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14th Annual Report

2009



ESSEL PROPACK LIMITED

Regd Office: P. O. Vasind, Taluka Shahapur, Dist. Thane, Maharashtra-421 604

INDIAN SOUL, GLOBAL SPIRIT



INDIA OPERATIONS

UNAUDITED FINANCIAL RESULTS FOR QUARTER AND HALF YEAR ENDED 30TH JUNE, 2009

(Rs. in Lakhs)

	Particulars	Quarter ended 30th June		Half Year ended 30th June		Year ended
		2009 Unaudited	2008 Unaudited	2009 Unaudited	2008 Unaudited	31/12/2008 (Audited)
1	(a) Net Sales / Income from Operations	7804	7379	15213	14430	31224
	(b) Other operating income	273	460	727	965	2367
2	Expenditure :					
	a. (Increase) / Decrease in Stock in trade	276	(251)	238	(335)	(538)
	b. Consumption of Raw Materials	3401	3604	7063	6934	15406
	c. Employees Cost	823	999	1732	2030	3598
	d. Depreciation	581	497	1145	979	2066
	e. Other Expenditure	1750	1917	3419	3517	7899
	f. Total	6831	6766	13597	13125	28431
3	Profit from Operations before Other Income, Interest and Exceptional Items (1-2)	1246	1073	2343	2270	5160
4	Other Income	958	861	958	861	1890
5	Profit before Interest and Exceptional Items (3+4)	2204	1934	3301	3131	7050
6	(Gain)/Loss on Foreign Exchange Fluctuations (net)	122	341	129	534	895
7	Interest (net)	772	550	1466	1054	2427
8	Profit after Interest but before Exceptional Items (5-6-7)	1310	1043	1706	1543	3728
9	Exceptional Items	—	—	—	—	118
10	Profit(+)/Loss(-) before Tax for the period (8+9)	1310	1043	1706	1543	3846
11	Tax expenses	370	361	539	520	1129
12	Net Profit after tax for the period (10-11)	940	682	1167	1023	2717
13	Paid-up equity share capital (Face Value Rs.2/- each)	3131	3131	3131	3131	3131
14	Reserves excluding Revaluation reserves					55304
15	Earnings Per Share (EPS)					
	Basic and Diluted EPS before Extraordinary items (not annualised)	0.60	0.44	0.75	0.65	1.74
	Basic and Diluted EPS after Extraordinary items (not annualised)	0.60	0.44	0.75	0.65	1.74
16	Public shareholding					
	— Number of Shares (Lakhs)	643.32	643.32	643.32	643.32	643.32
	— Percentage of Shareholding	41.08%	41.08%	41.08%	41.08%	41.08%
17	Promoters and Promoters Group Shareholding					
	a) Pledged / Encumbered					
	— Number of Shares	48,801,675		48,801,675		
	— Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	52.89%		52.89%		
	— Percentage of shares (as a % of the total Share Capital of the Company)	31.16%		31.16%		
	b) Non-encumbered					
	— Number of Shares	43,467,580		43,467,580		
	— Percentage of shares (as a % of the total shareholding of Promoter Promoter Group)	47.11%		47.11%		
	— Percentage of shares (as a % of the total Share Capital of the Company)	27.76%		27.76%		

NOTES :

- These results were reviewed by the Audit Committee and approved by the Board of Directors of the Company in its meeting held on July 23, 2009. The Statutory Auditors have carried out a Limited Review of the results for the quarter ending June 30, 2009.
- None of the Subsidiaries / Associates / JVs have been consolidated in the above results.
- In January 2009, the Company implemented new ERP system in India. Consequently, inventory has been valued on weighted average basis instead of First In First Out (FIFO) basis followed earlier. Impact of this change is not determinable.
- The Company has adopted amended provisions of AS-11 as per Companies (Accounting Standards) Amendment Rules 2009 relating to "The Effects of Changes in Foreign Exchange Rates" in the previous quarter ended March 31, 2009. Accordingly, necessary effect has been given in the Half Year / Quarter ended June 30, 2009.
- Effective from January 1, 2009, the Company has amortised ancillary costs incurred in connection with the arrangement of long term borrowings over the tenure of the borrowings. The impact on Profit before Tax for the quarter is Rs. 395 lakhs.
- In view of Note nos. 3, 4 and 5 figures for the Quarter and Half Year ended June 30, 2009 and corresponding period 2008 are not comparable.
- Interest of Rs.772 lakhs is net of income of Rs.1,125 lakhs for the quarter ended June 30, 2009.
- Under AS-17, the Company has only one major identifiable business segment viz. Plastic Packaging Material.
- The number of Investor Complaints at the beginning and pending at the end of the quarter is Nil. Two Complaints were received and resolved during the quarter.
- Figures of the previous period have been regrouped wherever considered necessary.

