



**Determined  
to Deliver**



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The cover design has been inspired by the **Fibonacci spiral**, based on the famous Fibonacci numbers. From petals in flowers to leaves on branches, all rapid growth in nature follows the shape of the Fibonacci spiral.

The Fibonacci sequence is also attributed to the ancient Indian mathematician Pingala (4th century BC).

## These are exciting times at Essel Propack.

The FMCG space all over the world is poised for a rapid growth driven by changes in demographics, lifestyles, and growing disposable incomes. The packaging industry, with its obvious linkage to the FMCG sector, is faced with demand for even more novel, convenient and aesthetic options for packaging across application areas - cosmetics, pharmaceuticals, personal care, food and vitality. With technology and innovation, packaging is fast becoming a source of distinct competitive advantage.

Tubes, so far predominantly used in Oral Care products, are emerging as a preferred packaging solution for many non-oral care products, and this is what excites us – the huge opportunity for growth.

At Essel Propack, we are determined to leverage this opportunity with our global presence, strong creativity and innovation, vast scale and customer network.

We are  
**Determined To Deliver**



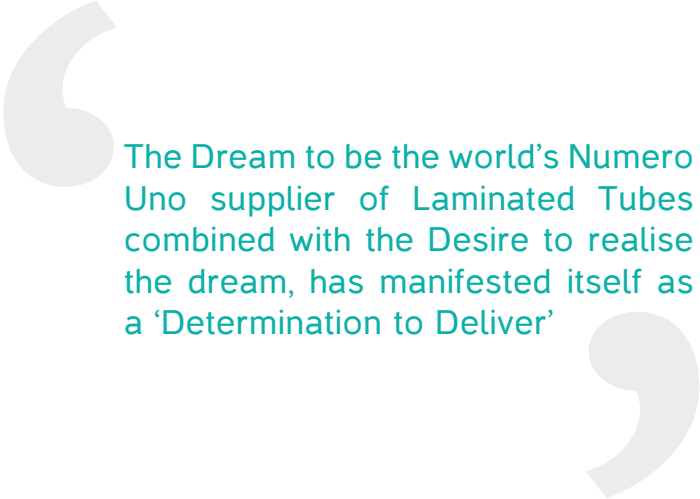
## Chairman's Message

Dear Shareholders,

Another year has gone by and it is my pleasure to share with you the achievements of your Company and our plans for the coming year.

The year 2012-13 saw the spectre of recession looming over Europe, USA and Japan with the resultant slow down impact in India and China. In India, there were other macro issues too that accentuated the difficult situation. The result – GDP growth rate of only 5% against the projected 6.5%, which itself was substantially lower than the rates achieved in the previous years.

Despite all odds, Essel Propack has done well and is on track with its growth plans. This is proof of the DNA of the Company – 'Determined to Deliver' against all odds. I can proudly say we have never failed to seize and multiply opportunities for growth – be it Products, Customers or Markets. The Company has taken conscious decisions that have triggered business growth both in India and overseas. We are determined to increase market share in Europe and drive profitability in the Americas. China is proving to be a big opportunity for us in the Cosmetics, Personal Care and Pharma categories.



The Dream to be the world's Numero Uno supplier of Laminated Tubes combined with the Desire to realise the dream, has manifested itself as a 'Determination to Deliver'

Innovation continues to be our strength. As someone said "You can't expect to meet the challenges of today with yesterday's tools and expect to be in business tomorrow." Our focus on meeting customer requirements and equipping ourselves to handle evolving trends is our strength and therefore, a whole new world of opportunities is open to us.

The Dream to be the world's Numero Uno supplier of Laminated Tubes combined with the Desire to realise the dream, has manifested itself as a 'Determination to Deliver' - through the 1980's when we persevered against all odds to build and dominate the laminated tube market in India; through the next decade and a half in which we widened our horizons and became a Global Company; during the last 5 years of global financial crisis when we sustained and emerged stronger.

This focus, I am confident, will eventually lead us to our Destiny – Remain the world's Number One Tube Supplier and Grow.

Throughout this tumultuous but exciting journey, we have continued to have the unstinted support of our Employees, Customers, Shareholders and Stakeholders and Members of the Board. We recognise with gratitude their contribution. A special deserving recognition of our Director, Mr. K.V. Krishnamurthy who left for his heavenly abode on 16 January, 2013. I would like to thank all for their support over the years and look forward to their continued support in the future as well.

With best wishes,

Subhash Chandra  
Chairman

# Vice Chairman and Managing Director's Message

Dear Shareholders

The year 2012-13 saw an enhanced performance by Essel Propack. With our relentless focus on multiplying our products, customers and markets our global revenue during the year grew by 15.7%, while our business in the high value non-oral care category grew even higher. This has improved the share of non-oral care category revenue to 40.8% from 35.2% of the previous year. In fact, in India non-oral care category contributes over 52% of the revenue.

I am happy to inform you that all the four regions have delivered double digit revenue growth and improved on profitability. In the EAP region, where we had to contend a slow market growth, we have laid a solid foundation and built capability for growing in the high value non-oral care category. Strong customer engagement in Americas and Europe has won us new long-term contracts as well as renewed existing contracts. Our Europe operation is now poised to scale up substantially. In the Americas, we are steadily driving up productivity and free cash flow. India continues to be a focus market where the Company has broad based its operations, capacities and customer base.

To empower and engage our people across the globe to march towards and achieve our goal of being a USD 500 million company with 50% of revenues coming from the high value non-oral care category, we have launched 'Mission High 5' globally, which among other things would focus on :

- Effective changes in organisational structure and processes particularly in supply chain management - to support speed to market.
- Tighter operation systems and faster response to Customer requirements and market dynamics.

- Unified key account management, including one dedicated key account manager, to deliver the best to each Global Customer across regions and to become their Most Preferred Supplier/ Partner to Win.
- Reduction in working capital through efficient processes on the operational front.
- Training and skill development across functions to facilitate individual growth and capabilities of people to deliver targets.

The Creativity & Innovation efforts of the Company continue in full swing, with focus on providing customised solutions to the ever changing market dynamics and to take full advantage of opportunities coming our way in the non-oral care category.

Our product profile now includes:

Egnite – a high-sheen laminate accepted globally for use in the Beauty Care and high-end Oral Care categories; Titanium – a sustainable tube for oral care, OxEblock – a nano technology based high oxygen barrier tube; – 'anti-counterfeit' and 'Multi-sensory' tubes. These have been widely accepted by our Customers.

On the decoration and presentation front, your Company's innovations include creating special effects like 3D and High gloss finish. A tamper evident dispensing system for use in the hair-care category is another innovation. These high value additions have been well received by our Customers and Industry and won us awards and accolades.

In the last two years alone, your Company has obtained/applied for IPR's totalling 23.

George Bernard Shaw said – 'Progress is impossible without change and those who cannot change their mind(set), cannot change anything'.

“Your Company is completely charged up and ‘Determined to Deliver’”



Essel's history is a testimony of this. Changing to meet the market and customer needs has been driving our growth to become one of the most admired packaging company having a 33% share in the world market for laminated tubes. This statement is relevant now more than ever before as the target we have set for ourselves can be achieved only by consistent, sustainable growth in new markets/products and by extending/increasing our business with existing Customers.

Your Company is completely charged up and 'Determined to Deliver'

To our valued Customers –

- 'on time' deliveries of high quality products;
- elevate their brands through decoration

and brand appeal.

- improved product integrity and performance through innovative designs.

To our valued Stakeholders –

- improved profitability.
- diversified product and market portfolio.
- strong cash flow and balance sheet.

A Big  to all of you.

Ashok Goel

Vice Chairman and Managing Director

Determined to Deliver

# The Opportunity Pie - Upbeat FMCG

The global FMCG industry has been one of the few sectors that witnessed sustained growth amidst the global economic slowdown. Importantly, the FMCG sector is expected to witness significant growth in the next few years.

A recent study conducted by The Economist Intelligence Unit (EIU) has predicted that the consumer spending in the emerging markets of China and India, and the next tier of emerging markets of Mexico, Turkey and South Africa, is expected to grow between 7.7 percent and 15.2 percent between 2013 and 2016. While these growth estimates are exciting, what make them more interesting are the emerging trends in each category.

In the developed markets an ageing population is driving the growth of the FMCG healthcare packaging, demanding more convenient options. In the emerging markets, the spend on packaged food is on the rise. Even in the developed markets, the rise in spend on snacking is discernible, encouraged by new products and packaging.

One of the highest growth in beauty and personal care will come from India. Beauty products will also be one of the brightest

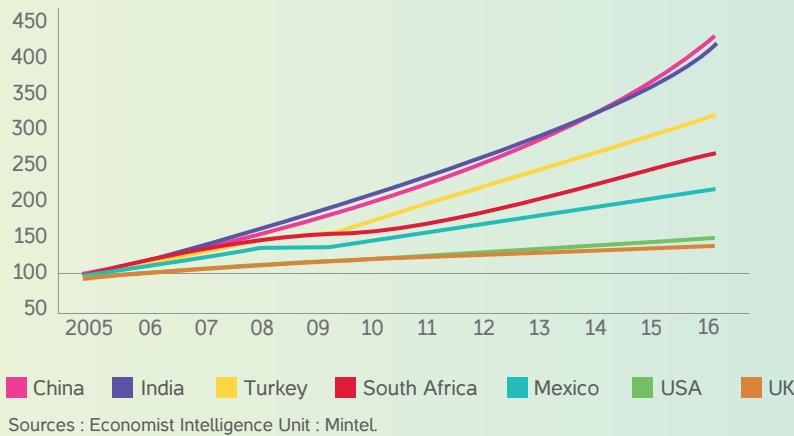
spots in the developed markets of the USA and the UK, where make-up is often a way for hard-pressed consumer to keep looking good.

Changes in consumption patterns, greater exposure to global media trends, specific cultural imperatives, heightened health and beauty consciousness combined with wide spread availability is driving high growth.

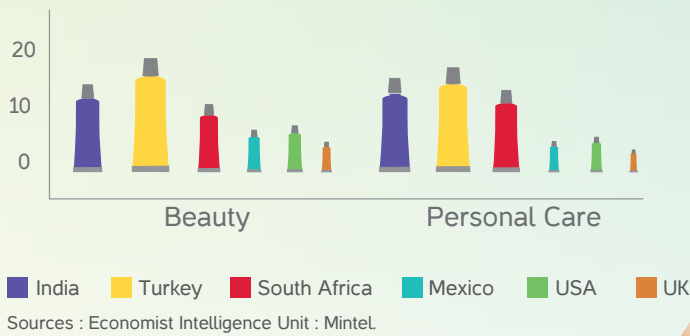
For companies to leverage this big opportunity, they will need to have all the building blocks in place. Their existing strengths and diverse capabilities have to converge into a unified and powerful proposition, aligned to the consumer needs by working collaboratively on a total packaging solution designed for the Customers' customers.



**Total Spending : Indexed**  
(2005=100; nominal)



**Spending Forecasts, Annual Average Growth Rates, 2013-16**  
(%, nominal)



Determined to Deliver

# Leveraging the Opportunity

As the world's largest integrated laminated tube manufacturer with a clientele consisting of large FMCG companies and local brands, Essel Propack is driving opportunities in newer geographical markets, newer categories and newer products.

Ours is a portfolio of specialty packaging products : Laminated Tubes, Plastic Tubes, Caps and Closures. We work closely with our customers as preferred suppliers to deliver them an unmatched competitive advantage [through our :](#)



## Global Presence

5

Continents

12

Countries

24

Plants

USA  
Mexico  
Colombia  
India  
Egypt

Poland  
Germany  
UK  
Russia  
China  
Philippines  
Indonesia

## Go and Grow with Customer Initiatives

BY-PLANT - Located near Customer's Premises for reliable and efficient supplies

IN-PLANT - Located within Customer's Premises for synchronised manufacture

MEGA PLANT - Servicing multiple customers

SEGMENT SPECIFIC SPECIALISED PLANTS for pharmaceutical and cosmetic applications

MULTI LEVEL JOINT INNOVATION PROGRAMS with Customers

### World Class Capability

Elite - Hi-definition Printing

4G Decoration

Tamper evident dispensing systems

Controlled Dispensation

Designing-a one stop solution for customer requirement

### Creativity & Innovation Lead

Titanium - sustainable tube

OxEblock - nano technology based high oxygen barrier tube

Egnite - High lustre tubes

Anti-counterfeit tube

Multi - sensory tubes

Etain - 100% recyclable plastic tube





**SUBHASH CHANDRA**

Chairman



**TAPAN MITRA**

Director



**BOMAN MORADIAN**

Director



**MUKUND M. CHITALE**

Director



**ASHOK KUMAR GOEL**

Vice Chairman & Managing Director

# Board of Directors

# Leadership Team



## Standing Left to Right:

Dileep Joshi - Director Human Capital (Global)  
A. V. Ganapathy - Chief Financial Officer (Global)  
Vinay Mokashi - Financial Controller (Global)  
M. K. Banerjee - Director Creativity and Innovations (Global)  
Aashay Khandwala - Vice President (Legal) and Company Secretary  
Prakash Dharmani - Vice President (Information Technology) and CIO

## Sitting Left to Right:

Cherian K. Thomas - Whole Time Director and Chief Executive Officer (PIPL)  
M. R. Ramasamy - President (EAP and AMESA)  
Ted Sojourner - Regional Vice President - Tubes and Laminates Business (AMERICAS)  
Ashok Kumar Goel - Vice Chairman and Managing Director  
Alan Conner - Regional Vice President - Tubes and Laminates Business (EUROPE)  
Edward Luo Zhiyong - Regional Vice President - Tubes and Laminates Business (EAP)  
Roy Joseph - Regional Vice President - Tubes and Laminates Business (AMESA)

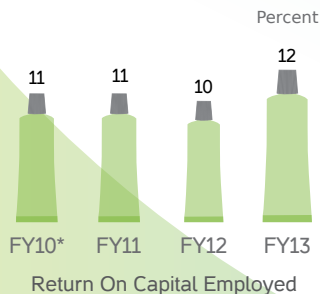
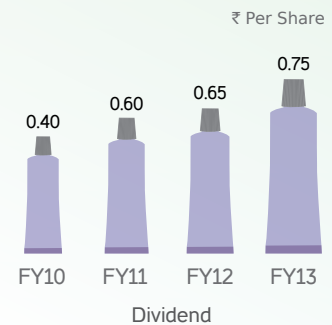
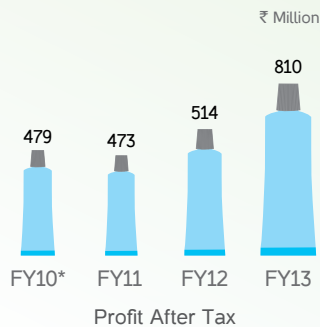
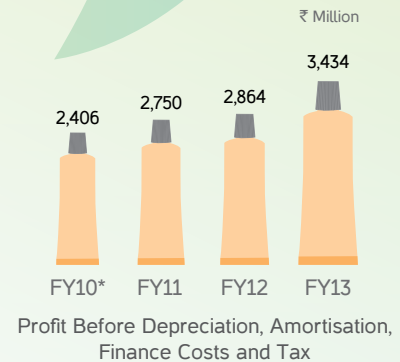
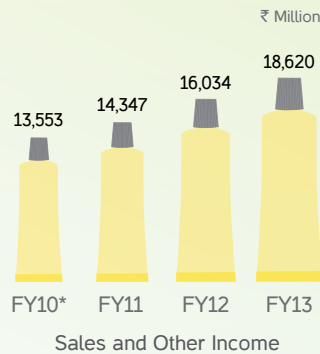


Indian Institute of Packaging -  
INDIASTAR Awards 2012  
1-Mat-Glossy Screen Printing  
2-Shadowz Tubes  
3-Go Cheese Tubes  
4-Fragrance Tubes



Contribution to Zero Defect  
appreciation from  
Johnson & Johnson

Determined to Deliver  
**Superior Value  
to Stakeholders**  
Consolidated Financials



Harmonised Manufacturing  
Policy Rating  
Certificate-2013



Partner to Win Award  
Presented by Unilever Limited

\* Since FY2010 was a fifteen month period, the figures and ratios for that year have been annualised.

# Corporate Information

## BOARD OF DIRECTORS

**Subhash Chandra**  
Chairman

**Tapan Mitra**

**Boman Moradian**

**Mukund M. Chitale**

**Ashok Kumar Goel**  
Vice Chairman & Managing Director

**Aashay Khandwala**  
Vice President (Legal) & Company Secretary

## Auditors

MGB & Co.  
Chartered Accountants

## Bankers

Axis Bank Limited  
Bank of India  
DBS Bank Limited  
IDBI Bank Limited  
ING Vysya Bank Limited  
Punjab National Bank  
Ratnakar Bank Limited  
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

Top Floor, Times Tower, Kamala City,  
Senapati Bapat Marg, Lower Parel,  
Mumbai - 400 013, India.

## Units - India

Vasind, Murbad, Wada, Goa, Silvassa, Nalagarh and Chakan

## Subsidiaries / Joint Ventures / Associates

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

## Website

[www.esselpropack.com](http://www.esselpropack.com)



## Directors' Report

To  
The Members,  
EsseL Propack Limited

Your Directors are pleased to present their Report on your company's business operations alongwith the Audited Statement of Accounts for the financial year ended March 31, 2013.

Your Company's relentless focus on customer development, new packaging solutions and operational excellence has led to a satisfying improvement in results, both on a Standalone and on Consolidated basis.

### RESULTS OF OPERATIONS:

#### India Standalone results:

The summary results are set out below:

	(₹ Million)	
	Year ended 31.03.2013	Year ended 31.03.2012
Total Revenue (excluding Excise duty)	6183	5419
Total expenditure	(4641)	(4030)
Profit Before Depreciation, Interest and Tax (PBDIT)	1542	1389
<i>PBDIT exclusive of other income</i>	1150	936
Finance cost	(550)	(587)
Depreciation	(331)	(286)
Profit before Tax and exceptional items	661	516
Tax	(163)	(25)
Profit after Tax	498	491
Appropriations:		
Dividend recommended (inclusive of tax)	138	119
Transfer to General Reserve	50	49

The year's revenues reflect a strong sales growth of 16.6% over the previous year, driven by robust volume and increasing share in the sales of high value non oral-care category. Tight control on costs and higher asset productivity has helped the profit before depreciation, interest, other income and tax to grow at a healthy 22.9%, reflecting a margin gain of 100 bps over the previous year. In a year marked by high interest rates, the finance cost has been reduced by 6.3% compared to the previous year by active management of the debt portfolio. The tax incidence during the previous year was lower on account of the merger with your Company of Ras Propack Lamipack Ltd (RPLL) and Ras Extrusions Ltd (REL) pursuant to a Merger Scheme forming part of the Modified Scheme approved by the Hon'ble BIFR on 10 May, 2012. Consequently, the profit after the tax for the year is seen at

same level as in the previous year. The profit before tax has recorded a healthy growth of 28% over the previous year.

#### Consolidated Global results:

The summary results are set out below:

	(₹ Million)	
	Year ended 31.03.2013	Year ended 31.03.2012
Total Revenue (excluding Excise duty)	18620	16034
Profit Before Depreciation, Interest and Tax (PBDIT)	3434	2864
<i>PBDIT exclusive of other income</i>	3132	2667
Finance cost	(912)	(841)
Depreciation	(1262)	(1170)
Profit before Tax and exceptional items	1260	853
Exceptional items	-	(13)
Tax	(443)	(223)
Share of profits from associates	23	24
Minority interest	(30)	(25)
Profit after Tax and minority interest from continuing operations	810	616
Profit/(Loss) from discontinued operations	--	(102)
Net profit	810	514

The year's Global Revenues reflect a strong sales growth of 15.7% contributed by all four regions. This together with improved material efficiencies and productivity has helped the Profit before tax and exceptional items to increase by 47.7% and the Profit after tax from continuing operations by 31.5%.

### REVIEW OF BUSINESS AND OPERATIONS:

Your Company is a leading global manufacturer of laminated and plastic collapsible tubes and laminates. Its products are extensively used by industry in packaging of their products spanning categories such as cosmetics, foods, pharmaceuticals and toothpaste. The packaging industry continues to grow given its symbiotic linkage to Fast Moving Consumer Goods (FMCG). The FMCG industry is a key driver of economic growth globally and will continue in future too given the major demographic shift in the developed world and fast improving standards of living in the developing markets. As a leader in the tube space, your Company is constantly striving to grow the market and gain share through innovative offerings and efficient supply chain.



## INDIA:

India accounts for approx. 30% of your company's global revenues & continues to be a key market where your Company has been a market leader since its inception in the 1980's. The fast growing non oral care category powered by increasing disposable income, growing young population and expanding modern retail, present your Company with a great opportunity to pursue value growth, over and above the potential offered by the large oral care category.

During the year, your Company has leveraged its world class capability for decoration and new product development to drive a strong growth in the cosmetic category, offering packaging solutions with both laminated and plastic tubes. The Company's plants in Silvassa and Wada have reached high levels of utilization catering to demand of the cosmetic category. Your Company continues to pursue opportunities in the pharma category and this is evident in the number of new customer acquisitions achieved during the year. The contribution to revenue of non oral care category thus increased by 5 percent points (pp) over the previous year. As the various stage gate processes get completed in our creative & innovation Centre and at the customers, this pharma category will add to your Company's sales.

During the year your Company completed the expansion of capacity for laminated tubes and the new capacity has been significantly ramped up. The Company also implemented number of programs to reduce scrap and improve productivity at its various plants. The plants of the erstwhile RPPL and REL were revamped and the capacity utilized to meet the increasing demand.

## SUBSIDIARY OPERATIONS:

Being a global player in the laminated and plastic tubes, your Company has active manufacturing and marketing presence in eleven other countries through its direct and step down subsidiaries, joint ventures and associates. Your Company also has a wholly owned subsidiary in India to manufacture and market flexible laminates widely used in the packaging of home care, personal care, food and pharma products. All these subsidiaries / joint ventures / associates continue to work closely with the customers and grow their business with product offerings relevant to their markets. During the year, all the operating subsidiaries have improved their performance over the previous year.

Following the decision to service the Latin American markets from its plants in Colombia and Mexico, your Company has discontinued the operations of its subsidiary in Venezuela. During the year, this subsidiary was liquidated and all related formalities completed. There were no other changes with respect to subsidiaries during the year.

The subsidiaries in Mexico, Colombia, Philippines and Poland are in the process of increasing capacity in order to service new long term customer contracts.

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 Statement of Profit and Loss (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 08, 2011, the said reports and financial statements of the subsidiaries are not attached. The Company will make available annual accounts of the subsidiary companies and the related prescribed information, where applicable, upon request by any member of the Company. Any member interested in obtaining such particulars may inspect the same at the Company's Registered and Corporate office between 11:00 a.m. and 1:00 p.m. on all working days till the date of the 30<sup>th</sup> Annual General Meeting.

The Consolidated Financial Statements presented by the Company include financial results of all its subsidiaries.

## JOINT VENTURES AND ASSOCIATES:

Your Company has a joint venture in Germany and an associate company in Indonesia. These continued to be profitable and their results have been appropriately considered in the consolidated financial results of your Company.

## MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis of the operations of your Company and all of its subsidiaries, associates and joint ventures is provided in a separate section of the Annual Report and forms part of the Directors' Report.

## MERGER OF RAS PROPACK LAMIPACK LIMITED (RPLL) AND RAS EXTRUSIONS LIMITED (REL), SICK INDUSTRIAL COMPANIES WITH THE COMPANY:

Pursuant to the order of the Hon'ble BIFR in its hearing held on May 10, 2012 sanctioning a "Modified Scheme" including Scheme of Merger ('the Scheme') of RPLL and REL with Essel Propack Limited (EPL) from the appointed date of April 1, 2011, your Company gave effect to the merger and completed the issue of 500,155 equity shares of face value of ₹ 2 each to the equity shareholders of RPLL and REL, as per the share exchange ratio stipulated in the Merger Scheme. These shares have been issued from out of the share suspense account credited in your Company's books when giving effect to the merger in the financial statements of the previous financial year. Your Company has also applied to the various authorities and regulators for making all necessary changes in the documents, registrations, obligations, licenses and permissions etc., of erstwhile RPLL and REL pursuant to vesting of the undertaking, assets and liabilities of the erstwhile RPLL and REL to your Company.



Dealing in RPLL and REL shares was stopped by the stock exchange w.e.f. September 11, 2012 and September 05, 2012 respectively and the EPL shares issued in exchange to RPLL and REL shareholders pursuant to merger have been admitted for trading from December 13, 2012.

### DIVIDEND:

Taking into account the overall need to maximize internal accruals as the means to lower your Company's financial gearing and to support future capital expenditure and keeping in mind the interests of the shareholders, your Directors recommend a dividend of ₹ 0.75 per share of face value of ₹ 2 each, for the financial year ending on March 31, 2013 (previous financial year ₹ 0.65 per share of face value of ₹ 2 each).

### FINANCE AND ACCOUNTS:

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

During the year, some of the subsidiaries of your Company successfully raised finances and repaid the loan and advances they had earlier received from your Company. The proceeds were used by your Company to significantly reduce its India borrowing from ₹ 536.26 crores at the end of previous year to ₹ 444.39 crores at the end of the current year. Consequently, your Company's short term debt is now at optimal level.

### 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, 2013.

### HUMAN CAPITAL:

Your Company has 865 employees in India and 2648 employees globally as of March 31, 2013. The information on employees' remuneration as per Section 217 (2A) of the Companies Act, 1956 (the Act) read with the Companies (Particulars of Employees) Rules, 1975, as amended till date, forms part of this Report. However, as per provisions of Section 219(1)(b)iv of the Act, the Report and Accounts are being sent to all the members, excluding the statement containing the particulars of employees to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Company's registered and corporate office between 11:00 a.m. and 1:00 p.m. on all working days till the date of the 30<sup>th</sup> Annual General Meeting. Further, those seeking a copy of the said statement may write to the Company Secretary at the Corporate Office.

### DIRECTORS:

Mr K V Krishnamurthy, Director, expired on January 16, 2013. Your Directors express their profound grief and sorrow at the sad demise of Director Mr K V Krishnamurthy. His contribution to your Company was immense.

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

Brief resumes' 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 30<sup>th</sup> Annual General Meeting of the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same;
2. Appropriate Accounting Policies have been selected and applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit for the financial year ended March 31, 2013;
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.

### COST AUDITORS:

During the year the Ministry of Corporate Affairs, Central Government vide its order F.No. 52/26/CAB-2010 dated November 06, 2012 has made cost audit mandatory in respect of various industries including your Company's products. Accordingly in terms of Section 233B (2) of the Companies Act,

1956 the Board of Directors on the recommendations of the Audit Committee has appointed M/s. R Nanabhoy & Co., Cost Accountants, as Cost Auditors of the Company for the financial year 2013-14.

### 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 Directors' 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**  
Chairman

Mumbai, 29 May, 2013



## Annexure to Directors' Report

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:

### A. CONSERVATION OF ENERGY:

#### (a) Energy Conservation measures taken:

Your Company is committed to continuously reduce energy consumption at its various units. Besides sustaining previous year initiatives, new measures were implemented during the year under report. Your Company has been striving to ensure environment friendly initiatives when implementing various projects on energy saving at its units. Gist of initiatives taken in this regard are as under:

- Provision of insulation jacket on heaters to reduce heat emission.
- Jacket insulators for the barrels to reduce energy consumption.
- Improvement of power factor by installing capacitor bank.
- Reducing the air pressure by optimizing usage.
- Harmonic analysis of machines carried out and installed filters to eliminate the noise from harmonics on Tubing Machines at Nalagarh.
- Replacing hydraulic system with servo motors.
- Installing energy saving lights.

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

Your Company is pursuing other investment proposals to reduce the consumption of energy:

- Provide insulation jacket on heaters to reduce heat emission for the plants
- External energy saving light installation.
- DG optimization.
- Identification of high power consuming machines for corrective actions.
- Reliable power supply feeler for Vasind.

#### (c) Impact of the above measures as stated under (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- Heat transmission will reduce by jacket heaters.
- Usage of energy efficient lights will reduce power cost.
- By optimization of the loading on the diesel engine it will reduce fuel consumption.
- Conversion of hydraulic motors to servo motors will reduce power consumption.

#### (d) Total energy consumption and energy consumption per unit of production in respect of the industries specified:

Not Applicable to the Company.

### B. TECHNOLOGY ABSORPTION:

#### (a) Research and Development (R&D):

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

Your Company continues to pursue innovation and applied research as means to sustain its global leadership in a competitive environment. Dispensation system, decoration, anti-counterfeit features and sustainability were key focus areas of research.

During the last two years your Company has either obtained or applied for 23 patents.

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

- a) Your Company has commercialized Eco-friendly ABL tube for Oral care packaging in China.
- b) 175 mic Eco-friendly ABL tube for Oral care packaging in India.
- c) 300 mic Eco-friendly coloured PBL tube for fairness cream in India.
- d) Pharma skin care lotion with tamper evident closure for pharmaceutical application.
- e) Single dose plastic tube with 'Twist-off' head for hair care products.

##### 3. Future Plan of Action:

Your Company's creative & innovation team will continue to work on energy efficient process, sustainable tube design, multisensory tube for skin care application and controlled dispensing.

<b>4. Expenditure on R&amp;D:</b>	
	(₹ million)
a) Capital	3.28
b) Recurring	25.30
c) Total expenditure	28.58
Total Expenditure as a % of Total Turnover	0.49%

**(b) Technology Absorption, Adaptation & Innovation:**

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

- i. New generation decoration technology i.e. 'Fusion Print' has been well established for plastic tubes covering high end cosmetics and toiletries.
- ii. 'One click Print' Technology has been well established for Lamitube application. This new generation Print technology is well accepted by the pharma and personal care industries. 'One click Print' Technology is also being used by the FMCG and pharma Companies for Brand promotion and product licensing purpose.
- iii. 'Elite Print' technology has been well established for ABL and PBL tube and for non-oral care, cosmetic tube application. 'Elite Print' enhances the 'look and feel' of the tube thus elevates the brand exponentially.

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

- i) 'Fusion Print' technology enables your Company to promote sustainable plastic extruded tubes by direct high definition printing on the tube body and eliminates wasteful material and process of pre-made Label.
- ii) 'One Click Print' technology has enabled your Company to offer multiple print options within a short run. Thus the process is complementary to the longer commercial run in high speed printing press. 'Elite Print' Lamitube has enabled your Company to enter into premium skin care category globally. To FMCG industry, this is a new option for large dia tube format which was so far predominantly in extruded plastic tubes.

**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, : NA areas where this has not taken place, reasons thereof and future plans of action.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

**Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans:**

- (a) Your Company has registered growth by driving sales to cosmetic customers in Sri Lanka and Egypt. Your company's strategy of focusing on South Asian countries is working well with strong sales pipeline supported by preferential duty, available under SAARC.

Africa region as a separate focus area has started yielding results with new customers.

Your Company has started new initiatives for developing markets in the Middle East Region. Export of extruded plastic tubes, lower diameter laminated tubes and laminates to new geographies will continue to drive growth in these markets.

- (b) Total Foreign exchange used and earned :

	(₹ million)
I Foreign exchange earned (excluding deemed export)	807.48
II. Foreign exchange used	1905.83

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

Subhash Chandra  
Chairman

Mumbai, 29 May, 2013



ESSEL PROPACK

## MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present the Management Discussion and Analysis for the year ended March 31, 2013.

### BUSINESS OVERVIEW:

Your Company is in the business of plastic packaging materials, manufacturing and marketing a range of products spanning plastic tubes, both laminated and extruded, caps and closures and flexible laminates.

