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Ecoplast Limited

Twenty Sixth Annual Report and Statement of Accounts for the year ended 31st March 2008

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Ecoplast Ltd.

Twenty Sixth Annual Report 2007-2008

Board of Directors	:	Mr. P. P. KHARAS	– Chairman
		Mr. J. B. DESAI	– Managing Director
		Mr. BANKIM B. DESAI	– Director
		Mr. P. D. KARKARIA	– Director
		Mr. J. A. MOOS	– Director
		Mr. D. T. DESAI	– Director (Alternate to Bankim B. Desai)
		Mr. N.J.N. VAZIFDAR	– Director (Resigned w.e.f. 25.07.2007)
		Mr. M. B. DESAI	– Director (Appointed on 25.08.2007)
Company Secretary	:	Mr. B. R. Tarafdar	
Bankers	:	*BANK OF BARODA* *Main Branch,* Nani Khatriwad, Valsad – 396 001, Gujarat.	
Auditors	:	M/s. AKKAD MEHTA & COMPANY Chartered Accountants, Vatika Bldg., Flat No. 2, 14 Baptista Rd., Opp. Ishwarlal Park, Vile Parle (W), Mumbai – 400 056.	
Share Registrars & Managers to the Fixed Deposit Scheme	:	TSR DARASHAW LTD. 6-10, Haji Moosa Patrawala, Ind.Est. 20, Dr. E.Moses Road, Mahalaxmi, Mumbai – 400 011.	
Registered Office	:	National Highway No. 8, Water Works Cross Road, Abrama, Valsad - 396 001, GUJARAT. email : ecoval@ecoplastindia.com	
Head Office	:	4, Magan Mahal, 215, Sir. M. V. Road, Andheri (E), Mumbai-400 069. E-Mail : ecobom@ecoplastindia.com	
Web site	:	http:\\www.ecoplastindia.com	

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NOTICE

Notice is hereby given that the TWENTY SIXTH Annual General Meeting of the Company will be held at the Country Club, At P.O. Vashier, Valsad -396 001 at 11.30 a.m. on Saturday, 20th September 2008 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March,2008 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.

2. To declare Dividend on Equity shares for the financial year 2007 - 08.

3. To appoint a Director in place of Mr. Bankim B. Desai who retires by rotation and, being eligible, offers himself for reappointment.

4. To appoint M/s Akkad Mehta & Co., Chartered Accountants, retiring Auditors of the Company who are eligible for reappointment, as the Auditors of the Company from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. **Appointment of Mr. Mukul B. Desai as Director of the Company**

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

"Resolved that Mr. Mukul B. Desai, who was appointed by the Board of Directors as Additional Director of the Company with effect from August 25, 2007 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom, the Company has received a Notice in writing from a member u/s 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

By Order of the Board
For Ecoplast Ltd

B. R.Tarafdar
Company Secretary & Finance Controller

Mumbai, 27th June,2008

ANNEXURE TO NOTICE

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

Agenda Item No: 5

Mr.Mukul B. Desai was appointed by the Board of Directors as an Additional Director of the Company with effect from 25th August, 2007. and holds office up to the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and is eligible for appointment as Director. The Company has received a Notice in writing u/s 257 of the Act, proposing his candidature for appointment as Director of the Company, along with the requisite deposit.

Mr. Mukul B. Desai is a Chartered Accountant by Profession and having varied experience in the field of Audit, Taxation, Corporate Law and Corporate Finance Structuring for more than 25 years.

This Resolution is recommended for approval by the Members. None of the Directors, except Mr.Mukul B Desai, is concerned or interested in this Resolution.

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Notes :

a) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such proxy need not be a member of the Company. The proxy form duly completed must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

b) The relative Explanatory Statement, pursuant to Section 173(2) of the Companies Act,1956 in respect of Special Business, item No. 5 is Annexed herewith.

c) The Register of Members and the Share Transfer books of the Company will remain closed from 10th September, 2008 to 20th September,2008 (both days *inclusive*).

d) Dividend as recommended by the Directors for the year ended 31st March, 2008, if declared, will be deposited in a separate bank account within five days of declaration thereof and will be paid before 30 days from the date of declaration of dividend.

e) The dividend as recommended by the Board of Directors, if declared, at the Annual General Meeting will be paid at par to (i) those shareholders whose names appear on the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before September 9, 2008; (ii) in respect of shares held in electronic form to those beneficiaries whose names appear in the statements of beneficial ownership furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (I) Ltd. (CDSL) as at the end of business hours on September 9, 2008.

