,553,031	1,967,604
Total	**4,850,254,295**	**524,515,626**	**26,073,510**	**5,348,696,411**	**3,306,814,042**	**243,051,614**	**17,788,666**	**3,532,076,990**	**1,816,619,421**	**1,543,440,253**
Previous Year	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	

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

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Schedule 6		
Investments		
Long Term (At Cost)		
Equity Shares in wholly owned Subsidiary Companies -Unquoted		
320,000 of NPR 100 each of Essel Packaging Nepal Private Limited, Nepal (Refer Note 4(a))	20,000,000	20,000,000
Less:Provision for Diminution in value	(16,996,622)	(16,996,622)
	3,003,378	3,003,378
830,000 of US $ 10 each of Lamitube Technologies Limited, Mauritius	3,625,783,282	3,625,783,282
Nil (10,000,000) of US $ 1 each of Essel Propack America, LLC (Refer Note 4(b))	-	479,140,000
1,261 (Nil) of no par value common stock of Arista Tubes Inc. USA (Refer Note 4(b))	744,341,250	-
1,600 of US $ 1000 each of Lamitube Technologies (Cyprus) Limited, Cyprus	71,991,500	71,991,500
416,150 of ₹100 each of Packaging India Private Limited *	636,240,638	636,240,638
Equity Shares in Associate Companies - Quoted		
4,109,100 of ₹10 each of Ras Propack Lamipack Limited (Refer Note 4(c)) (Market value ₹78,072,900 (Not available for previous year))	41,091,000	41,091,000
7,50,000 (Nil) of ₹ 10 each of of Ras Extrusion Limited (Refer Note 4(c)) (Market value ₹16,425,000 (Not available for previous year))	7,500,000	-
Preference Shares in wholly owned Subsidiary Companies		
Nil (1,250) Non Cumulative Redeemable Preference Shares of US $ 1000 each of Lamitube Technologies Limited, Mauritius with fixed rate of dividend of US $ 110 per share (Redeemed during the year)	-	55,550,000
Nil (6,000) Non Cumulative, Optionally Convertible Redeemable Preference Shares of US $ 1000 each of Essel Propack Amercia, LLC, with fixed rate of dividend of US $ 110 per share (Refer Note 4(b))	-	265,201,250
10,400 Non Cumulative, 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	453,486,250	453,486,250
1,025,000 5% Cumulative Redeemable Preference Shares of ₹100 each of Packaging India Private Limited	102,500,000	102,500,000
Total	**5,685,937,298**	**5,733,987,298**
(All the above securities are fully paid up)		

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

Schedules forming part of accounts

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Schedule 7		
Inventories		
(As taken, valued and certified by the Managing Director)		
Raw Materials (including goods in transit)	265,298,661	117,770,761
Finished Goods	20,756,180	8,846,522
Packing Material	7,965,918	5,977,813
Goods-in-Process	215,606,382	198,419,277
Stores and Spares	115,494,397	107,302,312
Total	**625,121,538**	**438,316,685**
Schedule 8		
Sundry Debtors		
(Unsecured and Considered Good, unless otherwise stated)		
Over six months*		
Considered Good	162,200,111	158,183,107
Considered Doubtful	25,816,547	36,970,581
	188,016,658	197,573,266
Others **	599,256,714	572,052,925
	787,273,372	767,206,613
Less : Provision for doubtful debts	25,816,547	36,970,581
Total	**761,456,825**	**730,236,032**
* includes ₹ 140,627,953 (₹ 139,483,959) and ** ₹ 77,835,130 (₹ 144,492,144) due from Subsidiary Companies		
Schedule 9		
Cash and Bank Balances		
Cash on Hand	265,553	314,969
Balance with Scheduled Banks		
(a) In Current Account		
i) Indian Rupee accounts*	22,302,190	77,551,893
ii) Foreign Currency accounts	12,826	12,914
(b) In Fixed Deposit		
Indian Rupee accounts**	206,600	206,600
(c) Cheques in Hand	-	6,668,865
Total	**22,787,169**	**84,755,241**
*Includes ₹ 5,394,379 (₹ 7,870,166) being balance in unclaimed dividend accounts.		
**₹ 206,600 (₹ 206,600) deposited with / lien in favour of various Government Authorities.		
Schedule 10		
Other Current Assets		
Interest receivable on Loans to		
Subsidiaries	93,988,318	121,201,609
Others	417,146	314,420
Export Benefit Receivable	37,643,751	27,967,696
Other Receivables	1,138,859	1,138,859
Total	**133,188,074**	**150,622,584**

Schedules forming part of accounts

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Schedule 11		
Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Loans and Advances to Subsidiaries	890,623,105	1,274,557,689
Loans to others	866,426,319	893,912,284
Advances (recoverable in cash or in kind or for value to be received)		
Advance Indirect Taxes	290,137,581	235,958,685
Advance Direct Taxes (net of provisions)	73,698,930	144,922,208
Other Advances	75,374,527	41,563,897
Deposits	115,335,150	93,704,394
Total	**2,311,595,612**	**2,684,619,157**
Schedule 12		
Current Liabilities		
Acceptances		
for Goods	215,710,592	92,028,447
for Capital Goods	11,598,998	1,391,900
Sundry Creditors*		
for Goods	116,024,319	130,215,856
for Capital Goods	7,974,019	50,814,098
for Micro,Small and Medium Enterprises (Refer Note 8)	6,523,627	8,996,373
for Expenses and Others	186,465,131	172,570,548
Trade Deposits and Advance Received	5,266,424	7,932,967
Interest accrued but not due	32,483,866	37,918,760
Investor Education and Protection Fund		
Unpaid Dividend	5,394,379	7,870,166
Total	**587,441,355**	**509,739,116**
* includes ₹ 11,043,522 (₹ 50,486,741) due to Subsidiaries		
Schedule 13		
Provisions		
For Retirement Benefits	62,900,839	67,550,184
For Proposed Dividend	93,960,678	62,640,452
For Tax on Proposed Dividend	15,242,771	10,403,796
Total	**172,104,288**	**140,594,432**

ESSEL PROPACK

Schedules forming part of accounts

(Amount in ₹)

	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Schedule 14		
Sales and Services		
Sales	4,267,326,463	4,334,203,215
Royalty/Service Charges (Tax Deducted at Source ₹ 9,104,504 (₹11,236,056))	102,042,020	135,513,255
Export and Other Incentives	29,069,986	23,195,430
Total	**4,398,438,469**	**4,492,911,900**
Schedule 15		
Other Income		
Dividend (Gross)		
from Subsidiary Company (Tax Deducted at Source ₹ Nil (₹ Nil))	167,718,875	247,141,180
from others	-	250,592
Profit on sale of current investments	-	1,887,684
Balances written back	7,942,137	-
Miscellaneous Income	21,331,941	1,189,074
Total	**196,992,953**	**250,468,530**
Schedule 16		
Cost of Materials		
Raw Materials Consumed		
Opening Stock	117,770,761	184,368,962
Add : Purchases	2,034,112,844	1,797,750,170
	2,151,883,605	1,982,119,132
Less : Closing Stock	265,298,661	117,770,761
Total (A)	1,886,584,944	1,864,348,371
Increase / (Decrease) in Stocks		
Closing Stock		
Finished Goods	20,756,180	8,846,522
Goods-in-process	215,606,382	198,419,277
	236,362,562	207,265,799
Less :		
Opening Stock		
Finished Goods	8,846,522	11,174,954
Goods-in-process	198,419,277	201,436,145
	207,265,799	212,611,099
Total (B)	29,096,763	(5,345,300)
Total (A-B)	**1,857,488,181**	**1,869,693,671**

Schedules forming part of accounts

(Amount in ₹)

	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Schedule 17		
Manufacturing and Other Expenses		
Stores and Spares	139,077,909	146,350,922
Packing Materials	154,393,303	157,671,600
Power and Fuel	198,357,038	188,547,860
Job Work Charges	143,608,123	120,683,726
Repairs and Maintenance		
Building	5,142,235	3,713,783
Plant and Machinery	21,311,597	17,451,218
Other Manufacturing Expenses	26,181,022	24,109,899
Factory Rent	8,225,043	6,825,000
Total	**696,296,270**	**665,354,008**
Schedule 18		
Personnel Cost		
Managerial Remuneration (Refer Note 2)	49,984,000	42,734,000
Salaries, Wages and Allowances	329,446,418	361,647,789
Contribution to Provident and other Funds	17,889,985	24,018,853
Welfare Expenses	30,880,007	28,705,650
Gratuity	3,457,135	3,913,737
Total	**431,657,545**	**461,020,029**
Schedule 19		
Administrative and Other Expenses		
Rent	20,482,538	27,809,826
Rates and Taxes	8,171,829	5,419,014
Repairs to Others	4,390,759	7,570,713
Insurance	4,543,807	4,888,157
Directors' Sitting Fees	720,000	760,000
Travelling and Conveyance Expenses	12,260,561	12,041,830
Advertisement Expenses	1,379,341	337,553
Professional and Consultancy Charges	22,439,775	23,804,019
Communication Charges	7,653,114	8,568,035
Donation	1,145,000	1,083,601
Miscellaneous Expenses	86,949,106	114,494,661
Loss on sale/discard of fixed assets	545,354	67,742
Total	**170,681,184**	**206,845,151**

Schedules forming part of accounts

(Amount in ₹)

	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Schedule 20		
Selling and Distribution Expenses		
Freight and Forwarding expenses	103,180,487	85,714,120
Discount and Rebate	2,186,643	2,086,472
Bad Debts written off	12,859,685	48,695,225
Provision for Doubtful Debts	(11,154,034)	(7,680,123)
Commission	330,175	544,875
Total	**107,402,956**	**129,360,569**
Schedule 21		
Financial Expenses (net)		
Interest Expenses		
On Fixed Loans	425,811,895	470,177,138
On Others	143,317,444	405,899,696
	569,129,339	876,076,834
Less: Interest Income		
From Banks (Tax Deducted at Source ₹ Nil (₹ 205,413))	(19,977)	(914,720)
From Others (Tax Deducted at Source ₹ 20,723,694 (₹ 44,810,448))	(372,909,306)	(561,617,542)
	(372,929,283)	(562,532,262)
Interest Expense (Net)	196,200,056	313,544,572
Other Financial Charges (includes amortisation of deferred revenue expenditure of ₹ 11,945,022 (₹13,416,657))	24,813,837	38,816,920
Total	**221,013,893**	**352,361,492**

Significant Accounting Policies and Notes to Accounts

Schedule 22

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, on accrual basis and 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 of 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 qualifying assets are capitalised as part of cost of such assets upto the date 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 have 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 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's estimate of useful life over which economic benefits will be derived from its use.

c) Cost of Enterprise Resource Planning (ERP) software (intangible asset) including expenditure on implementation is amortised over a period of ten years based on the management's estimate of useful life over which economic benefits will be derived from its use.

d) Premium on Leasehold Land and Leasehold Improvements are amortised over the normal / extendable period of lease.

(vii) Investments

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. Provision for diminution in value of long term investments is made to recognise a decline other than temporary, in the value of such 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.

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 discount. Export sales are accounted for on the basis of date of bill of lading.

b) Export incentives / benefits including custom duty benefits (Advance License) are accounted on accrual basis.

c) Income from Royalty and Service charges is recognised when due.

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
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) Miscellaneous Expenditure

Ancillary Term Loan costs incurred in connection with the arrangement of borrowings are deferred and amortised over the tenure of loan.

(xvi) 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.

B. Notes to Accounts

1) a) Capital Commitments

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	120,229,324	270,103,755

b) Contingent Liabilities not provided for

(Amount in ₹)

Sr.No.	Particulars	As at March 31, 2011	As at March 31, 2010
a)	Unexpired Letters of Credit (net of liability provided)	63,951,109	24,903,527
b)	Guarantees and counter guarantees given by the Company [includes ₹ 4,897,618,605 (₹ 4,619,879,977) for loans taken by Subsidiaries]. Loans outstanding against these guarantees are ₹ 3,575,862,493 (₹ 3,643,691,169)	4,909,534,605	4,660,722,516
c)	Disputed Indirect Taxes *	274,559,769	244,789,742
d)	Disputed Direct Taxes	18,467,097	72,838,393
e)	Claims not acknowledged as debts	3,556,550	3,556,550
f)	Deferred Sales Tax Liability assigned	112,609,023	144,937,480
g)	Duty benefit availed under EPCG scheme, pending export obligations	88,214,189	53,578,077

* Does not include disputed excise duty of ₹ 198,191,799 (₹ 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 ₹)

Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Net Profit before tax as per Profit and Loss Account	632,619,109	441,529,715
Add : Directors sitting fees	720,000	760,000
Managerial remuneration	49,984,000	42,734,000
Commission paid to Independent Directors	4,125,000	3,000,000

Significant Accounting Policies and Notes to Accounts

Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Loss on sale / discard of fixed assets	545,354	67,742
Provision for doubtful debts (written back) (net)	(11,154,034)	(7,680,123)
Loss on sale of long term investments	-	1,041,636
Less: Profit on sale of current investments	-	1,887,684
Net Profit as per Section 198/349 of the Companies Act, 1956	676,839,429	479,565,286
Maximum permissible remuneration to Managing Director as per section 198/309 @ 5%	33,841,971	23,978,264
Remuneration paid / provided (Refer note (b) below)	49,984,000	#42,734,000
Remuneration as per Central Government approval	28,624,000	33,134,000
Maximum permissible commission to Non-Executive Directors under section 198/309 @ 1%	6,768,394	4,795,653

During the year, the Company has received approval from Central Government vide SRN No.A88949920 dated February 10, 2011 for payment of Performance Bonus to Managing Director for the calendar year 2009.