Tubes are eminently suited for packing viscous products such as pastes, gels and creams. Besides preserving and protecting the product, tubes as a packaging offer superior value proposition in terms of ease of dispensing product, hygienic storage in a multiple usage situation and excellent brand visibility on retail shelves. Tubes therefore are fast becoming a favoured packaging material worldwide for a range of consumer products such as face creams, hair conditioners, shaving creams, cosmetics, pharmaceutical ointments and toothpaste.

Caps and closures are integral part of tubes that help keep the products safe, free from contamination and unexposed to air after each use. There are variously designed specially in case of cosmetics, pharmaceuticals, skin and personal products, so as to enhance the aesthetics of the pack, improve the convenience of storing and provide novelty of dispensing the product. Typical designs include stand-up caps, flip top caps etc. Closures become additional brand differentiators.

Flexible Plastic laminates on the other hand, find use as pouches, sachets and wrappers for packing solid, powder and liquid products. They offer excellent brand visibility at low cost. A number of products use these laminates, such as detergent powders, soap tablets, food products, oils, shampoos, biscuits, chocolates, pharmaceuticals etc.

Your Company pioneered plastic laminated tubes in India. Over the last 29 years, the Company has transformed into a leading global player in laminated tubes, manufacturing and selling 5.5 billion tubes across 12 countries. Of course, the products that get packed into your company's tubes touch the lives of billions of consumers in many more countries across the world. In fact, your Company's tubes provide the consumers with the first look and feel experience of the brands they package. The plastic extruded tubes and the flexible plastic laminates are relatively recent forays for your Company targeting select markets viz. India, Europe and the USA in the case of plastic extruded tubes and India based in the case of flexible plastic laminates. Your Company's key strengths include a strong domain knowledge of polymers and plastic structures, proven innovation and research & development capability, global customer network and a fully integrated manufacturing.

The market for your Company's products is huge in the developed markets of Europe and America. It is growing rapidly

in the emerging markets of Asia, Africa and Latin America driven by a booming Fast Moving Consumer Goods (FMCG) industry. As the disposable income in these markets grows, both the usage and sophistication of packaging is witnessing a sea change. Plastic laminated and extruded tubes in a sense are a more evolved form of packaging and in the long term stand to 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 symbiotic linkage to the FMCG sector.

### OPERATIONAL PERFORMANCE REVIEW:

During FY13, your Company's global sales grew 15.7% and operating profits 24.9%, helped by a number of key initiatives:

- Pursuing opportunities in the higher value non-oral care categories.
- Strong customer engagement leading to new business with existing and new customers.
- Fixing the performance issues of the plastic extruded tube business in the USA.
- Implementation of a number of cost saving projects targeting material and machine efficiencies.
- Conserving cash by driving up asset productivity.

Highlights of the year include:

1. Sales and profitability improvement across all the regions, with operating margin improving by 70 basis points (bps).
2. Strong increase from 35.2% to 40.8% of the overall share in revenues of the non-oral care category products.
3. Quick ramping up of the large capacity expansion implementation in India for laminated tubes.
4. Reduction by over 53 % in the operating losses at the US plastic tube and the Polish units.
5. Reduction of Finance costs by 6.4% from the previous year in India.

### SEGMENT PERFORMANCE REVIEW:

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

1. Americas - (with operations in the USA, Mexico and Colombia)
2. Europe - (with operations in the UK, Germany, Poland and Russia)

3. AMESA - Africa, Middle East & South Asia (with operations in Egypt and India )
4. EAP - East Asia Pacific (with operations in China, Philippines & Indonesia)

### SEGMENT FINANCIAL HIGHLIGHT:

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

(₹ Million)

Particulars	FY ended March 31, 2013	FY ended March 31, 2012
<b>Revenue:</b>		
Americas	4264	3705
Europe	2427	1775
AMESA	8827	7794
EAP	4212	3690
<b>PBIT:</b>		
Americas	263	148
Europe	(281)	(253)
AMESA	1144	964
EAP	814	712

Developments in each of the regions are set out below:

#### Americas:

Your Company has a strong market presence in the USA, Mexico and Colombia. Laminated plastic tubes constitute the mainstay in all these markets. Extruded plastic tubes are manufactured only in the USA. During the year, the region as a whole significantly grew its revenue and profitability.

The laminated tube unit in the USA improved its operating margin by 4.7 pp through improved sale mix and savings from material and machine productivity programs. Consequently, the profits and cash flow of this unit have been healthy and supporting development of new products and customers in the 2.5 bio large US market for tubes. The unit is actively developing customers in the non-oral care categories leveraging its capability for high decoration tubes and invisium technology.

The extruded tube unit in the USA cut its losses by significant 46% benefitted by the full year impact of the large export contract it had secured during the previous year. A number of initiatives were taken to improve the manufacturing efficiencies and operational flexibility at this plant which have helped to significantly improve margin and achieve higher capacity utilization.

The Mexican unit did not meet the expected sales growth due to internal operational issues as well as volatile off-take. The

matter has been largely addressed with the renewal of contract with a key customer and changes made in the unit operating management team. Your Directors see great opportunity in Mexico to serve requirement both of the local market as well as the demand from off-shoring of production by USA companies. To this end, customer development activity has been intensified.

The Colombian subsidiary continues to grow strongly and was supported by new capacity investment during the year. The unit is strategically located to serve the surrounding Andean nations. Backed by high operational efficiencies, the unit continues to be the market leader in Colombia.

#### Europe:

Your Company offers both laminated tubes and plastic extruded tubes in Europe. The Polish unit is the hub for extruded plastic tubes. It is also expanding into a major supplier of laminated tubes. During the year, the region as a whole grew its revenue significantly by 36.7%. The region has secured a major long term contract with a large FMCG customer and has embarked on new capital expenditure to support the requirement. With the local competition getting weaker and under financial stress, your Company sees opportunity to grow a significant business in this region. To this end, a new leadership team has been put in place with a mandate to reset the cost base and grow the plastic tube business profitably.

The Polish unit grew its sales by over 51% helped by expansion in sale of laminated tubes to existing and new customers. This unit is poised for an early and decisive turn-around and would contribute to your company's profits, once the supplies under the new contract are fully ramped up.

The Russian unit grew the sales but fell short of expectation due to churn in the customer portfolio. This will be addressed by securing a large long term contract.

Your Company's German joint venture unit was faced with decline in sales and profitability during the early part of the year. With regular review and hand holding the unit is fast emerging out of the problem and improved on its previous year's results both in terms of sales and profit.

The strategic thrust in the Europe region is to secure an early breakeven of the Polish unit, seize opportunity with a few large volume customers and pursue economies scale.

#### AMESA (Africa, Middle East and South Asia):

The region's sales grew by 13.3%, driven by a strong performance of the India tubing operations.

The India unit has been successfully growing its sales by partnering with key long term customers and developing new business in the high value cosmetics and pharmacategories. During the year, the unit netted 52.5% of its sales from high



value non-oral care category, up from 47% in the previous year. The changing mix together with strong sales growth helped improve operating profits grow a healthy 26%. During the year, the unit carried out a major expansion of its tubing capacity, which was quickly ramped up.

The Egypt unit is actively building pharma category by offering laminated tubes as alternative to the aluminium tubes. This could be an important growth driver for your Company in this market. The unit is also focusing on growth opportunities in the Middle east market through dedicated resources.

Your Company's flexible plastic laminate subsidiary in India had to contend with cost escalation during the first half year which impacted its profitability. The unit has since successfully corrected its prices and restored profitability. The unit has now hit its full capacity in the north and would be investing further in the ensuing year in order to drive sales and profit growth.

For this region, the key thrust is to grow the non oral care category in India by creating greater flexibility in the supply chain and capability for instant order turnaround even while continuing to grow and improve its share with existing customers.

### EAP (East Asia Pacific):

Strong customer partnering and high quality servicing have helped the region to gain a high market share and build a large business. The China unit has four manufacturing locations across the country giving it access to most of the China tube market as well as to Japan and Korea.

During the year, the China unit had to contend with sluggish off-take from key customers. The situation has been improving since then. The unit has intensified its efforts at growing business with new customers, specially in cosmetics and niche oral care categories focusing on value than volume sales; this coupled with strong cost management, helped the unit to sustain its profitability. The unit has rolled out a major marketing program named "i-Shine" showcasing its capability to be a quality and reliable supplier of high end cosmetic tubes. The program is meeting with success and has led to a number of inquiries and trials, which should augur well for the unit's future growth. The unit is also actively developing customers in the pharma category, having obtained the requisite licenses and at present is running a number of product trials. Overall, this unit with a strong balance sheet and a track record of operational excellence is gearing up for the next level of growth.

The Philippines and the Indonesian units with their strong market presence continued to contribute to your Company's profits. The Philippines unit is investing in capability for cosmetic tubes under an award secured by the region and will commence supplies in the ensuing year.

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 of its existing customers.

## FINANCIAL AND OPERATIONAL PERFORMANCE OVERVIEW:

(₹ Million)

Particulars	FY ended March 31, 2013	FY ended March 31, 2012 (***)	Growth
Net Sales / Income from operations	18,318	15,837	15.7%
Profit from Operations before Other Income, Interest and Exceptional items	1,869	1,497	24.8%
Finance cost	(912)	(841)	8.4%
Profit / (Loss) from ordinary activities before tax	1,260	840	50.0%
Net Profit for the period from continuing operations	810	616	31.5%
EPS – continuing operations (₹)	5.15	3.92	31.4%

\*\*\* The FY 12 results include the impact of merger of RPLL and REL with EPL and are not strictly comparable with current year's results to that extent.

From the above it can be seen that during the current year, your Company's sales grew by 15.7% and the profit before tax grew by 50%. The net profit from continuing operation however grew by 31.5% over the previous year due to lower tax incidence in the previous year on account of the merger.

## CREATIVITY & INNOVATION (C&I)

The Research and Development function (a.k.a. Creativity and Innovation within the Company) has been one of the key drivers of your Company's growth as a leading global player.

Dedicated group in creativity and innovation continuously work on various polymers, additives and allied process. Idea is to apply new science on the commonly available materials and transform them into special featured laminates and tubes. Some such developments include polymers with high clarity and high sheen that looks like metal but feels like soft plastic., recyclable and eco-friendly structures etc.

Other high impact areas where the C&I team work actively include product dispensation system, high end decoration which can obviate use of printed labels on tubes, Tamper evident closures for pharma applications etc.



The C&I work also extends to inventing new processing techniques for polymers conversion. Here the idea is to have more energy efficient conversion and do away with unnecessary sub processes.

The group of dedicated C&I members along with the new product development team assisted by legal department work on creating intellectual property rights. As a result, in last two years your Company has either obtained and applied for 23 patents. Your Directors believe that this will provide your Company a long term competitive advantage and further enhance your Company's image.

Your Company's research and development efforts continue to win accolades in several forums and among customers across the globe. Your Company is committed to leverage its R&D capability and further sharpen its competitive edge globally in making a difference to its customers.

## FINANCE

Your Company continued to focus on cash generation through cost management and capital productivity improvement measures. Capital expenditure is managed carefully through a rigorous evaluation of profitability and risks and regular project review for delivery on time and at budgeted cost. Large capital expenditure is further backed by long term contracts so as to minimize cash flow risk to the business. Inventory and receivables were closely managed. A global thrust has been launched to standardize on the best supply chain practices and create new targets for inventory holding. Raw material price volatility was pro-actively addressed, through regular price reviews and "pass through" clauses in the long term contracts. Interest cost was contained during the year by actively managing the borrowing mix and interest rates and through rate reviews with lenders based on your Company's improved financials. Your Company follows a prudent financial policy in order to ensure timely availability of funds for business needs and for servicing of debt obligations. A number of initiatives were taken in order to improve further the debt servicing capacity. Foreign currency exposures are closely monitored and hedged through forward contracts and open exposures are controlled within limits.

## HUMAN CAPITAL

Your Company strongly believes that 'our people are our greatest assets', they offer endless possibilities to the organization and help nurture a successful future roadmap for the Company. As a global organization, your Company comprises of a diverse mix of people from different educational, cultural and geographic backgrounds who bring their unique inherent strengths to the organization.

The Company recognizes and nurtures these strengths through its well defined 'Talent Management' process. This year was the 3rd year of successful implementation of the process, resulting in drafting of unique individual development

plans (IDP) for all employees. This process facilitated the Company in identifying key talent and giving them diverse opportunities, projects and rotations across the organization to boost synergies, encourage best practice sharing and build both individual and organizational capability. Development of succession plans for all critical roles in the organization and building a continuous leadership pipeline while encouraging young achievers to take up leadership roles has been another area of focus for this process.

Your Company also actively engages and partners with employees through customized unit wise engagement action plans in order to make the Company a great place to work. These efforts have helped the Company improve the overall employee engagement score from 55% last year to 59% this year with 11 out of 21 participating units scoring 65% and above, which is in the range of high performance and best employers across the industry.

The Company's continuous emphasis on the importance of goal setting process and aligning individual goals with organization level goals, was given a boost this year with the automation of the performance management process globally. This process is now available online for all employees in management and supervisory levels and aids in continuous monitoring and review of performance.

Going forward, your Company is 'Determined to Deliver' on key drivers that will empower the employees to become business growth enablers, delivering winning solutions for the Company's clients and value to you.

## INFORMATION TECHNOLOGY

During the year, your Company continued to leverage its ERP platform for providing high quality MIS spanning areas of material and machine efficiencies, sales, inventory and receivables analysis. ERP penetration was further increased by implementing it in Essel Propack UK Limited & Essel Propack LLC, Russia. Timely and standardized reports are now made available to the operating management, facilitating proactive corrective measures and performance improvement by using Business Intelligence platform. Continuous training was imparted for staff on the effective use of SAP and the knowledge of power users has improved. A dedicated core team supports the ERP globally. A steering Committee comprising of the Corporate Leadership Team supervises the IT initiatives globally through its regular monthly reviews.

## INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has in place internal control systems and a structured internal audit process charged with the task of safeguarding the assets of your Company and ensuring reliability and accuracy of the accounting and other operational data. The internal auditors reports to the Audit Committee of the Board of Directors.



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 apprised of internal audit findings. The Audit Committee of the Board consisting of non-executive independent Directors periodically reviews the quarterly, half yearly and annual financial statements of your 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 and updated 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 senior management 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 the customers:
  - Your Company is proactively managing its pricing terms to customers in order to minimize the lag in passing through the raw material price increases.
  - Where possible, the Company has established alternate sources and equivalent materials in order to effectively manage the material cost
- b) Single product dependency:
 

Oral care category still 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, the Company is rapidly developing product/customers in the cosmetics, food and pharma categories with a view to maximizing value and

tapping the benefits of a diversified portfolio. Your Company's non oral care range share rose sharply to 40.8% during the year from around 35.2% in the previous year and in India alone it has reached 52.5%. 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. Annual employee engagement survey further provides the frame-work for improving employee morale and talent retention.

- d) Currency volatility:

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

- Appropriate pass through clauses have been built into certain customer contracts in order to offset the impact on material cost of exchange rate fluctuations. The Company also has the policy of systematically hedging its exposures using forward contracts.

- e) High debt equity ratio:

In a downturn, higher debt could increase financial risk.

- As mentioned elsewhere in this report, your Company continues to focus on reducing financial leverage through higher capital productivity and improved cash generation. It has in place system for regular review of funds flows and a prudent financing policy aimed at optimal mix of short and long term debt. Measures to conserve cash are actively pursued. The improved operational performance during the year has helped improve the debt service capacity and your Company is taking steps to improve this even further.

- f) Economic downturn:

This could impact your 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. In fact, consumption continues to be strong even in these times
- Your Company is geared to constantly monitoring the emerging trends in consumption and offering relevant solutions so as to stay ahead of the curve.

- The Company also is focused on containing costs and improving efficiencies as a means to stay competitive.
- Proactive supplier and customer engagement is another way your Company seeks to minimize risk to business continuity.

## OUTLOOK

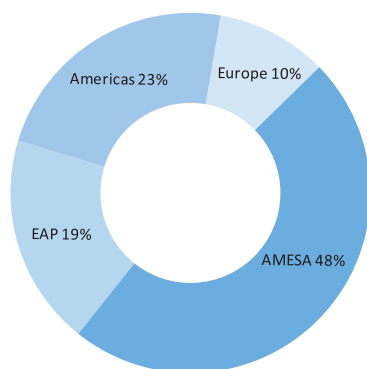
Having successfully faced the last few years of the global financial crisis, your Company only sees opportunity presenting across the globe in different forms. The emerging markets of Asia, Africa and Latin America present newer categories and niches, where your Company can innovate and grow business even as the traditional categories here continue to grow driven by increasing incomes, changing consumer lifestyle and intense marketing activity of the FMCG firms both local and multinational. In the developed markets, your Company is seeing opportunity for wallet share gain, helped by the intrinsic strength of its business model, partnering approach

to customers, and the stresses faced by smaller local and regional competition. Your Company is pro-actively energizing its organization through major changes in the processes, leadership and ways of working that should make it agile and quick in seizing opportunities in the times to come. These along with new innovations and capabilities built by your Company and its well acknowledged large scale, global presence and long term commitment to all its stake holders, should help in growing the business profitably through the challenging times.

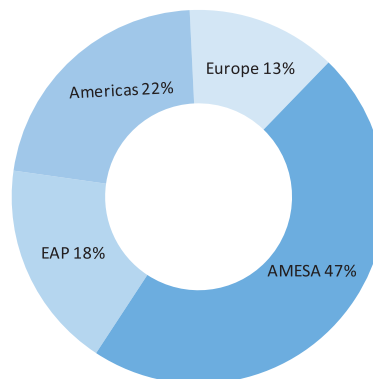
## CAUTIONARY STATEMENT

Statements in this report, particularly those which relate to management discussion and analysis, describing your 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.

**Revenue 2012**



**Revenue 2013**





# 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

The composition and attendance of Directors at the Board Meetings and the previous Annual General Meeting (AGM) held on 27 September, 2012 and also their directorship and membership of committees in other companies as on 31 March, 2013 is as under:

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

PD: Promoter Director, ED: Executive Director, ID: Independent Director, NED: Non-Executive Director

^ Expired on 16 January, 2013

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

# Only Audit Committee and Investor Grievance Committee are considered.

\* No. of committee membership as Chairman in other companies.

\*\* No. of committee membership as Member in other companies.

### 1. Composition:

The Board of Directors comprises of:-

#### Non Executive

- i) Chairman;
- ii) Three Independent Directors.

#### Executive Director

- i) 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, Executive Promoter Director Vice-Chairman & Managing Director and three 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.

## 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 resolution by circulation for any urgent item of business permitted by the Companies Act, 1956.

## 3. Meetings of the Board of Directors:

During the year under review, the Board of Directors met 6 six times on 15 May, 2012, 27 July, 2012, 31 August, 2012, 31 October, 2012, 05 February, 2013 and 14 March, 2013.

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 three Non-Executive Independent Directors:

- Mr. Mukund M. Chitale (Chairman)  
(w.e.f. 31 August, 2012)
- Mr. Tapan Mitra (Chairman)  
(upto 31 August, 2012)
- Mr. Boman Moradian
- Late Mr. K. V. Krishnamurthy  
(upto 16 January, 2013)

The representative(s) of the Statutory Auditors of the Company attend all the meetings of the Committee. The Internal Auditor, respective Presidents of global regions, 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 and Mr. Mukund M. Chitale have expert knowledge of Finance and Accounting. 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 have direct access to the Chairman of the Audit Committee).
- Discusses the audit plans with both the Statutory and Internal Auditor before the commencement of audit and ensure co-ordination between them.
- Reviews the Quarterly and Annual 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 if any, 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 and the adequacy of the Internal Control System.
- Discusses with the Internal Auditors any significant findings and follow up thereon.
- Reviews the adequacy of the Internal Audit function.
- Discusses with Statutory Auditors before the commencement of the audit, the nature and scope of the audit as well as post audit discussion to ascertain any areas of concern.

c) Meetings and Attendance:

During the year under review, the Audit Committee met five times on 15 May, 2012, 27 July, 2012, 31 August, 2012, 31 October, 2012 and 05 February, 2013.

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

Members	Meetings held	Meetings attended
Mr. Mukund M. Chitale	5	4
Mr. Tapan Mitra	5	5
Mr. Boman Moradian	5	3
Late Mr. K. V. Krishnamurthy	5	3

2) Shareholders / Investors' Grievance Committee:

a) Composition:

The Committee comprises of:

- Mr. Boman Moradian (Chairman) (w.e.f. 05 February, 2013)
- Mr. Ashok Kumar Goel
- Mr. Tapan Mitra (w.e.f. 29 May, 2013)
- Late Mr. K.V. Krishnamurthy (Chairman) (upto 16 January, 2013)

b) Terms of Reference:

The Committee deals in matters relating to:

- Redressal of Shareholders' grievances.
- Review of Dematerialised shares.
- Transfer and transmission of shares and duplicate shares.
- Other matters related to shares.

c) Meetings and Attendance:

During the year under review, the Committee met four times on 15 May, 2012, 27 July, 2012, 31 October, 2012 and 05 February, 2013.

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

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

d) Number and nature of Complaints for the year ended 31 March, 2013 is as under:

Nature of Complaints	No. of Complaints	No. of Complaints redressed
Non-receipt of Dividend	Nil	Nil
Non-receipt of Annual Report	3	3
Non-receipt of Share Certificates	Nil	Nil
Dematerialisation	Nil	Nil
Miscellaneous	2	2

3) Remuneration Committee:

a) Composition:

The Committee comprises of three Non-Executive Independent Directors:

- Late Mr. K.V. Krishnamurthy (Chairman) (upto 16 January, 2013)
- Mr. Tapan Mitra (Chairman) (w.e.f. 29 May, 2013)
- Mr. Mukund M. Chitale
- Mr. Boman Moradian (Member) (w.e.f. 05 February, 2013)

b) Terms of Reference:

The Committee approves and recommends to the Board of Directors, the remuneration of Vice Chairman & Managing Director of the Company.

c) Meetings and Attendance:

During the year under review, the Committee met once on 27 July, 2012. The attendance of the Members of the Remuneration Committee is as under:-

Members	Meetings held	Meetings attended
Late Mr. K. V. Krishnamurthy	1	1
Mr. Tapan Mitra	1	1
Mr. Mukund M. Chitale	1	1

## IV. REMUNERATION TO DIRECTORS

- a) Remuneration to Executive Director of the Company:

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

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

The Non-Executive Independent Directors are paid sitting fees of ₹ 15,000 for attending each Meeting of the Board of Directors and Committees thereof. The Members at the Annual General Meeting have 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 to its Non Executive Independent Directors considering the valuable contributions, guidance for the various business initiatives and decisions and also profitability of the Company.

The details of Sitting fees and Commission paid during the year ended 31 March, 2013 is given below:

Director	Sitting Fees (₹)	Comm-ission (₹)	Total (₹)
Mr. Tapan Mitra	180,000	900,000	1,080,000
Late Mr. K. V. Krishnamurthy	165,000	900,000	1,065,000
Mr. Boman Moradian	195,000	900,000	1,095,000
Mr. Mukund M. Chitale	210,000	900,000	1,110,000
<b>TOTAL</b>	<b>750,000</b>	<b>* 3,600,000</b>	<b>4,350,000</b>

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

\* pertains to financial year 2011 - 2012

- c) The Remuneration paid to the Executive Director of the Company for year ended 31 March, 2013, is as under:-

Director	Position	Gross Remu-neration Paid (₹)	Stock Paid Options Granted	Service Contract	Notice Period
Mr. Ashok Kumar Goel	Vice Chairman and Managing Director	30,725,600 #	NIL	Re-appointed for 5 years w.e.f. 21 October, 2008	3 months

# Break up of remuneration paid/payable is as under:

Sr. No.	Particulars	2012-2013 (₹)
1.	Salaries, Allowances and Perquisites*	27,989,600
2.	Contribution to Provident and other funds	2,736,000
3.	Performance Bonus	Nil
4.	Stock Option	Nil
5.	Pension	Nil
	<b>Total</b>	<b>30,725,600</b>

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

- 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 320,760 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. 36(iii) of the Annual Accounts in compliance with the Accounting Standard relating to 'Related Party Disclosures'. There were no materially significant related party transactions that may have potential conflict with the interest of the Company.

### 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.



### 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. Code of Conduct

The Company has adopted a Code of Conduct and the Board of Directors, Senior Management and the Employees of the Company have affirmed their adherence to the Code and the Model Code of Conduct has been uploaded on the Company's website ([www.esselpropack.com](http://www.esselpropack.com)). The declaration from the Vice Chairman & Managing Director 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 a review procedure to apprise the Board of Directors of the Company on the key risk assessment areas and suggest risk mitigation mechanism. All the unit heads of the Company and its subsidiaries submit the certificate confirming compliance of the applicable laws and regulations or 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 29 May, 2013. A copy of the certificate is annexed to this Report.

### 8. Corporate Social Responsibility Policy

The Board of Directors has approved a Corporate Social Responsibility Policy of the Company. The Company supports programmes for various social causes and education for 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 uploaded on the Company's website ([www.esselpropack.com](http://www.esselpropack.com)).

The Company sends a copy of the quarterly financial results to all the shareholders as part of the non mandatory requirements of the listing agreement. The

financial results, press releases and presentations are also uploaded on the Company's website.

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)

Tuesday, 09 July, 2013, 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 03 July, 2013 to 09 July, 2013 (both days inclusive)

### 4. Financial Calendar

#### Dividend

Dividend for the year ended 31 March, 2013 : within 5 days from the date of the 30<sup>th</sup> AGM i.e. on or after 12 July, 2013

#### Board meeting to approve Quarterly Unaudited / Audited Financial Results

1st Quarter (2013) : July 2013

2nd Quarter(2013) : Oct / Nov 2013

3rd Quarter (2013) : Jan / Feb 2014

4th Quarter(2014) &

Annual Audited Accounts : May 2014

(2013-2014)

### 5. Registered Office

P. O. Vasind, Taluka: Shahapur,

District: Thane, Maharashtra - 421 604, India.

### 6. Listing of Shares on Stock Exchanges

#### 1. BSE Limited,

Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.

Scrip 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.

Scrip Code: ESSELPACK

(Prescribed listing fees have been paid to the Stock Exchanges.) ISIN No. INE255A01020



## 7. Corporate Benefits

Details of corporate benefits issued by the Company is given below :-

### a) Dividend

Year	%	Year	%	Year	%
1990-91	10%	1998-99 (Interim)	20%	2004 ((Final)	10%
1991-92	15%	1998-99 (Final )	34%	2005 (Interim)	100%
1992-93	20%	1999-00 Special	150%	2005 (Special)	120%
1993-94	27%	1999-00 (Interim)	54%	2006 (Interim) *	100%
1994-95	27%	2000-01	54%	2007	60%
1995-96	32%	2001	55%	2008	15%
1996-97 (Interim)	15%	2002	65%	2009-10 (15 months)	20%
1996-97 (Final)	30%	2003 (Interim)	70%	2010-11	30%
1997-98 (Interim)	20%	2003 (Final)	10%	2011-12	32.50%
1997-98 (Final)	32%	2004 (Interim)	80%		

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

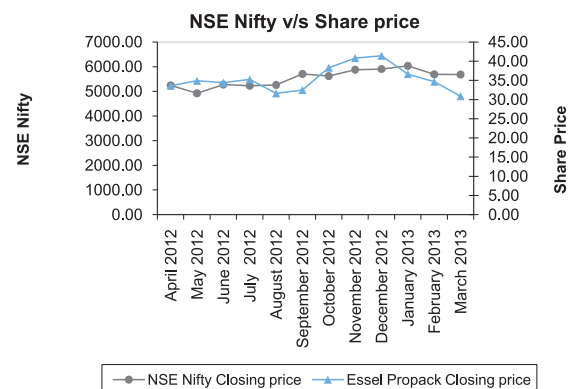
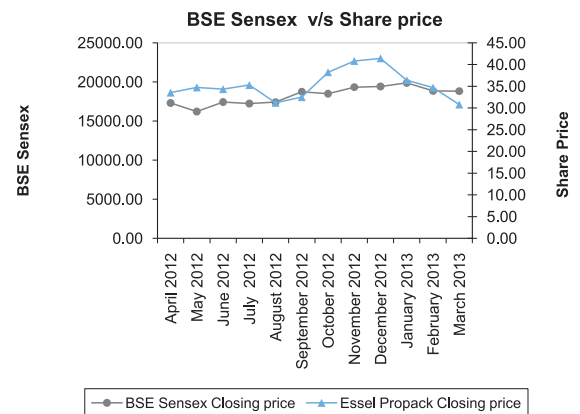
### c) Bonus shares

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

## 8. Market Price Data: (High / Low during each month for the 12 months period ended 31 March, 2013)

Month	BSE		NSE	
	High	Low	High	Low
April 2012	36.30	27.30	36.40	26.25
May 2012	40.40	32.15	42.20	32.30
June 2012	38.80	34.05	38.35	34.10
July 2012	36.60	30.55	36.70	30.25
August 2012	36.80	30.15	36.90	30.00
September 2012	34.60	30.00	34.55	29.90
October 2012	42.45	32.15	42.90	32.15
November 2012	43.60	37.90	43.60	37.35
December 2012	46.55	39.50	46.60	40.00
January 2013	42.95	36.00	42.50	36.20
February 2013	41.50	34.20	40.80	34.10
March 2013	36.00	29.80	36.30	29.80

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





## 10. Registrar & Transfer Agent

Sharepro Services (India) Private Limited  
Unit: Essel Propack Limited  
13 AB, Samhita Warehousing Complex, 2<sup>nd</sup> floor  
Sakinaka Telephone Exchange Lane, Off Andheri - Kurla  
Road, Sakinaka, Mumbai – 400 072.  
Tel. : (022) 6772 0300 / 400 Fax : (022) 28591568  
E-mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

## 11. Compliance Officer

Mr. Aashay Khandwala  
Vice President (Legal) & Company Secretary  
Essel Propack Limited,  
Top Floor, Times Tower,  
Kamala City, Senapati Bapat Marg,  
Lower Parel, Mumbai – 400 013  
Telephone Number : 022 2481 9000/9088  
Fax Number : 022 2496 3137  
Email : [aashay.khandwala@ep.esselgroup.com](mailto:aashay.khandwala@ep.esselgroup.com)

## 12. Investor Relations

Mr. Surje Singh  
Manager - Investor Relations  
Essel Propack Limited,  
Top 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](mailto:surje.singh@ep.esselgroup.com)

In order to facilitate investor servicing, the Company has designated email id: [investor.grievance@ep.esselgroup.com](mailto:investor.grievance@ep.esselgroup.com) for registering complaints by investors. The Company has also registered itself with SEBI for resolving grievances received through their online platform SCORES, email id of which is [scores@sebi.gov.in](mailto:scores@sebi.gov.in).

## 13. Share Transfers

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. Share transfers in physical form can be lodged with Sharepro Services (India) Private Limited, Registrar & Transfer Agents (RTA) at the above mentioned address. The Investors' Grievance Committee reviews the share transfers approved by the RTA, Company Secretary 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. 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 11.00 a.m. on 24 September, 2010, 09 September, 2011 and 27 September, 2012.