f) Members seeking further information on the financial accounts are requested to write to the Company at least seven days before the meeting, so that relevant information can be kept ready at the meeting.

g) All correspondence relating to transfer of shares, change of address, dividend mandates etc. should be sent to the Registrar & Share Transfer agents quoting their folio numbers only at the following address:
M/s TSR Darashaw Ltd., 6-10, Haji Moosa Patrawala, Industrial Estate, 20, Dr. E.Moses Road, Mahalaxmi, Mumbai – 400 011.

h) In terms of Section 205A (5) of the Companies Act, 1956, dividends remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid / unclaimed dividend account of the Company shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to sub-section (1) of Section 205C of the Companies Act, 1956. Members are requested to seek early settlement of claim for payment of unpaid dividend from the Company. Members may please note that no claim of the transferred unclaimed / unpaid dividend shall lie against the fund or the Company after transfer of the amounts to the fund.

i) The Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the time consuming and cumbersome process of obtaining Succession Certificate / Probate of the Will. It would, therefore, be in the best interest of the shareholders holding shares in physical form as sole registered holders to make such nominations without any delay. Nominations will have to be made in the prescribed Form – 2B (see rule 4CCC & 5D), which could be downloaded from the website : www.tsrdarashaw.com. It may be noted that for shares held in electronic form, the concerned shareholders have to register their nominations directly with their respective depository participants.

By Order of the Board
For Ecoplast Ltd

B. R.Tarafdar
Company Secretary & Finance Controller

Mumbai, 27th June,2008

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FINANCIAL HIGHLIGHTS

		31.3.2008	31.3.2007	31.3.2006	31.3.2005	31.3.2004
				(Rs.'000)		
OPERATION						
Sales (Net)		**370,281**	347,108	319,700	352,976	284,962
Other Income		**2,740**	1,558	636	708	478
Operating Income [Before Depreciation and Investment Allowance]		**24,425**	19,630	11,405	20,568	21,671
Profit before Tax		**14,249**	10,801	2,231	12,300	14,091
Profit after Tax (including prior period items)		**10,384**	7,338	2,555	7,910	11,444
Dividend and Corporate Tax thereon		**6,318**	5,265	3,421	5,131	6,769
Retained Earnings		**4,066**	2,073	(866)	2,779	4,675
Earnings per Share (Rs.) [On Face Value of Rs.10/-]		**3.46**	2.45	0.85	2.64	3.81
ASSETS						
Gross Block		**223.389**	189,172	182,190	179,835	176,648
Net Block		**126,647**	101,436	102,414	108,673	112,461
Net Current Assets		**105,963**	111,830	95,308	94,878	79,882
Total Assets		**296,478**	250,044	221,564	248,177	218,934
NET WORTH						
Equity Capital		**30,000**	30,000	30,000	30,000	30,000
Reserves and Surplus		**92,530**	87,401	85,327	86,193	83,886
Net Worth		**122,530**	117,401	115,327	116,193	113,886
Book value per share (Rs.) [On Face Value of Rs.10/-]		**40.84**	39.13	38.44	38.73	37.96
BORROWINGS						
Long Term		**24,063**	5,022	7,641	8,986	3,790
Short Term		**67,693**	72,201	60,912	58,077	55,703
		91,757	77,224	68,553	67,063	59,493
RATIOS						
Profit before tax to Sales and other Income	%	**3.82**	3.10	0.70	3.48	4.94
Profit before tax to Net Worth	%	**11.63**	9.20	1.93	10.59	12.37
Dividend to Equity Capital	%	**18**	15	10	15	20
Dividend to Net Worth [Yield]	%	**5**	4	3	4	6
Return on Capital Employed	%	**12**	10	5	10	11
Dividend Cover	Times	**1.64**	1.39	0.75	1.54	1.69
Current Ratio	Ratio	**1.29:1**	1.48:1	1.69:1	1.62:1	1.67:1
Long Term Debt:Equity	Net Worth	**0.28:1**	0.09:1	0.26:1	0.30:1	0.13:1

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DIRECTORS' REPORT

To

The Members,

The Directors are pleased to present their Twenty-Sixth Annual Report and Audited Accounts for the year ended 31st March 2008.