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

(Amount in ₹)

Sr.No.	Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
1.	Salaries, Allowances and Perquisites*	26,050,000	30,200,000
2.	Contribution to Provident and other funds	2,574,000	2,934,000
3.	Performance Bonus	**21,360,000	#9,600,000
	Total	**49,984,000**	**42,734,000**

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

**Approved by the Board of Directors on the recommendation of the Remuneration Committee, but pending approval of the Central Government has not been paid.

c) During the year, the Company has paid commission of ₹ 4,125,000 (₹ 3,000,000) to Non-Executive Independent Directors based on the Profits for the year ended March 31, 2010.

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 varies from three to sixty months. The rental obligations are as follows:

(Amount in ₹)

Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Lease rental charges for the year (net)	64,075,250	58,551,355
Future lease rental obligation payable (under non-cancellable leases)		
Not later than one year	83,415,175	34,209,279
Later than one year but not later than five years	243,657,385	53,893,418
Total	**327,072,560**	**88,102,697**

4) **Investments - Restructuring**

a) Essel Packaging Nepal Private Limited

The Company's wholly owned subsidiary (WOS), Essel Packaging (Nepal) Private Limited, had discontinued its operations and disposed off assets and paid off liabilities. The Company had received ₹ 60,000,000 upon reduction of the Subsidiary's capital, and provided ₹ 16,996,622 towards diminution in value of Investment in earlier years and the Management is of the opinion that the realizable value will not be less than its carrying value.

b) During the year, the Company has transferred its equity and preference shareholding in its wholly owned direct subsidiary, Essel Propack America, LLC to Arista Tubes Inc., USA, a wholly owned step down subsidiary, which has in consideration allotted its own equity shares to the Company, based on swap ratio determined on valuation by independent professional valuers. This was done as part of consolidation of the Company's operations in the USA. However, the substance of the pattern of ownership, beneficial interest, direction and control of the investee Companies has not, in any way, been altered. In compliance with paragraph 17.b of Accounting standard 1, the company has continued to value the equity shares so allotted by Arista Tubes Inc., USA at the same amount as the carrying value of its erstwhile shareholding in Essel Propack America, LLC so as to subserve the truth and fairness of the transaction and its result.

c) Pursuant to the directions issued by the Board for Industrial and Financial Reconstruction ("BIFR") on the Miscellaneous Applications filed by Ras Propack Lamipack Limited ("RPLL") and Ras Extrusions Limited ("REL"), a Draft Modified Rehabilitation Proposal ("DMRP") including draft Scheme of Merger for proposed merger of RPLL and REL with the Company was approved by the Board of Directors of Essel Propack Limited (the "Company"), in its meeting held on May 30, 2011 which is subject to the approval by the members of the Company, BIFR and other regulatory approvals as applicable.

5) Taxation

The components of the deferred tax balances are as under:

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred Tax Assets		
Disallowances under the Income Tax Act, 1961	33,036,908	40,841,399
Deferred Tax Liabilities		
Related to fixed assets	180,651,906	173,058,131
Deferred Revenue Expenditure	12,115,924	38,904,713
Total	192,767,830	211,962,844
Deferred Tax Liabilities (net)	**159,730,922**	**171,121,445**

6) Exceptional item represents loss on sale of long term investments ₹ Nil (₹1,041,636).

7) a) The Companies (Accounting Standards) Amendment Rules, 2011 has amended the provisions of AS-11 related to 'Effects of the changes in Foreign Exchange Rates' vide Notification dated May 11, 2011. The Company has unamortised opening balance in "Foreign Currency Monetary Item Translation Difference Account" (FCMITD Account) of ₹ 80,041,332. During the year, exchange gain of ₹ 53,217,235 is transferred to FDMITD Account and ₹ 19,541,656 has been written off and balance ₹ 7,282,441 has been carried over.

b) Derivative contracts (forward contracts for hedging purposes) entered into by the Company and outstanding as at:

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

Derivative Contracts	As at March 31, 2011		As at March 31, 2010	
	Amount in Foreign Currency	Equivalent Indian ₹	Amount in Foreign Currency	Equivalent Indian ₹
USD/INR	20,318,555	906,105,964	9,970,729	465,276,979

ii) For payments to be made against imports and other payables

Derivative Contracts	As at March 31, 2011		As at March 31, 2010	
	Amount in Foreign Currency	Equivalent Indian ₹	Amount in Foreign Currency	Equivalent Indian ₹
USD/INR	5,279,578	235,442,794	4,748,553	218,614,927
JPY/INR	469,440,000	161,815,451	938,880,000	323,630,901
CHF/INR	-	-	2,000,000	86,000,000

Significant Accounting Policies and Notes to Accounts

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

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Foreign Currency Payables	91,898,171	57,662,116
Receivables	163,830,523	977,508,881

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 ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
(a) Principal amount due to suppliers under the Act	6,523,627	8,996,373
(b) Interest accrued and due to suppliers under the Act, on the above amount	113	29,299
(c) Payment made to suppliers (Other than interest) beyond the appointed day, during the year	53,514,977	65,446,023
(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	120,985	804,717
(g) Interest accrued and remaining unpaid at the end of the year to suppliers under the Act	967,292	846,194

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) Miscellaneous Expenses include Auditors' Remuneration as under:

(Amount in ₹)

Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Audit Fees	2,140,000	2,300,000
Tax Audit Fees	372,312	316,250
Certification and Other Matters	1,940,693	2,631,252
Out of Pocket Expenses	71,635	114,510
Total	**4,524,640**	**5,362,012**

10) As per Accounting Standard – 15 "Employee Benefits", the disclosures of employee benefits as defined in the Accounting Standard are given below:

a) The Company makes annual contributions to the employees' gratuity fund scheme, a funded defined benefit plan which is managed by LIC of India. 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.

b) Leave encashment is a non funded defined benefit scheme. The obligation for leave encashment is recognised in the same manner as gratuity.

Significant Accounting Policies and Notes to Accounts

I. Expenses recognised during the year (Under the head "Personnel Cost")

(Amount in ₹)

Particulars	Twelve months ended March 31, 2011		Fifteen months ended March 31, 2010	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service cost	5,118,753	2,544,350	7,106,040	2,397,558
Interest Cost	5,510,593	2,014,181	5,335,233	1,699,338
Expected return on plan assets	(2,120,760)	-	(1,725,395)	-
Actuarial (gain) / loss	(5,051,451)	(5,212,633)	(6,802,141)	7,345,398
Net Cost	**3,457,135**	**(654,102)**	**3,913,737**	**11,442,294**

II. Net Asset / Liability recognised in the Balance Sheet

(Amount in ₹)

Particulars	As at March 31, 2011		As at March 31, 2010	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Fair value of plan assets	28,771,655	-	26,509,495	-
Present value of obligation	70,227,563	21,444,931	68,882,414	25,177,265
Amount recognized in Balance sheet	41,455,908	21,444,931	42,372,919	25,177,265

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

(Amount in ₹)

Particulars	As at March 31, 2011		As at March 31, 2010	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit obligation as at the beginning	68,882,414	25,177,265	60,974,095	19,421,000
Current service cost	5,118,753	2,544,350	7,106,040	2,397,558
Interest cost	5,510,593	2,014,181	5,335,233	1,699,338
Actuarial (gain) / loss on obligation	(5,051,451)	(5,212,633)	107,321	7,345,398
Benefit paid	(4,404,841)	(3,078,232)	(4,640,275)	(5,686,029)
Defined Benefit obligation at the closing	70,227,563	21,444,931	68,882,414	25,177,265

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

(Amount in ₹)

Particulars	Gratuity	
	As at March 31, 2011	As at March 31, 2010
Fair value of plan assets at beginning of the year	26,509,495	17,253,954
Expected return on plan assets	2,120,760	1,725,395
Actuarial gain / (loss)	172,095	6,909,462
Employer contribution	4,374,146	5,260,959
Benefit paid	(4,404,841)	(4,640,275)
Fair value of plan assets at year end	28,771,655	26,509,495
Actual return on plan assets	2,292,855	8,634,857

Significant Accounting Policies and Notes to Accounts

V. Investment details

(Amount in ₹)

Particulars	Gratuity	
	As at March 31, 2011	As at March 31, 2010
Insurer Managed Funds	28,771,655	26,509,495

VI. Actuarial assumptions

Particulars	Twelve months ended March 31, 2011		Fifteen months ended March 31, 2010	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.25%	8.25%	8.00%	8.00%
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%

11) Capital Work In Progress includes Capital advances of ₹ 29,083,166 (₹124,577,517).

12) 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%
Essel Propack Polska Sp. Z.O.O., Poland	100%
Arista Tubes Inc., USA	100%

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

Significant Accounting Policies and Notes to Accounts

(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%
Ras Extrusions Limited @	Associate	36.67%
Essel Deutschland GmbH & Co.,KG Germany	Joint Venture	24.90%
Essel Deutschland Management GmbH, Germany	Joint Venture	24.90%

@ Associate w.e.f. April 30, 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**

Ayepee Lamitubes Limited, Churu Trading Company Private Limited, Continental Drug Company 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, Zee Entertainment Enterprises Limited, Briggs Trading Company Private Limited.

b) **Directors of the Company**

Non-Executive Directors	Mr. Subhash Chandra
	Mr. Boman Moradian
	Mr. K.V. Krishnamurthy
	Mr. Tapan Mitra
	Mr. Mukund M. Chitale
	Late Mr. Davendra Ahuja (expired on August 20, 2010)
Executive Director	Mr. Ashok Kumar Goel (Vice Chairman & Managing Director)

Transactions with Related Parties: **(Amount in ₹)**

Particulars		Twelve months ended March 31, 2011		Fifteen months ended March 31, 2010	
		Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
(I)	**Transactions**				
a)	**Sales / (Sales returns) to and Recoveries from**				
	Subsidiaries	**218,201,992**		**335,916,681**	
	The Egyptian Indian Company for Modern Packaging S.A.E., Egypt		19,032,805		99,144,469
	Essel Propack Polska Sp.Z.O.O., Poland		40,604,505		28,528,618
	Essel Propack America, LLC, USA		72,752,338		27,009,878
	Essel Propack MISR for Advanced Packaging S.A.E., Egypt		22,611,201		43,791,419
	Essel Propack LLC, Russia		17,655,282		25,165,500
	Essel Packaging (Guangzhou) Limited		12,062,771		74,571,466
	Joint Venture / Associates	**5,496,930**		**(935,124)**	
	Essel Deutschland GmbH & Co., KG Germany		3,694,298		(1,133,811)
	P.T. Lamipak Primula, Indonesia		-		198,687
	Ras Propack Lamipack Limited		1,802,532		-
	Other Related Parties	**71,861**		**-**	
	Pan India Paryatan Private Limited		71,861		-

Significant Accounting Policies and Notes to Accounts

	Particulars	Twelve months ended March 31, 2011		Fifteen months ended March 31, 2010	
		Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
b)	**Royalty / Service charges Income**				
	Subsidiaries	**84,067,423**		**134,935,506**	
	Essel Packaging (Guangzhou) Limited, China		61,965,620		63,407,156
	Essel Propack America, LLC, USA		6,008,300		25,007,330
	Essel Propack MISR for Advanced Packaging S.A.E., Egypt		9,873,848		5,757,203
	Joint Venture / Associates	**16,750,276**		**-**	
	Essel Deutschland GmbH & Co., KG Germany		16,750,276		-
c)	**Dividend Income**				
	Subsidiaries	**167,718,875**		**247,141,180**	
	Lamitube Technologies Limited, Mauritius		167,718,875		247,141,180
d)	**Guarantee Commission**				
	Subsidiaries	**20,704,069**		**-**	
	Lamitube Technologies Limited, Mauritius		15,936,003		-
	Lamitube Technologies (Cyprus) Limited, Cyprus		3,919,414		-
e)	**Purchase of Goods and Services**				
	Subsidiaries	**34,405,165**		**5,981,852**	
	Essel Packaging (Guangzhou) Limited, China		-		730,336
	Packaging India Private Limited, India		4,435,139		947,884
	Essel Propack Polska Sp. Z.O.O., Poland		29,961,969		3,919,000
	Joint Venture / Associates	**50,519,015**		**3,878,443**	
	Ras Propack Lamipack Limited		48,120,939		3,878,443
	Other Related Parties	**21,060,533**		**32,865,259**	
	Essel Corporate Resources Private Limited		-		5,250,000
	Ganjam Trading Company Private Limited		19,134,073		21,420,000
	Continental Drug Company Private Limited		250,000		3,795,308
f)	**Purchase of Fixed Assets**				
	Subsidiaries	**-**		**26,112,798**	
	Essel Packaging (Guangzhou) Limited, China		-		7,315,099
	Essel Propack UK Limited, UK		-		17,145,750
g)	**Loans / Advances / Deposits given**				
	Subsidiaries	**1,070,872,000**		**929,897,900**	
	Lamitube Technologies Limited, Mauritius		657,570,000		333,419,000
	Lamitube Technologies (Cyprus) Limited, Cyprus		413,302,000		596,478,900
	Joint Venture / Associates	**34,258,424**		**30,000,000**	
	Ras Extrusions Limited		15,000,000		-
	Ras Propack Lamipack Limited		19,258,424		30,000,000
	Other Related Parties	**979,471,839**		**1,321,133,822**	
	Churu Trading Company Private Limited		49,491,818		534,264,117
	Premier Finance and Trading Company Limited		810,533,274		310,541,545
	Ayepee Lamitubes Limited		14,905,771		385,436,913
	Ganjam Trading Company Private Limited		53,347,127		40,451,704