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

- i) Annual General Meeting (AGM).
  - a) 27<sup>th</sup> AGM held on 24 September, 2010:
    - Special Resolution was passed for payment of Commission to Non-Executive Independent 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 01 April 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 13 AB, Samhita Warehousing Complex, 2<sup>nd</sup> floor Sakinaka Telephone Exchange Lane, Off Andheri - Kurla Road, Sakinaka, Mumbai – 400 072.
  - b) 28<sup>th</sup> AGM held on 09 September, 2011:
    - Special Resolution was passed for partial modification in terms of remuneration of Mr. Ashok Kumar Goel, Vice Chairman and Managing Director for balance tenure with effect from 21 October, 2011 to 20 October, 2013.
  - c) 29<sup>th</sup> AGM held on 27 September, 2012:

No Special Resolution was passed.
- ii) Extra-ordinary General Meeting (EGM)
  - a) EGM held on 26 April, 2012:
    - Special Resolution was passed to approve modified draft rehabilitation scheme containing Scheme of Merger between Ras Propack Lamipack Limited and Ras Extrusions Limited ('Transferor Companies') and Essel Propack

Limited ('Transferee Company')

- Special Resolution was passed to approve issue and allotment of equity shares of Essel Propack Limited to the shareholders of Ras Propack Lamipack Limited ('RPLL') and Ras Extrusions Limited ('REL'), in

accordance with the share exchange ratio stated in the scheme of merger.

#### 15. Postal Ballot

No special resolution was passed by way of Postal Ballot during the year ended 31 March 2013.

#### 16. Distribution of Shares as on 31 March, 2013:

Distribution	No. of shareholders	% to total holders	No. of shares	% to total shares
Less than 500	33,904	80.54	3,876,338	2.47
501 – 1000	3,894	9.25	3,103,740	1.98
1001 – 2000	2,228	5.29	3,361,874	2.14
2001 – 3000	789	1.87	2,005,400	1.28
3001 – 4000	314	0.75	1,127,041	0.72
4001 – 5000	250	0.59	1,188,870	0.76
5001 – 10000	392	0.93	2,855,535	1.82
10001 and above	324	0.77	139,582,487	88.85
<b>TOTAL</b>	<b>42,095</b>	<b>100.00</b>	<b>157,101,285</b>	<b>100.00</b>

#### 17. Categories of Shareholders as on 31 March, 2013

Sr No.	Category	No. of shares held	% of share holding
1	Promoter's Holding (A)	92,589,390	58.94
2	Non-Promoters Holding (B)		
	- Mutual Funds, FIs & Banks	9,384,569	5.97
	- Foreign Institutional Investors	15,574,763	9.91
	- Body Corporates	12,972,740	8.26
	- Resident Indians	25,101,434	15.98
	- NRIs	1,478,389	0.94
	<b>Sub- Total (B)</b>	<b>64,511,895</b>	<b>41.06</b>
	<b>Total (A+B)</b>	<b>157,101,285</b>	<b>100.00</b>



## 18. Dematerialisation of Shares:

As on 31 March, 2013, 98.63 % of the total Share Capital is in demat form with NSDL and CDSL.

Category	As on 31 March, 2013	%
No. of Shares held by NSDL	117,029,682	74.49
No. of Shares held by CDSL	37,921,398	24.14
Physical shares	2,150,205	1.37
<b>Total</b>	<b>157,101,285</b>	<b>100.00</b>

## 19. Outstanding GDR / ADR / 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 06 May, 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 15 June, 2006.

## 21. Unclaimed shares

Pursuant to Clause 5A of the Listing Agreements (as amended in December, 2010), physical shares which were issued by the Company during the year on 14 September, 2012, pursuant to BIFR Scheme of merger of Ras Propack Lamipack Limited (RPLL) & Ras Extrusions Limited (REL) with Essel Propack Limited and which have returned undelivered are as under:-

Out of total 4,432 share certificates for 13,957 equity shares dispatched to shareholders, 40 share certificates for 113 equity shares were returned undelivered. The Company shall send three reminders to the shareholders to claim their shares and then transfer them to a single folio in the name "Unclaimed Suspense Account".

## 22. Plant Locations (India and Overseas)

India (Vasind, Murbad, Wada, Silvassa, Goa, Nalagarh and Chakan) and subsidiary company (Puducherry, Cuddalore Utrakhand).

Overseas units & JV's (China, Egypt, Philippines, Germany, 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. The Committee comprises of three Non-Executive Independent Directors of the Company.
- 2) Quarterly and Half yearly 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

Mumbai, 29 May, 2013

Subhash Chandra  
Chairman

## Declaration regarding Affirmation of Code of Conduct

It is hereby confirmed that all the members of the Board, Senior Management and Employees of the Company have affirmed adherence to and compliance with the 'Code of Conduct' laid down by the Company for the year ended 31 March, 2013.

Mumbai, 29 May, 2013

Ashok Kumar Goel  
Vice Chairman & Managing Director

## 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, 2013 and that to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls and evaluating the effectiveness of the same for financial reporting for the financial year ended March 31, 2013 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  
Place: Mumbai  
Date : 29 May, 2013

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

## Certificate of Compliance with the Corporate Governance Requirements under Clause 49 of the Listing Agreement

### Auditor's 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 31 March, 2013, 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 has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with 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 Clause 49 of 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, 29 May, 2013



## Five Years' Summary of Selected Financial Data (Consolidated)

₹ Million

Particulars	As per earlier Schedule - VI		Particulars	As per revised Schedule - VI		
	2008	2010 #		2011	2012	2013
Sales and other income	12,949.29	16,941.36	Sales and other income	14,347.23	16,034.05	18,620.16
Profit before depreciation, interest and tax	1,323.12	3,007.87	Profit before depreciation, amortisation, finance costs and tax	2,749.55	2,864.17	3,433.64
Depreciation	1,119.90	1,328.67	Depreciation and amortisation expense	1,069.61	1,170.03	1,261.72
Profit before tax (before extraordinary & Exceptional items)	(489.04)	745.90	Profit before exceptional items and tax	829.24	852.75	1,259.82
Profit after tax	(883.11)	599.20	Profit after tax	472.70	513.58	809.57
Dividends	46.98	62.64	Dividends	93.96	102.12	117.83
Cash Profit	236.80	1,927.87	Cash Profit	1,542.31	1,683.61	2,071.29
Earnings per share - ₹ (Basic after extraordinary items)	(5.64)	3.83	Earnings per share - ₹ (Basic after extraordinary items) from Total operations	3.02	3.27	5.15
Dividend per share - ₹	0.30	0.40	Dividend per share - ₹	0.60	0.65	0.75
Capital Employed	17,480.70	16,046.31	Capital Employed	12,922.66	13,308.21	15,154.47
<b>ASSETS LESS CURRENT LIABILITIES</b>						
Goodwill	4,390.03	3,606.94	Goodwill	3,606.94	3,606.94	3,606.94
Fixed assets (net)	7,253.08	6,703.57	Fixed assets (net)	6,608.72	8,016.89	8,196.31
Investment	452.60	476.60	Non current investments	498.80	446.39	463.69
			Other non current assets, loans and advances	396.26	600.11	544.55
Current assets, Loans and Advances	7,589.61	7,232.95	Current assets	7,711.07	8,264.59	8,892.10
	<b>19,685.32</b>	<b>18,020.06</b>		<b>18,821.79</b>	<b>20,934.92</b>	<b>21,703.59</b>
Current liabilities and Provisions	(2,204.62)	(1,973.75)	Current liabilities	(5,899.13)	(7,626.71)	(6,549.12)
<b>Net Assets</b>	<b>17,480.70</b>	<b>16,046.31</b>	<b>Net Assets</b>	<b>12,922.66</b>	<b>13,308.21</b>	<b>15,154.47</b>
<b>FINANCED BY</b>						
Share capital	313.13	313.13	Share capital	313.13	314.13	314.13
Reserves	6,678.65	7,295.39	Reserves	7,858.38	8,522.54	9,132.53
<b>Shareholders' funds</b>	<b>6,991.78</b>	<b>7,608.52</b>	<b>Shareholders' funds</b>	<b>8,171.51</b>	<b>8,836.67</b>	<b>9,446.66</b>
Miscellaneous Expenditure	(51.98)	(79.96)				
<b>Net Worth</b>	<b>6,939.80</b>	<b>7,528.56</b>	<b>Net Worth</b>	<b>8,171.51</b>	<b>8,836.67</b>	<b>9,446.66</b>
Minority interest	165.58	83.35	Minority interest	65.31	75.40	60.28
Deferred tax balances	61.20	36.77	Deferred tax balances	(82.75)	(85.41)	(17.06)
	<b>7,166.58</b>	<b>7,648.68</b>		<b>8,154.07</b>	<b>8,826.66</b>	<b>9,489.88</b>
Loan funds	10,314.12	8,397.63	Non current liabilities	4,768.59	4,481.55	5,664.59
<b>Capital employed</b>	<b>17,480.70</b>	<b>16,046.31</b>	<b>Capital employed</b>	<b>12,922.66</b>	<b>13,308.21</b>	<b>15,154.47</b>

## Five Years' Summary of Selected Financial Data (Consolidated)

₹ Million

Particulars	As per earlier Schedule - VI		Particulars	As per revised Schedule - VI		
	2008	2010 #		2011	2012	2013
<b>FINANCIAL RETURNS AND STATISTICS</b>						
Profit after tax as a percent of Sales and other income	-7%	4%	Profit after tax as a percent of Sales and other income	3%	3%	4%
Profit before depreciation, interest and tax as a percent of Sales and other income	10%	18%	Profit before depreciation, amortisation, finance costs and tax as a percent of Sales and other income	19%	18%	18%
Return on Capital Employed (PBIT / Avg Capital Employed) (With Goodwill) # ^	2%	11%	Return on Capital Employed (Profit before Finance Costs and Tax / Avg Capital Employed) (With Goodwill) ^	11%	10%	12%
Return on Capital Employed (PBIT / Avg Capital Employed) (Without Goodwill) # ^	3%	14%	Return on Capital Employed (Profit before Finance Costs and Tax / Avg Capital Employed) (Without Goodwill) ^	14%	12%	14%
Return on Net worth (PAT / Avg Networth) (With Goodwill) #	-12%	7%	Return on Net worth (PAT / Avg Networth) (With Goodwill)	6%	6%	9%
Return on Net worth (PAT / Avg Networth) (Without Goodwill) #	-27%	15%	Return on Net worth (PAT / Avg Networth) (Without Goodwill)	11%	10%	15%
Loan funds as a percentage of Shareholders' funds	148%	110%	Non current liabilities as a percentage of Shareholders' funds	58%	51%	60%
Financial Expenses Cover (Times) (Profit before Financial Expenses (gross) and Taxation / Financial expenses (gross))	0.4	2	Finance Costs Cover (Times) (Profit before Finance Costs and Taxation / Finance Costs)	2	2	2
Cash profit to sales and other income	2%	11%	Cash profit to sales and other income	11%	11%	11%

# The financial statements of 2010 are in respect of the fifteen months period from January 1, 2009 to March 31, 2010. Hence, balance sheet ratios have been annualised.

^ Considering shareholder's funds and total loan funds including short-term borrowings and current maturities of long-term borrowings.



## Five Years' Summary of Selected Financial Data (Consolidated)

USD Million

Particulars	As per earlier Schedule - VI		Particulars	As per revised Schedule - VI		
	2008	2010 #		2011	2012	2013
Sales and other income	298.23	353.93	Sales and other income	314.80	334.52	342.32
Profit before depreciation, interest and tax	30.47	62.84	Profit before depreciation, amortisation, finance costs and tax	60.33	59.76	63.13
Depreciation	25.79	27.76	Depreciation and amortisation expense	23.47	24.41	23.20
Profit before tax (before extra-ordinary & Exceptional items)	(11.26)	15.58	Profit before exceptional items and tax	18.19	17.79	23.16
Profit after tax	(20.34)	12.52	Profit after tax	10.37	10.71	14.88
Dividends	1.08	1.31	Dividends	2.06	2.13	2.17
Cash Profit	5.45	40.28	Cash Profit	33.84	35.13	38.08
<b>ASSETS LESS CURRENT LIABILITIES</b>						
Goodwill	90.61	79.91	Goodwill	80.78	70.90	66.44
Fixed assets (net)	149.70	148.51	Fixed assets (net)	148.01	157.58	150.99
Investment	9.34	10.56	Non current investments	11.17	8.77	8.54
			Other non current assets, loans and advances	8.87	11.80	10.03
Current assets, Loans and Advances	156.65	160.23	Current assets	172.70	162.45	163.80
	<b>406.30</b>	<b>399.21</b>		<b>421.53</b>	<b>411.50</b>	<b>399.80</b>
Current liabilities and Provisions	(45.50)	(43.72)	Current liabilities	(132.11)	(149.92)	(120.63)
<b>Net Assets</b>	<b>360.80</b>	<b>355.49</b>	<b>Net Assets</b>	<b>289.42</b>	<b>261.58</b>	<b>279.17</b>
<b>FINANCED BY</b>						
Share capital	6.46	6.94	Share capital	7.01	6.17	5.79
Reserves	137.85	161.62	Reserves	176.00	167.52	168.23
Shareholders' funds	<b>144.31</b>	<b>168.56</b>	Shareholders' funds	<b>183.01</b>	<b>173.69</b>	<b>174.02</b>
Miscellaneous Expenditure	(1.07)	(1.77)				
<b>Net Worth</b>	<b>143.24</b>	<b>166.79</b>	<b>Net Worth</b>	<b>183.01</b>	<b>173.69</b>	<b>174.02</b>
Minority Interest	3.42	1.85	Minority Interest	1.46	1.48	1.11
Deferred Tax Balances	1.26	0.81	Deferred tax balances	(1.85)	(1.68)	(0.31)
	<b>147.92</b>	<b>169.45</b>		<b>182.62</b>	<b>173.49</b>	<b>174.82</b>
Loan Funds	212.88	186.04	Non current liabilities	106.80	88.09	104.35
<b>Capital employed</b>	<b>360.80</b>	<b>355.49</b>	<b>Capital employed</b>	<b>289.42</b>	<b>261.58</b>	<b>279.17</b>



## Five Years' Summary of Selected Financial Data (Consolidated)

USD Million

Particulars	As per earlier Schedule - VI		Particulars	As per revised Schedule - VI		
	2008	2010 #		2011	2012	2013
<b>FINANCIAL RETURNS AND STATISTICS</b>						
Profit after tax as a percent of Sales and other income	-7%	4%	Profit after tax as a percent of Sales and other income	3%	3%	4%
Profit before depreciation, interest and tax as a percent of Sales and other income	10%	18%	Profit before depreciation, amortisation, finance costs and tax as a percent of Sales and other income	19%	18%	18%
Return on Capital Employed (PBIT / Avg Capital Employed) (With Goodwill) # ^	2%	10%	Return on Capital Employed (Profit before Finance Costs and Tax / Avg Capital Employed) (With Goodwill) ^	10%	10%	11%
Return on Capital Employed (PBIT / Avg Capital Employed) (Without Goodwill) # ^	3%	14%	Return on Capital Employed (Profit before Finance Costs and Tax / Avg Capital Employed) (Without Goodwill) ^	13%	12%	14%
Return on Net worth (PAT / Avg Networth) (With Goodwill) #	-13%	6%	Return on Net worth (PAT / Avg Networth) (With Goodwill)	6%	6%	9%
Return on Net worth (PAT / Avg Networth) (Without Goodwill) #	-30%	14%	Return on Net worth (PAT / Avg Networth) (Without Goodwill)	11%	11%	15%
Loan funds as a percentage of Shareholders' funds	148%	110%	Non current liabilities as a percentage of Shareholders' funds	58%	51%	60%
Financial Expenses Cover (Times) (Profit before Financial Expenses (gross) and Taxation / Financial expenses (gross))	0.4	2	Finance Costs Cover (Times) (Profit before Finance Costs and Taxation / Finance Costs)	2	2	2
Cash profit to Sales and other income	2%	11%	Cash profit to Sales and other income	11%	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 1, 2009 to March 31, 2010. Hence, balance sheet ratios have been annualised.

^ Considering shareholder's funds and total loan funds including short-term borrowings and current maturities of long-term borrowings.



## Five Years' Summary of Selected Financial Data (India)

₹ Million

Particulars	As per earlier Schedule - VI		Particulars	As per revised Schedule - VI		
	2008	2010 #		2011	2012	2013
Sales and other income	3,548.13	4,541.34	Sales and other income	4,753.30	5,418.78	6,183.43
FOB value of exports	357.18	380.95	FOB value of exports	348.27	336.67	456.78
Profit before depreciation, amortisation, interest and tax	840.25	1,083.79	Profit before depreciation, amortisation, finance costs and tax	1,469.61	1,388.98	1,542.40
Depreciation / Amortisation	206.56	288.86	Depreciation / Amortisation	243.05	286.12	330.85
Profit before tax	372.79	442.57	Profit before tax	632.62	515.51	661.66
Profit after tax	271.78	345.49	Profit after tax	440.83	490.75	498.42
Dividends (including dividend tax)	54.96	73.04	Dividends (including dividend tax)	109.20	118.68	137.85
Cash profit	478.34	634.35	Cash profit	683.88	776.86	829.27
Book value per share	37.31	38.78	Book value per share*	41.14	43.09	44.63
Earnings per share - (Basic after exceptional items)	1.74	2.21	Earnings per share* - (Basic after exceptional items)	2.80	3.12	3.17
Dividend per share - ₹	0.30	0.40	Dividend per share* - ₹	0.60	0.65	0.75
Closing share price on BSE at year end (₹ per share)	18.08	43.40	Closing share price on BSE at year end (₹ per share)	51.15	27.90	30.80
Market capitalisation (As at year end)	2,831.35	6,796.49	Market capitalisation (As at year end)	8,010.15	4,383.13	4,837.62
<b>ASSETS LESS CURRENT LIABILITIES</b>						
Fixed assets (Net)	1,813.21	1,752.83	Fixed assets (Net)	1,999.03	2,522.75	2,656.23
Investments	5,744.32	5,733.99	Non-current investments	5,685.94	5,635.35	5,635.35
			Other Non-current assets, loans and advances	1,046.61	394.21	376.34
Current assets, loans and advances	4,629.51	4,168.59	Current assets	2,859.68	4,647.12	3,914.21
	12,187.04	11,655.41		11,591.26	13,199.43	12,582.13
Current liabilities and provisions	(696.92)	(650.33)	Current liabilities	(2,529.22)	(4,108.24)	(2,884.91)
Net Assets	11,490.12	11,005.08	Net Assets	9,062.04	9,091.20	9,697.22
<b>FINANCED BY</b>						
Share capital	313.13	313.13	Share capital*	313.13	314.13	314.13
Reserves	5,530.39	5,797.18	Reserves	6,121.52	6,355.09	6,696.06
Shareholders' fund	5,843.52	6,110.31	Shareholders' fund	6,434.65	6,669.22	7,010.19
Miscellaneous expenditure	-	37.08		-	-	-
Net worth	5,843.52	6,073.23	Net worth	6,434.65	6,669.22	7,010.19
Deferred tax balances	124.32	171.12	Deferred tax balances	159.73	165.61	224.23
Loan funds	5,522.28	4,760.72	Non-current liabilities	2,467.66	2,256.37	2,462.80
Capital employed	11,490.12	11,005.08	Capital employed	9,062.04	9,091.20	9,697.22

## Five Years' Summary of Selected Financial Data (India)

₹ Million

Particulars	As per earlier Schedule - VI		Particulars	As per revised Schedule - VI		
	2008	2010 #		2011	2012	2013
<b>FINANCIAL RETURNS AND STATISTICS</b>						
Profit after tax as a percent of sales and other income	8%	8%	Profit after tax as a percent of sales and other income	9%	9%	8%
Profit before depreciation, interest and tax as a percent of sales and other income	24%	24%	Profit before depreciation, finance costs and tax as a percent of sales and other income	31%	26%	25%
Return on capital employed <sup>^</sup>	6%	6%	Return on capital employed <sup>^</sup>	14%	12%	12%
Return on common stockholders' equity % (PAT)	5%	5%	Return on common stockholders' equity % (PAT)	7%	7%	7%
Loan Funds as a percent of total year end Shareholders' Fund	95%	78%	Non current liability as a percent of total year end Shareholders' Fund	38%	34%	35%
Financial expenses cover (Times)	2.43	2.26	Financial costs cover (Times)	2.07	1.88	1.88
(Profit before financial expenses and taxation divided by financial expenses)			(Profit before financial costs and taxation divided by finance costs)			
Number of equity shares outstanding (in Million)	156.57	156.57	Number of equity shares outstanding (in Million) *	156.57	157.07	157.07
Cash profit to sales and other income	13%	14%	Cash profit to sales and other income	14%	14%	13%

\* Refer note 30

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

<sup>^</sup> Considering shareholder's fund and total loan funds including short-term borrowings and current maturities of long-term borrowings.



## Independent Auditors' Report

To the Members of EsseL Propack Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of EsseL Propack Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon, 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 31 March, 2013;
  - (b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) 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;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act; and
  - (e) On the basis of written representations received from the directors as at 31 March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March, 2013, from being appointed as a director in terms of Section 274 (1) (g) of the Act.

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

**Hitendra Bhandari**  
Partner  
Membership Number 107832

Mumbai, 29 May 2013

## Annexure referred to in Paragraph 7 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management during the year as per the phased program designed to cover all the fixed assets over a period, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Discrepancies noticed on such verification, which are not material, have been properly dealt with in the books of accounts.
- (c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (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 discrepancies noticed on physical verification of inventories as compared to the book records, which are not material, have been properly dealt with in the books of account.
- (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 ₹ 50,000,000 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 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) In respect of the contracts or arrangements referred to in Section 301 of the Act:
- (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under Section 301 of the Act and exceeding the value of Rs.5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
- (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 have broadly reviewed the cost accounting records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Act and are of the opinion that prima facie the prescribed records have been maintained. However, we are neither required to carry out nor have carried out detailed examination of such cost accounting records with a view to determine whether they are accurate or complete.
- (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 except delay in few cases. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2013 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, income tax 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
		45,994,625	FY 1997-1998 to FY 2000-2001 and FY 2002-2003 to FY 2005-2006	Tribunal CESTAT
		6,192,818	FY 2000-2001 to FY 2003-2004 and FY 2005-2006 to FY 2007-2008	Commissioner of Central Excise (Appeals)
	Service tax	148,537	FY 2005-2006	Bombay High Court
		1,332,054	FY 2005-2006 to FY 2007-2008	Tribunal CESTAT
		1,063,126	FY 2006-2007 to FY 2009-10	Deputy / Assistant Commissioner of Service Tax
Maharashtra Value Added Tax Act, 2002	Value added tax	36,134,596	FY 2005-2006	Deputy Commissioner of Sales Tax (Appeals)
Central Sales Tax Act, 1956	Central sales tax	731,067	FY 2002-2003	Maharashtra Sales Tax Tribunal
		22,808,521	FY 2002-2003 to FY 2004-2005	Commissioner of VAT-Dadra and Nagar Haveli
		52,286,468	FY 2002-2003, FY 2005-2006 and FY 2008-2009	Deputy Commissioner of Sales Tax (Appeals)
		12,390,394	FY 2001-2002, FY 2003-2004 and FY 2004-2005	Joint Commissioner of Sales Tax (Appeals)
Bombay Provincial Municipal Corporation Act, 1959	Cess	3,879,750	FY 2002-2003 to FY 2007-2008	Bombay High Court
Income Tax Act, 1961	Income tax-Penalty	10,667,022	FY 2006-2007	Commissioner of Income Tax (Appeals)

- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the current financial year or in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debentures 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 on which the

Company has given guarantees for loans taken by subsidiaries from banks are prima facie 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, 29 May 2013



## Balance Sheet as at 31 March 2013

Amount in ₹

	Notes	2013	2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3	314,130,920	314,130,920
Reserves and surplus	4	6,696,061,923	6,355,091,102
		<b>7,010,192,843</b>	<b>6,669,222,022</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	5	2,312,215,251	2,050,982,896
Deferred tax liabilities (net)	6	224,225,730	165,606,739
Other long-term liabilities	7	-	1,375,000
Long-term provisions	8	150,588,134	204,011,866
		<b>2,687,029,115</b>	<b>2,421,976,501</b>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	9	1,129,059,379	2,137,982,602
Trade payables	10	319,356,257	327,898,962
Other current liabilities	7	1,264,518,831	1,506,813,315
Short-term provisions	8	171,974,200	135,541,151
		<b>2,884,908,667</b>	<b>4,108,236,030</b>
<b>Total</b>		<b>12,582,130,625</b>	<b>13,199,434,553</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	11		
- Tangible assets		2,582,188,508	2,299,072,078
- Intangible assets		49,585,115	53,944,643
- Capital work-in-progress		11,608,420	160,215,233
- Intangible assets under development		12,850,810	9,518,010
Non-current investments	12	5,635,346,298	5,635,346,298
Long-term loans and advances	13	348,902,016	368,250,314
Other non-current assets	14	27,440,166	25,964,545
		<b>8,667,921,333</b>	<b>8,552,311,121</b>
<b>CURRENT ASSETS</b>			
Inventories	15	638,277,140	546,725,944
Trade receivables	16	1,012,656,536	1,011,712,962
Cash and bank balances	17	145,973,039	26,853,940
Short-term loans and advances	13	1,616,884,754	2,717,570,962
Other current assets	14	500,417,823	344,259,624
		<b>3,914,209,292</b>	<b>4,647,123,432</b>
<b>Total</b>		<b>12,582,130,625</b>	<b>13,199,434,553</b>
Notes forming part of the financial statements	1-46		

As per our attached report of even date

For and on behalf of the Board

For MGB & Co.

Chartered Accountants  
Firm Registration Number 101169W

Hitendra Bhandari  
Partner  
Membership Number 107832

Place: Mumbai  
Date: 29 May 2013

Subhash Chandra

Tapan Mitra  
Boman Moradian  
Mukund M. Chitale

Ashok Kumar Goel  
A.V. Ganapathy  
Aashay S. Khandwala

Chairman

Directors

Vice Chairman & Managing Director  
Chief Financial Officer (Global)  
Vice President (Legal) & Company Secretary



## Statement of Profit and loss for the year ended 31 March 2013

Amount in ₹

	Notes	2013	2012
<b>REVENUE</b>			
Revenue from operations (gross)	18	6,176,378,010	5,313,071,510
Less: Excise duty		(385,095,537)	(346,904,950)
Revenue from operations (net)		<b>5,791,282,473</b>	<b>4,966,166,560</b>
Other income	19	392,144,452	452,609,611
<b>Total</b>		<b>6,183,426,925</b>	<b>5,418,776,171</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	2,737,644,691	2,335,598,839
Changes in inventories of finished goods and goods-in-process	21	2,303,588	2,970,976
Employee benefits expense	22	568,849,904	484,732,160
Other expenses	23	1,332,227,823	1,206,491,087
<b>Total</b>		<b>4,641,026,006</b>	<b>4,029,793,062</b>
<b>Profit before depreciation, amortisation, finance costs and tax</b>		<b>1,542,400,919</b>	<b>1,388,983,109</b>
Less:			
Depreciation and amortisation expense	11	330,847,788	286,116,499
Finance costs	24	549,897,498	587,359,474
<b>Profit before tax</b>		<b>661,655,633</b>	<b>515,507,136</b>
Less: Tax expense			
Current tax - Current year		134,050,000	105,698,674
- Earlier years		-	4,039,899
MAT credit entitlement		(29,437,621)	(90,853,140)
Deferred tax		58,618,991	5,875,817
<b>Profit after tax</b>		<b>498,424,263</b>	<b>490,745,886</b>
Earnings per equity share of ₹ 2 each fully paid up	40		
Basic		3.17	3.12
Diluted		3.17	3.12
Notes forming part of the financial statements	1-46		

As per our attached report of even date

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

**Hitendra Bhandari**  
Partner  
Membership Number 107832

Place: Mumbai  
Date: 29 May 2013

For and on behalf of the Board

**Subhash Chandra**

**Tapan Mitra**  
**Boman Moradian**  
**Mukund M. Chitale**

**Ashok Kumar Goel**  
**A.V. Ganapathy**  
**Aashay S. Khandwala**

Chairman

} Directors

Vice Chairman & Managing Director  
Chief Financial Officer (Global)  
Vice President (Legal) & Company Secretary



## Notes forming part of the financial statements

### 1. CORPORATE INFORMATION

EsseL Propack Limited (hereinafter referred to as 'EPL' or 'the Company') 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, pharmaceuticals, household and industrial products.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### i. Basis of preparation

The financial statements are prepared on going concern basis in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention except and comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.

#### ii. Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amount of revenue and expenses for the year. Actual results could differ from these estimates. Any revision to such accounting estimate is recognised prospectively in current and future periods.

#### iii. Tangible and intangible assets

- a) Tangible assets (excluding freehold land which is carried at cost) are stated at original cost of acquisition / installation (net of cenvat credit availed) and includes amounts added on revaluation less accumulated depreciation and impairment loss, if any. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, trial run expenses (net of income) and borrowing costs incurred during pre-operational period.
- b) Capital work-in-progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.
- c) Intangible assets acquired are measured on initial recognition at cost and stated at cost less accumulated amortization and impairment loss, if any.

#### iv. Borrowing costs

- a) Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are charged to revenue.
- b) Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the tenure of such borrowings.

#### v. Impairment of tangible and intangible assets

At each Balance Sheet date, the Company reviews the carrying amount of assets to determine whether there is an 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.

## Notes forming part of the financial statements

### vi. Depreciation/Amortisation on tangible and intangible assets

- a) Depreciation on tangible assets (including on assets acquired under finance lease) is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.
- b) Premium on Leasehold Land and Leasehold Improvements are amortised over the normal / extendable period of lease.
- c) In case of revalued tangible assets, the incremental depreciation attributable to the revaluation is recouped out of revaluation reserve.
- d) Intangible assets are amortized on a straight-line basis over the economic useful life estimated by the management.

### vii. Government grants/subsidies

Grants / subsidies from Government are recognised when all the conditions relating to the grants / subsidies are complied and there is a reasonable assurance that the grant/subsidy will be received. Grant / subsidy is credited to capital reserve.

### viii. Investments

Investments intended to be held for more than one 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 recognise a decline other than temporary. Current investments are carried at cost or fair value, whichever is lower.

### ix. Foreign currency transaction

- a) Foreign exchange transactions are recorded at the exchange rate prevailing on the date of such transaction. Foreign currency monetary assets and liabilities are translated using the exchange rate prevailing at the reporting date. Non-monetary foreign currency items are carried at cost.
- b) Gains or losses arising on settlement / translation of foreign currency monetary assets and liabilities at the year-end rates are recognised in the Statement of Profit and Loss except treatment as per amendment to AS-11 effective till 31 March 2020.
- c) In case of foreign currency monetary assets and liabilities covered by forward contracts, the difference between the year-end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contract is recognised over the life of the contract. Profit or loss on settlement / cancellation of forward contract is recognised as an income or expense for the year in which they arise except treatment as per amendment to AS-11 effective till 31 March 2020.

### x. Revenue recognition

- a) Revenue from sale of goods is recognised on transfer of significant risk and rewards of ownership on to the customers, which is generally on dispatch of goods. Gross sales include excise duty and is net of sales return, discount, value added tax / sales tax. Export sales are accounted for on the basis of date of bill of lading.
- b) Income from royalty and service charges is recognised as per the agreed terms / completion of the service.
- c) Export incentives/benefits are accounted on accrual basis.
- d) Dividend income is recognised when the right to receive the dividend is established.
- e) Interest income is recognised on a time proportion basis taking into consideration the amount outstanding and the applicable interest rate.



## Notes forming part of the financial statements

### xi. Inventories

- a) Inventories are valued at lower of cost or estimated net realisable value.
- b) Inventory of raw materials, packing material and store and spares are valued on moving average price method.
- c) Cost of finished goods and goods-in-process includes cost of direct materials, labour and other manufacturing overheads.
- d) Excise liability is included in the valuation of closing inventory of finished goods.