For ESSEL PROPACK LIMITED

ASHOK KUMAR GOEL

Vice Chairman & Managing Director

Place : Mumbai
Date : July 23, 2009



ESSEL PROPACK LIMITED

Regd Office: P. O. Vasind, Taluka Shahapur, Dist. Thane, Maharashtra-421 604

INDIAN SOUL, GLOBAL SPIRIT

EsSEL
GROUP

GLOBAL OPERATIONS

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR QUARTER AND HALF YEAR ENDED 30TH JUNE, 2009

(Rs. In Lakhs)

	Particulars	Quarter ended		Half Year ended		Year ended
		30/06/2009 Unaudited	30/06/2008 Unaudited	30/06/2009 Unaudited	30/06/2008 Unaudited	2008 (Audited)
1	a. Net Sales / Income from Operations	33310	31079	65596	59310	128836
	b. Other Operating Income	59	49	111	108	274
	Total	33369	31128	65707	59418	129110
2	Expenditure :					
	a. (Increase)/ Decrease in Stock in Trade	1129	(232)	973	(582)	(883)
	b. Consumption of Raw Materials	12990	14875	27100	27304	58981
	c. Employees cost	6481	6253	12941	11943	25345
	d. Depreciation	2808	2602	5737	4932	11199
	e. Other Expenditure	6796	6683	13298	12514	28453
	f. Total	30204	30181	60049	56111	123095
3	Profit from Operations before Other Income, Interest and Exceptional items (1-2)	3165	947	5658	3307	6015
4	Other Income	209	1035	413	1057	383
5	Profit before Interest and Exceptional items (3+4)	3374	1982	6071	4364	6398
6	(Gain)/Loss on Foreign Exchange Fluctuations (Net)	(544)	848	(8)	784	5174
7	Interest	2000	1377	3801	2667	6192
8	Profit after Interest but before Exceptional items (5-6-7)	1918	(243)	2278	913	(4968)
9	Exceptional items	(118)	—	(118)	—	118
10	Profit (+) / Loss (-) from ordinary activities before Tax (8+9)	1800	(243)	2160	913	(4850)
11	Tax expenses	1121	597	1849	1217	3456
12	Net Profit (+) / Loss (-) from ordinary activities after tax (10-11)	679	(840)	311	(304)	(8306)
13	Add: Share of Profit from Associate company	18	15	37	35	78
14	Less : Minority Interest	173	150	334	256	603
15	Net Profit (+) / Loss (-) from ordinary activities after tax (12+13-14)	524	(975)	14	(525)	(8831)
16	Paid-up Equity Share Capital (Face Value Rs. 2/-each)	3131	3131	3131	3131	3131
17	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year					66787
18	Earnings per Share (EPS)					
	Basic & Diluted EPS before Extraordinary items (not annualised)	0.33	(0.62)	0.01	(0.34)	(5.64)
	Basic & Diluted EPS after Extraordinary items (not annualised)	0.33	(0.62)	0.01	(0.34)	(5.64)
19	Public Share Holding					
	— Number of Shares (Lakhs)	643.32	643.32	643.32	643.32	643.32
	— Percentage of Shareholding	41.08%	41.08%	41.08%	41.08%	41.08%

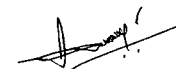
NOTES:

- The above Consolidated results were reviewed by the Audit Committee and approved by the Board of Directors of the Company in its meeting held on 23rd July, 2009.
- Interest of Rs. 2000 Lakhs is net of receipt of Rs. 649 Lakhs for the quarter ended 30th June, 2009. Interest cost has been impacted by higher global Interest rates and increased borrowings.
- The Company has adopted amended provisions of AS -11 as per Companies (Accounting Standards) Amendment Rules 2009 related to "Effects of the changes Foreign Exchange Rate" in the previous quarter ended 31st March, 2009. Accordingly, necessary effect has been given in the Half Year/Quarter ended 30th June, 2009.
- The Company during the year has implemented new ERP system globally across its various units. Consequently Inventory has been valued on weighted average basis, instead of First in first out (FIFO) basis followed earlier. The impact of this change is not determinable.
- Exceptional items represent one-time severance pay and contract termination expenses, of an overseas unit as part of company's cost-restructuring initiative.
- The Management has identified geographical segment as the primary segment pursuant to Accounting Standard 17 for purposes of segment reporting of the Company and its Subsidiaries, Joint Ventures and Associates. These geographical segment have been identified considering the differential risk and returns, the Corporate organization structure and the internal financial reporting system.
- Geographical Segmentation
 - Africa, Middle East and South Asia (AMESA) Region consists of operations in India, Nepal and Egypt.
 - East Asia Pacific (EAP) Region consists of operations in China, Philippines and Singapore.
 - Americas Region consists of operations in United States of America (including Medical Device Business) and Latin America.
 - Europe Region consists of operations in Germany, United Kingdom, Poland and Russia.