Significant Accounting Policies and Notes to Accounts

Particulars		Twelve months ended March 31, 2011		Fifteen months ended March 31, 2010	
		Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
h)	**Repayment of Loans / Advances / Deposits given**				
	Subsidiaries	**1,527,230,854**		**1,092,701,517**	
	Lamitube Technologies Limited, Mauritius		749,600,000		879,911,271
	Essel Propack America, LLC, USA		334,945,675		47,427,825
	Lamitube Technologies (Cyprus) Limited, Cyprus		442,685,179		165,362,421
	Other Related Parties	**1,035,332,562**		**1,037,098,154**	
	Churu Trading Company Private Limited		49,491,818		221,771,952
	Premier Finance and Trading Company Limited		869,159,416		413,400,000
	Ayepee Lamitubes Limited		1,080,000		342,206,311
	Ganjam Trading Company Private Limited		64,407,479		47,037,149
i)	**Loans / Advances / Deposits taken**				
	Other Related Parties	**80,025,000**		**225,000,000**	
	Pan India Paryatan Private Limited		80,025,000		225,000,000
j)	**Repayment of Loans / Advances / Deposits taken**				
	Other Related Parties	**80,000,000**		**225,000,000**	
	Pan India Paryatan Private Limited		80,000,000		225,000,000
k)	**Interest Income on Loans /Advances / Deposits / given**				
	Subsidiaries	**171,992,376**		**240,097,506**	
	Lamitube Technologies Limited, Mauritius		13,605,000		86,011,570
	Essel Propack America, LLC, USA		6,913,812		57,203,257
	Lamitube Technologies (Cyprus) Limited, Cyprus		135,055,497		76,405,943
	Other Related Parties	**189,967,792**		**318,752,580**	
	Churu Trading Company Private Limited		54,990,909		86,312,330
	Premier Finance and Trading Company Limited		67,259,193		88,410,048
	Ayepee Lamitubes Limited		10,621,348		67,151,874
	Prajatma Trading Company Private Limited		56,882,054		73,023,582
	Ganjam Trading Company Private Limited		214,288		2,338,925
l)	**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	**267,123**		**14,362,838**	
	Pan India Paryatan Private Limited		267,123		14,362,838
m)	**Investment Sold / Transferred / Redeemed during the period**				
	Subsidiaries	**799,891,250**		**20,000,000**	
	Essel Packaging (Nepal) Private Limited, Nepal		-		20,000,000
	Essel Propack America, LLC, USA		744,341,250		-

Significant Accounting Policies and Notes to Accounts

	Particulars	Twelve months ended March 31, 2011		Fifteen months ended March 31, 2010	
		Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
n)	**Investment acquired during the period**				
	Subsidiaries	**744,341,250**		**-**	
	Arista Tubes Inc., USA		744,341,250		-
	Joint Venture / Associates	**7,500,000**		**41,091,000**	
	Ras Propack Lamipack Limited		-		41,091,000
	Ras Extrusions Limited		7,500,000		-
(II)	**Balance Outstanding as at March 31,2011**				
a)	**Debtors/Royalty Receivable**				
	Subsidiaries	**218,463,083**		**283,976,103**	
	Essel Propack America, LLC, USA		28,419,000		65,510,133
	Essel Packaging (Guangzhou) Limited, China		34,570,346		42,489,997
	Essel Propack LLC, Russia		84,896,833		87,951,000
	Joint Venture / Associates	**18,952,318**		**-**	
	Essel Deutschland Gmbh & Co., KG Germany		9,076,194		-
	Ras Propack Lamipack Limited		9,876,124		-
	Other Related Parties	**280,899**		**218,754**	
	Pan India Paryatan Private Limited		280,899		218,754
b)	**Loans / Advances / Deposits given**				
	Subsidiaries	**890,623,105**		**1,274,557,689**	
	Essel Propack America, LLC, USA		6,408,436		313,193,096
	Lamitube Technologies (Cyprus) Limited, Cyprus		725,684,661		726,706,500
	Packaging India Private Limited, India		126,733,848		131,305,281
	Joint Venture / Associates	**61,700,000**		**31,700,481**	
	Ras Propack Lamipack Limited		46,700,000		30,000,000
	Ras Extrusions Limited		15,000,000		-
	Other Related Parties	**877,151,530**		**933,473,813**	
	Churu Trading Company Private Limited		366,606,057		366,606,057
	Ayepee Lamitubes Limited		107,056,373		93,230,602
	Prajatma Trading Company Private Limited		379,213,699		379,213,699
	Ganjam Trading Company Private Limited		17,701,401		29,210,368
c)	**Loans / Advances / Deposits taken**				
	Other Related Parties	**25,000**		**-**	
	Pan India Paryatan Private Limited		25,000		**-**
d)	**Interest Receivable**				
	Subsidiaries	**93,988,318**		**121,201,609**	
	Essel Propack America, LLC, USA		-		13,550,514
	Lamitube Technologies (Cyprus) Limited, Cyprus		44,419,785		50,835,136
	Lamitube Technologies Limited, Mauritius		386,652		21,931,328
	Packaging India Private Limited, India		49,181,881		34,884,633

Significant Accounting Policies and Notes to Accounts

Particulars		Twelve months ended March 31, 2011		Fifteen months ended March 31, 2010	
		Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
e)	**Creditors**				
	Subsidiaries	**11,043,522**		**50,486,741**	
	Essel Packaging (Guangzhou) Limited, China		-		7,228,898
	MTL De Panama S.A., Panama		2,747,394		2,766,185
	Essel Propack America,LLC		-		10,546,657
	Packaging India Private Limited, India		369,597		8,212,992
	Essel Propack UK Limited, UK		-		19,969,425
	Essel Propack Polska Sp.Z.O.O., Poland		7,289,784		3,755,875
	Joint Venture / Associates	**1,324,492**		**33,220,968**	
	Ras Propack Lamipack Limited		-		31,973,097
	Ras Extrusions Limited		1,324,492		-
	Other Related Parties	**7,922,241**		**7,648,244**	
	Essel Corporate Resources Private Limited		3,861,231		3,861,231
	Continental Drug Company Private Limited		4,057,248		3,787,013
f)	**Investments in shares**				
	Subsidiaries	**5,637,346,298**		**5,692,896,298**	
	Lamitube Technologies Limited, Mauritius		3,625,783,282		3,681,333,282
	Essel Propack America, LLC, USA		-		744,341,250
	Arista Tubes Inc., USA		744,341,250		-
	Packaging India Private Limited, India		738,740,638		738,740,638
	Joint Venture / Associates	**48,591,000**		**41,091,000**	
	Ras Propack Lamipack Limited		41,091,000		41,091,000
	Ras Extrusions Limited		7,500,000		-
g)	**Guarantees given**				
	Subsidiaries	**4,897,618,605**		**4,619,879,977**	
	Lamitube Technologies Limited, Mauritius		1,661,163,750		1,766,356,250
	Packaging India Private Limited, India		459,057,500		618,650,000
	Essel Propack America, LLC, USA		610,951,500		615,130,000
	Essel Propack Polska Sp. Z.O.O., Poland		556,165,000		549,699,627
	Arista Tubes Inc., USA		891,900,000		898,000,000
	Lamitube Technologies Limited, Cyprus		557,437,500		-

"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.

ESSEL PROPACK

Significant Accounting Policies and Notes to Accounts

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

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

(Amount in ₹)

Particulars	Balances as at		Maximum amount outstanding during the year	
	As at March 31, 2011	As at March 31, 2010	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Loans to Subsidiaries / Joint Venture /Associates				
Essel Propack America, LLC, USA	-	308,014,000	334,945,675	382,373,500
Lamitube Technologies Limited, Mauritius	-	83,065,000	404,055,000	864,041,500
Packaging India Private Limited, India	126,292,823	126,292,823	126,292,823	126,292,823
Lamitube Technologies (Cyprus) Limited, Cyprus	721,770,705	726,706,500	1,192,694,979	779,392,979
Ras Propack Lamipack Limited	46,700,000	30,000,000	30,000,000	30,000,000
Ras Extrusions Limited	15,000,000	-	15,000,000	-

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

Loanee	No. of fully paid-up equity shares as at	
	As at March 31, 2011	As at March 31, 2010
Churu Trading Company Private Limited	316,595	8,190,390
Ganjam Trading Company Private Limited	34,621,245	10,176,800
Premier Finance and Trading Company Limited	467,430	10,848,675
Prajatma Trading Company Private Limited	-	5,953,380

13) 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 Quantity	Opening Stock Amount (₹)	Production Quantity	Turnover Quantity	Turnover Amount (₹)	Closing Stock Quantity	Closing Stock Amount (₹)
Laminated & Co-ex Tubes	Million Nos.	NA	2,595	2.76	3,001,634	#2,209.30	2,198.63	3,971,257,985	*10.30	12,764,307
		NA	(2,293)	(10.94)	(8,918,785)	(2,388.86)	(2,359.45)	(4,000,991,395)	(2.76)	(3,001,634)
Laminates	M.T.	NA	7,200	33.79	5,844,888	**6,481.55	1,392.06	243,131,872	47.43	7,991,873
		NA	(7,200)	(14.17)	(2,256,169)	(9,991.79)	(1,739.02)	(301,813,804)	(33.79)	(5,844,888)
Plastic Film	M.T.	NA	6,690	-	-	***6,978.38	-	-	-	-
		NA	(6,690)	-	-	(6,820.35)	-	-	-	-
Others****								184,048,612		
								(190,106,701)		

* Excludes 3.13 Mio (37.59 Mio.) tubes scrapped

** Consumed 5,075.85 MT (8,233.15 MT) for captive

*** Includes 1,226.19 MT (320.21 MT) produced through third parties, and is fully captively consumed

**** Includes Royalty, Export and Other 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 86.49 Mio (88.10 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	Twelve months ended March 31, 2011		Fifteen months ended March 31, 2010	
		Quantity (Nos.)	Amount (₹)	Quantity (Nos.)	Amount (₹)
Polymer Resins	M.T.	16,495	1,278,483,873	18,238	1,207,291,250
Aluminium Foils	M.T.	925	226,854,421	1,177	232,833,640
Others			381,246,650		424,223,481
Total			**1,886,584,944**		**1,864,348,371**

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

	Particulars	Twelve months ended March 31, 2011		Fifteen months ended March 31, 2010	
		Percentage	Amount (₹)	Percentage	Amount (₹)
1)	Raw Materials				
	a) Imported	61	1,154,990,408	59	1,108,365,373
	b) Indigenous	39	731,594,536	41	755,982,998
2)	Stores and Spares				
	a) Imported	67	92,566,281	65	95,182,172
	b) Indigenous	33	46,511,628	35	51,168,750
3)	Packing Material				
	Indigenous	100	154,393,303	100	157,671,600

D. Dividend Remittances in Foreign Currency

Particulars	No. of Shareholders	No. of Equity Shares held	Amount (₹)
Current Year			
March 2009-10 Final	39	34,286,320	13,714,528
Previous Year			
December 2008 Final	41	34,292,520	10,287,756

E. Other Information

(Amount in ₹)

Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
C.I.F. Value of Imports		
Raw Materials	1,104,142,547	950,357,936
Stores and Spares	54,779,601	79,888,620
Capital Goods	359,798,450	74,497,248
Expenditure in Foreign Currency (on accrual basis)		
Financial Charges (Gross)	32,265,968	60,051,422
Travelling Expenses	1,506,635	1,879,871
Others (Gross)	8,953,892	6,452,366

Significant Accounting Policies and Notes to Accounts

Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
FOB Value of Exports		
Product exports excluding Deemed exports of ₹ 319,102,215 (₹ 260,598,032)	348,272,464	380,948,837
Income in Foreign Currency (on accrual basis)		
Royalty / Service Charges	100,817,699	134,935,505
Interest	155,574,310	219,620,770
Dividend	167,718,875	247,141,180
Miscellaneous Income	20,704,069	-

14) 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 ₹)

Particulars	Essel Deutschland GmbH & Co. KG, Dresden		Essel Deutschland Management GmbH	
Company's share of Interest	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Assets	294,091,728	174,576,462	575,506	569,715
Liabilities	211,566,576	45,922,274	177,264	128,901
	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Income	354,946,583	435,153,473	2,264,653	2,390,140
Expenses	330,529,750	377,235,996	2,326,095	2,501,346

(ii) There are no capital commitments and contingent liabilities in Joint Ventures as at March 31, 2011 hence no share of the Company.

(iii) No contingent liabilities and capital commitments have been incurred as at March 31, 2011 in relation to the Company's interest in the Joint Ventures along with other venturer.

15) Financial Statements of Subsidiary Companies

The Ministry of Corporate Affairs, Government of India vide its circular no.2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report of Financial Year 2010-11 does not contain the financial statements of Subsidiaries. As per the Order, key details of each subsidiary are attached along with statements under Section 212 (1) of the Act.

16) Secured Loans

(i) Term loans amounting to ₹ 1,543,759,972 (₹ 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 guarantee issued by a promoter group company.