### xii. Retirement and other employee benefits

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss 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 Statement of Profit and Loss at the present value of the amounts payable determined using actuarial valuation techniques in the year in which the employee renders the service. Actuarial gains and losses are charged to the Statement of Profit and Loss.
- c) Payments to defined contribution retirement benefit schemes are charged as expenses as they fall due.

### xiii. 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.
- c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

### xiv. 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 directly attributable to the lease are recognised with the asset under the lease.

#### b) Operating Lease

Lease of assets under which all the risks 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.

### xv. Earnings per Share

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

### xvi. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is 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. Contingent assets are neither recognised nor disclosed in the financial statements.

## Notes forming part of the financial statements

(Amount in ₹)

	2013	2012
<b>3. SHARE CAPITAL</b>		
<b>Authorised</b>		
200,000,000 equity shares of ₹ 2 each	400,000,000	400,000,000
<b>Issued, subscribed and paid up</b>		
157,101,285 (156,601,130) equity shares of ₹ 2 each	314,202,570	313,202,260
Less: Calls in arrears (Refer note (c) below)	71,650	71,650
Share capital suspense (Refer note 30)	-	1,000,310
<b>Total</b>	<b>314,130,920</b>	<b>314,130,920</b>

### a) Reconciliation of number of shares outstanding

	2013		2012	
	Number of equity shares	Amount in ₹	Number of equity shares	Amount in ₹
At the beginning of the year	156,601,130	313,202,260	156,601,130	313,202,260
Issued during the year (Refer note (f) below)	500,155	1,000,310	-	-
Outstanding at the end of the year	157,101,285	314,202,570	156,601,130	313,202,260

### b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Calls in arrears

	2013		2012	
	Number of equity shares	Amount in ₹	Number of equity shares	Amount in ₹
Aggregate amount of calls in arrears - others	71,650	71,650	71,650	71,650

### d) Details of each shareholder holding more than 5% equity shares

Name of Shareholder	2013		2012	
	Number of equity shares	Percentage of holding	Number of equity shares	Percentage of holding
Ganjam Trading Company Private Limited	56,349,550	35.87%	56,349,550	35.98%
Rupee Finance and Management Private Limited	28,429,710	18.10%	28,429,710	18.15%

e) No bonus shares have been issued and no shares bought back during five years preceding 31 March 2013.

f) 5,00,155 equity shares of ₹ 2 each fully paid up were allotted on 14 September 2012 for consideration other than cash. (Refer note 30)



## Notes forming part of the financial statements

(Amount in ₹)

	2013	2012
<b>4. RESERVES AND SURPLUS</b>		
<b>Securities premium</b>		
As per last balance sheet	3,842,983,298	3,842,983,298
<b>Capital reserve</b>		
As per last balance sheet	398,287,882	200,610,538
Add: Capital subsidy received during the year	-	3,000,000
Add: Pursuant to the Scheme of Merger	-	194,677,344
	<u>398,287,882</u>	<u>398,287,882</u>
<b>Revaluation reserve</b>		
As per last balance sheet	14,405,144	-
Add: Pursuant to the Scheme of Merger	-	14,753,958
Less: Transfer to the Statement of Profit and Loss	(347,862)	(348,814)
	<u>14,057,282</u>	<u>14,405,144</u>
Foreign currency monetary items translation difference account (net) (Refer note 32)	-	19,255,093
<b>General reserve</b>		
As per last balance sheet	1,149,717,769	1,025,952,079
Add: Transfer from the Statement of Profit and Loss	49,850,000	49,075,000
Add: Pursuant to the Scheme of Merger	-	74,690,690
	<u>1,199,567,769</u>	<u>1,149,717,769</u>
<b>Surplus in the Statement of Profit and Loss</b>		
As per last balance sheet	930,441,916	1,059,258,103
Add: Profit for the year	498,424,263	490,745,886
Less: Pursuant to the Scheme of Merger	-	(451,805,496)
Less: Appropriations		
Proposed equity dividend	(117,825,964)	(102,115,836)
Tax on proposed equity dividend	(20,024,523)	(16,565,741)
General reserve	(49,850,000)	(49,075,000)
	<u>1,241,165,692</u>	<u>930,441,916</u>
<b>Total</b>	<u><u>6,696,061,923</u></u>	<u><u>6,355,091,102</u></u>

## Notes forming part of the financial statements

(Amount in ₹)

	Non-current		Current	
	2013	2012	2013	2012
<b>5. LONG-TERM BORROWINGS</b>				
<b>Secured</b>				
Term loan from banks (Refer (a) and (b) below)	356,093,184	1,024,144,917	518,076,918	489,900,000
Term loan from others (Refer (b) and (c) below)	906,250,000	-	93,750,000	-
Buyers credit from banks (Refer (d) and (e) below)	470,015,432	96,691,669	39,095,107	-
	<b>1,732,358,616</b>	<b>1,120,836,586</b>	<b>650,922,025</b>	<b>489,900,000</b>
<b>Unsecured</b>				
Term loan from banks (Refer (f) below)	88,125,000	280,625,000	192,500,000	525,799,984
Buyers credit from banks (Refer (f) below)	237,209,565	329,079,317	93,370,200	-
Inter-corporate deposits	-	-	-	100,000,000
Deferred sales tax loan (Refer (g) below)	254,522,070	320,441,993	65,919,923	58,285,886
	<b>579,856,635</b>	<b>930,146,310</b>	<b>351,790,123</b>	<b>684,085,870</b>
Current maturities disclosed under "Other current liabilities" (Refer note 7)			(1,002,712,148)	(1,173,985,870)
<b>Total</b>	<b>2,312,215,251</b>	<b>2,050,982,896</b>	<b>-</b>	<b>-</b>

### Nature of security and terms of repayments for long-term borrowings

a) Term loan from banks of ₹ 827,295,102 (₹ 1,429,669,917) are secured by pari passu first charge on fixed assets situated at Vasind, Wada, Murbad, Goa, Nalagarh units. These loans are further secured by way of security provided and guarantee issued by related party.	Term loan from banks and others carry interest rate ranging from 12.45% to 14.50% p.a. and are repayable in monthly / quarterly installments by 2017-18. Charge in respect of point (b) is yet to be created for term loan from others of ₹ 500,000,000.
b) Term loan from bank of ₹ 46,875,000 (₹ 84,375,000) and Term loan from others ₹ 500,000,000 (₹ Nil) are secured by subservient charge on movable fixed assets of the Company. The loan is further secured by way of security provided and corporate guarantee issued by related party.	
c) Term loan from others ₹ 500,000,000 (₹ Nil) is secured by pari passu first charge on fixed assets situated at Vasind, Wada, Murbad, Goa, Nalagarh units and pari passu second charge on current assets of the Company. The loan is further secured by way of security provided and corporate guarantee issued by related party.	
d) Buyers credit from bank of ₹ 470,015,432 (₹ 58,512,128) is secured by pari passu first charge on fixed assets situated at Vasind, Wada, Murbad, Goa, Nalagarh units and pari passu second charge on current assets of the Company. This loan is further secured by way of security provided and guarantee issued by related party.	Buyers credit from banks carry interest rate ranging from 0.97% to 2.35% p.a. and are repayable in maximum period of three year from the date of transaction.
e) Buyers credit from banks of ₹ 39,095,107 (₹ 38,179,541) are secured by pari passu first charge on current assets of the Company and pari passu second charge on fixed assets situated at Vasind, Murbad, Wada, Goa and Nalagarh units.	
f) Out of unsecured term loan and buyers credit from banks ₹ 611,204,765 (₹ 1,135,504,301), ₹ 517,834,565 (₹ 707,322,442) are against security provided and guarantee issued by related party.	Term loan carry interest rate ranging from 15% to 16% p.a. and are repayable in monthly / quarterly installments by 2014-15. Buyers credit carrying interest rate ranging from 1.08% to 2.02% p.a. and are repayable in maximum period of three years from the date of transaction.
g) Deferred sales tax interest free loans are repayable after a period of 10 to 14 years upto 2024-25.	



## Notes forming part of the financial statements

(Amount in ₹)

	2013	2012
<b>6. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred tax liabilities</b>		
Fiscal allowance on fixed assets	259,895,675	199,347,237
Unamortised ancillary borrowing costs	13,655,337	11,556,512
<b>Total A</b>	<b>273,551,012</b>	<b>210,903,749</b>
<b>Deferred tax assets</b>		
Employee benefits / expenses allowable on payment basis	35,216,612	28,206,871
Provision for doubtful debts	12,348,950	9,489,960
Others	1,759,720	7,600,179
<b>Total B</b>	<b>49,325,282</b>	<b>45,297,010</b>
<b>Total (A-B)</b>	<b>224,225,730</b>	<b>165,606,739</b>

	Long-term		Short-term	
	2013	2012	2013	2012
<b>7. OTHER LIABILITIES</b>				
Current maturities of long-term borrowings (Refer note 5)	-	-	1,002,712,148	1,173,985,870
Interest accrued but not due on borrowings	-	-	11,190,768	27,682,085
Interest accrued and due on borrowings	-	-	11,802,864	-
Unclaimed dividend (Refer note 42)	-	-	4,651,542	4,923,517
Mark to market loss on foreign exchange forward contracts	-	-	12,178,343	-
Statutory dues	-	-	17,017,258	14,597,477
Other payables	-	-	189,178,990	173,301,281
Payable for capital goods	-	-	8,573,356	98,489,369
Trade advances and deposits received	-	1,375,000	7,213,562	13,833,716
<b>Total</b>	<b>-</b>	<b>1,375,000</b>	<b>1,264,518,831</b>	<b>1,506,813,315</b>
<b>8. PROVISIONS</b>				
Employee benefits	64,519,452	51,811,143	19,845,529	16,859,574
Custom duty (Refer note 31)	86,068,682	152,200,723	-	-
<b>Others</b>				
Provision for direct tax (net of advance tax)	-	-	14,278,184	-
Proposed equity dividend	-	-	117,825,964	102,115,836
Tax on proposed equity dividend	-	-	20,024,523	16,565,741
<b>Total</b>	<b>150,588,134</b>	<b>204,011,866</b>	<b>171,974,200</b>	<b>135,541,151</b>



## Notes forming part of the financial statements

(Amount in ₹)

	2013	2012
<b>9. SHORT-TERM BORROWINGS</b>		
<b>Secured (Refer (a), (b) and (c) below)</b>		
Working capital loan from banks	250,106,612	603,569,304
Buyers credit from banks	293,863,434	130,253,140
<b>Unsecured</b>		
Short term loan from banks (Refer (d) below)	250,000,000	645,267,790
Working capital loan from banks	50,000,000	32,137,271
Buyers credit from banks	97,089,333	88,255,097
Inter-corporate deposits	188,000,000	638,500,000
<b>Total</b>	<b>1,129,059,379</b>	<b>2,137,982,602</b>

### Short-term borrowings of

- ₹ 151,623,902 (₹ 260,541,770) are secured by first pari-passu charge on current assets and second pari-passu charge on fixed assets situated at Vasind, Murbad, Wada, Goa and Nalagarh units. These loans are also collaterally secured by security provided and guarantee issued by related party.
- ₹ 392,346,144 (₹ 391,540,623) are secured by first pari-passu charge on current assets and second pari-passu charge on fixed assets situated at Vasind, Murbad, Wada, Goa and Nalagarh units.
- ₹ Nil (₹ 81,740,051) are secured by first pari-passu charge on current assets of the Company.
- Unsecured short term loan from banks of ₹250,000,000 (₹ 250,000,000) are against security provided and guarantee issued by related party.

	2013	2012
<b>10. TRADE PAYABLES</b>		
Acceptances	152,216,940	196,993,153
Others (for Micro, Small and Medium Enterprises - Refer note 34)	167,139,317	130,905,809
<b>Total</b>	<b>319,356,257</b>	<b>327,898,962</b>



## Notes forming part of the financial statements

### 11 FIXED ASSETS

Description of Assets	Gross Block		Depreciation / Amortisation		Net Block				
	As at 1 April 2012	Additions	Deductions	As at 31 March 2013	Upto 31 March 2012	For the year	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012
<b>A) Tangible Assets</b>									
Freehold Land	34,129,592	-	73,800	34,055,792	-	-	-	34,055,792	34,129,592
Leasehold Land	2,076,595	-	-	2,076,595	506,993	38,187	545,180	1,531,415	1,569,602
Leasehold Improvements	22,376,362	-	1,336,676	21,039,686	10,819,566	2,735,085	12,260,293	8,779,393	11,556,796
Buildings	450,875,611	9,467,405	302,076	460,040,940	133,500,233	14,170,367	147,463,966	312,576,974	317,375,378
Plant and Machinery	5,749,870,083	694,010,320	163,093,906	6,280,786,497	3,981,458,950	287,343,058	4,223,746,124	2,057,040,373	1,768,411,133
Equipments	229,505,001	19,088,122	4,053,908	244,539,215	100,030,543	13,960,049	110,926,134	133,613,081	129,474,458
Furniture and Fixtures	68,994,002	2,207,772	2,292,266	68,909,508	33,628,790	3,391,955	35,113,491	33,796,017	35,365,212
Vehicles	5,564,036	-	280,779	5,283,257	4,374,129	380,668	4,487,794	795,463	1,189,907
<b>TOTAL(A)</b>	<b>6,563,391,282</b>	<b>724,773,619</b>	<b>171,433,411</b>	<b>7,116,731,490</b>	<b>4,264,319,204</b>	<b>322,019,369</b>	<b>4,534,542,982</b>	<b>2,582,188,508</b>	<b>2,299,072,078</b>
Previous Year	5,867,375,290	703,844,236	7,828,244	6,563,391,282	3,992,353,533	278,420,902	4,264,319,204	2,299,072,078	
<b>B) Intangible assets</b>									
Software	94,937,390	4,816,751	-	99,754,141	40,992,747	9,176,280	50,169,027	49,585,115	53,944,643
<b>TOTAL(B)</b>	<b>94,937,390</b>	<b>4,816,751</b>	<b>-</b>	<b>99,754,141</b>	<b>40,992,747</b>	<b>9,176,280</b>	<b>50,169,027</b>	<b>49,585,115</b>	<b>53,944,643</b>
Previous Year	82,978,625	11,958,765	-	94,937,390	32,948,337	8,044,410	40,992,747	53,944,643	
<b>TOTAL(A+B)</b>	<b>6,658,328,672</b>	<b>729,590,370</b>	<b>171,433,411</b>	<b>7,216,485,631</b>	<b>4,305,311,951</b>	<b>331,195,649</b>	<b>4,584,712,009</b>	<b>2,631,773,623</b>	<b>2,353,016,721</b>
Previous Year (A+B)	5,950,353,915	715,803,001	7,828,244	6,658,328,672	4,025,301,870	286,465,312	4,305,311,951	2,353,016,721	
<b>C) Capital Work- In- Progress</b>									
Intangible assets under Development								11,608,420	160,215,233
								12,850,810	9,518,010

### Notes

- Buildings includes roads, residential flats, tubewell, and watertanks and share in co-operative society.
- Freehold land and buildings (except borewells) acquired pursuant to the Scheme of merger were revalued on 30 June 1996 by ₹ 32,786,717 on the basis of the valuation report of the Chartered Engineers dated 13 August 1996.
- Additions to plant and machinery and capital work in progress includes borrowing costs of ₹ 6,976,566 (₹ 24,678,430) and exchange difference of ₹ 54,844,301 (₹ 18,646,059) capitalised during the year.
- Depreciation for the year of ₹ 347,862 (₹ 348,814) is recouped out of revaluation reserve.
- Gross block as at 1 April 2011 and depreciation upto 31 March 2011 includes ₹ 601,657,504 and ₹ 493,224,880 respectively acquired on merger. (Refer note 30)
- Current year addition to gross block is net of ₹ 18,783,126 being custom duty decapitalised and depreciation for the year is net of ₹ 17,843,969 being reversal of excess depreciation charged in earlier years. (Refer note 31)

## Notes forming part of the financial statements

(Amount in ₹)

	2013	2012
<b>12. NON-CURRENT INVESTMENTS</b>		
(valued at cost unless stated otherwise)		
<b>Trade investments</b>		
<b>(A) Equity shares in wholly owned Subsidiary Companies - Unquoted</b>		
320,000 (320,000) of NPR 100 each of Essel Packaging (Nepal) Private Limited, Nepal	20,000,000	20,000,000
Less: Provision for diminution in value (Refer note 29)	(18,996,622)	(18,996,622)
	<b>1,003,378</b>	<b>1,003,378</b>
830,000 (830,000) of US\$ 10 each of Lamitube Technologies Limited, Mauritius	3,625,783,282	3,625,783,282
1,261 (1,261) of no par value of Arista Tubes Inc., USA*	744,341,250	744,341,250
1,600 (1,600) of US\$ 1000 each of Lamitube Technologies (Cyprus) Limited, Cyprus	71,991,500	71,991,500
416,150 (416,150) of ₹ 100 each of Packaging India Private Limited**	636,240,638	636,240,638
	<b>5,079,360,048</b>	<b>5,079,360,048</b>
<b>(B) Preference Shares in wholly owned Subsidiary Companies - Unquoted</b>		
10,400 (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 7% (1,025,000 7%) Cumulative Redeemable Preference Shares of ₹ 100 each of Packaging India Private Limited**	102,500,000	102,500,000
	<b>555,986,250</b>	<b>555,986,250</b>
<b>Total</b>	<b>5,635,346,298</b>	<b>5,635,346,298</b>
Aggregate book value of unquoted investments	5,654,342,920	5,654,342,920
Aggregate provision for diminution in value of investments	18,996,622	18,996,622

(All the above securities are fully paid up)

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

\*\* The Company has given an undertaking that it will continue to hold at least 51% of equity share capital and preference share capital during the tenure of credit facility availed by the subsidiary from the bank.



## Notes forming part of the financial statements

(Amount in ₹)

	Long-term		Short-term	
	2013	2012	2013	2012
<b>13. LOANS AND ADVANCES</b>				
(unsecured considered good, unless otherwise stated)				
Capital advances	43,720,524	63,043,357	-	-
Deposits				
Related parties	30,010,000	17,510,000	52,516,752	56,574,000
Others	47,646,407	39,172,634	40,000	2,215,457
	<u>77,656,407</u>	<u>56,682,634</u>	<u>52,556,752</u>	<u>58,789,457</u>
Loans and advances to related parties				
Subsidiaries*	126,292,823	190,000,000	271,967,850	1,324,021,875
Others**	-	-	891,015,910	910,731,316
	<u>126,292,823</u>	<u>190,000,000</u>	<u>1,162,983,760</u>	<u>2,234,753,191</u>
Other loans and advances				
Advances (recoverable in cash or kind)	-	-	12,920,873	10,690,375
Prepaid expenses	798,138	1,077,008	15,414,441	28,152,584
Loans and advances to employees	914,736	1,210,924	1,685,970	959,020
MAT credit entitlement	66,571,761	-	53,719,000	90,853,140
Balances with government authorities				
- Direct tax (net of provisions)	22,948,709	39,697,546	5,171,504	-
- Indirect tax	9,998,918	16,538,845	312,432,454	293,373,195
	<u>101,232,262</u>	<u>58,524,323</u>	<u>401,344,242</u>	<u>424,028,314</u>
<b>Total</b>	<u><b>348,902,016</b></u>	<u><b>368,250,314</b></u>	<u><b>1,616,884,754</b></u>	<u><b>2,717,570,962</b></u>

\* Include ₹ 126,292,823 (₹ Nil) for which Company has given non-withdrawal undertaking against credit facilities granted by bank to the subsidiary.

\*\* Include ₹ Nil (₹ 122,145) due from a private company in which one of the directors is interested as a member / director.

	Non-Current		Current	
	2013	2012	2013	2012
<b>14. OTHER ASSETS</b>				
Deposits with banks having original maturity period of more than twelve months* (Refer note 17)	2,206,600	206,600	-	-
Interest receivable from				
- Subsidiaries	-	-	110,383,222	83,263,450
- Other related parties	-	-	140,871,891	121,799,584
- Others	-	-	833,446	423,323
	-	-	<u>252,088,559</u>	<u>205,486,357</u>
Other receivable from				
- Subsidiaries	-	-	68,594,188	75,509,254
- Other related parties	-	-	3,084,400	2,514,631
- Others	-	-	124,415,769	556,470
	-	-	<u>196,094,357</u>	<u>78,580,355</u>
Export benefits receivable	-	-	37,293,901	45,373,720
Mark to market gain on foreign exchange forward contracts	-	-	-	156,810
Unamortised ancillary borrowing costs	25,233,566	25,757,945	14,941,006	14,662,382
<b>Total</b>	<u><b>27,440,166</b></u>	<u><b>25,964,545</b></u>	<u><b>500,417,823</b></u>	<u><b>344,259,624</b></u>

\* Deposited with / lien in favour of various Government authorities / banks.

## Notes forming part of the financial statements

(Amount in ₹)

	2013	2012
<b>15. INVENTORIES</b>		
Raw material	250,733,932	159,290,563
Goods-in-process	216,111,418	215,752,335
Finished goods (Including goods-in-transit of ₹ 5,273,977 (₹ 10,498,126))	14,976,580	17,639,251
Stores and spares	150,106,993	147,925,662
Packing materials	6,348,217	6,118,133
<b>Total</b>	<b>638,277,140</b>	<b>546,725,944</b>
<b>Details of raw materials</b>		
Granules	166,602,203	101,088,809
Foils	14,497,071	9,547,620
Caps	28,867,050	21,220,580
Others	40,767,608	27,433,554
<b>Total</b>	<b>250,733,932</b>	<b>159,290,563</b>
<b>Details of goods-in-process</b>		
Laminates	158,715,342	153,170,567
Film	17,188,274	23,381,127
Tubes	13,350,121	20,030,588
Others	26,857,681	19,170,053
<b>Total</b>	<b>216,111,418</b>	<b>215,752,335</b>
<b>Details of finished goods</b>		
Tubes	12,489,389	8,858,503
Laminates	2,487,191	8,780,748
<b>Total</b>	<b>14,976,580</b>	<b>17,639,251</b>
<b>16. TRADE RECEIVABLES (UNSECURED)</b>		
Over six months*		
Considered good	154,469,042	191,790,398
Considered doubtful	36,331,128	29,249,375
Less: Provision for doubtful debts	(36,331,128)	(29,249,375)
	<b>154,469,042</b>	<b>191,790,398</b>
Others**	858,187,494	819,922,564
<b>Total</b>	<b>1,012,656,536</b>	<b>1,011,712,962</b>

\* Includes ₹ 75,597,726 (₹ 164,196,857) and \*\* ₹ 106,056,944 (₹ 120,017,739) due from subsidiary companies.

₹ Nil (₹ 218,754) due from a private company in which one of the directors is interested as a member / director.



## Notes forming part of the financial statements

(Amount in ₹)

	Non-Current		Current	
	2013	2012	2013	2012
<b>17. CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
Balance with banks in current accounts	-	-	128,794,534	18,825,836
Cheques/drafts on hand	-	-	12,245,559	2,697,876
Cash on hand	-	-	281,404	406,711
	-	-	<u>141,321,497</u>	<u>21,930,423</u>
<b>Other bank balances</b>				
Unclaimed dividend accounts	-	-	4,651,542	4,923,517
Deposits with bank having original maturity period of more than twelve months*	2,206,600	206,600	-	-
Disclosed under "Other non-current assets" (Refer note 14)	(2,206,600)	(206,600)	-	-
	-	-	<u>4,651,542</u>	<u>4,923,517</u>
<b>Total</b>	-	-	<u><b>145,973,039</b></u>	<u><b>26,853,940</b></u>

\* Deposited with / lien in favour of various Government authorities / banks.

	2013	2012
<b>18. REVENUE FROM OPERATIONS</b>		
Sales	6,006,883,562	5,134,347,701
<b>Other operating revenues</b>		
Royalty / Service charges (Refer note 43)	110,426,032	116,671,235
Sale of scrap	31,353,802	35,446,806
Export and other incentives	27,714,614	26,605,768
<b>Revenue from operations (gross)</b>	<u><b>6,176,378,010</b></u>	<u><b>5,313,071,510</b></u>
Less: Excise duty	<u>(385,095,537)</u>	<u>(346,904,950)</u>
<b>Revenue from operations (net)</b>	<u><b>5,791,282,473</b></u>	<u><b>4,966,166,560</b></u>
<b>Details of sales (net of excise duty)</b>		
Tubes	5,339,794,250	4,568,706,029
Laminates	262,443,111	189,880,260
Others (includes sale of scrap)	50,904,466	64,303,268
	<u><b>5,653,141,827</b></u>	<u><b>4,822,889,557</b></u>
<b>19. OTHER INCOME</b>		
Dividend from subsidiary	-	91,512,000
Interest from		
- Subsidiaries	96,456,557	144,072,204
- Others *	160,519,963	148,513,063
Exchange differences (net)	37,242,562	40,723,722
Profit on sale / discard of fixed assets (net)	1,759,765	-
Liability written back (Refer note 31)	47,348,915	-
Miscellaneous income	48,816,690	27,788,622
<b>Total</b>	<u><b>392,144,452</b></u>	<u><b>452,609,611</b></u>

\* Includes interest on loans, bank deposits, income tax refunds, etc:

## Notes forming part of the financial statements

(Amount in ₹)

	2013	2012
<b>20. COST OF MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	159,290,563	265,298,661
Add: Purchases (net)	2,829,088,060	2,229,590,741
	<b>2,988,378,623</b>	<b>2,494,889,402</b>
Less: Inventory at the end of the year	250,733,932	159,290,563
<b>Total</b>	<b>2,737,644,691</b>	<b>2,335,598,839</b>
<b>Details of materials consumed</b>		
Granules	1,733,590,902	1,542,258,166
Foils	234,134,116	266,568,618
Caps	477,065,706	348,362,488
Others	292,853,967	178,409,567
	<b>2,737,644,691</b>	<b>2,335,598,839</b>
<b>21. CHANGES IN INVENTORIES OF FINISHED GOODS AND GOODS-IN-PROCESS</b>		
Inventory at the end of the year		
Finished goods	14,976,580	17,639,251
Goods-in-process	216,111,418	215,752,335
	<b>231,087,998</b>	<b>233,391,586</b>
Inventory at the beginning of the year		
Finished goods	17,639,251	20,756,180
Goods-in-process	215,752,335	215,606,382
	<b>233,391,586</b>	<b>236,362,562</b>
<b>Total</b>	<b>2,303,588</b>	<b>2,970,976</b>
<b>22. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	477,663,442	407,678,906
Contribution to provident and other funds	25,641,083	22,988,309
Gratuity expenses	16,178,281	4,053,970
Staff welfare expenses	49,367,098	50,010,975
<b>Total</b>	<b>568,849,904</b>	<b>484,732,160</b>
<b>23. OTHER EXPENSES</b>		
Stores and spares	175,562,053	180,938,491
Packing materials	176,581,722	173,701,089
Power and fuel	280,718,061	267,401,062
Job work / Labour charges	175,635,263	137,753,142
Lease rental - Plant and equipments	84,037,195	69,671,546
Other manufacturing expenses	8,555,645	6,903,991



## Notes forming part of the financial statements

(Amount in ₹)

	2013	2012
Factory rent	11,223,542	10,073,298
Repairs and Maintenance		
- Buildings	6,186,075	13,590,800
- Plant and machinery	27,854,307	25,445,472
- Others	5,442,969	6,721,563
Rent	30,450,299	22,569,385
Rates and taxes	17,563,766	8,265,128
Insurance	5,835,282	4,050,096
Directors' sitting fees	750,000	810,000
Travelling and conveyance expenses	23,771,540	21,389,216
Professional and consultancy fees	38,564,481	31,677,075
Communication charges	11,311,148	10,775,678
Miscellaneous expenses	120,923,610	105,870,185
Loss on sale / discard of fixed assets (net)	-	1,361,411
Donation	321,250	304,651
Payment to auditors (Refer details below)	4,546,617	6,142,983
Freight and forwarding expenses	112,200,594	93,826,715
Bad debts	7,110,651	1,815,282
Provision for diminution in value of investment	-	2,000,000
Provision for doubtful debts	7,081,753	3,432,828
<b>Total</b>	<b>1,332,227,823</b>	<b>1,206,491,087</b>
<b>Payment to auditors for:</b>		
Audit fees (Includes ₹ Nil (₹ 450,000) to branch auditors)	2,226,400	2,474,000
Tax audit (Includes ₹ Nil (₹ 49,980) to branch auditors)	306,130	328,280
Tax representations and others	917,344	1,496,762
Certifications (including fees for limited review)	1,056,765	1,715,875
Reimbursement of expenses	39,978	128,066
<b>Total</b>	<b>4,546,617</b>	<b>6,142,983</b>
<b>24. FINANCE COSTS</b>		
Interest expenses		
- Borrowings	489,154,213	541,637,118
- Others	2,298,006	13,850,771
Other financial charges	38,328,872	28,696,215
(includes amortisation of ancillary borrowing costs of ₹ 17,730,690 ( ₹ 13,816,733))		
Exchange difference on borrowings (net)	20,116,407	3,175,370
<b>Total</b>	<b>549,897,498</b>	<b>587,359,474</b>



## Notes forming part of the financial statements

### 25. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) ₹ 229,063,283 (₹ 265,249,641).

### 26. CONTINGENT LIABILITIES NOT PROVIDED FOR

	(Amount in ₹)	
	2013	2012
a) Unexpired letters of credit (net of liability provided)	26,159,580	260,288,175
b) Guarantees and counter guarantees given by the Company [includes ₹ 5,673,306,052 (₹ 5,133,821,625) for loans taken by subsidiaries]. Loans outstanding against these guarantees are ₹ 3,635,492,582 (₹ 2,788,793,162)	5,676,306,052	5,148,597,625
c) Disputed Indirect Taxes *	245,881,848	276,118,838
d) Disputed Direct Taxes ^	109,705,949	79,381,202
e) Claims not acknowledged as debts	4,996,550	4,996,550
f) Deferred Sales Tax liability assigned	68,605,087	84,496,517
g) Duty benefit availed under EPCG scheme, pending export obligations	114,657,607	117,430,117

\* Does not include disputed excise duty of ₹ 115,428,779 (₹ 115,428,779) 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 the Hon'ble Supreme Court.

^ Without considering relief granted by the Appellate Authorities in favour of the Company, tax effect ₹ 53,583,923 (₹ 50,576,133) (approx.), which is pending.

### 27. MANAGERIAL REMUNERATION

a) Details of Remuneration paid / payable to the Managing Director is as under:

	(Amount in ₹)	
	2013	2012
1. Salaries, allowances and perquisites*	27,989,600	28,400,000
2. Contribution to provident and other funds	2,736,000	2,790,000
3. Performance bonus	-	-
<b>Total</b>	<b>30,725,600</b>	<b>31,190,000</b>

\* Excludes leave encashment and gratuity provided on the basis of actuarial valuation on an overall Company basis.

b) The performance bonus payable to managing director for the year ended 31 March 2011 as approved by the Central Government vide letter dated 16 May 2012 was less than performance bonus approved by the Board of Directors by ₹ 5,208,255. The Company has made a representation to the Central Government for approval of the said amount which remains unpaid.

c) During the year, the Company has paid commission of ₹ 3,600,000 (₹ 3,600,000) to Non-executive independent directors for the year ended 31 March 2012.