(Rs. In Lakhs)

	Particulars	Quarter ended		Half Year ended		Year ended 31st December
		30/06/2009 Unaudited	30/06/2008 Unaudited	30/06/2009 Unaudited	30/06/2008 Unaudited	2008 (Audited)
1	Segment Revenue					
	A. AMESA	12,800	11,683	25,497	22,316	50,045
	B. EAP	5,306	4,404	9,983	8,971	21,461
	C. Americas	12,540	10,071	25,051	18,735	41,984
	D. Europe	2,723	4,970	5,177	9,396	15,571
	E. Unallocated	—	—	—	—	49
	Net Sales / Income From Operations	33,369	31,128	65,707	59,418	129,110
2	Segment Results					
	Profit (+) / (Loss)(-) before interest and tax from Each Segment					
	A. AMESA	2,699	870	5,115	2,565	8,411
	B. EAP	1,587	1,042	3,232	2,482	7,399
	C. Americas	955	736	1,904	1,657	1,319
	D. Europe	(1,031)	(1,746)	(2,164)	(2,944)	(9,247)
	Unallocated	188	745	280	935	5,778
	Total	4,398	1,647	8,367	4,695	13,660
	Add: Gain/(Loss) on Foreign Exchange Fluctuations (Net)	544	(843)	8	(566)	(5,174)
	Less : Inter Segmental elimination	(1,143)	419	(2,414)	(549)	(7,263)
	Segment Result	3,799	1,223	5,961	3,580	1,223
	Add: Interest Income	732	484	1,396	954	2,199
	Less: Interest Expenses	(2,731)	(1,950)	(5,197)	(3,621)	(8,390)
	Add/(Less): Exceptional Item					118
	Total Profit Before Tax	1,800	(243)	2,160	913	(4,850)
3	Capital Employed (Segment Assets - Segment Liabilities)					
	A. AMESA	67,360	56,654	67,360	56,654	61,941
	B. EAP	28,133	25,000	28,133	25,000	28,329
	C. Americas	34,535	28,411	34,535	28,411	34,021
	D. Europe	12,826	14,579	12,826	14,579	15,490
	E. Unallocated	(11,209)	5,721	(11,209)	5,721	(17,996)
	Less : Inter Segmental elimination	(55,358)	(49,114)	(55,358)	(49,114)	(51,867)
	Total	76,287	81,251	76,287	81,251	69,918
8	Figures of the previous period have been regrouped wherever considered necessary.					

For ESSEL PROPACK LIMITED



ASHOK KUMAR GOEL

Vice Chairman & Managing Director

Place : Mumbai

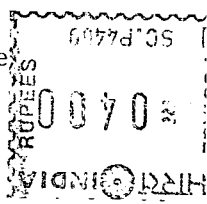
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Unit : Essel Propack Limited
Samhita Warehousing Complex,
13A, B-53, 2nd Floor,
Sakinaka Telephone Exchange Lane,
Andheri Kurla Road, Sakinaka,
Mumbai-400 072



BOARD OF DIRECTORS

C.Ganapathy, B.Sc., (Agri.)
Chairman

M.Durairaj, M.Sc., B.Ed.,
Director

S.Muthukumar, B.Sc., B.E.
Director

S.Mohan, B.E.
Director

G.Suresh, B.E., M.B.A.
Managing Director

AUDITORS

S.Lakshminarayanan Associates
Chartered Accountants
'Lakshya'
1056/1, Avinashi Road,
Coimbatore – 641 018.

BANKERS

State Bank of India
Commercial Branch
1443, Trichy Road
P.B. No. 3902
Coimbatore – 641 018.

REGISTRARS & SHARE TRANSFER AGENTS

S.K.D.C. Consultants Limited
No.7(Old No.11), Street No.1
S.N. Dass Layout,
West Power House Road,
Coimbatore – 641 012.