(ii) Term loan amounting to ₹ 121,875,000 (₹ 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 promoter group company.

(iii) Term loans repayable within one year ₹ 551,559,972 (₹ 1,007,340,450).

(iv) Working capital loans repayable within one year ₹ 85,411,879 (₹ 44,061,672).

(v) Working Capital loan is secured by :

a) ₹ 40,464,412 (₹ 29,363,762) by way of hypothecation of current assets of the Company and second charge on Company's fixed assets situated at Vasind, Murbad, Wada, Goa and Nalagarh units.

b) ₹ 244,240,574 (₹ Nil) by way of hypothecation of current assets of the Company and second charge on Company's fixed assets and further collaterally secured by immovable property and guarantee issued by a promoter group Company.

c) ₹ 74,789,387 (₹ 44,061,672) by way of first pari passu charge on current assets of the Company. Charge is yet to be created.

d) ₹ 77,725,355 (₹ Nil) by way of first pari passu charge on current assets of the Company and second mortgage pari passu basis over the immovable properties of the Company situated at Wada and Vasind units.

17) Unsecured Loans

(i) Term Loan from Banks includes ₹ 665,625,000 (₹ 830,000,000) which is against security and guarantee issued by a promoter group company.

(ii) Short Term Loan from banks includes:

a) ₹ 250,000,000 (₹ Nil) against exclusive charge on immovable property owned by a promoter group Company.

b) ₹ Nil (₹ 500,000,000) against letter of comfort issued by a promoter group company.

(iii) Repayable within one year ₹ 486,289,379 (₹ 192,500,000).

18) Comparatives

a) The previous year's financial statements are for fifteen months period from January 1, 2009 to March 31, 2010. Current year figures relate to the twelve months ended March 31, 2011. Accordingly, Current year's figures are 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.

19) Earnings per Share

(Amount in ₹)

Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Net Profit after tax	**440,827,478**	345,487,914
Weighted average number of Basic and Diluted Equity Shares (Nos.)	**156,601,130**	156,601,130
Nominal value of equity shares	**2.00**	2.00
Basic and Diluted Earnings Per Share	**2.81**	2.21

20) Segment Reporting

Under AS-17, the Company has only one major identifiable business segment viz. Plastic packaging material. There is no reportable geographical segment.

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
FRN 101169W

Hitendra Bhandari
Partner
Membership No. 107832

Place : Mumbai
Date : July 15, 2011

For and on behalf of the Board

Subhash Chandra Chairman

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

Ashok Kumar Goel Vice Chairman & Managing Director

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

ESSEL PROPACK

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 28947 State Code 11

Balance Sheet Date 31 03 11

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

Public Issue	Right Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	NIL

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

Total Liabilities	Total Assets
10845996	10845996

Sources of Funds:		Application of Funds:	
Paid-up Capital	313131	Net Fixed Assets	2028112
Reserves & Surplus	6128124	Investments	5685937
Deferred Tax Balances	159731	Net Current Assets	3101886
Secured Loans	2102855	Misc. Expenditure	30061
Unsecured Loans	2141475	Accumulated Losses	NIL

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

Turnover *	4380367	Total Expenditure**	3747748
Profit Before Tax (+/-)	632619	Profit After Tax (+/-)	440827
Earnings per shares (Basic- before Exceptional item) in ₹	2.81	Dividend Rate (%)	30
Earnings per shares (Diluted- after Exceptional item) in ₹	2.81		

*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) 76121300

Product Description PLASTIC AND LAMINATED COLLAPSIBLE TUBES

For and on behalf of the Board

Subhash Chandra Chairman

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

Ashok Kumar Goel Vice Chairman & Managing Director

A.V. Ganapathy Chief Financial Officer (Global)

Aashay S. Khandwala Vice President (Legal) & Company Secretary

Place : Mumbai
Date : July 15, 2011

Cash Flow Statement for the year ended March 31, 2011

(Amount in ₹)

	Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
A.	**Cash Flow from Operating Activities**		
	Profit before tax	**632,619,109**	**442,571,351**
	Adjustments for:		
	Depreciation / Amortisation	243,051,614	288,858,158
	Interest expense	569,129,339	876,076,834
	Interest income	(372,929,283)	(562,532,262)
	Loss on sale of fixed assets	545,354	67,742
	Dividend income	(167,718,875)	(247,391,772)
	Provision for doubtful debts	(11,154,034)	(7,680,123)
	Profit on sale of current investments	-	(1,887,684)
	Amortisation of Deferred Revenue expenditure	11,945,022	13,416,657
	Exchange adjustments (net)	(5,617,516)	38,148,746
	Operating Profit before Working Capital changes	**899,870,731**	**839,647,647**
	Adjustments for:		
	(Increase) / Decrease in Trade Receivables	(57,378,336)	108,537,822
	(Increase) / Decrease in Inventories	(186,804,853)	95,701,587
	Increase / (Decrease) in Trade Payables	73,975,468	(56,468,586)
	Cash Generated from Operations	**729,663,010**	**987,418,470**
	Direct Taxes paid (net of refunds)	(131,958,877)	(175,501,669)
	Net Cash from Operating activities (A)	**597,704,133**	**811,916,801**
B.	**Cash Flow from Investing Activities**		
	Purchase of fixed assets (including capital work-in-progress)	(524,413,014)	(228,736,579)
	Sale of fixed assets	5,535,243	185,338
	Investment in Associate	(7,500,000)	(41,091,000)
	Sale of Investment - Subsidiaries	55,550,000	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)	1,123,005	342,976,910
	Short Term Loans given to related parties	(1,208,017,569)	(1,351,262,194)
	Repayment of Short Term Loans given to related parties	1,235,126,909	1,037,098,154
	(Increase) / Decrease in Loans and Advances to Subsidiaries	394,758,525	146,273,322
	Interest received	399,249,899	731,963,716
	Dividend received	167,718,875	247,391,772
	Net Cash from Investing Activities (B)	**519,131,873**	**937,046,465**

ESSEL PROPACK

Cash Flow Statement for the year ended March 31, 2011

(Amount in ₹)

	Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
C.	**Cash Flow from Financing Activities**		
	Increase / (Decrease) in other Borrowings (net)	276,697,466	(477,277,728)
	Proceeds from Long Term loans	500,000,000	3,000,000,000
	Repayment of Long Term loans	(1,161,351,653)	(641,290,450)
	Proceeds from Short Term Loans	1,190,860,119	7,988,831,047
	Repayment of Short Term Loans	(1,330,000,000)	(10,622,993,418)
	Interest paid	(574,564,233)	(878,273,288)
	Dividend paid (including tax)	(75,520,035)	(55,404,977)
	Other Financial Charges	(4,925,740)	(50,496,460)
	Net Cash from Financing Activities (C)	**(1,178,804,074)**	**(1,736,905,274)**
	Net Changes in Cash and Cash Equivalents (A+B+C)	**(61,968,072)**	**12,057,992**
	Cash and Cash Equivalents - Opening Balance	**84,755,241**	**72,697,249**
	Cash and Cash Equivalents - Closing Balance	**22,787,169**	**84,755,241**

Notes

1 Previous year figures are regrouped/reconsidered wherever necessary.

2 Balance in the Cash and Cash Equivalents includes ₹ 5,394,379 (₹ 7,870,166) set aside for payment of dividends and accordingly is not otherwise available to the Company

3 Cash and Cash Equivalents include ₹ 1,184 (₹ 1,096) on account of realignment of foreign currency account

4 Cash and Cash Equivalents include the following :

(Amount in ₹)

	Particulars	As at March 31, 2011	As at March 31, 2010
	Cash on hand	265,553	314,969
	Bank Balance with Scheduled Banks		
	In Current accounts		
	i) Indian Rupee accounts	22,302,190	77,551,893
	ii) Foreign Currency accounts	12,826	12,914
	iii) Fixed Deposits / Margin Money accounts	206,600	206,600
	iv) Remitance in Transit	-	6,668,865
	Total	**22,787,169**	**84,755,241**

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
FRN 101169W

Hitendra Bhandari
Partner
Membership No. 107832

Place : Mumbai
Date : July 15, 2011

For and on behalf of the Board

Subhash Chandra Chairman

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

Ashok Kumar Goel Vice Chairman & Managing Director

A.V. Ganapathy Chief Financial Officer (Global)

Aashay S. Khandwala Vice President (Legal) & Company Secretary

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, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. 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 ₹ 9,833,531,245 as at March 31, 2011 and total revenues of ₹ 10,210,433,675 for the year 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 our opinion, in so far as it relates to the amounts included in respect of those subsidiaries, is based solely on the report of other auditors except Note 2(c) regarding removal of effect of inflation / revaluation accounting.

(b) The financial statements of associates have been audited by other auditors whose reports have been furnished to us. The profit of such associates considered for consolidation is ₹ 25,371,240 for the year. Our opinion, in so far as it relates to the amounts included in respect of those associates, is based solely on the report of other auditors.

(c) 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 ₹ 255,958,833 and ₹ 347,003,006 respectively. Our opinion, in so far as it relates to the amounts included in respect of those joint ventures, is based solely on the report of 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", as notified by the Companies (Accounting Standards) Rules, 2006.

5) Without qualifying our report, we draw reference to Note 21(a) of Schedule 22, regarding Performance Bonus to Managing Director 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 state of affairs of the group as at March 31, 2011;

(ii) In the case of the Consolidated Profit and Loss Account of the **Profit** of the group for the year ended on that date; and

(iii) In the case of the Consolidated Cash Flow Statement of the cash flows of the group for the year ended on that date.

For **MGB & Co.**
Chartered Accountants
Firm Registration Number 101169W

Hitendra Bhandari
Partner
Membership Number 107832

Mumbai, July 15, 2011

ESSEL PROPACK

Consolidated Balance Sheet as at March 31, 2011

(Amount in ₹)

	Schedule	As at March 31, 2011	As at March 31, 2010
Sources of Funds			
Shareholders' Funds			
Share Capital	1	313,130,610	313,130,610
Reserves and Surplus	2	7,643,512,616	7,295,390,019
		7,956,643,226	**7,608,520,629**
Loan Funds			
Secured Loans	3	5,436,550,168	5,195,036,017
Unsecured Loans	4	2,695,213,290	3,202,591,943
		8,131,763,458	**8,397,627,960**
Minority Interest		67,171,330	83,346,908
Deferred Tax Liabilities (net)	5	-	36,772,161
Total		**16,155,578,014**	**16,126,267,658**
Application of Funds			
Fixed Assets			
Goodwill on Consolidation		3,606,939,968	3,606,939,968
Fixed Assets (other than Goodwill on Consolidation)	6		
Gross Block		15,609,450,186	14,865,704,524
Less : Depreciation / Amortisation		9,504,484,882	8,742,203,651
Net Block		**6,104,965,304**	**6,123,500,873**
Capital Work-in-progress		382,443,443	580,066,690
		6,487,408,747	**6,703,567,563**
Investments	7	498,796,494	476,601,559
Deferred Tax Assets (net)	5	82,748,717	-
Foreign Currency Monetary Items Translation Difference (Refer Note 17(a))		7,282,441	80,041,332
Current Assets, Loans and Advances			
Inventories	8	2,110,554,973	1,643,057,262
Sundry Debtors	9	2,181,886,635	2,021,062,777
Cash and Bank Balances	10	643,852,111	943,808,975
Other Current Assets	11	54,530,113	42,762,323
Loans and Advances	12	2,791,532,342	2,502,219,841
		7,782,356,174	**7,152,911,178**
Less : Current Liabilities and Provisions	13	2,413,113,787	1,973,749,277
Net Current Assets		**5,369,242,387**	**5,179,161,901**
Miscellaneous Expenditure			
(to the extent not written off or adjusted)			
Deferred Revenue Expenditure (Refer Note 16)		103,159,260	79,955,335
Total		**16,155,578,014**	**16,126,267,658**
Significant Accounting Policies and Notes to Consolidated Accounts	22		

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
FRN 101169W

Hitendra Bhandari
Partner
Membership No. 107832

Place : Mumbai
Date : July 15, 2011

For and on behalf of the Board

Subhash Chandra Chairman

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

Ashok Kumar Goel Vice Chairman & Managing Director

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

Consolidated Profit and Loss Account for the year ended March 31, 2011

(Amount in ₹)