### 28. LEASES

The Company has taken premises, residential facilities, plant and machinery (including equipments) and vehicles under cancellable / non-cancellable 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 eleven to sixty months. The rental obligations are as follows:

	(Amount in ₹)	
	2013	2012
Lease rental charges for the year	146,548,959	114,200,725
Future lease rental obligation payable (under non-cancellable leases)		
Not later than one year	126,886,384	104,384,250
Later than one year but not later than five years	259,257,550	210,258,304
<b>Total</b>	<b>386,143,934</b>	<b>314,642,554</b>



## Notes forming part of the financial statements

29. 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 in earlier years, has received ₹ 60,000,000 upon reduction of the Subsidiary's capital, and provided total ₹ 18,996,622 towards diminution in value of Investment and the Management is of the opinion that the realizable value of investment will not be less than its carrying value.
30. Scheme of Merger of Ras Propack Lamipack Limited ("RPLL") and Ras Extrusions Limited ("REL") with the Company
- Scheme of Merger ("the Scheme") of Ras Propack Lamipack Limited ("RPLL") and Ras Extrusions Limited ("REL") with the Company as part of Modified Scheme was sanctioned by Board for Industrial and Financial Reconstruction ("BIFR") on 10 May 2012 vide summary record of proceedings issued on 28 August 2012. The Scheme became effective on 30 August 2012 and consequently, the entire undertaking of the transferor companies including all assets, liabilities and reserves, vested in the Company on appointed date i.e. 1 April 2011. The Scheme has been given effect to in the financial statements for the year ended 31 March 2012 as per "Pooling of interest" method prescribed under Accounting Standard 14 "Accounting of Amalgamation" and surplus of ₹ 74,690,690, being difference between the value of assets, liabilities and reserves transferred, is adjusted in general reserve.
  - Pursuant to the Scheme, 380,248 and 119,907 equity shares of ₹ 2 each fully paid up have been allotted to the shareholders of RPLL and REL respectively on 14 September 2012.
  - Certain assets and liabilities acquired pursuant to the Scheme are under process of transfer in the name of the company.
31. Provision for custom duty (including interest) of ₹ 86,068,682 (₹ 152,200,723) is towards possible liability on account of non-fulfilment of export obligations under the "Zero Duty EPGC Scheme" of erstwhile Ras Propack Lamipack Limited ("RPLL") (the merged entity).

During the year, custom duty provision of ₹ 18,783,126 is adjusted in the cost of fixed assets and provision for interest on custom duty provision of ₹ 47,348,915 is written back to the Statement of Profit and Loss and included in other income, to the extent of fulfilment of export obligations by the Company. Related procedural formalities will be completed in due course.

### 32. FOREIGN EXCHANGE DIFFERENCE

The Companies (Accounting Standards) Amendment Rules, 2011 has amended provisions of AS-11 related to "The Effect of Changes in Foreign Exchange Rates" vide notification dated 11 May 2011 (as amended on 29 December 2011 and further clarification dated 9 August 2012) issued by The Ministry of Corporate Affairs (MCA). In terms of these amendments,

- Exchange difference loss (net) of ₹ 54,844,301 (₹ 18,646,059) is capitalised to cost of fixed assets/capital work in progress.
- Movement in "Foreign Currency Monetary Item Translation Difference account" (FCMITD) is as under:-

	(Amount in ₹)	
	2013	2012
Opening balance Debit / (Credit)	(19,255,093)	7,282,441
Exchange difference loss / (gain) during the year	(17,432,534)	(43,445,023)
Amortisation of exchange difference for the year	36,687,627	16,907,489
Closing balance Debit / (Credit)	Nil	(19,255,093)

### 33. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

- Derivative contracts (being foreign exchange forward contracts for hedging purposes) entered into by the Company and outstanding as at 31 March :
  - For payments to be received against exports and other receivables

Derivative Contracts	2013		2012	
	Amount in Foreign Currency	Equivalent Indian ₹	Amount in Foreign Currency	Equivalent Indian ₹
USD/INR	USD 8,611,079	467,452,433	USD 29,960,000	1,524,215,000

## Notes forming part of the financial statements

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

Derivative Contracts	2013		2012	
	Amount in Foreign Currency	Equivalent Indian ₹	Amount in Foreign Currency	Equivalent Indian ₹
USD/INR	USD 11,478,779	623,125,539	USD 15,874,389	807,609,548

- iii. Cross currency hedges

	2013	2012
	Amount in Foreign Currency	Amount in Foreign Currency
In respect of payables		
EUR/USD	EUR 1,992,560	EUR 1,992,560
CHF/USD	CHF 5,112,600	CHF 5,112,600

- b) Outstanding foreign currency exposures not hedged by derivative instruments

	(Amount in ₹)	
	2013	2012
Foreign currency payables	791,342,276	372,773,104
Foreign currency receivables	348,676,731	382,855,733

### 34. 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 ₹)	
	2013	2012
(a) Principal amount payable to suppliers under the Act	4,991,953	4,188,447
(b) Principal amount due to suppliers under the Act	-	-
(c) Interest accrued and due to suppliers under the Act, on the above amount	-	-
(d) Payment made to suppliers (Other than interest) beyond the appointed day, during the year	16,865,417	12,748,234
(e) Interest paid to suppliers under the Act.	-	-
(f) Interest due and payable to suppliers under the Act, for payments already made	39,480	48,900
(g) Interest accrued and remaining unpaid at the end of the year under the Act	1,055,672	1,016,192

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

### 35. GRATUITY AND OTHER POST EMPLOYMENT BENEFIT PLANS

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

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



## Notes forming part of the financial statements

### I. Expenses recognised during the year

(Amount in ₹)

	2013		2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service cost	5,279,893	4,194,399	5,351,172	4,484,515
Interest cost	6,442,623	2,225,381	5,990,358	1,838,609
Expected return on plan assets	(2,861,438)	-	(2,301,732)	-
Actuarial (gain) / loss	7,317,203	7,544,560	(4,985,828)	1,435,961
Net cost	16,178,281	13,964,340	4,053,970	7,759,085

### II. Net liability recognised in the balance sheet

Fair value of plan assets	33,339,405	-	33,272,540	-
Present value of obligation	86,127,437	31,576,949	75,767,535	26,175,722
Liability recognized in balance sheet	52,788,032	31,576,949	42,494,995	26,175,722

### III. Reconciliation of opening and closing balances of defined benefit obligation

Defined Benefit obligation as at the beginning	75,767,535	26,175,722	70,227,563	21,444,931
Liability acquired vide Scheme of Merger	-	-	2,382,833	841,233
Current service cost	5,279,893	4,194,399	5,351,172	4,484,515
Interest cost	6,442,623	2,225,381	5,990,357	1,838,609
Actuarial (gain) / loss on obligation	7,047,960	7,544,560	(4,698,111)	1,435,961
Benefit paid	(8,410,574)	(8,563,113)	(3,486,279)	(3,869,527)
Defined Benefit obligation at the closing	86,127,437	31,576,949	75,767,535	26,175,722

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

(Amount in ₹)

	Gratuity	
	2013	2012
Fair value of plan assets at beginning of the year	33,272,540	28,771,655
Expected return on plan assets	2,861,438	2,301,732
Actuarial gain / (loss)	(275,042)	(287,717)
Employer contribution	5,835,047	5,353,927
Benefit paid	(8,354,578)	(3,442,491)
Fair value of plan assets at year end	33,339,405	33,272,540
Actual return on plan assets	2,586,396	2,589,449

## Notes forming part of the financial statements

### V. Investment details

(Amount in ₹)

	Gratuity	
	2013	2012
Insurer Managed Funds	33,339,405	33,272,540

### VI. Actuarial assumptions

	2013		2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Mortality Table	Indian Assured Lives mortality (2006-08) Ultimate		LIC 1994-96 Ultimate	
Discount rate (per annum)	8.25%	8.25%	8.50%	8.50%
Expected rate of return on plan assets (per annum)	8.70%	-	8.60%	-
Rate of escalation in salary (per annum)	5.50%	5.50%	5.50%	5.50%
Attrition rate	2.00%	2.00%	2.00%	2.00%

Notes:

1. Amount recognised as an expense and included in the Note 22 "Employee benefits expenses" are gratuity ₹ 16,178,281 (₹ 4,053,970) and leave encashment ₹ 13,964,340 (₹ 7,759,085)
2. The estimate of future salary increases considered in the actuarial valuation, taking into account rate of inflation, seniority, promotions and other relevant factors, such as supply and demand in the employment market.
3. "Contribution to provident and other funds" is recognised as an expense in note 22 of the statement of Profit and Loss.

### 36. RELATED PARTY DISCLOSURE

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

Name of the Subsidiary	Proportion of interest (including beneficial interest) / voting power (either directly / indirectly through subsidiaries)	Country of Incorporation
<b>Direct Subsidiaries</b>		
Arista Tubes Inc. *	100% (100%)	USA
Lamitube Technologies Limited	100% (100%)	Mauritius
Lamitube Technologies (Cyprus) Limited	100% (100%)	Cyprus
Packaging India Private Limited	100% (100%)	India
Essel Packaging (Nepal) Private Limited ^	100% (100%)	Nepal
<b>Step down Subsidiaries</b>		
The Egyptian Indian Company for Modern Packaging S.A.E.^	75% (75%)	Egypt
Essel Propack MISR for Advanced Packaging S.A.E.	75% (75%)	Egypt
Essel Packaging (Guangzhou) Limited	100% (100%)	China
Essel Propack Philippines, Inc	100% (100%)	Philippines
MTL de Panama S.A.	100% (100%)	Panama
Packtech Limited	100% (100%)	Mauritius
Arista Tubes Limited	100% (100%)	United Kingdom
Essel Propack UK Limited	100% (100%)	United Kingdom



## Notes forming part of the financial statements

Name of the Subsidiary	Proportion of interest (including beneficial interest) / voting power (either directly / indirectly through subsidiaries)	Country of Incorporation
Essel Propack de Venezuela, C.A. <sup>^^</sup>	- (100%)	Venezuela
Essel de Mexico, S.A. de C.V.	100% (100%)	Mexico
Tubo pack de Colombia S.A.	100% (100%)	Colombia
Essel Propack LLC	100% (100%)	Russia
Essel Propack Polska Sp. Z.O.O.	100% (100%)	Poland
Essel Propack America, LLC	100% (100%)	USA

<sup>^</sup> These subsidiaries have discontinued their operations.

<sup>^^</sup> liquidated w.e.f 1 April 2012.

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

### (b) Joint Venture /Associate Companies

Name of the Company	Nature	Extent of Holding	Country of Incorporation
P.T. Lamipak Primula,	Associate	30.00% (30.00%)	Indonesia
Essel Deutschland GmbH & Co.KG Dresden	Joint Venture	24.90% (24.90%)	Germany
Essel Deutschland Management GmbH	Joint Venture	24.90% (24.90%)	Germany

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

#### (a) Other Related Parties

Aqualand (India) Limited , Ayepee Lamitubes Limited, Churu Trading Company Private Limited (merged with Sprit Textiles Private Limited w.e.f. 1 October 2012) , Continental Drug Company Private Limited, Essel Corporate Resources Private Limited, Ganjam Trading Company Private Limited, Pan India Paryatan Private Limited, Prajatma Trading Company Private Limited (merged with Sprit Textiles Private Limited w.e.f. 1 October 2012), Rama Associates Limited, Zee Entertainment Enterprises Limited, Sprit Textiles Private Limited.

#### (b) Directors of the Company

Non-Executive Directors	Mr. Subhash Chandra
	Mr. Boman Moradian
	Mr. K. V. Krishnamurthy (deceased on 16 January 2013)
	Mr. Tapan Mitra
	Mr. Mukund M. Chitale
Executive Director	Mr. Ashok Kumar Goel
	(Vice-Chairman and Managing Director)

iii) Transactions with Related Parties:

(Amount in ₹)

	2013		2012	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
I Transactions				
a) Sales to and Recoveries from Subsidiaries	27,98,31,787		239,065,253	
Essel Propack Polska Sp.Z.O.O.		59,277,917		40,446,890
Arista Tubes Inc.		7,345,491		32,996,715
Essel Packaging (Guangzhou) Limited.		52,205,828		19,225,865
Essel Propack America, LLC		63,886,380		63,389,763
Essel Propack MISR for Advanced Packaging S.A.E.		71,859,752		39,517,381

## Notes forming part of the financial statements

(Amount in ₹)

	2013		2012	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>Joint Venture / Associates</b>	3,211,439		1,352,930	
Essel Deutschland GmbH & Co., KG Dresden		3,211,439		1,099,078
P.T. Lamipak Primula		-		253,852
<b>Other Related Parties</b>	882,080		1,536,343	
Rama Associates Limited		878,121		1,360,865
Pan India Paryatan Private Limited		3,959		175,478
<b>b) Royalty / Service charges Income</b>				
<b>Subsidiaries</b>	90,744,495		100,340,256	
Essel Packaging (Guangzhou) Limited.		72,590,792		63,579,403
Essel Propack America, LLC		-		14,650,019
Essel Propack MISR for Advanced Packaging S.A.E.		17,321,193		15,616,635
<b>Joint Venture</b>	15,621,955		14,668,039	
Essel Deutschland GmbH & Co., KG Dresden		15,621,955		14,668,039
<b>c) Dividend Income</b>				
<b>Subsidiaries</b>	-		91,512,000	
Lamitube Technologies Limited		-		91,512,000
<b>d) Guarantee Commission</b>				
<b>Subsidiaries</b>	34,879,261		23,863,624	
Lamitube Technologies Limited		23,741,359		14,732,678
Lamitube Technologies (Cyprus) Limited		9,280,183		8,927,026
<b>e) Rent Income</b>				
<b>Other Related Parties</b>	60,000		60,000	
Pan India Paryatan Private Limited		60,000		60,000
<b>f) Purchase of Goods and Services</b>				
<b>Subsidiaries</b>	26,737,258		12,009,335	
Essel Propack MISR for Advanced Packaging S.A.E.		-		6,494,257
Packaging India Private Limited		-		520,962
Essel Propack Polska Sp. Z.O.O.		14,841,325		4,538,135
Essel Packaging (Guangzhou) Limited.		11,852,793		26,956
<b>Other Related Parties</b>	290,192		191,178	
Zee Entertainment Enterprises Limited		147,925		191,178
Ganjam Trading Company Private Limited		142,267		-
<b>g) Purchase of Fixed Assets</b>				
<b>Subsidiaries</b>	25,942,662		79,866,108	
Essel Propack America, LLC		23,924,906		
Essel Packaging (Guangzhou) Limited		-		79,866,108
<b>Other Related Parties</b>	20,000,000		-	
Ayeppee Lamitubes Limited		20,000,000		-
<b>h) Rent Expenses</b>				
<b>Other Related Parties</b>	28,936,797		21,306,723	
Ganjam Trading Company Private Limited		27,403,200		19,706,404
<b>i) Loans / Advances / Deposits given</b>				
<b>Subsidiaries</b>	764,931,825		816,309,802	
Lamitube Technologies Limited		19,200,500		501,161,250
Lamitube Technologies (Cyprus) Limited		555,731,325		251,441,375



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## Notes forming part of the financial statements

(Amount in ₹)

	2013		2012	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
Packaging India Private Limited		190,000,000		63,707,177
<b>Other Related Parties</b>	5,938,775		110,952,469	
Churu Trading Company Private Limited		-		104,431,000
Ayepee Lamitubes Limited		5,938,775		-
<b>j) Repayment of Loans / Advances / Deposits given</b>				
<b>Subsidiaries</b>	1,800,433,990		257,738,442	
Lamitube Technologies Limited		520,361,750		-
Lamitube Technologies (Cyprus) Limited		1,026,365,063		257,738,442
Packaging India Private Limited		253,707,177		-
<b>Other Related Parties</b>	4,100,000		3,410,828	
Ayepee Lamitubes Limited		4,100,000		3,219,427
<b>k) Loans / Advances / Deposits taken</b>				
<b>Other Related Parties</b>	50,000,000		100,000,000	
Pan India Paryatan Private Limited		50,000,000		100,000,000
<b>l) Repayment of Loans / Advances / Deposits taken</b>				
<b>Other Related Parties</b>	50,000,000		100,000,000	
Pan India Paryatan Private Limited		50,000,000		100,000,000
<b>m) Interest Income on Loans / Advances / Deposits /given</b>				
<b>Subsidiaries</b>	96,456,557		144,072,204	
Lamitube Technologies Limited		18,263,074		23,740,980
Packaging India Private Limited		24,496,984		16,508,428
Lamitube Technologies (Cyprus) Limited		53,696,499		103,822,796
<b>Other Related Parties</b>	156,524,323		135,332,871	
Churu Trading Company Private Limited		79,517,870		65,646,753
Prajatma Trading Company Private Limited		64,582,171		57,037,896
<b>n) Interest expense on Loans / Advances / Deposits taken</b>				
<b>Other Related Parties</b>	2,054,794		2,760,958	
Pan India Paryatan Private Limited		2,054,794		2,760,958
<b>(II) Balance Outstanding as at 31 March</b>				
<b>a) Trade receivables</b>				
<b>Subsidiaries</b>	181,654,670		284,214,596	
Essel Propack America, LLC		18,291,578		15,337,499
Essel Packaging (Guangzhou) Limited		50,292,399		52,620,387
Essel Propack MISR for Advanced Packaging S.A.E.		40,913,879		23,337,803
Essel Propack UK Limited		22,244,778		23,213,940
Essel Propack Polska Sp.Z.O.O.		7,138,386		55,228,223
Essel Propack LLC		37,033,978		97,042,762
<b>Joint Ventures / Associates</b>	39,781,101		25,523,876	
Essel Deutschland GmbH & Co., KG Dresden		39,781,101		25,523,876
<b>Other Related Parties</b>	484,056		531,145	
Rama Associates Limited		484,056		312,391
Pan India Paryatan Private Limited		-		218,754
<b>b) Loans/Advance/Deposit given</b>				
<b>Subsidiaries</b>	398,260,673		1,514,021,874	



## Notes forming part of the financial statements

(Amount in ₹)

	2013		2012	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
Lamitube Technologies (Cyprus) Limited		271,967,850		813,999,999
Lamitube Technologies Limited		-		510,021,875
Packaging India Private Limited		126,292,823		190,000,000
<b>Other Related Parties</b>	973,542,662		984,815,316	
Churu Trading Company Private Limited*		-		471,037,057
Ayepee Lamitubes Limited		90,765,154		110,358,415
Sprit Textiles Private Limited*		850,250,756		-
Prajatma Trading Company Private Limited*		-		379,213,699
<b>c) Other Receivables</b>				
<b>Subsidiaries</b>	68,594,189		75,509,254	
Lamitube Technologies Limited		20,723,011		17,110,412
Lamitube Technologies (Cyprus) Limited		16,617,902		6,899,486
Essel Propack MISR for Advanced Packaging S.A.E.		7,552,914		3,049,739
Essel Propack LLC		8,149,460		4,040,002
Essel Propack America, LLC		2,392,570		10,605,510
Essel Packaging (Guangzhou) Limited		3,956,587		10,961,077
Essel Propack Polska Sp.Z.O.O.		2,578,631		10,986,703
<b>Joint Venture / Associates</b>	3,084,400		2,514,631	
Essel Deutschland Gmbh & Co; KG Dresden		2,753,005		2,204,052
P.T.Lamipack Primula		331,395		310,577
<b>d) Loans / Advances / Deposits taken</b>				
<b>Other Related Parties</b>	25,000		25,000	
Pan India Paryatan Private Limited		25,000		25,000
<b>e) Interest Receivable</b>				
<b>Subsidiaries</b>	110,383,222		83,263,450	
Lamitube Technologies (Cyprus) Limited		77,403,730		59,496,207
Lamitube Technologies Limited		10,932,208		23,767,243
Packaging India Private Limited		22,047,284		-
<b>Other Related Parties</b>	140,871,891		121,799,584	
Prajatma Trading Company Private Limited*		-		51,334,106
Sprit Textiles Private Limited*		129,690,037		-
Churu Trading Company Private Limited*		-		59,082,078
<b>f) Trade Payables/Other Liabilities:</b>				
<b>Subsidiaries</b>	6,392,350		86,358,100	
Essel Packaging (Guangzhou) Limited		-		82,392,245
MTL De Panama S.A.		3,344,373		3,134,291
Essel Propack Polska Sp.Z.O.O.		2,852,764		-
<b>Other Related Parties</b>	3,861,231		7,930,765	
Essel Corporate Resources Private Limited		3,861,231		3,861,231
Continental Drug Company Private Limited		-		4,057,248
<b>g) Investments in shares</b>				
<b>Subsidiaries</b>	5,654,342,920		5,654,342,920	
Lamitube Technologies Limited		3,625,783,282		3,625,783,282
Arista Tubes Inc.		744,341,250		744,341,250
Packaging India Private Limited		738,740,638		738,740,638



## Notes forming part of the financial statements

(Amount in ₹)

	2013		2012	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>h) Guarantees given</b>				
Subsidiaries	5,673,306,052		5,133,821,625	
Lamitube Technologies Limited		3,186,529,500		1,475,375,000
Essel Propack America, LLC		230,711,250		696,987,500
Essel Propack Polska Sp. Z.O.O.		677,310,737		611,976,250
Arista Tubes Inc.		624,277,500		1,017,500,000
Lamitube Technologies (Cyprus) Limited		678,562,500		635,937,500

“Major Parties” denotes entries who account 10% or more of the aggregate for that category of transactions. For details of remuneration to directors (refer note 27) and guarantee / security given by related party (Refer Note 5 and 9)

\* Churu Trading Company Private Limited and Prajatma Trading Company Private Limited have merged with Sprit Textiles Private Limited w.e.f 1 October 2012

### 37. DISCLOSURE AS REQUIRED BY CLAUSE 32 OF THE LISTING AGREEMENT:

#### i) Loans to Subsidiary / Associate Companies:

(Amount in ₹)

	Balances as at		Maximum amount outstanding during the year	
	2013	2012	2013	2012
Lamitube Technologies Limited	-	510,021,875	501,161,250	510,021,875
Packaging India Private Limited	126,292,823	190,000,000	190,000,000	190,000,000
Lamitube Technologies (Cyprus) Limited	271,967,850	813,999,999	873,238,188	1,046,564,817

Note:

Loans to others are repayable on demand and hence not considered in the above disclosure requirements. However, interest is charged on terms not prejudicial to the interests of the company.

#### ii) Investments by Loanee in the Shares of the Company as at 31 March

Loanee	Number of fully paid-up equity shares	
	2013	2012
Churu Trading Company Private Limited (merged with Sprit Textiles Private Limited w.e.f 1 October, 2012)	316,595	316,595

## Notes forming part of the financial statements

### 38. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORES AND SPARES AND PACKING MATERIALS CONSUMED AND PERCENTAGE OF EACH TO THE TOTAL CONSUMPTION

	2013		2012	
	Percentage (%)	(Amount in ₹)	Percentage (%)	(Amount in ₹)
1) Raw Materials				
a) Imported	57	1,573,509,238	61	1,432,761,965
b) Indigenous	43	1,164,135,453	39	902,836,874
2) Stores and Spares				
a) Imported	40	70,624,743	32	57,527,946
b) Indigenous	60	104,937,310	68	123,410,545
3) Packing Material				
Indigenous	100	176,581,722	100	173,701,089

### 39. DIVIDEND REMITTANCE IN FOREIGN CURRENCY

	No. of Shareholders	No. of Equity Shares held	(Amount in ₹)
Current year final dividend for the year 2011-12	-	-	-
Previous year final dividend for the year 2010-11	1	13,570,000	8,142,000

### 40. EARNINGS PER SHARE

	(Amount in ₹)	
	2013	2012
Profit after Tax	498,424,263	490,745,886
Weighted average number of Basic and Diluted Equity Shares (Nos.)*	157,101,285	157,101,285
Nominal value of equity shares	2.00	2.00
Basic and Diluted Earnings Per Share	3.17	3.12

\*Includes 500,155 equity shares of ₹ 2 each fully paid up allotted pursuant to the Scheme of Merger as referred in note 30.

### 41. OTHER INFORMATION

	(Amount in ₹)	
	2013	2012
<b>C.I.F. value of imports</b>		
Raw materials	1,413,011,491	1,185,252,886
Stores and spares	48,912,859	82,294,573
Capital goods	392,284,462	418,517,324
<b>Expenditure in foreign currency (on accrual basis)</b>		
Financial charges (Gross)	39,070,289	28,513,321
Travelling expenses	2,813,398	2,091,972
Others (Gross)	9,738,552	10,396,184
<b>FOB value of exports</b>		
Sales excluding deemed exports of ₹365,324,253 ( ` 332,000,415)	456,784,586	336,671,353



## Notes forming part of the financial statements

(Amount in ₹)

	2013	2012
Plant and machinery	137,494,539	-
Income in foreign currency (on accrual basis)		
Royalty / service charges	106,366,438	115,008,296
Interest	71,959,573	127,563,776
Dividend	-	91,512,000
Miscellaneous income	34,879,261	24,093,085

42. Dividend of ₹ 858,629 (₹ 968,099) unclaimed for a period of more than seven years is transferred to Investor Education and Protection Fund during the year. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2013.

43. Service charges include prior period income of ₹ 832,498 (₹ 15,324,924).

44. Provision for current tax is made as per the provisions of section 115JB (Minimum Alternate Tax) of the Income-Tax Act, 1961 (Act) after considering set-off of brought forward losses and unabsorbed depreciation of the transferor companies as allowed under section 72A of the Act.

### 45. SEGMENT INFORMATION

The financial statements of the Company contain both the consolidated financial statements as well as the separate financial statements of the parent company. Hence, the company has presented the segment information on the basis of the consolidated financial statements as permitted by Accounting Standard-17.

### 46. PRIOR PERIOD COMPARATIVES

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classifications / disclosures. Figures in brackets pertains to previous year.

As per our attached report of even date

For and on behalf of the Board

For MGB & Co.

Chartered Accountants

Firm Registration Number 101169W

Subhash Chandra

Chairman

Hitendra Bhandari

Partner

Membership Number 107832

Tapan Mitra  
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: 29 May 2013

## Cash flow statement for the year ended 31 March 2013

(Amount in ₹)

	2013	2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	661,655,633	515,507,136
Adjustments for:		
Depreciation and amortisation expense	348,691,757	286,116,499
Interest expenses	491,452,219	555,487,889
Interest income	(256,976,520)	(292,585,267)
Liability written back	(47,348,915)	-
Loss / (Profit) on sale / discard of fixed assets (net)	(1,759,765)	1,361,411
Provision for diminution in value of investment	-	2,000,000
Dividend income	-	(91,512,000)
Provision for doubtful debts	7,081,753	3,432,828
Amortisation of ancillary borrowing costs	17,730,690	13,816,733
Exchange adjustments (net)	31,965,092	176,199,490
<b>Operating profit before working capital changes</b>	<b>1,252,491,944</b>	<b>1,169,824,719</b>
Adjustments for:		
(Increase) / decrease in trade and other receivables	(31,485,123)	(308,835,027)
(Increase) / decrease in inventories	(91,551,196)	78,395,594
Increase / (decrease) in trade and other payables	37,202,941	1,542,529
<b>Cash generated from operations</b>	<b>1,166,658,566</b>	<b>940,927,815</b>
Direct taxes paid (net of refunds)	(108,194,484)	(75,128,095)
<b>Net cash from operating activities (A)</b>	<b>1,058,464,082</b>	<b>865,799,720</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work-in-progress)	(633,546,633)	(657,972,201)
Sale of fixed assets	792,000	4,002
Loans given to related parties	(5,938,775)	(110,952,469)
Repayment of loans given to related parties	25,354,181	3,410,828
Loans given to subsidiaries	(764,931,825)	(816,309,802)
Repayment of loans given to subsidiaries	1,781,178,897	41,282,412
(Increase) / decrease in other advances to subsidiaries (net)	5,574,324	(32,961,707)
Interest received	211,259,823	178,506,376
Capital subsidy received	-	3,000,000
Dividend received	-	91,512,000
<b>Net cash from / (used in) investing activities (B)</b>	<b>619,741,992</b>	<b>(1,300,480,560)</b>



## Cash flow statement for the year ended 31 March 2013

(Amount in ₹)

	2013	2012
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	1,422,618,060	792,709,570
Repayment of long-term borrowings	(1,332,659,428)	(940,507,827)
Proceeds from short-term borrowings	1,508,500,000	1,636,000,000
Repayment of short-term borrowings	(2,342,997,003)	(756,139,686)
Increase / (decrease) in other borrowings (net)	(181,081,595)	387,714,976
Interest paid	(496,140,672)	(546,438,898)
Dividend paid (including tax)	(118,953,552)	(109,674,311)
Ancillary borrowing costs incurred	(18,100,810)	(24,375,000)
<b>Net cash from / (used in) financing activities ( C )</b>	<b>(1,558,815,000)</b>	<b>439,288,824</b>
<b>Net changes in cash and cash equivalents (A+B+C)</b>	<b>119,391,074</b>	<b>4,607,984</b>
Cash and cash equivalents at the beginning of the year	21,930,423	17,186,190
Cash and cash equivalents acquired on Merger	-	136,249
<b>Cash and cash equivalents at the end of the year</b>	<b>141,321,497</b>	<b>21,930,423</b>
Earmarked balances with banks	6,858,142	5,130,117
<b>Cash and bank balances at the end of the year</b>	<b>148,179,639</b>	<b>27,060,540</b>

Note:

Previous year figures are regrouped / reclassified wherever necessary.

As per our attached report of even date

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

Hitendra Bhandari  
Partner  
Membership Number 107832

Place: Mumbai  
Date: 29 May 2013

For and on behalf of the Board

Subhash Chandra

Tapan Mitra  
Boman Moradian  
Mukund M. Chitale

Ashok Kumar Goel  
A.V. Ganapathy  
Aashay S. Khandwala

Chairman

} Directors

Vice Chairman & Managing Director  
Chief Financial Officer (Global)  
Vice President (Legal) & Company Secretary

# Consolidated Financial Statements





## Independent Auditors' Report

To  
The Board of Directors of  
Essel Propack Limited

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Essel Propack Limited ("the Company"), its subsidiaries, associate and jointly controlled entities (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We did not audit the financial statements of certain subsidiaries and jointly controlled entities of the Group whose financial statements reflect revenue of ₹ 12,849,843,023 and total assets of ₹ 11,936,646,024 for the year then ended. These financial statements have been audited by other auditors. Our opinion in so far as it relates to the amounts included in respect of these subsidiaries and jointly controlled entities is based solely on the reports of such other auditors, which have been furnished to us.
6. The financial statements of an associate have been audited by other auditor whose report has been furnished to us. The profit of such associate considered for consolidation is ₹ 22,380,735.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 5 and 6 above, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2013;
  - in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
  - 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's Registration Number 101169W

Hitendra Bhandari  
Partner  
Membership Number 107832

Mumbai, 29 May 2013



## Consolidated Balance Sheet as at 31 March 2013

(Amount in ₹)

	Notes	2013	2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3	314,130,920	314,130,920
Reserves and surplus	4	9,132,526,809	8,522,536,557
		<b>9,446,657,729</b>	<b>8,836,667,477</b>
Minority interests		60,275,231	75,397,019
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	5	5,436,885,767	4,229,499,821
Other long-term liabilities	6	-	1,375,000
Long-term provisions	7	227,707,243	250,673,899
		<b>5,664,593,010</b>	<b>4,481,548,720</b>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	8	2,125,062,326	3,007,604,027
Trade payables	9	1,157,891,270	1,189,500,966
Other current liabilities	6	2,994,745,762	3,019,547,175
Short-term provisions	7	271,422,880	410,068,159
		<b>6,549,122,238</b>	<b>7,626,720,327</b>
<b>Total</b>		<b>21,720,648,208</b>	<b>21,020,333,543</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
- Tangible assets	10	7,560,114,971	7,461,923,748
- Intangible assets	10	3,758,140,441	3,767,574,554
- Capital work in progress	10	472,140,168	384,815,396
- Intangible assets under development	10	12,850,810	9,518,010
		<b>11,803,246,390</b>	<b>11,623,831,708</b>
Non-current investments	11	463,689,677	446,388,253
Deferred tax assets (net)	12	17,062,235	85,410,911
Long-term loans and advances	13	437,539,514	530,493,474
Other non-current assets	14	107,005,935	69,619,697
		<b>12,828,543,751</b>	<b>12,755,744,043</b>
<b>CURRENT ASSETS</b>			
Inventories	15	2,065,983,869	1,980,468,753
Trade receivables	16	3,002,376,483	2,500,680,820
Cash and bank balances	17	943,004,979	906,092,404
Short-term loans and advances	13	2,518,413,305	2,654,524,001
Other current assets	14	362,325,821	222,823,522
		<b>8,892,104,457</b>	<b>8,264,589,500</b>
<b>Total</b>		<b>21,720,648,208</b>	<b>21,020,333,543</b>
Notes forming part of the Consolidated Financial Statements	1 - 36		

As per our attached report of even date

For and on behalf of the Board

For MGB & Co.