REGISTERED OFFICE

171, Mettupalayam Road,
Coimbatore – 641 043
INDIA.

SUBSIDIARY

CG-VAK Software USA Inc.,
100, Overlook Centre
2nd Floor
Princeton
New Jersey - 08540

CG-VAK Software USA Inc.,
1661, Tice Valley Blvd,
Suite#101, Walnut Creek,
California - 94595

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 14th Annual General Meeting of the Shareholders of the Company will be held on Monday the 31st of August 2009 at 4.30 P.M. at Hotel Annalakshmi, 106-A, Race Course Road, Coimbatore- 641 018, to transact the following business.

AGENDA**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in the place of Mr. S. Muthukumar who retires by rotation and is eligible for re appointment.
3. To appoint the Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to Sec.198, 269, 309, 311, 314 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the revision of remuneration of Mr.G.Suresh, Managing Director, w.e.f. 01.04.2009 to 31.08.2010 as set out hereunder:

- (A) Salary
Salary of Rs. 2,50,000/- per month
Commission on net profit: One percent of the net profits of the Company.
- (B) Perquisites:
 - (1) Conveyance
Free use of the Company's car with driver for official and private purposes.
 - (2) Club Fees
Fees of clubs, subject to a maximum of two clubs (excluding admission and life membership fee).
 - (3) Leave Travel concession:
Entitled to travel with family by any mode i.e., Air, Train, Road once in every two years for visiting any place in India.
Note: Family for the purpose of Leave Travel shall besides the Managing Director, consist of spouse, wholly dependent parents and wholly dependent children of the Managing Director.
 - (4) Medical Benefit:
Actual expense incurred for the Managing Director and his family members.
 - (5) Contribution to Provident Fund
 - (6) Telephone:
The Company shall provide telephone at residence for office use.
 - (7) Personal Accident Insurance.

Perquisites shall however be restricted to an amount equal to the annual salary.

Resolved further that in the absence or inadequacy of profits in any financial year, the Managing Director shall be paid a minimum remuneration of the Salary mentioned above and the perquisites and allowances will be within the overall ceiling as specified by Section II of Part II of Schedule XIII to The Companies Act, 1956, as in force, from time to time.

Place: Coimbatore
Date: 25.06.2009

By Order of the Board
G.SURESH
Managing Director

EXPLANATORY STATEMENT

(Pursuant to Section 173 of The Companies Act, 1956)

Item No.4

Mr.G.Suresh was re-appointed as Managing Director for a period of 5 years with effect from 1st September 2005 on a remuneration of Rs.50,000/- per month with perquisites and the same was approved in the Annual General Meeting held on 30th September 2005. The Board of Directors at their meeting held on 29th January 2009, on the recommendation of the Remuneration Committee, have increased the remuneration from Rs.50,000/- to Rs.2,50,000/- per month to Mr.G.Suresh, from 1st April 2009 to 31st August 2010, with the perquisites as stated in the resolution. Mr.G.Suresh's tenure of appointment as Managing Director expires on 31st August 2010. Your Directors place the resolution for your approval.

Mr.C.Ganapathy, Chairman and Mr.G.Suresh, Managing Director are interested in the said resolution.

Place: Coimbatore

Date: 25.06.2009

By Order of the Board

G.SURESH

Managing Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote on his behalf and such a proxy need not be a member of the Company.
2. Instruments of Proxy for use at the above meeting must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 26.08.2009 to 31.08.2009 (both days inclusive).
4. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
5. Brief resume of the director seeking appointment / reappointment and other details as stipulated under Clause 49 of listing agreement are provided in the report on corporate governance forming part of Annual Report 2009.
6. Members who are holding shares in physical form are requested to intimate immediately their change of address and change of bank a/c if any to the company/ registrar / share transfer agent quoting reference of their registered folio Number.
7. Members who are holding in electronic form are requested to intimate immediately their change of address and change of Bank a/c if any to the respective Depository Participant / registrar / share transfer agent quoting their reference of registered Folio Number.
8. If you have registered in the same name or in the same order of name but in several folios please let us know so that we can consolidate them into one folio.
9. Please note that dividend remaining unclaimed for 7 years are now required to be transferred to Investor Education & Protection Fund - established by the Central Government and you shall not be able to claim any unpaid dividend from the said fund or from the company thereafter.