	Schedule	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Income			
Sales and Services (Gross)	14	14,404,051,490	17,116,993,482
Less: Excise Duty		320,693,642	294,912,475
Sales and Services (net)		14,083,357,848	16,822,081,007
Other Income	15	33,768,538	119,280,234
Total		**14,117,126,386**	**16,941,361,241**
Expenditure			
Cost of Materials	16	6,702,146,118	7,377,164,630
Manufacturing and Other Expenses	17	1,839,386,191	2,092,723,278
Personnel Cost	18	2,144,272,258	3,156,725,901
Administrative and Other Expenses	19	542,496,206	827,035,926
(Gain)/Loss on Foreign Exchange Fluctuation (net)		(19,952,998)	7,482,160
Selling and Distribution Expenses	20	369,382,640	472,357,359
Total		**11,577,730,415**	**13,933,489,254**
Profit before Depreciation, Interest and Tax (PBDIT)		**2,539,395,971**	**3,007,871,987**
Financial Expenses (net)	21	640,542,386	946,849,926
Depreciation / Amortisation		1,069,608,692	1,328,671,386
Profit before Tax and Exceptional Items		**829,244,893**	**732,350,675**
Exceptional Items (Refer Note 23)		14,042,378	(301,568,353)
Profit before Tax (PBT)		**815,202,515**	**1,033,919,028**
Provision for Taxation			
Current Tax - Current year		447,086,539	355,439,372
- Earlier years		10,795,017	30,669,090
Deferred Tax Benefit		(119,520,878)	(2,163,320)
Fringe Benefit Tax		-	1,774,961
Net Profit after Tax (PAT) before Minority Interest and Share of Profit from Associate		**476,841,837**	**648,198,925**
Share of Profit from Associate Companies		25,371,240	13,550,870
Minority Interest		29,515,464	62,553,280
Net Profit for the year		**472,697,613**	**599,196,515**
Balance Brought Forward		1,850,066,252	1,422,173,845
Add : Adjustments as per amended provisions of AS 11 (net of tax)		-	49,609,365
Amount available for Appropriation		**2,322,763,865**	**2,070,979,725**
Appropriations			
Proposed Dividend		93,960,678	62,640,452
Dividend Tax		41,115,353	34,161,946
Legal Reserve		3,042,165	98,199,075
General Reserve		44,083,000	25,912,000
Balance carried to Balance Sheet		2,140,562,669	1,850,066,252
Total		**2,322,763,865**	**2,070,979,725**
Earnings Per Share (Equity Shares, par value ₹ 2 each)			
Basic and Diluted Earnings Per Share		3.02	3.83
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	22		

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
FRN 101169W

Hitendra Bhandari
Partner
Membership No. 107832

Place : Mumbai
Date : July 15, 2011

For and on behalf of the Board

Subhash Chandra Chairman

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

Ashok Kumar Goel Vice Chairman & Managing Director

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

Schedules forming part of Consolidated Accounts

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Schedule 1		
Share Capital		
Authorised		
200,000,000 Equity Shares of ₹ 2 each	**400,000,000**	400,000,000
Issued, Subscribed and Paid-up		
156,601,130 Equity Shares of ₹ 2 each fully paid-up.	313,202,260	313,202,260
Out of the above,		
(i) 65,166,915 Equity Shares of ₹ 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 ₹ 2 each fully paid up are 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	3,842,983,298
Capital Reserve		
As per last balance sheet	200,623,208	200,623,208
Capital Subsidy		
As per last balance sheet	42,101,784	44,025,279
Add : Received during the year	21,085,955	11,522,882
	63,187,739	55,548,161
Less : Transfer to Profit and Loss Account	4,687,732	13,446,377
	58,500,007	**42,101,784**
Legal Reserves		
As per last balance sheet	394,411,039	296,211,964
Add : Appropriated during the year	3,042,165	98,199,075
	397,453,204	**394,411,039**
General Reserve		
As per last balance sheet	1,013,703,777	962,924,400
Add : Appropriated during the year	44,083,000	25,912,000
	1,057,786,777	988,836,400
Add : Adjustments as per amended provisions of AS 11 (net of tax)	-	24,867,377
	1,057,786,777	**1,013,703,777**
Foreign Currency Translation Reserve	(54,396,547)	(48,499,339)
Profit and Loss Account	**2,140,562,669**	**1,850,066,252**
Total*	**7,643,512,616**	**7,295,390,019**

* Includes Share in Joint Ventures ₹ 70,053,040 (₹ 35,663,677)

Schedules forming part of Consolidated Accounts

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Schedule 3		
Secured Loans (Refer Note 5)		
Term Loan from Banks	4,320,417,960	4,717,837,668
Working Capital Loans from Banks	1,011,793,895	431,276,075
	5,332,211,855	5,149,113,743
Share in Joint Ventures	104,338,313	45,922,274
Total	**5,436,550,168**	**5,195,036,017**
Schedule 4		
Unsecured Loans (Refer Note 6)		
Term Loan from Banks	1,333,062,500	1,281,400,000
Short Term Loan from Banks	854,484,959	1,222,113,512
Working Capital Loans from Banks	84,968,926	87,175,724
Inter Corporate Deposit	-	160,000,000
Deferred Sales Tax Loan	420,881,665	448,038,875
Lease Finance	1,815,240	3,863,832
Total	**2,695,213,290**	**3,202,591,943**
Schedule 5		
Deferred Tax Liabilities (net) (Refer Note 18 (c))		
Deferred Tax Liabilities	433,971,866	482,734,964
Less: Deferred Tax Assets	516,720,583	445,962,803
Total	**(82,748,717)**	**36,772,161**

Schedule 6

Fixed Assets (Other than Goodwill on Consolidation)

Description of Assets	Gross Block				Depreciation / Amortisation				Net Block	
	As at April 1, 2010	Additions	Deductions	As at March 31, 2011	Up to March 31, 2010	For the Year	Deductions	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010
a) Intangibles										
Software	206,889,892	22,385,448	11,210,200	218,065,140	63,911,489	32,781,901	8,612,728	88,080,662	129,984,478	142,978,403
Patents	21,322	-	-	21,322	8,088	2,342	-	10,430	10,892	13,234
b) Tangibles										
Owned Assets										
Freehold Land	53,210,492	-	-	53,210,492	-	-	-	-	53,210,492	53,210,492
Leasehold Land	55,769,081	-	-	55,769,081	7,697,435	1,662,172	-	9,359,607	46,409,474	48,071,646
Buildings	1,048,477,202	34,827,206	1,453,617	1,081,850,791	184,758,719	33,975,643	106,736	218,627,626	863,223,165	863,718,483
Leasehold Improvements	280,122,217	21,962,780	115,295,852	186,789,145	98,033,610	26,324,506	46,800,567	77,557,549	109,231,596	182,088,607
Plant and Machinery	12,505,795,770	1,077,082,358	378,671,696	13,204,206,432	7,990,850,197	906,201,755	245,092,281	8,651,959,671	4,552,246,761	4,514,945,573
Equipments	279,399,217	52,777,109	6,087,595	326,088,731	163,939,319	27,326,806	3,399,473	187,866,652	138,222,079	115,459,898
Furniture and Fixtures	183,461,478	11,643,459	1,897,442	193,207,495	88,900,564	14,306,910	1,640,634	101,566,840	91,640,655	94,560,914
Vehicles	14,074,505	26,971	582,838	13,518,638	8,412,721	1,001,057	353,053	9,060,725	4,457,913	5,661,784
Total	**14,627,221,176**	**1,220,705,331**	**515,199,240**	**15,332,727,267**	**8,606,512,142**	**1,043,583,092**	**306,005,472**	**9,344,089,762**	**5,988,637,505**	**6,020,709,034**
Share in Joint Ventures	238,483,348	39,869,016	1,629,445	276,722,919	135,691,509	26,025,600	1,321,989	160,395,120	116,327,799	102,791,839
Grand Total	**14,865,704,524**	**1,260,574,347**	**516,828,685**	**15,609,450,186**	**8,742,203,651**	**1,069,608,692**	**307,327,461**	**9,504,484,882**	**6,104,965,304**	**6,123,500,873**
Previous Year	14,534,820,464	816,068,580	485,184,520	14,865,704,524	7,704,296,834	1,328,671,386	290,764,569	8,742,203,651	6,123,500,873	-
Capital Work in Progress									355,807,462	579,764,954
Share in Joint Ventures									26,635,981	301,736
Total									**382,443,443**	**580,066,690**

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

Schedules forming part of Consolidated Accounts

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Schedule 7		
Investments - Long Term		
In Associate Company - Unquoted		
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	63,956,896	55,065,418
Share of Profit for the year	16,855,202	13,550,870
Less : Dividend received	10,704,592	4,659,392
	440,929,031	**434,778,421**
In Associate Companies - Quoted		
4,109,100 Equity Shares of ₹ 10 each of		
Ras Propack Lamipack Limited (Extent of Holding 39.57%)	(49,176,565)	(49,176,565)
Unamortised Goodwill	90,267,565	90,267,565
Share of Profit for the year	7,558,110	-
(Market Value ₹ 78,072,900 (Not available for Previous Year))		
	48,649,110	**41,091,000**
750,000 (Nil) Equity Shares of ₹ 10 each of		
Ras Extrusions Limited (Extent of Holding 36.67%)	(5,482,643)	-
Unamortised Goodwill	12,982,643	-
Share of Profit for the year	957,929	-
(Market Value ₹ 16,425,000 (Nil))		
	8,457,929	**-**
Others Trade - Quoted		
100 Equity Shares of ₹ 10 each in Akar Laminators Limited	1,125	1,125
200 Equity Shares of ₹ 10 each in Cosmo Films Limited	1,760	1,760
100 Equity Shares of ₹ 10 each in Flex Industries Limited	1,515	1,515
100 Equity Shares of ₹ 10 each in Orient Press Limited	1,360	1,360
5 Equity Shares of ₹ 10 each in Sharp Industries Limited	7,130	7,130
50 Equity Shares of ₹ 10 each in Paper Products Limited	6,105	6,105
Other NonTrade - Quoted		
400 Equity Shares of ₹ 10 each in Associated Business Credit Limited	4,000	4,000
70 Equity Shares of ₹ 100 each in State Bank of Travancore	42,000	42,000
	64,995	64,995
Less: Provision for diminution in value of investments	19,875	48,161
	45,120	**16,834**
(Market Value ₹ 556,980 (₹ 464,710))		
Other NonTrade - Unquoted		
Obligatory Investments in Government Securities	715,304	715,304
(All the above securities are fully paid up).		
Total	**498,796,494**	**476,601,559**

Schedules forming part of Consolidated Accounts

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Schedule 8		
Inventories		
Raw Materials (including goods-in-transit)	1,017,199,041	703,962,845
Finished Goods	233,006,551	168,438,386
Goods-in-Process	486,255,310	427,839,673
Stores, Spares and Packing materials	343,735,146	317,160,295
	2,080,196,048	1,617,401,199
Share in Joint Ventures	30,358,925	25,656,063
Total	**2,110,554,973**	**1,643,057,262**
Schedule 9		
Sundry Debtors		
(Unsecured and Considered Good, unless otherwise stated)		
Over six months		
Considered Good	171,373,128	209,258,805
Considered Doubtful	41,889,378	57,893,012
	213,262,506	267,151,817
Others	1,951,470,614	1,775,114,855
	2,164,733,120	2,042,266,672
Less : Provision for doubtful debts	41,889,378	57,893,012
	2,122,843,742	1,984,373,660
Share in Joint Ventures	59,042,893	36,689,117
Total	**2,181,886,635**	**2,021,062,777**
Schedule 10		
Cash and Bank Balances		
Cash on Hand	1,708,546	1,485,682
Balances with Banks :		
(i) In Current accounts	602,951,928	766,018,304
(ii) In Fixed Deposit accounts	31,393,249	165,441,427
(iii) Remittance in transit	-	6,698,272
	636,053,723	939,643,685
Share in Joint Ventures	7,798,388	4,165,290
Total	**643,852,111**	**943,808,975**
Schedule 11		
Other Current Assets		
Interest Receivable on Loans	979,090	2,627,786
Export Benefit Receivable	51,868,694	37,693,794
Other Receivables	1,682,329	2,440,743
Total	**54,530,113**	**42,762,323**

Schedules forming part of Consolidated Accounts

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Schedule 12		
Loans and Advances		
(Unsecured, Considered Good unless otherwise stated)		
Loans	867,221,720	894,185,411
Advances (Recoverable in cash or in kind or for value to be received)		
Other Advances	1,731,603,419	1,404,991,231
Tax advance (net of provisions)	56,877,961	97,588,737
Deposits	124,736,223	105,269,644
	2,780,439,323	2,502,035,023
Share in Joint Ventures	11,093,019	184,818
Total	**2,791,532,342**	**2,502,219,841**
Schedule 13		
Current Liabilities and Provisions		
A. Current Liabilities		
Acceptances		
for Goods	387,388,093	153,174,018
for Capital Goods	11,598,998	1,391,900
Sundry Creditors		
for Goods	914,063,078	810,627,084
for Capital Goods	7,974,019	50,825,506
for Expenses and others	788,380,492	642,031,431
Trade Advances and Deposits received	13,394,516	29,146,343
Interest accrued but not due	65,334,528	75,277,874
Investor Education and Protection Fund		
Unpaid Dividend	5,394,379	7,870,166
	2,193,528,103	1,770,344,322
Share in Joint Ventures	46,735,857	51,479,931
Total (A)	**2,240,263,960**	**1,821,824,253**
B. Provisions		
For Retirement Benefits	63,646,378	72,287,587
For Proposed Dividend	93,960,678	62,640,452
For Tax on Proposed Dividend	15,242,771	10,403,796
	172,849,827	145,331,835
Share in Joint Ventures	-	6,593,189
Total (B)	**172,849,827**	**151,925,024**
Total (A)+(B)	**2,413,113,787**	**1,973,749,277**

Schedules forming part of Consolidated Accounts

(Amount in ₹)