Chartered Accountants

Firm Registration Number 101169W

Hitendra Bhandari

Partner

Membership Number 107832

Place: Mumbai

Date: 29 May 2013

Subhash Chandra

Tapan Mitra

Boman Moradian

Mukund M. Chitale

Ashok Kumar Goel

A.V. Ganapathy

Aashay S. Khandwala

Chairman

Directors

Vice Chairman & Managing Director

Chief Financial Officer (Global)

Vice President (Legal) & Company Secretary

## Statement of Consolidated Profit and Loss for the year ended 31 March 2013

(Amount in ₹)

	Notes	2013	2012
<b>REVENUE</b>			
Revenue from operations (gross)	18	18,834,199,050	16,294,180,091
Less: Excise duty		(516,529,796)	(457,069,781)
Revenue from operations (net)		18,317,669,254	15,837,110,310
Other income	19	302,489,353	196,943,656
<b>Total</b>		<b>18,620,158,607</b>	<b>16,034,053,966</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	8,868,114,321	7,580,617,551
Changes in inventories of finished goods and goods-in-process	21	5,229,096	38,555,350
Employee benefits expense	22	2,853,403,109	2,405,219,003
Other expenses	23	3,459,772,950	3,145,490,471
<b>Total</b>		<b>15,186,519,476</b>	<b>13,169,882,375</b>
<b>Profit before depreciation, amortisation, finance costs and tax</b>		<b>3,433,639,131</b>	<b>2,864,171,591</b>
Less:			
Depreciation and amortisation expense	10	1,261,715,977	1,170,028,471
Finance costs	24	912,103,668	841,391,037
<b>Profit before exceptional items and tax</b>		<b>1,259,819,486</b>	<b>852,752,083</b>
Less: Exceptional items	25	-	13,181,033
<b>Profit before tax</b>		<b>1,259,819,486</b>	<b>839,571,050</b>
Less: Tax expense			
Current Tax - Current year		403,080,048	310,529,925
- Earlier years		1,042,552	7,939,608
MAT credit entitlement		(29,437,621)	(92,476,340)
Deferred tax		68,348,676	(2,662,194)
<b>Profit after tax from continuing operations</b>		<b>816,785,831</b>	<b>616,240,051</b>
Add: Share of profit from associates		22,380,735	24,417,161
Less: Minority interests		29,593,150	25,102,342
<b>Profit for the year from continuing operations</b>		<b>809,573,416</b>	<b>615,554,870</b>
Less: Loss from discontinuing operations (net of tax)	33	-	(101,975,311)
<b>Profit for the year</b>		<b>809,573,416</b>	<b>513,579,559</b>
<b>Earnings per equity share of ₹ 2 each fully paid up</b>	<b>34</b>		
Basic and Diluted			
(i) Continuing operations		5.15	3.92
(ii) Total operations		5.15	3.27
Notes forming part of the Consolidated Financial Statements	1 - 36		

As per our attached report of even date

For MGB &amp; Co.

Chartered Accountants

Firm Registration Number 101169W

Hitendra Bhandari

Partner

Membership Number 107832

Place: Mumbai

Date: 29 May 2013

For and on behalf of the Board

Subhash Chandra

 Tapan Mitra  
 Boman Moradian  
 Mukund M. Chitale

 Ashok Kumar Goel  
 A.V. Ganapathy  
 Aashay S. Khandwala

Chairman

Directors

 Vice Chairman & Managing Director  
 Chief Financial Officer (Global)  
 Vice President (Legal) & Company Secretary



## Notes forming part of the Consolidated Financial Statements

### 1 Background

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

### 2 Basis of Consolidation

- i) The Consolidated Financial Statements (CFS) of the Group are prepared under the historical cost convention (except certain revalued freehold land and buildings acquired on merger) 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 manner as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures, wherever considered necessary.
- ii) The 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, where inventories are valued on First In First Out (FIFO) basis. The value of such inventory, as at 31 March 2013 is ₹ 145,617,219. No adjustment has been made for such policy difference.
- iii) The consolidation of financial statements of the parent company and its subsidiaries is done to the extent possible on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. However, during the year, a provision of ₹ 28,100,000 for contingency and ₹ 26,467,624 for impairment of fixed assets has been recognised directly in the CFS and the effect of inflation accounting in certain subsidiaries is reversed. All significant intra-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.
- iv) The CFS include 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	Proportion of interest (including beneficial interest) / voting power (either directly / indirectly through subsidiaries)	Country of Incorporation
<b>Direct Subsidiaries</b>		
Arista Tubes Inc. *	100% (100%)	USA
Lamitube Technologies Limited	100% (100%)	Mauritius
Lamitube Technologies (Cyprus) Limited	100% (100%)	Cyprus
Packaging India Private Limited	100% (100%)	India
Essel Packaging (Nepal) Private Limited ^	100% (100%)	Nepal
<b>Step down Subsidiaries</b>		
The Egyptian Indian Company for Modern Packaging S.A.E.^	75% (75%)	Egypt
Essel Propack MISR for Advanced Packaging S.A.E.	75% (75%)	Egypt
Essel Packaging (Guangzhou) Limited	100% (100%)	China
Essel Propack Philippines, Inc	100% (100%)	Philippines
MTL de Panama S.A.	100% (100%)	Panama
Packtech Limited	100% (100%)	Mauritius
Arista Tubes Limited	100% (100%)	United Kingdom
Essel Propack UK Limited	100% (100%)	United Kingdom
Essel Propack de Venezuela, C.A ^^	- (100%)	Venezuela
Essel de Mexico, S.A. de C.V.	100% (100%)	Mexico
Tube pack de Colombia S.A.	100% (100%)	Colombia
Essel Propack LLC	100% (100%)	Russia
Essel Propack Polska Sp. Z.O.O.	100% (100%)	Poland
Essel Propack America, LLC	100% (100%)	USA

^ These subsidiaries have discontinued their operations.

^^ liquidated w.e.f. 1 April 2012.

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

## Notes forming part of the Consolidated Financial Statements

### v) Associate

The Group has adopted and accounted for Investment in Associate using the “Equity Method” as per AS-23 issued by ICAI.

Name of the Associate	Extent of holding	Country of Incorporation
P.T. Lamipak Primula ^	30% (30%)	Indonesia

^ No adjustment is made for difference in accounting policy of inventories valued on First In First Out (FIFO) basis.

### vi) Jointly controlled entity

The Group has adopted and accounted for interest in the Jointly controlled entity using the “Proportionate Consolidation Method” as per AS-27 issued by ICAI, whereby its share of each income, expenses, assets and liabilities is reported as separate line item in the consolidated financial statements.

Name of the Joint Venture	Extent of holding	Country of Incorporation
Essei Deutschland Management GmbH	24.90% (24.90%)	Germany
Essei Deutschland GmbH & Co. KG, Dresden	24.90% (24.90%)	Germany

## 2.1 Significant Accounting Policies

### a. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amount of revenue and expenses for the year. Actual results could differ from these estimates. Any revision to such accounting estimate is recognised prospectively in current and future periods.

### b. Tangible and Intangible fixed assets

#### i) Goodwill on Consolidation

Goodwill represents the difference between the group’s share in the net worth of the subsidiary / associate and the cost of acquisition at the date on which the investment in the subsidiary / associate is made / acquired. Capital reserve represents negative goodwill arising on consolidation.

#### ii) Tangible and intangible assets

- Tangible assets (excluding freehold land which is carried at cost) are stated at original cost of acquisition / installation (net of cenvat credit availed) and includes amounts added on revaluation less accumulated depreciation and impairment loss, if any. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, trial run expenses (net of income) and borrowing costs incurred during pre-operational period.
- Capital work-in-progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.
- Intangible assets acquired are measured on initial recognition at cost and stated at cost less accumulated amortization and impairment loss, if any.

### c. Depreciation / amortisation on tangible and intangible assets

- Depreciation on tangible assets (including on assets acquired under finance lease) is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 or at the rates adopted in the accounts of respective subsidiaries as permissible under applicable local laws on straight line basis from the time they are available for use, so as to write off their costs over the estimated useful life of the assets.
- Premium on leasehold land and leasehold improvements are amortized over the normal / extendable period of lease.
- In case of revalued tangible assets, the incremental depreciation attributable to the revaluation is recouped out of revaluation reserve.
- Intangible assets are amortised on a straight-line basis over the economic useful life estimated by the management.
- No part of goodwill arising on consolidation is amortized.



## Notes forming part of the Consolidated Financial Statements

### d. Impairment of tangible and intangible assets

At each Balance Sheet date, the Group reviews the carrying amount of assets to determine whether there is an 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.

### e. Borrowing Costs

- i) Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are charged to revenue.
- ii) Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the tenure of such borrowings.

### f. Investments

Investments intended to be held for more than one 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 recognise a decline other than temporary. Current investments are carried at cost or fair value, whichever is lower.

### g. Retirement and other employee benefits

- i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- ii) Post-employment and other long-term benefits are recognised as an expense in the Statement of Profit and Loss at the present value of the amounts payable determined using actuarial valuation techniques in the year in which the employee renders the service. Actuarial gains and losses are charged to the Statement of Profit and Loss.
- iii) Payments to defined contribution retirement benefit schemes are charged as expenses as they fall due.

### h. Revenue Recognition

- i) Revenue from sale of goods is recognised on transfer of significant risk and rewards of ownership on to the customers, which is generally on dispatch of goods. Gross sales include excise duty and is net of sales return, discount, value added tax / sales tax. Export sales are accounted for on the basis of date of bill of lading.
- ii) Income from royalty and service charges is recognised as per the agreed terms / completion of the service.
- iii) Export incentives / benefits are accounted on accrual basis.
- iv) Dividend income is recognized when the right to receive the dividend is established.
- v) Interest income is recognised on a time proportion basis taking into consideration the amount outstanding and the applicable interest rate.

### i. Government Grants / Subsidies

Grants/subsidies from Government are recognised when all the conditions relating to the grants / subsidies are complied and there is a reasonable assurance that the grant / subsidy will be received. Grant / subsidy received is credited to capital reserve. Revenue grants are recognised in Statement of Profit and Loss upon complying with conditions attached to such grants.

### j. Inventories

- i) Inventories are valued at lower of cost or estimated net realisable value.
- ii) Inventory of raw materials, packing material and stores and spares are valued on moving average price method except for a subsidiary where it is on First In First Out (FIFO) basis [Refer Note 2(ii)].
- iii) Cost of finished goods and goods-in-process includes cost of direct materials, labour and other manufacturing overheads.
- iv) Excise liability is included in the valuation of closing inventory of finished goods.

### k. Foreign Currency Translations

#### i) Accounting of Transactions

- a) Foreign exchange transactions are recorded at the exchange rate prevailing on the date of such transaction. Foreign currency monetary assets and liabilities are translated using the exchange rate prevailing at the reporting date. Non-monetary foreign currency items are carried at cost.

## Notes forming part of the Consolidated Financial Statements

- b) Gains or losses arising on settlement / translation of foreign currency monetary assets and liabilities at the year-end rates are recognised in the Statement of Profit and Loss except treatment as per amendment to AS-11 effective till 31 March 2020.
  - c) In case of foreign currency monetary assets and liabilities covered by forward contracts, the difference between the year-end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contract is recognised over the life of the contract. Profit or loss on settlement / cancellation of forward contract is recognised as an income or expense for the year in which they arise except treatment as per amendment to AS-11 effective till 31 March 2020.
- ii) **Translation and exchange rates**
- Financial statements of overseas non-integral operations are translated as under:
- a) 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.
  - b) Revenue and expenses at average rates prevailing during the year. Off Balance Sheet items are translated into Indian Rupees at year-end rates.
  - c) Exchange differences arising on translation are accumulated in the Foreign Currency Translation Reserve until the disposal of such operations.
- L. **Accounting for taxes on income**
- i) Current income tax is calculated on the income of individual companies in accordance with local tax regulations.
  - ii) 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.
  - iii) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.
- m. **Leases**
- i) **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 directly attributable to the lease are recognised with the asset under the lease.
- ii) **Operating Lease**
- Lease of assets under which all the risks 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.
- n. **Earnings per share**
- Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.
- o. **Provisions, Contingent Liabilities and Contingent Assets**
- Provisions involving substantial degree of estimation in measurement are recognised when there is 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. Contingent assets are neither recognised nor disclosed in the financial statements.



## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

	2013	2012
<b>3. SHARE CAPITAL</b>		
<b>Authorised</b>		
200,000,000 equity shares of ₹ 2 each	400,000,000	400,000,000
<b>Issued, subscribed and paid up</b>		
157,101,285 (156,601,130) equity shares of ₹ 2 each	314,202,570	313,202,260
Less: Calls in arrears (Refer note (c) below)	71,650	71,650
Share capital suspense (Refer note 30)	-	1,000,310
<b>Total</b>	<b>314,130,920</b>	<b>314,130,920</b>

### a) Reconciliation of number of shares outstanding

	2013		2012	
	Number of equity shares	Amount in ₹	Number of equity shares	Amount in ₹
At the beginning of the year	156,601,130	313,202,260	156,601,130	313,202,260
Issued during the year (Refer note (f) below)	500,155	1,000,310	-	-
Outstanding at the end of the year	157,101,285	314,202,570	156,601,130	313,202,260

### b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Calls in arrears

	2013		2012	
	Number of equity shares	Amount in ₹	Number of equity shares	Amount in ₹
Aggregate amount of calls in arrears - others	71,650	71,650	71,650	71,650

### d) Details of each shareholder holding more than 5% equity shares

Name of Shareholder	2013		2012	
	Number of equity shares	Percentage (%) of holding	Number of equity shares	Percentage (%) of holding
Ganjam Trading Company Private Limited	56,349,550	35.87%	56,349,550	35.98%
Rupee Finance and Management Private Limited	28,429,710	18.10%	28,429,710	18.15%

e) No bonus shares have been issued and no shares bought back during five years preceding 31 March 2013.

f) 500,155 equity shares of ₹ 2 each fully paid up were allotted on 14 September 2012 for consideration other than cash. (Refer Note 30).



## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

	2013	2012
<b>4. RESERVES AND SURPLUS *</b>		
<b>Securities premium</b>		
As per last balance sheet	3,842,983,298	3,842,983,298
<b>Capital reserve</b>		
As per last balance sheet	401,300,552	200,623,208
Add: Subsidy received during the year	-	6,000,000
Add: Pursuant to the Scheme of Merger	-	194,677,344
	<b>401,300,552</b>	<b>401,300,552</b>
<b>Revaluation reserve</b>		
As per last balance sheet	14,405,144	-
Add: Pursuant to the Scheme of Merger	-	14,753,958
Less: Transfer to the Statement of Profit and Loss	347,862	348,814
	<b>14,057,282</b>	<b>14,405,144</b>
<b>Legal reserve</b>		
As per last balance sheet	469,663,861	397,453,203
Add: Appropriated during the year	63,396,144	72,210,658
	<b>533,060,005</b>	<b>469,663,861</b>
<b>Deferred Government Grant</b>		
As per last balance sheet	78,063,683	58,500,006
Add: Received during the year	2,398,690	23,507,884
Less: Transfer to the Statement of Profit and Loss	8,823,787	3,944,207
	<b>71,638,586</b>	<b>78,063,683</b>
<b>General reserve</b>		
As per last balance sheet	1,181,552,468	1,057,786,778
Add: Transfer from the Statement of Profit and Loss	49,850,000	49,075,000
Add: Pursuant to the Scheme of Merger	-	74,690,690
	<b>1,231,402,468</b>	<b>1,181,552,468</b>
Foreign currency monetary items translation difference account (net) (Refer note 26)	-	19,255,093
<b>Foreign currency translation reserve</b>	<b>605,806,195</b>	<b>591,183,946</b>
<b>Surplus in the Statement of Profit and Loss</b>		
As per last balance sheet	1,924,128,512	2,140,562,668
Less: Adjustment on merger for equity accounting of earlier periods	-	8,516,039
Less: Pursuant to the Scheme of Merger	-	451,805,496
Add: Profit for the year	809,573,416	513,579,559
<b>Less: Appropriations</b>		
Proposed equity dividend	117,825,964	102,115,836
Tax on proposed equity dividend	70,351,397	46,290,686
Legal reserve	63,396,144	72,210,658
General reserve	49,850,000	49,075,000
	<b>2,432,278,423</b>	<b>1,924,128,512</b>
<b>Total</b>	<b>9,132,526,809</b>	<b>8,522,536,557</b>

\* includes Share in Joint Ventures ₹ 133,213,157 (₹ 131,442,553)



## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

	Non-current		Current	
	2013	2012	2013	2012
<b>5. LONG-TERM BORROWINGS</b>				
<b>Secured</b>				
Term loan from banks {Refer note [a (i),(ii)] and [b (i)]below}	2,906,237,969	2,709,593,761	1,420,745,093	1,360,071,518
Term loan from others {Refer note a (ii) and (iii) below}	906,250,000	-	93,750,000	-
Buyers credit from banks (Refer note [a (iv) and (v)] below)	470,015,432	96,691,669	39,095,107	-
Finance lease obligations [Refer note [b (ii)] below]	525,369,876	370,087,168	47,567,787	7,068,420
	<u>4,807,873,277</u>	<u>3,176,372,598</u>	<u>1,601,157,987</u>	<u>1,367,139,938</u>
<b>Unsecured</b>				
Term loan from banks (Refer note [a (vi)] below)	103,232,049	344,218,750	275,463,299	589,393,734
Buyers credit from banks (Refer note [a (vi)] below)	237,209,565	329,079,317	93,370,200	-
Inter-corporate deposits	-	-	-	100,000,000
Deferred sales tax loan (Refer note [a (vii)] below)	254,522,070	320,441,993	65,919,923	58,285,886
	<u>594,963,684</u>	<u>993,740,060</u>	<u>434,753,422</u>	<u>747,679,620</u>
	<u>5,402,836,961</u>	<u>4,170,112,658</u>	<u>2,035,911,409</u>	<u>2,114,819,558</u>
Current maturities amount disclosed under the head "Other current liabilities" (Refer note 6)	-	-	(2,035,911,409)	(2,114,819,558)
	<u>5,402,836,961</u>	<u>4,170,112,658</u>	<u>-</u>	<u>-</u>
Share in Joint Ventures {Refer note (c) below}	34,048,806	59,387,163	26,101,756	30,949,185
Current maturities amount disclosed under the head "Other current liabilities" (Refer note 6)	-	-	(26,101,756)	(30,949,185)
<b>Total</b>	<u><u>5,436,885,767</u></u>	<u><u>4,229,499,821</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

### Nature of security and terms of repayments for long-term borrowings

#### a) In Parent Company

i) Term loan from banks of ₹ 827,295,102 (₹ 1,429,669,917) are secured by pari passu first charge on fixed assets situated at Vasind, Wada, Murbad, Goa, Nalagarh units. These loans are further secured by way of security provided and guarantee issued by a related party.	Term loan from banks and others carry interest rate ranging from 12.45% to 14.50% p.a. and are repayable in monthly / quarterly installments by 2017-18. Charge in respect of point (a)(ii) is yet to be created for term loan from others of ₹ 500,000,000.
ii) Term loan from bank of ₹ 46,875,000 (₹ 84,375,000) and Term loan from others ₹ 500,000,000 (₹ Nil) are secured by subservient charge on movable fixed assets of the Company. The loan is further secured by way of security provided and corporate guarantee issued by a related party.	
iii) Term loan from others ₹ 500,000,000 (₹ Nil) is secured by pari passu first charge on fixed assets situated at Vasind, Wada, Murbad, Goa, Nalagarh units and pari passu second charge on current assets of the Company. The loan is further secured by way of security provided and corporate guarantee issued by a related party.	

## Notes forming part of the Consolidated Financial Statements

iv) Buyers credit from bank of ₹ 470,015,432 (₹ 58,512,128) is secured by pari passu first charge on fixed assets situated at Vasind, Wada, Murbad, Goa, Nalagarh units and pari passu second charge on current assets of the company. This loan is further secured by way of security provided and guarantee issued by a related party.	Buyers credit from banks carry interest rate ranging from 0.97% to 2.35% p.a. and are repayable in maximum period of three year from the date of transaction.
v) Buyers credit from banks of ₹ 39,095,107 (₹ 38,179,541) are secured by pari-passu first charge on current assets of the company and pari-passu second charge on fixed assets situated at Vasind, Murbad, Wada, Goa and Nalagarh units.	
vi) Out of unsecured term loan and buyers credit from banks ₹ 709,275,113 (₹ 1,262,691,801), ₹ 517,834,565 (₹ 707,322,442) are against security provided and guarantee issued by a related party.	Term loan carry interest rate ranging from 15% to 16% p.a. and are repayable in monthly / quarterly installments by 2014-15. Buyers credit carrying interest rate ranging from 1.08% to 2.02% p.a. and are repayable in maximum period of three years from the date of transaction.
vii) Deferred sales tax interest free loans are repayable after a period of 10 to 14 years upto 2024-25.	

### b) In Subsidiaries

(i) Loans equivalent of ₹ 3,452,812,960 (₹ 2,555,620,362) in different currencies are variously secured by way of charge over fixed assets, inventory and book debts of the respective subsidiary company, dividend escrow account, pledge of shares of one of the overseas subsidiary and corporate guarantee of the parent Company.	Repayable in specified installment (Monthly, Half yearly and Yearly). Interest rate ranging from 3% to 12.5% p.a.
ii) Finance lease obligations of ₹ 572,937,663 (₹ 377,155,588) are secured against the assets leased.	Leases carry interest rate ranging from 4.48% to 12.90% and are repayable in monthly installments.

### c) In Joint Venture

Loans of ₹ 60,150,562 (₹ 90,336,348 ) are secured by way of charge on fixed assets, inventory and book debts of the company.	Repayable in specified installment (Monthly, Quarterly and Half Yearly). Interest rate ranging from 5% to 6% p.a.
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## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

	Long-term		Short-term	
	2013	2012	2013	2012
<b>6. OTHER LIABILITIES</b>				
Current maturities of long-term borrowings (Refer note 5)	-	-	2,035,911,409	2,114,819,558
Interest accrued but not due on borrowings	-	-	43,912,691	57,591,670
Interest accrued and due on borrowings	-	-	12,641,520	-
Unclaimed dividend	-	-	4,651,543	4,923,517
Statutory dues	-	-	74,316,308	114,381,352
Mark to market loss on foreign exchange forward contracts	-	-	12,178,343	-
Other payables	-	-	722,108,544	606,007,248
Payable for capital goods	-	-	11,244,504	19,689,830
Trade advances and deposits received	-	1,375,000	29,085,383	34,737,038
	-	<b>1,375,000</b>	<b>2,946,050,245</b>	<b>2,952,150,213</b>
Share in Joint Ventures	-	-	48,695,517	67,396,962
<b>Total</b>	-	<b>1,375,000</b>	<b>2,994,745,762</b>	<b>3,019,547,175</b>
<b>7. PROVISIONS</b>				
Employee benefits	71,775,943	56,516,555	47,604,513	41,836,187
Custom duty (Refer note 31)	86,068,682	152,200,723	-	-
Contingencies	68,100,000	40,000,000	-	-
Provision for tax (net of advances)	-	-	85,967,880	249,550,395
Proposed equity dividend	-	-	117,825,964	102,115,836
Tax on proposed equity dividend	-	-	20,024,523	16,565,741
	<b>225,944,625</b>	<b>248,717,278</b>	<b>271,422,880</b>	<b>410,068,159</b>
Share in Joint Ventures	1,762,618	1,956,621	-	-
<b>Total</b>	<b>227,707,243</b>	<b>250,673,899</b>	<b>271,422,880</b>	<b>410,068,159</b>

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

	2013	2012
<b>8. SHORT-TERM BORROWINGS</b>		
<b>Secured {Refer (a) (i), (ii), (iii) and (b) below}</b>		
Short-term loan from banks	80,000,000	100,000,000
Working capital loan from banks	491,054,655	985,281,510
Buyers credit from banks	391,426,662	167,587,409
<b>Unsecured</b>		
Short-term loan from banks {Refer (a) (iv) below}	786,498,978	912,802,465
Working capital loan from banks	51,578,912	38,821,984
Buyers credit from banks	97,089,333	128,365,323
Inter-corporate deposits	188,000,000	638,500,000
	<u>2,085,648,540</u>	<u>2,971,358,691</u>
Share in Joint Ventures	39,413,786	36,245,336
<b>Total</b>	<u><u>2,125,062,326</u></u>	<u><u>3,007,604,027</u></u>

### Nature of security:

#### a) In Parent Company

- ₹ 151,623,902 (₹ 260,541,770) are secured by first pari-passu charge on current assets and second pari-passu charge on fixed assets situated at Vasind, Murbad, Wada, Goa and Nalagarh units. These loans are also collaterally secured by security provided and guarantee issued by a related party.
- ₹ 392,346,144 (₹ 391,540,623) are secured by first pari-passu charge on current assets and second pari-passu charge on fixed assets situated at Vasind, Murbad, Wada, Goa and Nalagarh units.
- ₹ Nil (₹ 81,740,051) are secured by first pari-passu charge on current assets of the Company.
- Unsecured short term loan from banks of ₹ 250,000,000 (₹ 250,000,000) are against security provided and guarantee issued by a related party.

#### b) In Subsidiaries

₹ 418,511,271 (₹ 519,046,475) secured variously by way of charge over current assets of the companies, letter of comfort and collaterally secured by land owned and guarantee issued by a related party.

#### c) In Joint Venture

₹ 15,058,045 (₹ 27,615,494) secured by way of charge over current assets of the Joint Venture.