DIRECTOR'S REPORT

Dear Members,

The Directors of your Company take pleasure in presenting the 14th Annual Report on the business of your Company and the Audited Financial Accounts for the year ended 31st March 2009.

Financial Results 2008-09

During the year under review, your Company has achieved a turnover of Rs. 723 lakhs as against Rs. 605 lakhs in the previous year. The Net Profit for the year Rs. 19.01 lakhs as against the net loss Rs. (54.16) lakhs in the previous year.

Global Revenue

The global revenues for the Company including the business done by the Wholly Owned Subsidiary for the year under review is Rs.20.28 crores as compared to Rs. 18.09 crores in the previous year.

Review of Business

The year under report had been a challenging one for your Company due to global economic slowdown. There is growth of 20% in revenue.

The contributions of business from various markets were:

Software services contributed to 88% and BPO services 12 %

The contribution of offshore business has grown significantly over the last year. The offshore to on-site mix is 2.1:1 as compared to 1:1.1 in the previous year. There is a growth of 70% in the offshore revenue.

Business from Offshore Software Services was Rs.404.87 lakhs during the year 2008-2009 as against Rs. 195.25 lakhs in the previous year. The increase has been at 107% compared with previous year.

Our BPO Service line has done a business of Rs. 86.10 lakhs during the year 2008-09 as against Rs.93.44 lakhs during the previous year.

Quality

Your company has a strict quality assurance and control programs to ensure that high level of Quality service is delivered to the customers. Matured and proven quality management systems are in place based on the requirements of ISO 9001:2000 standards.

Future Plans

The IT services market is expected to be challenging and pricing pressures are predicted in the current year. The company has been growing positively in the offshore services segment for the last 3 years and this momentum in the offshore front is likely to continue this year also. The Key differentiation for CG-VAK has been the ability to react to the customer needs more quickly. By virtue of our smaller size we are able to make radical changes to meet the changing needs of the market. The company will give focus on cost and operational efficiencies in this recessionary environment to sustain its competitiveness.

The company has made success in OPD (Out-sourced Product development) market space by acquiring and retaining customers. The company will increase its focus on this segment. The contribution from Australia and UK is expected to grow positively. The Company should perform better in the ensuing financial year 2009-10.

Dividend

As the company is passing through a very challenging phase, your Directors do not consider prudent to recommend any dividend for the financial year ended March 31, 2009.

US Subsidiary-CG-VAK Software USA Inc.

Your Company's Wholly Owned Subsidiary at USA, CG-VAK Software USA Inc. has made a Sales Turnover of US\$ 2.98 million during this year, compared to the US\$ 3.18 million during the previous year.

As required under Section 212 of The Companies Act, 1956, the Annual Report of M/s. CG-VAK Software USA Inc. is annexed to this report.

Directors

S. Muthukumar is retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Auditors

M/s. S. Lakshminarayanan Associates, Chartered Accountants, Coimbatore retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Public Deposit

The Deposits accepted by your Company are within the prescribed limits and the provision of Section 58-A of the Companies Act, 1956, and the rules framed thereunder are complied with. There are no unclaimed deposits as on 31.03.2009.

Information pursuant to Section 217(1)(e) of the Companies Act, 1956.

As per the requirement of Section 217(1)(e) of The Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are appended hereto and form part of this report.

Particulars of Employees

There is no employee who is in receipt for remuneration in excess of the limits set under Section 217(2A) of The Companies Act, 1956, read with Companies (Particulars of Employees Rules 1975).

Director's Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors have:

1. Followed in the preparation of the Annual Accounts, the applicable accounting standards.
2. Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the financial position of the Company for the period.
3. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- and
4. Prepared the attached statement of accounts for the year ended 31st March 2009 on a going concern basis.

Corporate Governance

The Board of Directors of your Company has taken all necessary steps to comply with Clause 49 of the Listing Agreement with The Stock Exchanges, which becomes applicable to the Company from the Financial Year 2002 - 2003.

Acknowledgement

The Directors of your Company would like to take this opportunity to thank one and all associated with it enabling it to scale greater heights and emerge as a recognized software solutions vendor in the industry. The faith and confidence shown on your Company by banks, global clients, government authorities and shareholders has propelled our enthusiasm and strengthen our determination to achieve our vision.

Finally your Directors would like to express their sincere thanks to the dedication and committed hard work of the employees working in India, USA and at various client locations overseas, turning every milestone to reach our corporate vision.

Place : Coimbatore

Date : 25.06.2009

By Order of the Board
C. GANAPATHY
 Chairman