	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Schedule 14		
Sales and Services		
Sales	14,024,553,720	16,661,491,927
Export and Other Incentives	38,851,332	34,233,472
	14,063,405,052	16,695,725,399
Share in Joint Ventures	340,646,438	421,268,083
Total	**14,404,051,490**	**17,116,993,482**
Schedule 15		
Other Income		
Dividend received (Gross)	6,100	260,092
Profit on sale of fixed assets (net)	9,897,534	33,855,554
Provision for diminution in value of Investments written back	28,286	5,445,500
Profit on sale of current investments	-	1,887,684
Balances written back	7,985,558	8,975,197
Miscellaneous Income	9,494,492	54,575,310
	27,411,970	104,999,337
Share in Joint Ventures	6,356,568	14,280,897
Total	**33,768,538**	**119,280,234**
Schedule 16		
Cost of Materials		
Raw Materials Consumed		
Opening Stock	703,962,845	941,932,416
Add : Purchases	6,950,183,092	6,872,369,500
	7,654,145,937	7,814,301,916
Less : Closing Stock	1, 017,199,041	703,962,845
	6,636,946,896	7,110,339,071
Share in Joint Ventures	188,604,487	223,418,070
Total (A)	**6,825,551,383**	**7,333,757,141**
Increase / (Decrease) in Stocks		
Closing Stock		
Finished Goods	233,006,551	168,438,386
Goods-in-process	486,255,310	427,839,673
	719,261,861	596,278,059
Less : Opening Stock		
Finished Goods	168,438,386	214,301,310
Goods-in-process	427,839,673	429,937,478
	596,278,059	644,238,788
	122,983,802	(47,960,729)
Share in Joint Ventures	421,463	4,553,240
Total (B)	123,405,265	(43,407,489)
Total (A) - (B)	**6,702,146,118**	**7,377,164,630**

Schedules forming part of Consolidated Accounts

(Amount in ₹)

	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Schedule 17		
Manufacturing and Other Expenses		
Stores, Spares and Packing Materials	723,212,503	869,068,592
Power and Fuel	426,641,494	425,939,467
Job Work Charges	200,654,051	154,928,447
Repairs and Maintenance		
Building	27,398,976	21,657,098
Plant and Machinery	87,095,542	83,264,643
Other Manufacturing Expenses	78,865,064	120,555,309
Lease Rent		
Building	88,840,874	133,054,656
Plant and Machinery	187,241,947	261,379,588
	1,819,950,451	2,069,847,800
Share in Joint Ventures	19,435,740	22,875,478
Total	**1,839,386,191**	**2,092,723,278**
Schedule 18		
Personnel Cost		
Managerial Remuneration	49,984,000	42,734,000
Salaries, Wages and Allowances	1,848,825,627	2,835,078,540
Welfare Expenses	183,783,923	204,029,502
Gratuity	4,580,424	4,333,574
	2,087,173,974	3,086,175,616
Share in Joint Ventures	57,098,284	70,550,285
Total	**2,144,272,258**	**3,156,725,901**
Schedule 19		
Administrative and Other Expenses		
Rent	47,623,272	58,238,283
Repairs to Others	60,973,757	65,866,610
Rates and Taxes	51,171,159	70,374,320
Insurance	27,331,766	115,767,865
Directors' Sitting Fees	825,000	915,000
Travelling and Conveyance Expenses	86,103,453	112,270,046
Advertisement Expenses	3,380,222	4,305,108
Professional and Consultancy charges	82,444,237	114,790,357
Communication Charges	36,181,162	53,816,739
Donation	1,218,350	1,194,385
Auditors Remuneration	19,582,503	33,961,808
Miscellaneous Expenses	119,524,776	175,206,963
	536,359,657	806,707,484
Share in Joint Ventures	6,136,549	20,328,442
Total	**542,496,206**	**827,035,926**

Schedules forming part of Consolidated Accounts

(Amount in ₹)

	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Schedule 20		
Selling and Distribution Expenses		
Freight and Forwarding Expenses	328,845,573	382,502,045
Discount and Rebate	2,471,629	2,717,118
Bad Debts written off	21,551,748	70,518,883
Provision for Doubtful Debts	(16,003,634)	(28,773,552)
Commission	8,271,483	19,336,789
	345,136,799	446,301,283
Share in Joint Ventures	24,245,841	26,056,076
Total	**369,382,640**	**472,357,359**
Schedule 21		
Financial Expenses (net)		
Interest Paid		
On Fixed Loans	588,621,196	717,057,540
On Others	175,472,029	453,335,515
Share in Joint Ventures	3,260,468	4,260,820
Total (A)	767,353,693	1,174,653,875
Interest Received		
From Banks	8,865,158	8,966,402
From Others	201,153,512	324,368,049
Share in Joint Ventures	134,289	61,261
Total (B)	210,152,959	333,395,712
Interest Paid (net) (A)-(B)	557,200,734	841,258,163
Other Financial Charges	83,145,364	105,021,523
(includes amortisation of deferred revenue expenditure of ₹ 47,222,809 (₹ 27,415,273))		
Share in Joint Ventures	196,288	570,240
	83,341,652	105,591,763
Total	**640,542,386**	**946,849,926**

Significant Accounting Policies and Notes to Consolidated Accounts

Schedule 22 Significant Accounting Policies and Notes to 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 the parent and its subsidiaries are prepared under the Historical Cost Convention on going concern basis 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 in case of a subsidiary, inventories are valued on First In First Out (FIFO) basis. The value of such inventory, as at March 31, 2011 is ₹ 186,848,264. No adjustment has been made for such policy difference.

c. CFS are prepared 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 financial statements 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.

Name of the Subsidiary	Extent of holding	Country of Incorporation
Direct Subsidiaries		
Arista Tubes Inc. *	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
Essel Propack Polska Sp. Z.O.O.	100%	Poland
Essel Propack America, LLC	100%	USA

^ These subsidiaries have discontinued their operations.

* 7.35% holding is held through Lamitube Technologies (Cyprus) Limited.

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.

Name of the Company	Extent of holding	Country of Incorporation
P.T. Lamipak Primula	30.00%	Indonesia
RAS Propack Lamipack Limited	39.57%	India
Ras Extrusions Limited @	36.67%	India

@ Associate w.e.f. April 30, 2010

f. **Joint Ventures**

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

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 amounts 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. The previous year's CFS are for fifteen months period from January 1, 2009 to March 31, 2010. Current year figures relate to the twelve months ended March 31, 2011. Further in the previous year, the group divested its Medical Devices Business hence current year's figures are, not comparable with those of the previous year.

b. Previous year figures have been regrouped, rearranged or recasted wherever necessary to conform 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 pari passu charge 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 promoter group companies.

ii) In case of subsidiaries / joint ventures, are secured variously by way of mortgage of 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. Further certain loans are collaterally secured by immovable property and guarantee issued by a promoter group company.

ii) In case of subsidiaries / joint ventures are secured variously by way of first charge on fixed assets and current assets.

6 **Unsecured Loans**

a. Term Loans from Banks include ₹ 665,625,000 (₹ 830,000,000) which is against security and guarantee issued by a promoter group company.

b. Short Term Loan from banks includes:

i) ₹ 250,000,000 (₹ Nil) against exclusive charge on immovable property owned by a promoter group Company.

ii) ₹ Nil (₹ 500,000,000) against letter of comfort issued by a group company.

Significant Accounting Policies and Notes to Consolidated Accounts

7 **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.

b. **Intangible Assets**

(i) The capitalised cost of software including Enterprise Resource Planning (ERP) 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.

(ii) Patent right is capitalised at the amount paid for acquisition of such right.

c. **Tangible Fixed Assets**

(i) Fixed assets are stated at original cost of acquisition / installation (net of cenvat / modvat credit availed) net of 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.

8 **Depreciation / Amortization**

a. Depreciation is provided on tangible fixed assets including assets taken on finance lease, 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 its use.

c. Cost of Enterprise Resource Planning (ERP) software including expenditure on implementation, is amortised over a period of ten years based on the management's estimate of useful life over which economic benefits will be derived from its use.

d. Premium on Leasehold Land and Leasehold improvements is 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.

9 **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 have 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.

10 **Borrowing Costs**

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

11 **Investments**

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

12 **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 expenses 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 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. In case of Associates, no adjustment made for difference in accounting policy for Retirement Benefits which are accounted on accrual / payment basis instead of Actuarial Valuation.

13 Revenue Recognition

a. 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 and is net of discount.

b. Export incentives / benefits including customs duty benefits are accounted on accrual basis.

14 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".

15 Inventories

a. Inventories are valued at lower of cost or estimated 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 includes cost of Direct Material, Labour cost and other Manufacturing Overheads and excise duty, wherever applicable.

d. Cost formula for valuation of inventories is Moving Weighted Average basis except for a subsidiary where it is on First In First Out (FIFO) basis.

16 Miscellaneous Expenditure

Ancillary term loan costs incurred in connection with the arrangement of borrowings are deferred and amortised over the tenure of the loan.

17 Foreign Currency

a. Accounting of Transactions

(i) The functional currency of each entity in the Group is its respective local currency. Foreign Currency Transactions are recorded at exchange rates prevailing on the date of such transaction.

(ii) Monetary assets and liabilities in foreign currencies are converted into functional currency at the rates of exchange prevailing at the Balance Sheet date.

(iii) Gains 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 expense for the year in which they arise.

(vi) The Companies (Accounting Standards) Amendment Rules 2011 has amended the provisions of AS-11 related to "Effects of the changes in Foreign Exchange Rates" vide notification dated May 11, 2011. Accordingly, the Company has unamortised opening balance in "Foreign Currency Monetary Item Translation Difference Account" (FCMITD Account) of ₹ 80,041,332. During the year, exchange gain of ₹ 53,217,235 is transferred to FCMITD Account and ₹ 19,541,656 has been written off and balance ₹ 7,282,441 has been carried over. Further, ₹ 19,593,388 foreign exchange loss pertaining to foreign currency borrowing for acquisition of fixed assets, have been adjusted to cost of fixed assets during the year.

b. **Translation**

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

(i) Assets and Liabilities at the rate 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 income of individual companies computed as per local 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 ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred Tax Assets		
Disallowances under Tax Laws	156,852,105	83,576,135
Effect of Tax Loss carry forwards	359,868,478	362,386,668
Total	**516,720,583**	**445,962,803**
Deferred Tax Liabilities		
Related to fixed assets	419,878,714	443,129,837
Deferred Revenue Expenditure	12,115,924	38,904,713
Other timing differences	1,977,228	700,414
Total	**433,971,866**	**482,734,964**
Deferred Tax Assets / (Liabilities) (net)	**82,748,717**	**(36,772,161)**

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-cancellable lease terms in excess of one year as at March 31, 2011 and its present value are as follows:

Reconciliation of minimum lease payment and present value :

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Minimum lease payment as at		
Not later than one year	1,889,761	2,330,353
Later than one year but not later than five years	9,778	1,866,567
Total	**1,899,539**	**4,196,920**
Less: Amount representing interest	84,299	333,088
Present value of Minimum Lease Payment	1,815,240	3,863,832
Less: Amount due not later than one year	1,805,462	2,082,489
Amount due later than one year but not later than five years	9,778	1,781,343

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 (including Equipment) and Vehicles. The initial tenure of the lease is generally for three 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, 2011 are as follows:

(Amount in ₹)

Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Lease rental charges (net) (Including ₹ Nil (₹ Nil) of Joint Ventures)	206,313,605	282,291,433
Future lease rental obligation payable (under non-cancellable leases)		
Not later than one year (Including ₹ Nil (₹ Nil) of Joint Ventures)	210,246,919	194,152,249
Later than one year but not later than five years (Including ₹ Nil (₹ Nil) of Joint Ventures)	285,502,787	214,943,148
Total	**495,749,706**	**409,095,397**

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 ₹ Nil (₹ 1,918,737).

20 a. Contingent Liabilities

(Amount in ₹)

Sr. No.	Particulars	As at March 31, 2011	As at March 31, 2010
(i)	Unexpired Letters of Credit (net of liability provided)	66,841,544	24,903,527
(ii)	Guarantees and counter guarantees given by the Company net of liability booked	14,171,631	40,842,539
(iii)	Disputed Indirect Taxes*	302,261,078	256,319,651
(iv)	Disputed Direct Taxes	18,779,026	73,150,322
(v)	Claims not acknowledged as debts	3,556,550	72,103,735
(vi)	Deferred Sales Tax Liability assigned	112,609,023	144,937,480
(vii)	Duty benefit availed under EPCG scheme, pending export obligations	496,194,189	571,953,138
(viii)	Bills discounted from banks	68,736,115	29,138,318

* Does not include disputed excise duty of ₹ 198,191,799 (₹ 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.

b. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 218,135,425 (₹ 271,167,258) (including ₹ Nil (₹ Nil) of Joint Ventures).

Significant Accounting Policies and Notes to Consolidated Accounts

21 **Managerial Remuneration**

a. Details of Remuneration paid / payable to the Managing Director are as stated below:

(Amount in ₹)

Sr. No.	Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
1.	Salaries, Allowances and Perquisites*	26,050,000	30,200,000
2.	Contribution to Provident and other funds	2,574,000	2,934,000
3.	Performance Bonus	**21,360,000	#9,600,000
	Total	**49,984,000**	**42,734,000**

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

** Approved by the Board of Directors on the recommendation of the Remuneration Committee, but pending approval of the Central Government has not been paid.

\# During the year, the Company has received approval from Central Government vide SRN No.A88949920 dated February 10, 2011 for payment of Performance Bonus to Managing Director for the calendar year 2009.

b. During the year, the Company has paid commission of ₹ 4,125,000 (₹ 3,000,000) to Non-Executive Independent Directors based on the Profits for the year ended March 31, 2010.