	2013	2012
<b>9. TRADE PAYABLES</b>		
Acceptances	177,779,905	346,878,257
Others	959,188,509	828,312,727
	<u>1,136,968,414</u>	<u>1,175,190,984</u>
Share in Joint Ventures	20,922,856	14,309,982
<b>Total</b>	<u><u>1,157,891,270</u></u>	<u><u>1,189,500,966</u></u>



## Notes forming part of the Consolidated Financial Statements

### 10 FIXED ASSETS

(Amount in ₹)

Description of Assets	Gross Block			Depreciation / Amortisation			Net Block					
	As at 1 April 2012	Additions	Deductions	Translation adjustment	As at 31 March 2013	For the year	Deductions	Impairment	Translation adjustment	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012
<b>a) Tangible Assets</b>												
Freehold land	78,301,809	-	73,800	(94,087)	78,133,922	-	-	-	-	-	78,133,922	78,301,809
Leasehold land	65,775,050	1,713,606	-	1,910,249	69,398,905	1,795,061	-	-	520,253	15,736,295	53,662,610	52,354,069
Leasehold improvements	66,834,741	16,218,314	1,697,098	2,502,253	83,858,210	12,020,597	1,294,358	-	569,921	32,241,676	51,616,534	45,889,225
Buildings												
Owned	1,666,608,559	15,031,971	302,076	28,318,985	1,709,957,439	61,182,355	206,634	-	9,774,757	478,772,951	1,230,884,488	1,258,586,086
Taken on lease	381,562,500	-	-	25,575,000	407,137,500	10,439,985	-	-	492,722	18,283,813	388,853,687	374,211,394
Plant and Machinery												
Owned	16,343,346,304	1,015,121,349	235,866,278	431,508,997	17,554,110,372	1,036,365,594	104,327,345	5,390,320	300,903,452	12,374,841,467	5,179,268,905	5,206,834,898
Taken on lease	-	218,598,051	-	-	218,598,051	39,464,388	-	-	-	39,464,388	179,133,663	-
Equipments	387,841,167	29,241,504	3,524,409	2,902,940	416,461,202	24,574,925	1,544,547	359,102	2,171,859	253,343,053	163,118,149	160,059,453
Furniture and fixtures	211,721,535	9,032,381	2,316,153	1,861,873	220,299,636	17,073,083	1,931,366	20,718,202	1,573,678	170,697,729	49,601,907	78,457,413
Vehicles	11,472,260	1,971,609	1,325,156	174,948	12,293,661	818,568	1,127,710	-	157,443	8,929,122	3,364,539	2,391,439
Share in Joint Ventures	424,010,928	7,972,743	3,270,106	3,372,342	432,085,907	31,841,951	3,148,714	-	1,743,177	249,609,340	182,476,567	204,838,002
<b>Total</b>	<b>19,637,474,853</b>	<b>1,314,901,528</b>	<b>248,375,076</b>	<b>498,033,500</b>	<b>21,202,034,805</b>	<b>12,175,551,105</b>	<b>113,580,674</b>	<b>26,467,624</b>	<b>317,907,262</b>	<b>13,641,919,834</b>	<b>7,560,114,971</b>	<b>7,461,923,748</b>
Previous year	16,507,444,815	1,829,542,911	19,774,777	1,320,264,904	19,637,474,853	1,161,439,893	16,341,344	-	818,320,433	12,175,551,105	7,461,923,748	-
<b>b) Intangible assets</b>												
Goodwill on consolidation	3,606,939,968	-	-	-	3,606,939,968	-	-	-	-	-	3,606,939,968	3,606,939,968
Software	264,123,670	11,564,680	-	8,447,475	284,135,825	25,209,366	-	3,486,264	3,486,264	134,044,355	150,091,470	158,774,945
Patents	23,427	-	-	(172)	23,255	14,159	2,861	-	(104)	16,916	6,339	9,268
Share in Joint Ventures	3,871,087,065	11,564,680	-	8,447,303	3,891,099,048	25,212,227	-	-	3,486,160	134,061,271	3,757,037,777	3,765,724,181
<b>Total</b>	<b>7,994,514</b>	<b>514,670</b>	<b>-</b>	<b>63,584</b>	<b>8,572,768</b>	<b>6,144,141</b>	<b>-</b>	<b>-</b>	<b>48,868</b>	<b>7,470,104</b>	<b>1,102,664</b>	<b>1,850,373</b>
Previous year	3,879,081,579	12,079,350	-	8,510,887	3,899,671,816	111,507,025	-	-	3,535,028	141,531,375	3,758,140,441	3,767,574,554
Capital work in progress	3,840,136,064	18,818,287	-	20,127,228	3,879,081,579	94,831,109	-	-	7,738,524	111,507,025	472,140,168	384,815,396
<b>d) Intangible assets under development</b>												
<b>Total</b>											<b>12,850,810</b>	<b>9,518,010</b>

#### Notes

- Buildings include Roads, Residential Flats, Tubewells/Borewells, Watertanks and shares in a Co-operative Society.
- Freehold Land and Building (except borewells) acquired pursuant to the Scheme of Merger were revalued on 30 June 1996 by ₹ 32,786,717 on the basis of valuation report of Chartered Engineers dated 13 August 1996.
- Additions to plant and machinery and capital work in progress includes borrowing costs of ₹ 6,976,566 (₹ 24,678,430) and exchange difference of ₹ 61,771,167 (₹ 50,368,084) capitalised during the year.
- Depreciation for the year of ₹ 347,862 (₹ 348,814) is recouped out of revaluation reserve.
- Gross block as at 1 April 2011 and depreciation upto 31 March 2011 includes ₹ 601,657,504 and ₹ 493,224,880 respectively acquired on merger. (Refer note 30)
- Current year addition to gross block is net of ₹ 18,783,126 being custom duty decapitalised and depreciation for the year is net of ₹ 17,843,969 being reversal of excess depreciation charged in earlier years. (Refer note 31)

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

	2013	2012
<b>11. NON-CURRENT INVESTMENTS</b>		
(valued at cost, unless stated otherwise)		
<b>A) Trade investments</b>		
<b>i) In Associate Company - Unquoted</b>		
2100 (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 profits	74,806,304	70,107,506
Share of profit for the year	22,380,735	24,417,161
Less: Dividend received	(5,079,311)	(19,718,363)
	<b>462,929,253</b>	<b>445,627,829</b>
<b>ii) In Others - Quoted</b>		
100 (100) Equity Shares of ₹ 10 each in Akar Laminators Limited	1,125	1,125
200 (200) Equity Shares of ₹ 10 each in Cosmo Films Limited	1,760	1,760
100 (100) Equity Shares of ₹ 10 each in Flex Industries Limited	1,515	1,515
100 (100) Equity Shares of ₹ 10 each in Orient Press Limited	1,360	1,360
5 (5) Equity Shares of ₹ 10 each in Sharp Industries Limited	7,130	7,130
50 (50) Equity Shares of ₹ 10 each in Paper Products Limited	6,105	6,105
400 (400) Equity Shares of ₹ 10 each in Associated Business Credit Limited	4,000	4,000
<b>B) Other investments</b>		
<b>i) Quoted</b>		
700 (700) Equity Shares of ₹ 10 each in State Bank of Travancore	42,000	42,000
	64,995	64,995
Less: Provision for diminution in value of Investments	(19,875)	(19,875)
	<b>45,120</b>	<b>45,120</b>
<b>ii) Unquoted</b>		
Obligatory investments in Government securities	715,304	715,304
(All the above securities are fully paid up).		
<b>Total</b>	<b>463,689,677</b>	<b>446,388,253</b>
Aggregate book value of quoted investments	64,995	64,995
Aggregate book value of unquoted investments	463,644,557	446,343,133
Aggregate market value of quoted investments	394,772	439,246
Aggregate provision for diminution in value of investments	19,875	19,875



## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

	2013	2012
<b>12 DEFERRED TAX ASSETS (NET)</b>		
<b>Deferred tax assets</b>		
Disallowances under tax laws	218,369,977	202,597,078
Provision for doubtful debts	13,406,404	10,490,476
Unabsorbed tax losses	224,559,673	327,966,948
<b>Total (A)</b>	<b>456,336,054</b>	<b>541,054,502</b>
<b>Deferred tax liabilities</b>		
Fiscal allowance on fixed assets	406,108,484	419,458,419
Others	33,165,335	36,185,172
<b>Total (B)</b>	<b>439,273,819</b>	<b>455,643,591</b>
<b>Total (A-B)</b>	<b>17,062,235</b>	<b>85,410,911</b>

	Long-term		Short-term	
	2013	2012	2013	2012
<b>13 LOANS AND ADVANCES</b>				
(Unsecured, considered good, unless otherwise stated)				
Capital advances	101,284,207	87,488,439	-	-
Deposits				
-Related Parties	30,010,000	17,510,000	52,516,752	50,000,000
-Others	70,747,851	49,485,791	7,119,186	15,650,120
	100,757,851	66,995,791	59,635,938	65,650,120
Loans and advances to related parties	-	-	891,015,910	910,731,316
<b>Other loans and advances</b>				
Advances (recoverable in cash or kind)	39,589,005	38,832,179	1,065,637,784	1,055,041,001
Less: Provision for doubtful advances	(2,000,000)	(2,000,000)	-	-
Prepaid expenses	798,138	1,897,353	42,820,225	63,173,456
Loans and advances to employees	914,736	1,210,924	3,900,563	4,072,700
MAT Credit entitlement	77,007,801	26,283,200	53,719,000	90,853,140
Balances with government authorities				
- Direct tax (net of provision)	108,272,209	288,775,602	-	-
- Indirect tax	9,998,918	16,538,845	393,637,968	444,400,838
	234,580,807	371,538,103	1,559,715,540	1,657,541,135
Share in Joint Ventures	916,649	4,471,141	8,045,917	20,601,430
<b>Total</b>	<b>437,539,514</b>	<b>530,493,474</b>	<b>2,518,413,305</b>	<b>2,654,524,001</b>



## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

	Non-Current		Current	
	2013	2012	2013	2012
<b>14. OTHER ASSETS</b>				
Deposits with banks having original maturity period of more than twelve months* (Refer note 17)	3,600,809	2,169,143	-	-
Interest receivable from				
- Related parties	-	-	140,871,891	121,799,584
- Others	-	-	833,446	1,261,062
Other receivable from				
- Related parties	-	-	3,084,400	2,514,631
- Others	944,153	1,723,028	124,656,828	796,449
Export benefits receivable	-	-	43,167,284	53,774,938
Insurance claim receivable	-	-	1,754,382	5,417,167
Mark to market gain on foreign exchange forward contracts	-	-	240,426	2,230,323
Unamortised ancillary borrowing costs	102,460,973	65,727,526	47,717,164	35,029,368
<b>Total</b>	<b>107,005,935</b>	<b>69,619,697</b>	<b>362,325,821</b>	<b>222,823,522</b>

\* Deposited with / lien in favour of various Government authorities / banks.

	2013	2012
<b>15. INVENTORIES</b>		
Raw material (Including goods in transit of ₹ 187,202,587 (₹ 147,810,835))	938,027,608	897,253,499
Goods-in-process	453,060,033	487,184,018
Finished goods (Including goods in transit of ₹ 5,273,977 (₹ 10,498,126))	208,752,774	178,652,713
Stores and spares	393,651,833	340,925,920
Packing materials	24,441,097	28,051,769
	2,017,933,345	1,932,067,919
Share in Joint Ventures	48,050,524	48,400,834
<b>Total</b>	<b>2,065,983,869</b>	<b>1,980,468,753</b>
<b>16. TRADE RECEIVABLES (UNSECURED)</b>		
Over six months		
Considered good	181,938,521	38,356,127
Considered doubtful	60,078,299	55,930,321
Less: Provision for doubtful debts	(60,078,299)	(55,930,321)
	181,938,521	38,356,127
Others	2,763,379,877	2,415,972,671
	2,945,318,398	2,454,328,798
Share in Joint Ventures	57,058,085	46,352,022
<b>Total</b>	<b>3,002,376,483</b>	<b>2,500,680,820</b>



## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

	Non-Current		Current	
	2013	2012	2013	2012
<b>17. CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
Balance with banks in Current accounts	-	-	479,103,874	854,321,408
Cheques/drafts on hand	-	-	7,719,711	3,071,704
Remittance in transit	-	-	12,245,559	2,697,876
Deposits with bank having original maturity period of less than 3 months	-	-	121,623,600	-
Cash on hand	-	-	2,066,860	2,242,300
	-	-	<b>622,759,604</b>	<b>862,333,288</b>
<b>Other bank balances</b>				
Unclaimed dividend accounts	-	-	4,651,543	4,923,517
Deposits with banks having original maturity period of more than twelve months	2,206,600	1,964,079	305,057,705	24,480,990
Margin money**	1,394,209	205,064	-	-
	<b>3,600,809</b>	<b>2,169,143</b>	<b>309,709,248</b>	<b>29,404,507</b>
Disclosed under "Other non-current assets" (Refer note 14)	(3,600,809)	(2,169,143)	-	-
	-	-	932,468,852	891,737,795
Share in Joint Ventures	-	-	10,536,127	14,354,609
<b>Total</b>	<b>-</b>	<b>-</b>	<b>943,004,979</b>	<b>906,092,404</b>

\*\* represents deposits pledged with government authorities and bankers for letters of credit issued.

	2013	2012
<b>18. REVENUE FROM OPERATIONS</b>		
Sales	18,200,699,165	15,742,937,543
Other operating revenues		
Royalty / Service charges	37,375,574	18,916,104
Sale of scrap	128,320,881	116,508,966
Export and other incentives	39,168,641	36,654,290
	<b>18,405,564,261</b>	<b>15,915,016,903</b>
Share in Joint Ventures	428,634,789	379,163,188
<b>Revenue from operations (gross)</b>	<b>18,834,199,050</b>	<b>16,294,180,091</b>
Less: Excise duty	(516,529,796)	(457,069,781)
<b>Revenue from operations (net)</b>	<b>18,317,669,254</b>	<b>15,837,110,310</b>
<b>19. OTHER INCOME</b>		
Dividend income	-	11,200
Interest income*	173,110,502	153,503,096
Exchange differences (net)	25,933,663	6,623,227
Profit on sale / discard of fixed assets (net)	9,678,829	-
Liability written back (Refer note 31)	47,348,915	-
Miscellaneous income	33,123,880	28,302,726
	<b>289,195,789</b>	<b>188,440,249</b>
Share in Joint Ventures	13,293,564	8,503,407
<b>Total</b>	<b>302,489,353</b>	<b>196,943,656</b>

\* includes interest on loans, bank deposits, income tax refunds etc.

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

	2013	2012
<b>20. COST OF MATERIALS CONSUMED</b>		
<b>Raw materials consumed</b>		
Inventory at the beginning of the year	897,253,498	1,017,199,041
Add: Purchases (net)	8,666,959,880	7,223,731,598
	<u>9,564,213,378</u>	<u>8,240,930,639</u>
Less: Inventory at the end of the year	938,027,609	897,253,498
	<u>8,626,185,769</u>	<u>7,343,677,141</u>
Share in Joint Ventures	241,928,552	236,940,410
<b>Total</b>	<u><u>8,868,114,321</u></u>	<u><u>7,580,617,551</u></u>
<b>21. CHANGES IN INVENTORIES OF FINISHED GOODS AND GOODS-IN-PROCESS</b>		
Inventory at the end of the year		
Finished goods	208,752,774	178,652,713
Goods-in-process	453,060,033	487,184,018
	<u>661,812,807</u>	<u>665,836,731</u>
Inventory at the beginning of the year		
Finished goods	178,652,713	233,006,551
Goods-in-process	487,184,018	486,255,310
	<u>665,836,731</u>	<u>719,261,861</u>
	4,023,924	53,425,130
Share in Joint Ventures	1,205,172	(14,869,780)
<b>Total</b>	<u><u>5,229,096</u></u>	<u><u>38,555,350</u></u>
<b>22. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	2,318,015,785	1,932,768,396
Contribution to provident and other funds	232,850,305	183,221,611
Gratuity expenses	17,927,559	5,421,512
Staff welfare expenses	207,465,769	219,313,311
	<u>2,776,259,418</u>	<u>2,340,724,830</u>
Share in Joint Ventures	77,143,691	64,494,173
<b>Total</b>	<u><u>2,853,403,109</u></u>	<u><u>2,405,219,003</u></u>
<b>23. OTHER EXPENSES</b>		
Stores and spares	373,440,181	383,139,001
Packing materials	539,728,525	488,380,512
Power and fuel	557,343,852	510,673,062
Job work / Labour charges	259,033,086	186,165,142
Repairs and maintenance		
- Buildings	19,824,507	27,032,135
- Plant and machinery	129,612,421	100,458,228
- Others	67,480,243	54,784,394



## Notes forming part of the Consolidated Financial Statements

	(Amount in ₹)	
	2013	2012
Lease rent		
- Buildings	84,592,325	77,392,187
- Plant and machinery	146,879,221	241,480,008
Other manufacturing expenses	80,090,054	69,200,295
Rent	60,698,233	52,449,807
Rates and taxes	100,255,756	73,540,094
Insurance	27,477,578	22,097,142
Directors' sitting fees	880,000	940,000
Travelling and conveyance expenses	110,170,137	97,065,612
Advertisement expenses	2,462,691	3,289,789
Professional and consultancy fees	81,874,909	74,977,433
Communication charges	45,278,243	39,475,271
Miscellaneous expenses	192,677,443	161,331,403
Donation	441,908	635,808
Payments to auditors for:		
- Audit fees (includes ₹ Nil (₹ 450,000) to branch auditors)	2,226,400	2,474,000
- Tax audit fees (includes ₹ Nil (₹ 49,980) to branch auditors)	306,130	328,280
- Tax representations and others	917,344	1,496,762
- Certifications (including fees for limited review)	1,056,764	1,715,875
- Reimbursement of expenses	39,979	128,066
Freight and forwarding expenses	419,420,375	337,761,625
Discount and rebate	971,573	1,493,283
Bad debts	15,926,049	2,817,802
Provision for doubtful debts, advances and contingencies	32,056,751	53,804,243
Commission	12,968,565	14,456,341
Loss on sale /discard of fixed assets (net)	-	2,794,437
Provision for impairment loss on fixed assets	26,467,624	-
	<b>3,392,598,867</b>	<b>3,083,778,037</b>
Share in Joint Ventures	67,174,083	61,712,434
<b>Total</b>	<b>3,459,772,950</b>	<b>3,145,490,471</b>
<b>24. FINANCE COSTS</b>		
Interest expenses		
- Borrowings	776,368,718	749,223,222
- Others	2,298,006	13,850,771
Other financial charges (includes amortisation of ancillary borrowing costs ₹ 44,636,285 (₹ 19,058,549))	108,851,860	70,454,387
Exchange difference on borrowings (net)	20,116,407	3,175,384
	<b>907,634,991</b>	<b>836,703,764</b>
Share in Joint Ventures	4,468,677	4,687,273
<b>Total</b>	<b>912,103,668</b>	<b>841,391,037</b>
<b>25. EXCEPTIONAL ITEMS</b>		
Relocation / consolidation expenses of manufacturing facilities	-	13,181,033
<b>Total</b>	<b>-</b>	<b>13,181,033</b>

## Notes forming part of the Consolidated Financial Statements

### 26 Foreign exchange difference

The Companies (Accounting Standards) Amendment Rules, 2011 has amended provisions of AS-11 related to “The Effect of Changes in Foreign Exchange Rates” vide notification dated 11 May 2011 (as amended on 29 December 2011 and further clarification dated 9 August 2012) issued by The Ministry of Corporate Affairs (MCA). In terms of these amendments:

- Exchange difference loss (net) of ₹ 61,771,167 (₹ 50,368,084) is capitalised to cost of fixed assets / capital work in progress.
- Movement in “Foreign Currency Monetary Item Translation Difference account” (FCMITD) is as under:

	(Amount in ₹)	
	2013	2012
Opening balance Debit / (Credit)	(19,255,093)	7,282,441
Exchange difference loss / (gain) during the year	(17,432,534)	(43,445,023)
Amortisation of exchange difference for the year	36,687,627	16,907,489
Closing balance Debit / (Credit)	-	(19,255,093)

### 27 Derivative instruments and unhedged foreign currency exposure

Derivative contracts (being foreign exchange forward contracts for hedging purposes) entered into by the Group and outstanding as at 31 March :

- For payments to be received against exports and other receivables

Derivative Contracts	2013		2012	
	Amount in Foreign Currency	Equivalent Indian ₹	Amount in Foreign Currency	Equivalent Indian ₹
USD / CNY	USD 800,000	55,172,994	USD 4,000,000	203,500,000
USD / INR	USD 8,611,079	467,452,433	USD 29,960,000	1,524,215,000

- For payments to be made against imports and other payables

Derivative Contracts	2013		2012	
	Amount in Foreign Currency	Equivalent Indian ₹	Amount in Foreign Currency	Equivalent Indian ₹
USD / INR	USD 13,603,192	738,449,299	USD 17,387,389	884,583,423
EUR / PLN	-	-	EUR 1,980,000	137,237,760

- Cross currency hedges

	2013	2012
	Amount in Foreign Currency	Amount in Foreign Currency
In respect of payables (including capital commitments)		
EUR / USD	EUR 1,992,560	EUR 1,992,560
CHF / USD	CHF 5,112,600	CHF 5,112,600

- Outstanding foreign currency exposures not hedged by derivative instruments

	(Amount in ₹)	
	2013	2012
Foreign currency payables	1,447,225,566	1,341,868,964
Foreign currency receivables	1,080,627,630	989,929,077

### 28 Leases

- 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 minimum lease payments required under this finance lease that have initial or remaining non-cancellable lease terms in excess of one year as at 31 March 2013 and its present value are as follows:



## Notes forming part of the Consolidated Financial Statements

	(Amount in ₹)	
	2013	2012
<b>Minimum lease payment as at</b>		
Not later than one year	78,411,434	29,500,937
Later than one year but not later than five years	275,215,921	118,003,749
Later than five years	577,102,098	570,351,874
	<b>930,729,453</b>	<b>717,856,560</b>
Less: Amount representing interest	357,791,790	340,700,972
<b>Present value of Minimum Lease Payment</b>	<b>572,937,663</b>	<b>377,155,588</b>
Not later than one year	47,567,787	7,068,420
Later than one year but not later than five years	175,967,276	32,910,731
Later than five years	349,402,600	337,176,437

### b) Operating Lease

The Group has taken on lease premises, residential facilities, plant and machinery (including equipments) and vehicles under cancellable/non-cancellable 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 eleven to sixty months. The rental obligations are as follows:

	(Amount in ₹)	
	2013	2012
Lease rental expense for the year (Including ₹ 792,895 (₹ 472,719) of Joint Ventures)	208,952,249	262,352,852
<b>Future lease rental obligation payable (under non-cancellable leases)</b>		
Not later than one year (Including ₹ 1,178,547 (₹ 841,969) of Joint Ventures)	156,848,818	260,856,042
Later than one year but not later than five years (Including ₹ 1,556,753 (₹ 1,957,645) of Joint Ventures)	269,351,488	319,456,916
<b>Total</b>	<b>426,200,306</b>	<b>580,312,958</b>

### 29 a) Contingent Liabilities not provided for

	(Amount in ₹)	
	2013	2012
(i) Unexpired Letters of Credit (net of liability provided)	37,553,636	263,810,521
(ii) Guarantees and counter guarantees (net of liability provided)	3,000,000	16,955,564
(iii) Disputed indirect taxes *	259,918,764	289,159,537
(iv) Disputed direct taxes ^	110,017,878	80,563,019
(v) Claims not acknowledged as debts	4,996,550	4,996,550
(vi) Deferred sales tax liability assigned	68,605,087	84,496,517
(vii) Duty benefit availed under EPCG scheme, pending export obligations	275,574,752	389,790,120
(viii) Bills discounted from banks	152,162,429	100,374,026

\* Does not include disputed excise duty of ₹ 115,428,779 (₹ 115,428,779) for alleged undervaluation in inter unit transfer of Web, for captive consumption as it does not have significant impact on profits of the Group, 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 Group's favour) of High Court is pending before Hon'ble Supreme Court.

^ Without considering relief granted by the Appellate Authorities in favour of the Group, tax effect ₹ 53,583,923 (₹ 50,576,133) (approx.), which is pending.

### b) Commitments

#### (i) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) ₹ 255,699,091 (₹ 290,014,403).

#### (ii) Other Commitments

Estimated amount of contracts remaining to be executed on other than capital account, not provided for (net of advances) ₹ 73,406,037.

Group Share in Joint Ventures : ₹ 73,406,037 (₹ 23,978,865).

## Notes forming part of the Consolidated Financial Statements

### 30 Scheme of Merger of Ras Propack Lamipack Limited (“RPLL”) and Ras Extrusions Limited (“REL”)

- a) Scheme of Merger (“the Scheme”) of Ras Propack Lamipack Limited (“RPLL”) and Ras Extrusions Limited (“REL”) with the Company as part of Modified Scheme was sanctioned by Board for Industrial and Financial Reconstruction (“BIFR”) on 10 May 2012 vide summary record of proceedings issued on 28 August 2012. The Scheme became effective on 30 August 2012 and consequently, the entire undertaking of the transferor companies including all assets, liabilities and reserves, vested in the Company on appointed date i.e. 1 April 2011. The Scheme has been given effect to in the financial statements for the year ended 31 March 2012 as per “Pooling of interest” method prescribed under Accounting Standard 14 “Accounting of Amalgamation” and surplus of ₹ 74,690,690, being difference between the value of assets, liabilities and reserves transferred, is adjusted in general reserve.
- b) Pursuant to the Scheme, 380,248 and 119,907 equity shares of ₹ 2 each fully paid up have been allotted to the shareholders of RPLL and REL respectively on 14 September 2012.
- c) Certain assets and liabilities acquired pursuant to the Scheme are under process of transfer in the name of the company.

### 31 Provision for custom duty (including interest) of ₹ 86,068,682 (₹ 152,200,723) is towards possible liability on account of non-fulfilment of export obligations under the “Zero Duty EPGC Scheme” of erstwhile Ras Propack Lamipack Limited (“RPLL”) (the merged entity).

During the year, custom duty provision of ₹ 18,783,126 is adjusted in the cost of fixed assets and provision for interest on custom duty provision of ₹ 47,348,915 is written back to the Statement of Profit and Loss and included in other income, to the extent of fulfilment of export obligations by the Company. Related procedural formalities will be completed in due course.

### 32 Prior period comparatives

Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with current year’s classifications / disclosures. Figures in brackets pertain to previous year.

### 33 Discontinuing operations

During the year ended 31 March 2012, the Group has paid certain claims with regard to its step down subsidiary dealing in Medical Device Business, divested during the year 2009. The said claims of ₹ 101,975,311 is shown as Loss from discontinuing operations.

### 34 Earnings per share

	2013	2012
Profit for the year from continuing operations (₹)	809,573,416	615,554,870
Profit for the year for total operations (₹)	809,573,416	513,579,559
Weighted average number of Basic and Diluted Equity Shares (Nos.) *	157,101,285	157,101,285
Nominal value of equity shares (₹)	2.00	2.00
<b>Earnings per share</b>		
Basic and Diluted		
(i) Continuing operations	5.15	3.92
(ii) Total operations	5.15	3.27

\* Includes 500,155 equity shares of ₹ 2 each fully paid up allotted pursuant to the Scheme of Merger as referred in note 30.

### 35 Related Party Disclosure

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

#### i) Joint Venture / Associate Companies

Essel Deutschland GmbH & Co. KG (Dresden), Essel Deutschland Management GmbH, P.T. Lamipak Primula.

#### ii) Other Related Parties

Aqualand (India) Limited, Ayepee Lamitubes Limited, Churu Trading Company Private Limited (merged with Sprit Textiles Private Limited w.e.f. 01 October 2012), Continental Drug Company Private Limited, Essel Corporate Resources Private Limited, Ganjam Trading Company Private Limited, Pan India Paryatan Private Limited, Prajatma Trading Company Private Limited (merged with Sprit Textiles Private Limited w.e.f. 01 October 2012), Rama Associates Limited, Zee Entertainment Enterprises Limited, Sprit Textiles Private Limited.



## Notes forming part of the Consolidated Financial Statements

### b. Directors of the Company

<b>Non-Executive Directors</b>	Mr. Subhash Chandra Mr. Boman Moradian Mr. K.V. Krishnamurthy* Mr. Tapan Mitra Mr. Mukund M Chitale
<b>Executive Director</b>	Mr. Ashok Kumar Goel (Vice Chairman and Managing Director)

\* deceased on 16 January 2013

### c. Transactions with related parties

#### (A) Transactions during the year

(Amount in ₹)

	2013		2012	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>a. Sales to and Recoveries from</b>				
Joint Venture / Associates	16,714,240		1,079,260	
Essel Deutschland GmbH & Co., KG Dresden		16,714,240		825,408
P.T. Lamipak Primula		-		253,852
<b>Other Related Parties</b>	882,080		1,536,343	
Pan India Paryatan Private Limited		3,959		175,478
Rama Associates Limited		878,121		1,360,865
<b>b. Royalty / Service charges Income</b>				
Joint Venture / Associates	11,732,088		11,015,697	
Essel Deutschland GmbH & Co., KG Dresden		11,732,088		11,015,697
<b>c. Rent Income</b>				
<b>Other Related Parties</b>	60,000		60,000	
Pan India Paryatan Private Limited		60,000		60,000
<b>d. Purchase of Goods and Services</b>				
<b>Other Related Parties</b>	290,192		191,178	
Zee Entertainment Enterprises Limited		147,925		191,178
Ganjam Trading Company Private Limited		142,267		-
<b>e. Purchase of Fixed Assets</b>				
<b>Other Related Parties</b>	20,000,000		-	
Ayepee Lamitubes Limited		20,000,000		-
<b>f. Rent Expenses</b>				
<b>Other Related Parties</b>	28,936,797		21,306,723	



## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

	2013		2012	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
Ganjam Trading Company Private Limited		27,403,200		19,706,404
<b>g. Loans / Advances / Deposits given</b>				
<b>Other Related Parties</b>	5,938,775		110,952,469	
Churu Trading Company Private Limited		-		104,431,000
Ayepee Lamitubes Limited		5,938,775		-
<b>h. Repayment of Loans / Advances / Deposits given</b>				
<b>Other Related Parties</b>	4,100,000		3,410,828	
Ayepee Lamitubes Limited		4,100,000		3,219,427
<b>i. Loans / Advances / Deposits taken</b>				
<b>Other Related Parties</b>	50,000,000		100,000,000	
Pan India Paryatan Private Limited		50,000,000		100,000,000
<b>j. Repayment of Loans / Advances / Deposits taken</b>				
<b>Other Related Parties</b>	50,000,000		100,000,000	
Pan India Paryatan Private Limited		50,000,000		100,000,000
<b>k. Interest Expense</b>				
<b>Other Related Parties</b>	2,054,794		2,760,958	
Pan India Paryatan Private Limited		2,054,794		2,760,958
<b>l. Interest Income</b>				
<b>Other Related Parties</b>	156,524,323		135,332,871	
Churu Trading Company Private Limited		79,517,870		65,646,753
Prajatma Trading Company Private Limited		64,582,171		57,037,896
<b>m. Remuneration to</b>	30,725,600		31,190,000	
Managing Director		30,725,600		31,190,000

### (B) Balance Outstanding as at 31 March

(Amount in ₹)

	2013		2012	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>a. Trade Receivables</b>				
<b>Joint Venture / Associates</b>	31,120,467		19,168,431	
Essel Deutschland Gmbh & Co., KG Dresden		31,120,467		19,168,431



## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

	2013		2012	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>Other Related Parties</b>	484,056		531,145	
Pan India Paryatan Private Limited		-		218,754
Rama Associates Limited		484,056		312,391
<b>b. Loans / Advances / Deposits given</b>				
<b>Other Related Parties</b>	973,542,662		984,815,316	
Churu Trading Company Private Limited *		-		471,037,057
Ayepee Lamitubes Limited		90,765,154		110,358,415
Sprit Textiles Private Limited *		850,250,756		-
Prajatma Trading Company Private Limited *		-		379,213,699
<b>c. Loans / Advances / Deposits taken</b>				
<b>Other Related Parties</b>	25,000		25,000	
Pan India Paryatan Private Limited		25,000		25,000
<b>d. Other Receivables</b>				
<b>Joint Venture / Associates</b>	2,398,903		1,965,820	
Essel Deutschland Gmbh & Co., KG Dresden		2,067,508		1,655,243
P.T. Lamipak Primula		331,395		310,577
<b>e. Interest Receivable</b>				
<b>Other Related Parties</b>	140,871,891		121,799,584	
Prajatma Trading Company Private Limited *		-		51,334,106
Churu Trading Company Private Limited *		-		59,082,078
Sprit Textiles Private Limited *		129,690,037		-
<b>f Trade Payables / Other Liabilities</b>				
<b>Joint Venture / Associates</b>	32,136,383		-	
Essel Deutschland Gmbh & Co., KG Dresden		32,136,383		-
<b>Other Related Parties</b>	3,861,231		7,930,765	
Essel Corporate Resources Private Limited		3,861,231		3,861,231
Continental Drugs Company Private Limited		-		4,057,248

Transactions with Joint Venture has been reported at proportionate value.

"Major Parties" denotes entries who account 10% or more of the aggregate for that category of transaction. For details of guarantee / security given by related party viz. Aqualand (India) Limited (Refer note 5 and 8)

\* Churu Trading Company Private Limited and Prajatma Trading Company Private Limited have merged with Sprit Textiles Private Limited w.e.f 1 October 2012.

## Notes forming part of the Consolidated Financial Statements

### 36 Segment Information

The Group 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. The Group operates only in one Segment viz. 'Plastic Packaging Material' and hence business segment disclosures as per AS-17 are not applicable.

#### Geographical segmentation:

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

#### Segment reporting for the year ended 31 March 2013

Primary segment disclosure - Geographical segment

(Amount in ₹)

	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Total
<b>Revenue</b>							
External Sales and Services	8,549,434,070	3,356,247,349	4,039,845,084	2,372,142,751	-	-	18,317,669,254
Inter-segment Sales and Services	277,851,525	856,161,734	224,132,223	54,997,347	3,016,610	(1,416,159,439)	-
<b>Total Revenue</b>	<b>8,827,285,595</b>	<b>4,212,409,083</b>	<b>4,263,977,307</b>	<b>2,427,140,098</b>	<b>3,016,610</b>	<b>(1,416,159,439)</b>	<b>18,317,669,254</b>
<b>Segment Result</b>	<b>1,144,129,438</b>	<b>814,372,686</b>	<b>262,941,515</b>	<b>(280,780,840)</b>	<b>(61,908,229)</b>	<b>(9,320,769)</b>	<b>1,869,433,801</b>
Add: Other income							302,489,353
Less: Finance costs							912,103,668
<b>Profit before tax and exceptional items</b>							<b>1,259,819,486</b>
Less: Exceptional items							-
<b>Profit before tax</b>							<b>1,259,819,486</b>
<b>Less: Tax expense</b>							
Current Tax - Current year							403,080,048
- Earlier years							1,042,552
MAT credit entitlement							(29,437,621)
Deferred Tax							68,348,676
<b>Profit after tax from continuing operations</b>							<b>816,785,831</b>
Add: Share of profit from associates							22,380,735
Less: Minority Interests							29,593,150
<b>Profit for the year from continuing operations</b>							<b>809,573,416</b>
Less: Loss from discontinuing operations							-
<b>Profit for the year</b>							<b>809,573,416</b>

#### Other Segment Information:

	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Total
1. Segment Assets	7,183,017,719	4,082,449,420	2,703,592,092	2,277,747,716	6,655,143,522	(742,028,444)	22,159,922,025
2. Segment Liabilities	1,281,609,275	595,767,034	572,581,450	497,773,888	10,214,790,667	(449,258,018)	12,713,264,296
3. Capital Expenditure	679,488,999	126,055,861	310,003,259	444,144,143	-	(120,224,233)	1,439,468,029
4. Depreciation and amortisation expense	458,721,413	285,671,487	330,104,163	200,094,134	-	(12,875,220)	1,261,715,977



## Notes forming part of the Consolidated Financial Statements

### Segment reporting for the year ended 31 March 2012

Primary segment disclosure - Geographical segment

(Amount in ₹)

	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Total
<b>Revenue</b>							
External Sales and Services	7,541,915,182	2,994,572,511	3,579,421,570	1,721,201,047	-	-	15,837,110,310
Inter-segment Sales and Services	252,181,407	695,710,108	125,620,502	54,283,001	2,393,188	(1,130,188,206)	-
<b>Total Revenue</b>	<b>7,794,096,589</b>	<b>3,690,282,619</b>	<b>3,705,042,072</b>	<b>1,775,484,048</b>	<b>2,393,188</b>	<b>(1,130,188,206)</b>	<b>15,837,110,310</b>
<b>Segment Result</b>	<b>964,200,871</b>	<b>712,323,500</b>	<b>148,340,652</b>	<b>(252,852,347)</b>	<b>(32,997,295)</b>	<b>(41,815,917)</b>	<b>1,497,199,464</b>
Add: Other income							196,943,656
Less: Finance costs							841,391,037
<b>Profit before tax and exceptional items</b>							<b>852,752,083</b>
Less: Exceptional items							13,181,033
<b>Profit before tax</b>							<b>839,571,050</b>
Less: Tax expense							
Current Tax - Current year							310,529,925
- Earlier years							7,939,608
MAT credit entitlement							(92,476,340)
Deferred Tax							(2,662,194)
<b>Profit after tax from continuing operations</b>							<b>616,240,051</b>
Add: Share of profit from associates							24,417,161
Less: Minority Interests							25,102,342
<b>Profit for the year from continuing operations</b>							<b>615,554,870</b>
Less: Loss from discontinuing operations							101,975,311
<b>Profit for the year</b>							<b>513,579,559</b>

### Other Segment Information:

	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Total
1. Segment Assets	6,875,530,219	3,959,363,825	2,634,250,440	2,059,742,586	6,893,123,041	(943,244,263)	21,478,765,848
2. Segment Liabilities	1,463,330,371	474,018,483	568,291,467	683,450,916	10,165,662,017	(712,654,883)	12,642,098,371
3. Capital Expenditure	701,534,941	560,140,270	604,922,355	165,134,817	-	(82,781,430)	1,948,950,953
4. Depreciation and amortisation expense	413,826,437	282,613,267	266,998,252	211,083,638	-	(4,493,123)	1,170,028,471

As per our attached report of even date

For MGB & Co.