1. FINANCIAL RESULTS

	Rs.'000	
	31-3-2008	31-3-2007
Net Sales	**370,281**	347,108
Other Income	**2,740**	1,558
Sales and Other Income	**373,021**	348,666
Operating Profit (before Depreciation)	**24,425**	19,630
Less: Depreciation	**10,176**	8,829
Profit before Tax	**14,249**	10,801
Less: Provision for Tax		
Current Tax	**2,500**	4,575
Deferred Tax Credit	**2,647**	(1,006)
Fringe Benefit Tax	**311**	298
Profit after Tax	**8,790**	6,934
Prior period adjustment	**1,130**	405
Short Provision of Tax for Prior Years	463	0
Net Profit after Prior period items	**10,384**	7,338
Add : Balance brought forward	**25,183**	23,810
Profit available for Appropriation	**35,567**	31,148
APPROPRIATION :		
Transfer to General Reserve	1,000	700
Dividend on Equity Shares	5,400	4,500
Corporate Dividend Tax	918	765
Balance Carried Forward	28,249	25,183
	35,567	31,148

2. OPERATING RESULTS

During the year, your Company has earned total revenue of Rs.3730.21 lacs compared to Rs. 3486.66 lacs during the previous year, registering a marginal increase of 7%. Operating Profit before depreciation increased by 24.43%. to Rs.244.25 lacs.

3. DIVIDEND

The Board of Directors recommended a dividend of @ 18% for the year (previous year – 15%) on the equity shares, for approval at the Annual General Meeting. The dividend, if approved, will result in an outflow of Rs.63.18 lacs including dividend tax.

4. TRANSFER TO RESERVES

The Company proposes to transfer Rs.10.00 lacs to the General Reserve out of the amount available for appropriations and an amount of Rs.30.66 lacs is proposed to be retained in the Profit & Loss Account.

5. FIXED DEPOSIT

The Company continued accepting Fixed Deposits from the public during the year under review. The Company received Rs.865,000/- under the Scheme during the year. At the close of the year there were no Fixed Deposits due for payment which remained either unclaimed or unpaid, except 16 deposits amounting to Rs.235,000/- which have matured but have not been claimed. Of these, 7 Deposits, amounting to Rs.110,000/- have been renewed or repaid up to the date of this Report.

The Company has complied with the requirements of the Companies (Acceptance of Deposits) Rules, 1975.

6. OPERATIONS

Sales Income increased by approximately 7%, while profit before tax increased by 32% over the previous year.

In the Directors Report for 2006 –07 we had reported a shift in focus, to developing business in non-packaging and Speciality films. This strategy has been successful as reflected in improved profit margins.

With continuous improvement in product quality, through the ISO 9001 Quality Management Systems, we have achieved a "land-mark" of 99.8% of the film sold, meeting customers' expectations on Quality and Performance. This matches the performance of the top 10% of the Companies in plastics conversion in the United States,

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as reported in a recent Survey by the Society of Plastics Industry, USA.

During the year the Company received accreditation to ISO 14001, an Environmental Management System, which has now become a pre-requisite for suppliers of films to leading multinational companies.

We have also diversified manufacturing in a different geographic area as a new JV Company with significant advantages in cost of manufacture, freight and taxes. This plant started commercial operations in May '08, the results of which will be evident in the forthcoming years.

A plant for production of a new speciality film with an investment of approximately Rs.3.00 crores was commissioned in September '07. The film has been successfully tested, evaluated and validated by customers who hitherto were using mainly imported films.

Continuous efforts at cost reduction have resulted in reduction of overhead expenses. Inspite of the overheads associated with a new production facility, the overheads have edged higher by only 3.9% over the previous year.

7. PROSPECTS FOR THE CURRENT YEAR

The rise in fuel oil prices will impact on costs and prices of petrochemicals and polymers. For instance prices have increased by 17% in the first three months of the year.

We have a challenging business environment made somewhat more difficult by consistent price increase, of raw materials, since 2005 - an increase by a factor of 2.5. We have learnt to adapt and change the way we think and act in difficult situations. Hopefully we can ride the crest of a new challenge.

The "upside" is, that we have a new speciality film which is now showing a growth in sales volume, one more is at the stage of market seeding and evaluation, which does not need additional investment of any significance. Other specialities are at the conceptual stage.

These past efforts should help in reducing the impact of any possible demand recession in our traditional film applications namely Flexible Packaging, and enable us to maintain growth in profitability.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with Clause (e) of Sub-section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended 31st March 2008 is given in the Annexure to this Report.

9. PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is not provided, as none of the employees of the Company is drawing salary above the limits prescribed under relevant rules, as amended on 17.04.2002.

10. INVESTMENT

During the year the Company has invested Rs. 35,14,600/- in the equity share capital of a joint venture Company.

11. LISTING OF EQUITY SHARES

The Company's equity shares are listed on the Stock Exchange at Mumbai. The Company has paid listing fees for the period 1st April,2008 to 31st March, 2009.

The Company's shares are now traded in 'Dematerialized Form.

12. DIRECTORS

a) Mr. Bankim B Desai, Director of the Company, liable to retire by rotation, retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

b) Mr. Mukul B. Desai was appointed by the Board of Directors as an Additional Director of the Company with effect from August 25, 2007 and holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act"). The Company has received a Notice in writing u/s 257 of the Act, proposing his candidature for the office of Director of the Company who is liable to retire by rotation.

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13. CORPORATE GOVERNANCE

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

14. DIRECTORS' RESPONSIBILITY STATEMENT

i) Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :

In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures from the applicable accounting standards;

ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2008 and of the profit of the company for the year ended on that date;

iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) The Directors have prepared the Annual Accounts on a "going concern" basis.

15. AUDITORS

M/s. Akkad Mehta and Co., Chartered Accountants, Auditors of the Company retire at the 26th Annual General Meeting and are eligible for re-appointment. A Certificate to the effect that their reappointment, if made, will be in accordance with the limit specified in Sub-section (1-B) of Section 224 of the Companies Act, 1956 has been furnished.

16. SECRETARIAL AUDIT REPORT

As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital of the Company. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors. The audit, inter alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

17. ACKNOWLEDGMENT

The Directors wish to convey their appreciation to business associates for their support and contribution during the year. The Directors would also like to thank the employees, shareholders, customers, suppliers and bankers for the continued support given by them to the Company and their confidence reposed on the management.

For and on behalf of the Board of Directors

P. P. Kharas
Chairman

Mumbai, 27th June, 2008.

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ANNEXURE TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

Research and Development (R&D):

An important aspect of application development is Evaluation and Validation of film structures by potential customers, which includes evaluating the performance of the film and /or the laminate over the entire distribution and retail chain.

The Evaluation and Validation is based on a set of criteria recorded in a Technical Service Note provided to the customer.

The appropriate film structure for a specific application is developed based on several performance factors namely :

- The product to be packed, its interaction with the film, if any.
- The net weight of the Product and its bulk density.
- The product temperature when packed.
- The bag construction and "head-space".
- The packaging system and the heat-seal cycle time.
- The handling conditions in the distribution chain.
- The type of secondary packaging.
- The number of drops the bag is expected to withstand.
- The Aseptic treatment or method of sterilization, if any.
- Aroma or Flavour retention, which may be critical.

Some 169 film samples were distributed for Evaluation at a cost of over Rs. 4.50 lacs, 9 samples went to the export market. 5 new film applications were involved in the samples provided.

Future plan of action:

Focus on future development will be on :

- Films required for extending shelf-life for packaging fruits and vegetables in the domestic and export markets.
- Other selected niche applications, as for example "thermally active" films.
- Technical support on manufacture and sale of films in the N.E. Sector.

C. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

The thrust has been on improving the quality of all films and developing new products to provide Value to customers by reducing dependence on imported films.

To continue the Process of improving efficiencies in all areas of Operations to reduce costs, improve prodit margin while at the same time improving the Customer Satisfaction Rating.

Expenditure on R & D:

		(Rs'000)
For the year ended	**31.03.08**	31.03.07
a) Capital Expenditure	**—**	—
b) Recurring Expenditure	**428.00**	462.00
c) Total Expenditure	**428.00**	462.00
d) Total R & D Expenditure as a percentage of total turnover.	**0.12 %**	0.13 %

Technology absorption, adaptation and innovation

Efforts in brief:

The thrust has been on improving the quality of all films and on developing new products to provide Value to customers by reducing dependence on imported films.

Benefits derived as a result of above efforts:

To continue the Process of improving efficiencies in all areas of Operations to reduce costs, improve profit margin while at the same time improving the Customer Satisfaction Rating.

Technology import:

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs'000)
a) Foreign Exchange Earnings	: 134,066.00
b) Foreign Exchange Outgo (Raw material, Spares & Plant and Machinery)	: 134,536.00

For and on behalf of the Board of Directors

P. P. Kharas
Chairman

Mumbai, 27th June, 2008.

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