22 **Investments - Restructuring**

a. During the year, the Parent Company has transferred its equity and preference shareholding in its wholly owned direct subsidiary, Essel Propack America, LLC to Arista Tubes Inc., USA, a wholly owned step down subsidiary, which has in consideration allotted its own equity shares to the Company, based on swap ratio determined on valuation by independent professional valuers. This was done as part of consolidation of the Company's operations in the USA. The substance of the pattern of ownership, beneficial interest, direction and control of the investee companies has not, in any way, been altered as a result. This has no effect on the CFS.

b. Pursuant to the directions issued by the Board for Industrial and Financial Reconstruction ("BIFR") on the Miscellaneous Applications filed by Ras Propack Lamipack Limited ("RPLL") and Ras Extrusions Limited ("REL"), a Draft Modified Rehabilitation Proposal ("DMRP") including draft Scheme of Merger for proposed merger of RPLL and REL with the Company was approved by the Board of Directors of Essel Propack Limited (the "Company"), in its meeting held on May 30, 2011 which is subject to the approval by the members of the Company, BIFR and other regulatory approvals as applicable.

23 **Exceptional items include**

(Amount in ₹)

Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Profit on divestment of Medical Devices Business	31,234,144	314,865,444
Relocation / Consolidation expenses of Manufacturing Facilities	(45,276,522)	(12,255,455)
Loss on sale of long term investments	-	(1,041,636)
Total	**(14,042,378)**	**301,568,353**

24 **Financial Statements of Subsidiary Companies**

The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2010-11 does not contain the financial statements of Subsidiaries. As per the Order, key details of each subsidiary are attached along with statements under section 212 (1) of the Act.

Significant Accounting Policies and Notes to Consolidated Accounts

25 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	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Net Profit for the year (₹)	472,697,613	599,196,515
Weighted average number of Basic and Diluted Equity Shares (Nos.)	156,601,130	156,601,130
Nominal value of equity shares (₹)	2.00	2.00
Basic and Diluted Earnings per share (₹)	3.02	3.83

26 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), Ras Extrusions Limited (w.e.f. April 30, 2010)

(ii) Other Related Parties

Ayepee Lamitubes Limited, Churu Trading Company Private Limited, Continental Drug Company 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, Zee Entertainment Enterprises Limited, Briggs Trading Company Private Limited.

c. **Directors of the Company**

Non-Executive Directors	Mr. Subhash Chandra
	Mr. Boman Moradian
	Mr. Mukund M. Chitale
	Mr. K. V. Krishnamurthy
	Mr. Tapan Mitra
	Late Mr. Davendra Ahuja (upto August 20, 2010)
Executive Director	Mr. Ashok Kumar Goel (Vice Chairman & Managing Director)

Significant Accounting Policies and Notes to Consolidated Accounts

d. Transactions with related parties

(A) Transactions

(Amount in ₹)

Particulars	Twelve months ended March 31, 2011		Fifteen months ended March 31, 2010	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
a. Sales / (Sales returns) to and Recoveries from				
Joint Venture / Associates	4,577,050		(652,805)	
Essel Deutschland GmbH & Co., KG Germany		2,774,418		(851,492)
Lamipack – Indonesia		-		198,687
Ras Propack Lamipack Limited		1,802,532		-
Other Related Parties	71,861		-	
Pan India Paryatan Private Limited		71,861		-
b. Royalty / Service charges Income				
Joint Venture / Associates	12,579,457		-	
Essel Deutschland GmbH & Co., KG Germany		12,579,457		-
c. Purchase of Goods and Services				
Joint Venture / Associates	50,519,015		3,878,443	
Ras Propack Lamipack Limited		48,120,939		3,878,443
Other Related Parties	21,060,533		32,865,259	
Essel Corporate Resources Private Limited		-		5,250,000
Ganjam Trading Company Private Limited		19,134,073		21,420,000
Continental Drug Company Private Limited		250,000		3,795,308
d. Loans / Advances / Deposits given				
Joint Venture / Associates	34,258,424		30,000,000	
Ras Extrusions Limited		15,000,000		-
Ras Propack Lamipack Limited		19,258,424		30,000,000
Other Related Parties	979,471,839		1,321,133,822	
Churu Trading Company Private Limited		49,491,818		534,264,117
Premier Finance and Trading Company Limited		810,533,274		310,541,545
Ayepee Lamitubes Limited		14,905,771		385,436,913
Ganjam Trading Company Private Limited		53,347,127		40,451,704
e. Repayment of Loans / Advances / Deposits given				
Other Related Parties	1,035,332,562		1,037,098,154	
Churu Trading Company Private Limited		49,491,818		221,771,952
Premier Finance and Trading Company Limited		869,159,416		413,400,000
Ayepee Lamitubes Limited		1,080,000		342,206,311
Ganjam Trading Company Private Limited		64,407,479		47,037,149
f. Loans / Advances / Deposits taken				
Other Related Parties	80,025,000		225,000,000	
Pan India Paryatan Private Limited		80,025,000		225,000,000
g. Repayment of Loans / Advances / Deposits taken				
Other Related Parties	80,000,000		225,000,000	
Pan India Paryatan Private Limited		80,000,000		225,000,000
h. Interest Income on Loans / Advances / Deposits given				
Other Related Parties	189,967,792		318,752,580	
Churu Trading Company Private Limited		54,990,909		86,312,330
Premier Finance and Trading Company Limited		67,259,193		88,410,048
Ayepee Lamitubes Limited		10,621,348		67,151,874
Prajatma Trading Company Private Limited		56,882,054		73,023,582
Ganjam Trading Company Private Limited		214,288		2,338,925

Significant Accounting Policies and Notes to Consolidated Accounts

(A) Transactions

(Amount in ₹)

Particulars	Twelve months ended March 31, 2011		Fifteen months ended March 31, 2010	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
i. Interest Expense on Loans / Advances / Deposits taken				
Other Related Parties	267,123		14,362,838	
Pan India Paryatan Private Limited		267,123		14,362,838
j. Investment acquired during the period				
Joint Venture / Associates	7,500,000		41,091,000	
Ras Propack Lamipack Limited		-		41,091,000
Ras Extrusions Limited		7,500,000		-

(B) Balance Outstanding

(Amount in ₹)

Particulars	As at March 31, 2011		As at March 31, 2010	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
a. Debtors / Royalty Receivable				
Joint Venture / Associates	16,692,346		-	
Essel Deutschland Gmbh & Co., KG Germany		6,816,222		-
Ras Propack Lamipack Limited		9,876,124		-
Other Related Parties	280,899		218,754	
Pan India Paryatan Private Limited		280,899		218,754
b. Loans / Advances / Deposits given				
Joint Venture / Associates	61,700,000		31,700,481	
Ras Propack Lamipack Limited		46,700,000		30,000,000
Ras Extrusions Limited		15,000,000		-
Other Related Parties	877,151,530		933,473,813	
Churu Trading Company Private Limited		366,606,057		366,606,057
Ayepee Lamitubes Limited		107,056,373		93,230,602
Prajatma Trading Company Private Limited		379,213,699		379,213,699
Ganjam Trading Company Private Limited		17,701,401		29,210,368
c. Loans / Advances / Deposits taken				
Other Related Parties	25,000		-	
Pan India Paryatan Private Limited		25,000		-
d. Creditors				
Joint Venture / Associates	1,324,492		33,220,968	
Ras Propack Lamipack Limited		-		31,973,097
Ras Extrusions Limited		1,324,492		-
Other Related Parties	7,922,241		7,648,244	
Essel Corporate Resources Private Limited		3,861,231		3,861,231
Continental Drug Company Private Limited		4,057,248		3,787,013
e. Investment in Shares				
Joint Venture / Associates	48,591,000		41,091,000	
Ras Propack Lamipack Limited		41,091,000		41,091,000
Ras Extrusions Limited		7,500,000		-
f. Remuneration to Directors	49,984,000		42,734,000	
Managing Director		49,984,000		42,734,000

ESSEL PROPACK

27 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:

(a) Africa, Middle East and South Asia (AMESA) include operations in India, Nepal and Egypt.

(b) East Asia Pacific (EAP) includes operations in China, Philippines, and Singapore (in the previous year).

(c) Americas includes operations in United States of America and Latin America.

(d) Europe includes operations in Germany, United Kingdom, Poland and Russia.

GEOGRAPHICAL SEGMENTS : Twelve months ended March 31, 2011

(Amount in ₹)

Particulars	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Consolidated Total
REVENUE							
External Sales and Services	6,718,129,014	2,778,263,841	3,279,128,527	1,307,836,466	-	-	14,083,357,848
Inter-segment Sales and Services	180,081,851	708,383,049	-	15,376,387	-	(903,841,287)	-
Total Revenue	**6,898,210,865**	**3,486,646,890**	**3,279,128,527**	**1,323,212,853**	**-**	**(903,841,287)**	**14,083,357,848**
Segment Result (Operating Profit before Interest, Exceptional items and Tax)	932,635,562	668,010,118	20,695,437	(159,691,228)	(78,953,511)	3,749,249	**1,386,445,627**
Interest Expenses							767,353,693
Interest Income							210,152,959
Profit before tax and exceptional items							**829,244,893**
Exceptional items							14,042,378
Profit before tax							**815,202,515**
Current Taxes							
- Current Year							447,086,539
- Earlier Years							10,795,017
Deferred Tax							(119,520,878)
Fringe Benefit Tax							-
Profit after tax							**476,841,837**
Share of profit from Associate companies							25,371,240
Minority Interest							29,515,464
Net Profit							**472,697,613**

Other Segment Information

(Amount in ₹)

Particulars	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Consolidated Total
1. Segment Assets	6,627,470,739	2,980,018,340	2,449,167,749	2,201,943,974	15,412,755,904	(10,675,975,480)	18,995,381,226
2. Segment Liabilities	1,687,466,505	526,558,180	795,575,141	509,133,083	10,451,320,764	(2,924,033,232)	11,046,020,441
3. Capital Expenditure	734,830,351	126,194,479	65,902,238	136,024,032	-	-	1,062,951,100
4. Depreciation	370,274,492	263,375,949	256,929,780	184,606,354	-	(5,577,883)	1,069,608,692
5. Non Cash expenditure other than depreciation	6,990,996	79,896	17,143,711	-	22,979,919	-	47,194,522

Significant Accounting Policies and Notes to Consolidated Accounts

GEOGRAPHICAL SEGMENTS : Fifteen months ended March 31, 2010

(Amount in ₹)

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, Exceptional items and Tax)	779,647,670	988,346,906	199,845,722	(419,185,425)	12,828,793	12,125,172	**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)
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 from Associate companies							13,550,870
Minority Interest							62,553,280
Net Profit							**599,196,515**

Other Segment Information

(Amount in ₹)

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	14,594,509	1,406,685	9,787,828	288,673	(4,107,921)	-	21,969,774

Significant Accounting Policies and Notes to Consolidated Accounts

Business Segment

The Company considers Business as Secondary Segment in the context of Accounting Standard - 17 issued by the Institute of Chartered Accountants of India. The Company is in the business of Plastic Packaging Material. Until previous year, the Company had "Medical Devices" as another business. Following its divestment in December 2009, the Company's business is confined to Plastic Packaging Material.

(a) The revenues based on business segment

(Amount in ₹)

Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Plastic Packaging Material	14,083,357,848	15,068,038,072
Medical Devices	-	1,754,042,935
Total	**14,083,357,848**	**16,822,081,007**

b) Other Segment Information

(Amount in ₹)

Particulars	Segment Assets		Capital Expenditure	
	As at March 31, 2011	As at March 31, 2010	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
Plastic Packaging Material	18,995,381,226	18,465,938,405	1,062,951,100	1,141,162,126
Medical Devices	-	-	-	-
Total	**18,995,381,226**	**18,465,938,405**	**1,062,951,100**	**1,141,162,126**

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 ₹)

Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
AMESA	6,718,129,014	6,861,279,607
EAP	2,778,263,841	3,060,424,293
Americas	3,279,128,527	5,317,574,137
Europe	1,307,836,466	1,582,802,970

(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
FRN 101169W

Hitendra Bhandari
Partner
Membership No. 107832

Place : Mumbai
Date : July 15, 2011

For and on behalf of the Board

Subhash Chandra Chairman

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

Ashok Kumar Goel Vice Chairman & Managing Director

A.V. Ganapathy Chief Financial Officer (Global)

Aashay S. Khandwala Vice President (Legal) & Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2011

(Amount in ₹)

	Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
A.	**Cash Flow from Operating Activities**		
	Profit before Tax and Exceptional Items	**829,244,893**	**732,350,675**
	Adjustments for		
	Depreciation / Amortisation	1,069,608,692	1,328,671,386
	Interest expense	767,353,693	1,174,653,875
	Interest income	(210,152,959)	(333,395,712)
	Profit on sale of fixed assets (net)	(9,897,534)	(33,855,554)
	Amortisation of Deferred Revenue expenditure	47,222,809	27,415,273
	Provision for doubtful debts	(16,003,634)	(28,773,552)
	Exceptional items	(14,042,378)	(12,255,455)
	Provision for diminution in value of Investments	(28,286)	(5,445,500)
	Profit on sale of current Investments	-	(1,887,684)
	Capital subsidy transferred to Income	(4,687,732)	(13,446,377)
	Exchange adjustments (net)	46,346,724	(27,181,340)
	Operating Profit before Working Capital Changes	**2,504,964,288**	**2,806,850,035**
	Adjustments for		
	Increase in Trade Receivables	(495,641,423)	(205,094,594)
	(Increase)/Decrease in Inventories	(467,497,711)	280,270,952
	Increase/ (Decrease) in Trade Payables	434,631,434	(10,826,241)
	Cash Generated from Operations	**1,976,456,588**	**2,871,200,152**
	Direct Taxes Paid (net)	(417,170,780)	(534,122,092)
	Net Cash from Operating Activities	**1,559,285,808**	**2,337,078,060**
B.	**Cash Flow from Investing Activities**		
	Purchase of fixed assets (including capital work in progress)	(1,095,595,491)	(963,061,450)
	Sale of Fixed Assets	219,398,758	116,243,534
	Investment in Associate	(7,500,000)	(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	(16,845,647)	342,971,014
	Short term loans given to related parties	(1,191,317,571)	(1,351,262,194)
	Repayment of Short term loans given to related parties	1,235,126,909	1,037,098,154
	Interest received	211,801,655	455,019,837
	Dividend received	10,704,592	4,659,392
	Capital subsidy received	21,085,955	11,522,882
	Net Cash to Investing Activities	**(613,140,840)**	**944,693,791**

Consolidated Cash Flow Statement for the year ended March 31, 2011

(Amount in ₹)

Particulars	Twelve months ended March 31, 2011	Fifteen months ended March 31, 2010
C. Cash Flow from Financing Activities		
Increase in other Borrowings (net)	553,360,610	(517,749,371)
Proceeds from Long term Loans	1,726,830,345	3,023,145,000
Repayment of Long term Loans	(2,014,171,513)	(2,244,071,357)
Proceeds from Short term Loans	1,420,154,035	1,717,993,418
Repayment of Short term Loans	(1,949,989,386)	(3,718,658,528)
Principal Payment under Finance Lease	(2,048,592)	-
Interest Paid	(777,297,039)	(1,167,886,307)
Dividend Paid (including tax)	(101,392,617)	(79,163,128)
Dividend Paid (Minority Interest)	(31,120,941)	(28,412,663)
Other Financial charges	(70,426,734)	(55,393,745)
Net Cash from Financing Activities	**(1,246,101,832)**	**(3,070,196,681)**
Net Changes in Cash and Cash Equivalents(A+B+C)	**(299,956,864)**	**211,575,170**
Cash and Cash Equivalents-Opening Balance	**943,808,975**	**817,379,811**
Less : Cash and Cash Equivalents on Sale of Subsidiaries	-	(85,146,006)
Cash and Cash Equivalents-Closing Balance	**643,852,111**	**943,808,975**

Notes:

1 Previous year figures are regrouped /reconsidered wherever neccesary.

2 The balance in the Cash and Cash Equivalents include ₹ 5,394,379 (₹ 7,870,166) set aside for payment of dividends and accordingly is not otherwise available to the company.

3 Cash and Cash Equivalent include ₹ 1,184 (₹ 1,096) on account of realignment of foreign currency account.

4 Cash and Cash Equivalents include the following (Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Cash on Hand	1,708,546	1,485,682
Balances with Banks :		
(a) In Current accounts	602,951,928	766,018,304
(b) In Fixed Deposit accounts	31,393,249	165,441,427
(c) Remittance in transit	-	6,698,272
	636,053,723	**939,643,685**
Share in Joint Ventures	7,798,388	4,165,290
	643,852,111	**943,808,975**

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
FRN 101169W

Hitendra Bhandari
Partner
Membership No. 107832

Place : Mumbai
Date : July 15, 2011

For and on behalf of the Board

Subhash Chandra Chairman

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

Ashok Kumar Goel Vice Chairman & Managing Director

A.V. Ganapathy Chief Financial Officer (Global)

Aashay S. Khandwala Vice President (Legal) & Company Secretary

Statement Pursuant to Section 212 of the Companies Act, 1956

(Amount in Local Currency)

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	March 31, 2011	Indian Rupee	144,115,000	141,802,376	1,013,398,975	1,013,398,975	727,481,607	45,120	2,142,138,490	63,681,127	7,301,734	56,379,393	-
Essel Packaging (Nepal) P. Ltd, Nepal	March 31, 2011	Nepalese Rupee	32,000,000	(27,132,507)	4,867,493	4,867,493	-	-	-	(87,900)	-	(87,900)	-
Essel Propack America, LLC, USA	March 31, 2011	US Dollar	16,000,000	4,461,581	29,716,706	29,716,706	9,255,124	-	48,184,024	1,890,243	683,773	1,206,470	-
Lamitube Technologies Ltd, Mauritius.	March 31, 2011	US Dollar	8,300,000	60,743,480	103,413,273	103,413,273	34,369,793	-	49,156	11,591,872	-	11,591,872	3,637,500
Lamitube Technologies Cyprus Ltd, Cyprus.	March 31, 2011	US Dollar	12,000,000	(85,229)	40,099,771	40,099,771	28,185,000	-	-	(2,209,317)	-	(2,209,317)	-
The Egyptian India Company for Modern Packaging S.A.E, Egypt	March 31, 2011	Egyptian Pound	6,075,000	4,269,481	10,431,908	10,431,908	87,427	-	19,675,175	3,563,196	1,019,048	2,544,148	6,349,274
Essel Packaging (Guangzhou) Ltd, China	March 31, 2011	Chinese Yuan	230,261,712	150,899,386	380,815,268	380,815,268	(345,833)	-	497,993,113	95,684,350	23,110,242	72,574,108	66,479,005
Essel Propack Philippines, Inc , Philippines.	March 31, 2011	Philippine Peso	37,559,300	23,052,018	62,159,046	62,159,046	1,547,729	-	110,945,943	25,237,244	6,377,127	18,860,117	44,100,000
MTL de Panama S.A, Panama	March 31, 2011	US Dollar	3,066,732	1,841,863	4,908,595	4,908,595	-	14,117	-	1,983,292	-	1,983,292	1,995,200
Packtech Ltd, Mauritus	March 31, 2011	US Dollar	10,000	-	10,000	10,000	-	-	-	-	-	-	-
Arista Tubes Limited, United Kingdom.	March 31, 2011	British Pound	917,000	(3,629,993)	72,134	72,134	2,785,127	-	688,601	30,926	-	30,926	-
Essel Propack UK Limited United Kingdom.	March 31, 2011	British Pound	5,011,370	(3,579,935)	1,148,314	1,148,314	(283,121)	-	3,574,028	(299,160)	-	(299,160)	-
Essel Propack de Venezuela, C.A, Venezuela.	March 31, 2011	Venezuelan Bolivar	2,495,096,669	4,245,021,460	6,740,118,130	6,740,118,130	-	-	-	(94,900,000)	-	(94,900,000)	-
Essel de Mexico, S.A. de C.V, Mexico	March 31, 2011	Mexican Peso	51,067,490	(32,411,576)	21,960,995	21,960,995	3,305,082	-	135,440,637	11,520,269	1,843,202	9,677,067	-
Tubopack de Columbia S.A, Colombia	March 31, 2011	Colombian Peso	417,000,000	8,467,889,153	9,764,748,491	9,764,748,491	879,859,338	1,130,000	11,760,203,331	1,901,998,858	423,063,000	1,478,935,858	4,000,000,000
Essel Propack LLC (Russia), Russia.	March 31, 2011	Russian Rouble	105,845,052	(136,598,456)	68,210,472	68,210,472	98,963,877	-	123,724,195	(882,867)	1,592,369	(2,475,236)	-
Essel Propack Misr for Advanced Packaging S.A.E, Egypt	March 31, 2011	Egyptian Pound	5,250,000	9,433,648	31,392,426	31,392,426	16,708,778	-	39,281,725	9,181,725	504,281	8,677,444	5,340,805
Essel Propack Polska, Poland	March 31, 2011	Polish Zloty	119,980,000	(82,943,778)	59,269,263	59,269,263	22,233,041	-	35,830,526	(11,827,095)	-	(11,827,095)	-
Arista Tubes Inc. USA	March 31, 2011	US Dollar	20,616,309	(12,264,947)	24,776,961	24,776,961	16,425,597	-	7,044,624	(5,693,478)	(2,016,400)	(3,677,078)	-

ESSEL PROPACK

Statement Pursuant to Section 212 of the Companies Act, 1956

(Amount in ₹)

Name of the Subsidiary	Financial year of Subsidiary Company ending on	Currency	Exchange rate as on March 31, 2011	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	March 31, 2011	Indian Rupee	1.0000	144,115,000	141,802,374	1,013,398,975	1,013,398,975	727,481,607	45,120	2,142,138,490	63,681,127	7,301,734	56,379,393	-
Essel Packaging (Nepal) P. Ltd, Nepal	March 31, 2011	Nepalese Rupee	0.6250	20,000,000	(16,957,817)	3,042,183	3,042,183	-	-	-	(54,938)	-	(54,938)	-
Essel Propack America, LLC, USA	March 31, 2011	US Dollar	44.6500	744,341,248	226,342,178	1,339,625,240	1,339,625,240	413,241,300	-	2,196,035,070	87,390,715	28,635,634	58,755,081	-
Lamitube Technologies Ltd, Mauritius.	March 31, 2011	US Dollar	44.6500	387,651,499	2,796,779,763	4,705,963,066	4,705,963,066	1,534,611,257	-	2,240,311	528,526,446	-	528,526,446	165,782,700
Lamitube Technologies Cyprus Ltd, Cyprus.	March 31, 2011	US Dollar	44.6500	525,477,750	(5,493,558)	1,763,794,686	1,763,794,686	1,258,460,250	-	-	(100,658,841)	-	(100,658,841)	-
The Egyptian Indian Company for Modern Packaging S.A.E, Egypt	March 31, 2011	Egyptian Pound	7.6139	75,937,500	16,807,379	84,231,664	84,231,664	665,659	-	157,135,786	28,577,465	7,567,153	21,010,312	38,031,360
Essel Packaging (Guangzhou) Ltd, China	March 31, 2011	Chinese Yuan	6.9117	1,260,254,068	871,027,249	2,392,580,822	2,392,580,822	(2,390,293)	-	3,397,209,420	659,685,046	159,731,058	499,953,988	453,506,476
Essel Propack Philippines, Inc, Philippines.	March 31, 2011	Philippine Peso	1.0451	33,991,167	17,614,253	53,362,502	53,362,502	1,617,531	-	114,008,051	26,074,205	6,640,698	19,433,507	45,317,160
MTL de Panama S.A, Panama	March 31, 2011	US Dollar	44.6500	91,758,768	95,400,200	179,481,108	179,481,108	-	690,625	-	90,390,530	-	90,390,530	90,933,235
Packtech Ltd, Mauritius.	March 31, 2011	US Dollar	44.6500	468,900	-	446,500	446,500	-	-	-	-	-	-	-
Arista Tubes Limited, United Kingdom.	March 31, 2011	British Pound	72.6949	74,654,470	(289,725,315)	5,243,789	5,243,789	202,464,560	-	49,013,243	2,201,224	-	2,201,224	-
Essel Propack UK Limited United Kingdom.	March 31, 2011	British Pound	72.6949	421,060,792	(289,803,293)	113,709,061	113,709,061	(20,581,470)	-	254,392,198	(19,860,516)	(3,952,822)	(15,907,694)	-
Essel Propack de Venezuela, C.A, Venezuela.	March 31, 2011	Venezuelan Bolivar	0.0106	62,522,277	288,788,372	71,445,252	71,445,252	-	-	-	(1,015,430)	-	(1,015,430)	-
Essel de Mexico, S.A. de C.V, Mexico	March 31, 2011	Mexican Peso	3.7985	209,488,315	(149,661,487)	99,959,568	99,959,568	12,554,353	-	497,649,533	45,383,533	5,469,356	39,914,177	-
Tubopack de Columbia S.A, Colombia	March 31, 2011	Colombian Peso	0.0240	18,236,426	179,525,351	229,844,088	229,844,088	21,116,624	24,679	285,772,941	46,534,590	10,135,714	36,398,876	97,200,000
Essel Propack LLC (Russia), Russia.	March 31, 2011	Russian Rouble	1.5928	165,113,570	(224,909,707)	111,358,225	111,358,225	(21,880,568)	-	187,392,666	(772,096)	1,553,703	(2,325,799)	-
Essel Propack Misr for Advanced Packaging S.A.E, Egypt	March 31, 2011	Egyptian Pound	7.6139	40,912,350	74,960,224	239,813,315	239,813,315	127,218,962	-	313,723,494	70,965,903	3,429,823	67,536,080	42,654,342
Essel Propack Polska, Poland	March 31, 2011	Polish Zloty	15.9858	1,947,809,865	(1,453,088,848)	966,996,937	966,996,937	355,412,948	-	544,738,652	(181,719,234)	-	(181,719,234)	-
Arista Tubes Inc. USA	March 31, 2011	US Dollar	44.6500	924,162,062	(550,540,772)	227,601,603	227,601,603	733,402,890	-	321,065,764	(259,783,390)	(87,324,030)	(172,459,360)	-

For and on behalf of the Board

Subhash Chandra Chairman

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

Ashok Kumar Goel Vice Chairman & Managing Director

Place : Mumbai
Date : July 15, 2011

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

A MAN IS BUT THE PRODUCT OF HIS THOUGHTS
WHAT HE THINKS, HE BECOMES.

- Mahatma Gandhi

ESSEL PROPACK

Concept & Designing By **ADFREAK DESIGNS 2011. Printed By SAP PRINETRS**