Chartered Accountants

Firm Registration Number 101169W

Hitendra Bhandari

Partner

Membership Number 107832

Place: Mumbai

Date: 29 May 2013

For and on behalf of the Board

Subhash Chandra

Tapan Mitra  
Boman Moradian  
Mukund M. Chitale

Ashok Kumar Goel  
A.V. Ganapathy  
Aashay S. Khandwala

Chairman

} Directors

Vice Chairman & Managing Director  
Chief Financial Officer (Global)

Vice President (Legal) & Company Secretary

## Consolidated Cash flow statement for the year ended 31 March 2013

(Amount in ₹)

	2013	2012
<b>A. Cash flow from operating activities</b>		
Profit before tax and exceptional items	1,259,819,486	852,752,083
Adjustments for:	-	-
Depreciation and amortisation expense	1,280,499,103	1,170,028,471
Provision for impairment of fixed assets	26,467,624	-
Amortisation of ancillary borrowing costs	44,636,285	19,058,549
Profit on sale / discard of fixed assets (net)	(9,678,829)	2,794,437
Interest expenses	783,000,710	767,556,539
Interest income	(173,266,595)	(153,681,812)
Liability written back	(47,348,915)	-
Provision for doubtful debts, advances and contingencies	4,147,978	16,040,943
Exceptional items	-	(13,181,033)
Loss from discontinuing operations	-	(101,975,311)
Capital subsidy transferred to statement of profit and loss	(8,823,787)	(3,944,207)
Exchange adjustments (net)	(192,894,110)	(85,810,047)
<b>Operating profit before working capital changes</b>	<b>2,966,558,950</b>	<b>2,469,638,612</b>
Adjustments for:	-	-
(Increase) / decrease in trade and other receivables	(855,935,941)	(78,380,859)
(Increase) / decrease in inventories	(85,515,116)	130,086,220
Increase / (decrease) in trade and other payables	30,678,001	(231,661,279)
<b>Cash generated from operations</b>	<b>2,055,785,894</b>	<b>2,289,682,694</b>
Direct taxes paid (net of refunds)	(371,354,562)	(337,333,164)
<b>Net cash from operating activities (A)</b>	<b>1,684,431,332</b>	<b>1,952,349,530</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work-in-progress and capital advances)	(1,220,869,977)	(1,567,388,454)
Sale of fixed assets	144,473,231	638,996
Investment in bank deposits(having original maturity of more than twelve months)	(1,431,666)	951,878
Short term loans given to related parties	(5,938,775)	(110,952,469)
Repayment of short term loans given to related parties	25,354,181	3,410,828
Interest received	154,621,904	31,600,256
Dividend received from associate	5,079,311	19,718,363
Government grant and capital subsidies received	2,398,690	29,507,884
<b>Net cash from / (used in) investing activities (B)</b>	<b>(896,313,101)</b>	<b>(1,592,512,718)</b>



## Consolidated Cash flow statement for the year ended 31 March 2013

	(Amount in ₹)	
	2013	2012
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings	4,983,832,168	1,096,415,243
Repayment of long-term borrowings	(2,684,510,121)	(1,572,729,803)
Proceeds from short term borrowings	1,719,351,918	1,823,530,626
Repayment of short term borrowings	(2,405,821,968)	(1,151,281,533)
Increase / (decrease) in other borrowings (net)	(1,562,697,976)	673,534,951
Principal payment under finance lease	(22,815,976)	(6,222,152)
Interest paid	(784,038,169)	(775,299,397)
Dividend paid (including tax)	(169,280,425)	(139,399,256)
Dividend paid to minority shareholders	(40,876,827)	(22,242,142)
Ancillary borrowing costs incurred	(94,057,528)	(16,656,184)
<b>Net cash from / (used in) financing activities (C)</b>	<b>(1,060,914,904)</b>	<b>(90,349,647)</b>
<b>Net changes in cash and cash equivalents(A+B+C)</b>	<b>(272,796,673)</b>	<b>269,487,165</b>
Cash and cash equivalents at the beginning of the year	906,092,404	607,064,483
Add: Cash and cash equivalents acquired on merger	-	136,249
<b>Cash and cash equivalents at the end of the year</b>	<b>633,295,731</b>	<b>876,687,897</b>
Add: Earmarked balances with banks	309,709,248	29,404,507
<b>Cash and bank balances at the end of the year</b>	<b>943,004,979</b>	<b>906,092,404</b>

### Note

Previous year figures are regrouped / reclassified wherever necessary.

As per our attached report of even date

For **MGB & Co.**

Chartered Accountants

Firm Registration Number 101169W

**Hitendra Bhandari**

Partner

Membership Number 107832

Place: Mumbai

Date: 29 May 2013

For and on behalf of the Board

**Subhash Chandra**

**Tapan Mitra**

**Boman Moradian**

**Mukund M. Chitale**

**Ashok Kumar Goel**

**A.V. Ganapathy**

**Aashay S. Khandwala**

Chairman

Directors

Vice Chairman & Managing Director

Chief Financial Officer (Global)

Vice President (Legal) & Company Secretary



“Champions  
are made from  
something they  
have deep  
inside of them  
– a desire, a  
dream, a vision”

- MAHATMA GANDHI



**ESSEL PROPACK**

[www.esselpropack.com](http://www.esselpropack.com)



## Valuation Comparison with Global Peers

Sr. No.	Company Name	Business Description	Share Price (\$)	EPS (LTM) (\$)	P/E (LTM)	Book Value (LTM) (\$)	P/BV (LTM)	EBITDA Margin (LTM)	EV/EBITDA
1	Bemis	Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia.	40.14	1.66	24.18	15.85	2.53	11.90%	10.87
2	Sealed Air Corporation	Manufacturer of a range of flexible packaging material, shrink films and packaging equipment that serve food, industrial, medical and consumer applications across USA, South America, Europe, and Asia.	23.76	-7.1	0	7.28	3.26	12.20%	12.68
4	Sonoco Products Company	Manufacturer of rigid papers & closures, flexible packaging materials, pallets, containers etc. for industrial and consumer use in USA, Canada, South America, Europe, and Asia.	35.22	1.91	18.44	14.88	2.37	11.90%	10.13
5	Ball Corporation	Manufacturer of metal cans and plastic blow moulded containers for beverage, food and household use in USA, Canada, South America, Europe, and Asia.	44.39	2.55	17.41	7.23	6.14	13.40%	10.9
6	Crown Holdings Inc	Manufacturer of metal cans, closures for food, beverage, household and consumer applications in US, Europe and other regions.	42.73	3.75	11.39	-	NA	12.30%	12.93
7	Silgan Holdings Inc.	Manufacturer of metal and plastic containers and closures for consumer applications in USA, South America, Europe, and Asia.	47.81	2.17	22.03	8.01	5.97	13.70%	10.16
8	Aptar Group Inc.	Manufacturer of caps & closures, spray pumps, valves etc. primarily for the cosmetic, and personal care, pharmaceutical, household, food and beverage markets across USA, South America, Europe, and Asia.	56.22	2.38	23.62	20.80	2.70	17.00%	11.19
9	Essel Propack #	Essel Propack is leading specialty packaging company for personal care & hygiene, cosmetic, pharmaceutical, household and food having presence in USA, South America, Europe, and Asia.	43.00 (INR)	5.15 (INR)	8.35	60.13 (INR)	0.72	17.10%	5.23

Source: [www.in.advfn.com](http://www.in.advfn.com) & Company fillings

LTM- Last Twelve Months

Updated as on 24th May, 2013

# For FY12-13

# EsSEL Propack Limited

## NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Members of **ESSEL PROPACK LIMITED** will be held on **Tuesday, July 09, 2013, at 11.00 a.m.** at the Company's Registered Office at P.O. Vasind, Taluka: Shahapur, District: Thane, Maharashtra - 421604, India to transact the following business: -

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Profit & Loss for the financial year ended March 31, 2013 and the Balance Sheet as on that date and the Report of the Directors' and Auditor's thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Tapan Mitra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Boman Moradian, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** M/s. MGB & Co, Chartered Accountants (Registration no. 101169W), be and are hereby appointed as the Statutory Auditors of the Company to hold office from conclusion of this meeting till the conclusion of the Thirty-first Annual General Meeting of the Company, at a remuneration as may be decided by the Board of Directors".

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modification or re-enactment thereof) and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the Central Government and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions,

the Company hereby approves the re-appointment of Mr. Ashok Kumar Goel as Vice Chairman & Managing Director of the Company for a period of five years commencing October 21, 2013 upon the terms and conditions and remuneration by way of salary, perquisites and variable pay, including the remuneration to be paid in the event of inadequacy of profits in any financial year, as set out in explanatory statement of material facts annexed to the Notice convening this meeting.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modification or re-enactment thereof) and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the Central Government and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, the Company hereby approves payment of minimum annual remuneration to Mr. Ashok Kumar Goel, Vice Chairman and Managing Director, for the period of three years commencing from October 21, 2013 as set out in explanatory statement of material facts annexed thereto, in case the Company has no profits or if its profits are inadequate in any financial year.

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board of Directors duly authorised in that behalf for the time being exercising powers conferred on the Board by this resolution) be and is hereby authorized to alter, vary or modify from time to time the said terms and conditions within the limits specified in the Act or make any amendments thereto or otherwise as may be permissible by law and do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard".

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

**"RESOLVED THAT** pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and pursuant to the provisions of the Memorandum and Articles of Association of the Company and subject to such other



**ESSEL PROPACK**

approvals as may be required, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) for creation of such mortgage(s), charge(s), hypothecation(s) or any other encumbrances whatsoever, in addition to the existing mortgage(s) / charge(s) / hypothecation(s) created by the Company, on any of the movable and/or immovable properties of the Company wheresoever situate, both present and future, in favour of Banks, NBFCs, Financial Institutions, Finance Companies or their Trustees or any other party (together as "Lenders") whether in India or overseas on such terms and in such manner as the Board may think fit, and subject to such other approvals as may be required to secure rupee / foreign currency term loans and/working capital limits and other form of loans of whatsoever nature for an amount not exceeding ₹ 150 Crores (Rupees one hundred and fifty crores) together with interest, compound/additional interest, commitment charges, costs, expenses and all other monies payable thereon, availed/to be availed by the company's subsidiaries, on such terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lenders and to approve and ratify the actions undertaken by the Board for creation of any mortgage(s), charge(s), hypothecation(s) or any other encumbrances whatsoever, in addition to the existing mortgage(s) / charge(s) / hypothecation(s) created by the Company, on any of the movable and/or immovable properties of the Company wheresoever situated upto the extent of the above limits.

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

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

**AASHAY KHANDWALA**  
Vice President (Legal) and  
Company Secretary

Place : Mumbai  
Date : May 29, 2013

**NOTES :**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AT THE MEETING. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED

**TIME FOR COMMENCEMENT OF THE MEETING.**

- 2) The relevant details of Directors seeking re-appointment under items nos. 3, 4 and 6 above as required by Clause 49 of the Listing agreement entered into with the Stock Exchanges is annexed.
- 3) Members / proxy holders are requested to bring their attendance slip duly signed so as to avoid inconvenience at the Annual General Meeting. Copy of the Notice as well as the Attendance Slip shall be made available to members at the meeting venue who have opted to receive the Annual Report in Electronic Form.
- 4) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, July 03, 2013 to Tuesday, July 09, 2013 (both days inclusive).
- 5) Dividend, if approved by Members at the ensuing Annual General Meeting, will be paid on or after July 12, 2013; to all those shareholders whose name appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before July 02, 2013 and in the list of beneficial owners furnished by National Securities Depository Limited and/or Central Depository Services (India) Limited, in respect of shares held in electronic form, as at the end of the business day on July 02, 2013.
- 6) In respect of the Members having their shareholding in the electronic form, the Company has been disbursing dividend through direct deposit into the respective bank accounts, the particulars of which have been given by you to your Depository Participant (DP).
- 7) In order to safeguard against fraudulent encashment of dividend warrants, Members having physical shares are requested to provide their bank account numbers alongwith the names and addresses of the concerned banks to enable the Company to incorporate the said details on the dividend warrants. Members, who have not yet provided such information, are requested to provide the aforementioned details quoting their folio numbers. The Members will appreciate that the Company will not be responsible for any loss arising out of fraudulently encashed dividend warrants.
- 8) The unclaimed dividends upto year 2005 (Interim Dividend) have been transferred to the Investor Education and Protection Fund of the Central Government pursuant to the provisions of Section 205-A/205-C of the Companies Act, 1956.
- 9) Unpaid / unclaimed Dividend for the year 2005 (Special Dividend) and 2006 (Interim Dividend) are due for transfer on June 13, 2013 and March 08, 2014 respectively, to the Investor Education & Protection Fund of the Central Government, pursuant to the provisions of Section 205-C of the Companies Act, 1956. Members who have not yet

encashed their dividend warrants for the said year or any subsequent year(s), are requested to claim the dividend(s) by writing to the company's Registrar & Transfer Agents, Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri – Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.

The details of the unpaid / unclaimed dividend upto the date of last AGM held on September 27, 2012 are uploaded on the company's website.

- 10) Members desirous of asking any questions at the ensuing Annual General Meeting (AGM) are requested to send their questions so as to reach the Registered Office of the

Company addressed to the Company Secretary atleast seven days before the AGM so that the same can be replied suitably.


- 11) Members are requested to carry their copy of the Annual Report to the Meeting.

By Order of the Board of Directors  
For ESSEL PROPACK LIMITED

**AASHAY KHANDWALA**  
Vice President (Legal) and  
Company Secretary

Place : Mumbai  
Date : May 29, 2013

#### GREEN INITIATIVE: (ELECTRONIC SERVICE OF DOCUMENTS)

The Company has been requesting members to participate in the Green Initiative of Government of India (Electronic Service of Documents). For supporting this initiative kindly access the website of our Registrar & Share Transfer Agents, M/s. Sharepro Services (I) Pvt. Ltd. at [www.shareproservices.com](http://www.shareproservices.com) or click on the icon  provided on the Company's website, follow the instructions and fill in the requisite details.

We solicit your whole-hearted co-operation and patronage for implementing the Green initiative taken by Government as your contribution towards a better environment.



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

**Item No. 6**

The members of the Company had at the 26<sup>th</sup> Annual General Meeting held on May 12, 2009 subject to the approval of the Central Government had approved the re-appointment of Mr. Ashok Kumar Goel as Managing Director of the Company (designated as Vice Chairman and Managing Director) for a period of 5 (five) years with effect from October 21, 2008 to October 20, 2013 and authorized the Board of Directors to revise, amend, alter and vary the terms and conditions including remuneration payable to him in such manner as may be permissible in accordance with the provisions of the Companies Act, 1956 read with Schedule XIII thereto.

His current tenure as Managing Director comes to end on October 20, 2013 and he is eligible for re-appointment for a further term. The Remuneration Committee has recommended and the Board of Directors ("the Board") of the Company at their meeting held on May 29, 2013 has re-appointed Mr. Ashok Kumar Goel as Vice Chairman & Managing Director, subject to the approval of members and such other approvals as may be required, for a further period of 5 (five) years with effect from October 21, 2013 on the terms and conditions and remuneration as set out herein below.

Brief resume of Mr. Ashok Kumar Goel is given in Annexure attached to the Notice.

The terms of re-appointment of Mr. Ashok Kumar Goel as Vice Chairman and Managing Director of the Company are as under:

- I. Tenure of Agreement: For a period of 5 years with effect from October 21, 2013.
- II. Nature of duties: Mr. Ashok Kumar Goel shall exercise substantial powers of management and he shall be responsible for the overall management and control of the whole of the affairs of the Company under the overall supervision, superintendence, control and direction of the Board of Directors.
- III. Remuneration:
  - (i) Salary  
Basic Salary ₹ 20,50,000 per month in the salary range of ₹ 20,00,000 - ₹ 2,00,000 - ₹ 30,00,000.  
The Board shall decide such increment each year as recommended by the Remuneration Committee, the first of such increment shall be effective April 01, 2014.
  - (ii) Variable Pay  
A variable pay for achievement of Annual Performance targets as agreed and assessed by the Remuneration Committee and approved by the Board, which shall not exceed 100 % of the Basic Salary, for the year under consideration.

(iii) Perquisites

Besides Salary and Variable pay, he shall be entitled to Perquisites, subject to ceiling of 50 % of the Basic Salary, which interalia includes House Rent Allowance or Furnished Accommodation or Reimbursement of Rent, furnishing and maintenance of accommodation in case it is arranged by him, reimbursement of gas, electricity and water expenses, reimbursement of salary paid for domestic help and security guards at residence, medical reimbursement for self and family incurred in India /abroad, Leave Travel allowance for self and family etc.

(For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of such Rules, perquisites shall be evaluated at the actual cost.)

IV. Provident Fund/Leave:

- i) He will also be eligible for following benefits i.e. contribution to Provident fund, Pension/ Superannuation fund and Gratuity as per the Rules of the Company.
- ii) Earned / Privilege leave as per the rules of the Company including Encashment of Leave. Encashment of Leave at the end of the tenure, contribution to Provident Fund, Superannuation Fund and Gratuity shall not be included in the computation of limits for the remuneration or perquisites aforesaid as these are exempt under Schedule XIII of the Companies Act, 1956.

V. Other Benefits:

The Company shall reimburse membership fees of two clubs as may be considered appropriate and provide car(s) with driver and other communication facilities. The use of the company's car(s) for official duties and telephone / communication facilities shall be exempt and shall not be included in the computation of perquisites as per Schedule XIII of the Companies Act, 1956.

VI. Minimum Remuneration:

Where in any financial year during his tenure as the Vice Chairman and Managing Director, the Company has no profits or its profits are inadequate under Section 309 of the Companies Act, 1956, the remuneration as stated above consisting of salary, perquisites and variable pay shall be treated as the minimum remuneration and same shall be payable to him.

## VII. Termination:

The appointee or the Company shall be entitled to terminate the agreement by giving 3 (three) months' notice in writing.

The Vice Chairman & Managing Director shall not be liable to retire by rotation.

This should also be considered and treated as abstract of the terms of remuneration of Mr. Ashok Kumar Goel as Vice Chairman and Managing Director and a memorandum as to nature of concern or interest under Section 302 of the Companies Act, 1956.

The proposed remuneration payable to Mr. Ashok Kumar Goel as Managing Director may exceed the limit prescribed in the Section 309 of the Companies Act, 1956 and profits may be inadequate to such extent. The statement as required under Part II, Section II, sub Clause 1(C) of the Schedule XIII of the Companies Act, 1956 with reference to Special Resolution as Item No. 6 is annexed hereto as Annexure.

The draft agreement proposed to be entered with Mr. Ashok Kumar Goel as Vice Chairman and Managing Director and other documents referred above are open for inspection by Members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all working days upto the date of this Annual General Meeting.

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

None of the Directors of the Company except Mr. Ashok Kumar Goel and Mr. Subhash Chandra (being related to him) are concerned or interested in the said resolution.

## Item No. 7

The members had passed the resolution under Section 293(1)(a) of the Companies Act, 1956 at the Annual General Meeting held on September 24, 2010 authorizing the Board of Directors of the Company to create security on moveable and/or immovable properties of the Company for borrowings made from time to time for Company's operations upto the borrowing limits approved under Section 293(1)(d) of the Companies Act, 1956 aggregating to ₹ 700 crores (Rupees Seven Hundred crores) over and above the paid up capital and free reserves of the Company.

The Company has subsidiaries in India and abroad. The Company's subsidiaries have to borrow monies for financing their operations and in certain events the lenders require additional security on the assets of the holding Company.

Approval of the shareholders is sought under Section 293(1)(a) of the Companies Act, 1956 to confer authority to the Board of Directors of the Company to create mortgage, charge, hypothecation or create any encumbrances or provide security for any borrowings made by subsidiary companies and outstanding at any time upto ₹ 150 crores (Rupees One Hundred and Fifty crores) in addition to and whether ranking paripassu or otherwise with the existing mortgage(s), charge(s) already created on Company's assets for borrowings made by the Company and approve, ratify and confirm all actions taken by the Board in this regard.

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

None of the directors of the Company are concerned or interested in the said resolution except to the extent of directorship held by the Managing Director in the subsidiaries.

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

**AASHAY KHANDWALA**  
Vice President (Legal) and  
Company Secretary

Place : Mumbai  
Date : May 29, 2013



Annexure forming part of the Explanatory Statement as required to be given pursuant to Part II of Schedule XIII of the Companies Act, 1956, for payment of Remuneration to Managing Director in excess of limits specified in case of inadequate profits.

**I. General Information**

a) Nature of Industry:

Manufacturing of Laminated and Plastic Tubes (Packaging Industry).

b) Date of expected date of commencement of commercial production:

Date of commencement of commercial production was June 01, 1984. Date of Incorporation of the Company was December 22, 1982.

c) In case of New Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable

d) Financial performance based in given indicators:

As per the Audited Accounts (India operations) of the previous three financial years:-

(₹)

Particulars	As on March 31, 2013	As on March 31, 2012	As on March 31, 2011
Total Income	6,183,426,925	5,418,776,171	4,753,296,059
Profit before Tax	661,655,633	515,507,136	632,619,109
Profit after Tax	498,424,263	490,745,886	440,827,478

e) Export performance and net foreign exchange collaborations:

(₹)

Particulars	As on March 31, 2013	As on March 31, 2012	As on March 31, 2011
F O B value of Exports	594,279,125	336,671,353	348,272,464
Income in Foreign Exchange	213,205,272	358,177,157	448,165,178

f) Foreign investments or collaborations, if any: There are no foreign investments of collaborations in the Company.

**II. Information about the appointee**

1. Background Details:

- a. Name : Mr. Ashok Kumar Goel
- b. Father's Name : Mr. Nandkishore Goenka
- c. Nationality : Indian
- d. Date of Birth : November 09, 1961

e. Date of re-appointment as Vice Chairman and Managing Director : October 21, 2013

f. Experience : Mr Goel has been associated with the Company since 1984. Mr. Goel has rich and varied experience in the Industry. His efforts has helped the Company grow manifold and become leader in its product range. He also serves on the Board of other Companies and Trade Associations.

2. Past Remuneration: Details of the remuneration paid to Mr. Goel in previous three financial years:

Sr. No.	Year		Remuneration (₹)
	From	To	
1	01.04.2012	31.03.2013	*30,725,600
2	01.04.2011	31.03.2012	*31,190,000
3	01.04.2010	31.03.2011	44,775,745

\* No performance bonus was awarded.

3. Recognition of awards: In July 2005, the renowned publication 'The Smart Manager', after in-depth research spread over three years, rated Mr. Ashok Kumar Goel as 'one of the 25 truly world class managers' from India.

4. Job profile and his suitability:

Job Profile: Responsible for the overall management and control of the whole of the affairs of the Company with substantial powers of management under the supervision, superintendence, control and direction of the Board of Directors.

Suitability: Mr. Ashok Kumar Goel, Vice Chairman and Managing Director has been associated with the Company since its inception. Mr. Goel has rich and varied experience in the Industry. He has been instrumental in its exponential growth and expansion of the Company over the years and his efforts have brought the Company to its present size. Essel Propack Limited today has a presence across the globe with 24 plants world-wide. Mr. Goel with his experience, expertise and knowledge has enabled the Company to grow and reward the shareholders at all times even in the adverse economic conditions.

5. Remuneration proposed: The terms of remuneration are detailed in Explanatory Statement item No. 6 hereinabove.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position

and the person: The remuneration proposed is reasonable when compared to the exigencies of the global stature & complexity of business of the Company and commensurate with the similar industry (manufacturing), operating in India and the profile of the position.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel: Mr. Ashok Kumar Goel is related to Mr. Subhash Chandra, Non- Executive Chairman of the Company.

### III. Other information

1. Reason for loss/ inadequacy of profits:

The profits of the Company have increased over the years. For the year ended 31<sup>st</sup> March, 2013, the Company has made PBT of ₹ 66.17 crores and PAT of ₹ 49.84 Crores. The proposed remuneration payable to the Managing Director may exceed the limit prescribed under Section 309 of the Companies Act, 1956 and profits of the Company may be inadequate to such extent.

2. Steps taken or proposed to be taken for improvement: During the year the Company has leveraged its world class capability for decoration and new product development to drive a strong growth in the

cosmetic category, offering packaging solutions with both laminated and plastic tubes. The Company has completed the expansion of capacity for laminated tubes and the new capacity has been significantly ramped up. In a year marked by high interest rates, the finance cost has been reduced by 6.3% compared to the previous year by active management of debt portfolio.

3. Expected increase in productivity and profits in measurable terms:

The Company's tight control on costs and higher asset productivity has helped the profit before depreciation, interest, other income and tax to grow at a healthy rate of 22.9% reflecting a margin gain of 100 bps over the previous year.

### IV. Disclosures:

1. Remuneration package of the managerial person: Fully described in the respective explanatory statement as stated above.
2. Disclosures in the Board of Directors' report under the heading "Corporate Governance" attached to the Annual report of the Company.





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

Particulars	Appointment	Directors retiring by rotation and seeking re-appointment	
Name	Mr. Ashok Kumar Goel	Mr. Tapan Mitra	Mr. Boman Moradian
Age	51 years	74 years	63 years
Qualifications and Experience.	<p>Mr. Goel is a Commerce Graduate. He has been associated with the Company as "Director" since 1984 and as Vice Chairman &amp; Managing 'Director' since October 2003. An experienced businessman, Mr. Goel oversees the Management of the Group's leisure properties Esselworld, Water Kingdom and Freeze.</p> <p>Under his dynamic leadership, there have been many "firsts" for the group which has earned the Company the distinction of being the world leaders in the laminated tube market.</p> <p>Mr. Goel has led the Company from the front through its eventful journey. With focus and priority on 'Innovation' and "Go and Grow with Customers" the Company is well poised and equipped to offer customised solutions based Customer requirements. The Company has also ventured into and obtained a sizeable share of the non-oral care segment for laminated tubes.</p> <p>Mr. Goel is founder member of the Indian Association of Amusement Parks &amp; Industries. He has also held position of President of Industry Associations like Organisation of Plastic Processors of India, Plastindia Foundation etc.</p>	<p>Master's degree from the Calcutta University, Post- graduate studies at McGill University, Canada.</p> <p>Master's degree in Business Administration from the University of Geneva and Fellow Member of the Institute of Chartered Accountants of India.</p> <p>He has served as Chairman of Confederation of Indian Industries (CII), Eastern Region, Chairman of Haldia Petrochemicals Limited, Managing Director of Indal, Industrial Investment Bank of India as well as on a number of national committees of CII.</p>	<p>Mechanical Engineer from VJTI, Mumbai, M.M.S in Operations from Jamnalal Bajaj Institute of Management Studies.</p> <p>He has 38 years of rich experience having worked in various capacities, at Bharat Bijlee Ltd, Ambalal Sarabhai Enterprises (ASE) Ltd, Decom Marketing Ltd and Shilpi Advertising Ltd. Since 1988, he is involved in freelance Management consultation practice in Productivity, Marketing and Mathematical Modelling of Systems for various Corporate clients.</p> <p>He is a visiting faculty at Jamnalal Bajaj Institute of Management Studies, Mumbai for last 36 years.</p>
List of public limited Companies in which outside Directorship held.	Solid Containers Ltd, ITZ Cash Card Ltd, Indian Association of Amusement Parks & Industries Ltd.	Thermax Limited	Garware Polyester Limited
Chairman / Member of the Committees of the Board of other Companies.	Nil	<ol style="list-style-type: none"> <li>Audit Committee : Thermax Limited (Chairman)</li> <li>HR &amp; Remuneration Committee: Thermax Limited</li> </ol>	<ol style="list-style-type: none"> <li>Audit Committee: Garware Polyester Limited (Chairman)</li> <li>Investor Grievance Committee: Garware Polyester Limited (Chairman)</li> <li>Remuneration Committee: Garware Polyester Limited</li> </ol>
Shareholding in the Company (No. of shares)	3,20,760 equity shares of ₹ 2/- each.	NIL	NIL



**PROXY FORM**

**ESSEL PROPACK LIMITED**

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

Reg. Folio No. \_\_\_\_\_ DP ID \* \_\_\_\_\_ Client ID\* \_\_\_\_\_ No. of Shares \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_

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

of \_\_\_\_\_ or failing him/her \_\_\_\_\_

of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, July 09, 2013, at 11.00 a.m. at the Company's Registered Office at P.O. Vasind, Taluka: Shahapur, District: Thane, Maharashtra - 421 604, India and at any adjournment thereof.

Affix  
₹ 1  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2013

Signature of the Member/s:

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

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



**ATTENDANCE SLIP**

**ESSEL PROPACK LIMITED**

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

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

Reg. Folio No. \_\_\_\_\_ DP ID \* \_\_\_\_\_ Client ID\* \_\_\_\_\_ No. of Shares \_\_\_\_\_

I hereby record my/our presence at the Annual General Meeting of the Company to be held on Tuesday, July 09, 2013, at 11.00 a.m. at the Company's Registered Office at P.O. Vasind, Taluka: Shahapur, District: Thane, Maharashtra - 421 604, India.

Full Name of the Member (in BLOCK LETTERS) \_\_\_\_\_

Full Name of the Proxy (in BLOCK LETTERS) \_\_\_\_\_

Member's/Proxy's Signature \_\_\_\_\_

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