



Ecoplast Limited

Twenty Seventh Annual Report and Statement of Accounts for the year ended 31st March 2009

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Ecoplast Ltd.

Twenty Seventh Annual Report 2008-2009

Board of Directors : Mr. P. P. KHARAS – Chairman
Mr. J. B. DESAI – Managing Director
Mr. BANKIM B. DESAI – Director
Mr. P. D. KARKARIA – Director (Resigned w.e.f. 27.01.2009)
Mr. J. A. MOOS – Director
Mr. D. T. DESAI – Director (Alternate to Bankim B. Desai)
Mr. M. B. DESAI – Director
Mr. B. M. DESAI – Director (Appointed on 27.01.2009)

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.
Email : ecobom@ecoplastindia.com

Web site : <http://www.ecoplastindia.com>

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NOTICE

Notice is hereby given that the TWENTY SEVENTH 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 Friday, 11th September, 2009 to transact the following business :

Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

By Order of the Board
For Ecoplast Ltd

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 the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr.J.A.Moos, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint M/s Akkad Mehta & Co., Chartered Accountants, retiring Auditors of the Company who are eligible for reappointment, as the Auditor's 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.

B. R.Tarafdar
Company Secretary

Mumbai, 27th June, 2009

ANNEXURE TO NOTICE**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956****Agenda Item No. 4**

Mr. Bhupendra M Desai, born on 26th August, 1947, was appointed by the Board of Directors as an Additional Director of the Company with effect from 27th January, 2009, 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 are eligible for appointment as Directors. The Company has received a Notice in writing u/s 257 of the Act, along with the requisite deposit, proposing his candidature for appointment as Director of the Company,

SPECIAL BUSINESS**4. Appointment of Mr. Bhupendra M 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. Bhupendra M Desai, who was appointed by the Board of Directors as Additional Director of the Company with effect from 27th January, 2009 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

Mr. Bhupendra M Desai, is a B.Tech from the Indian Institute of Technology (I.I.T) and an MBA from The Indian Institute of Management (I.I.M). He joined Larsen & Toubro Ltd. in the year 1972, as post graduate trainee in Central Planning Deptt. and subsequently transferred to Tractor Engineers Ltd (a wholly owned subsidiary of L& T Ltd) in the year 1973 and retired from L& T Ltd, in the year 2005. After retirement he has worked as supply chain management consultant with the L&T for two years and presently a business consultant to various companies. His total experience of 35 years are in the following areas:



Ecoplast Ltd.

- (a) Material planning, sourcing and inventory control.
- (b) Production management, process engineering, planning of plant capacity and human resources.
- (c) SAP R2, SAP R3, ISO 9000, ISO 14000, KAIZAN, Supply chain management and business process re-engineering.

Mr. B.M.Desai is not a Director in any other company. He holds 100 equity shares in Ecoplast Ltd. None of the Directors, except Mr. Bhupendra M Desai, is concerned or interested in this Resolution.

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 him self 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 fixed 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:4, is Annexed herewith.
- c) The Register of Members and the Share Transfer books of the Company will remain closed from 1st September, 2009 to 11th September, 2009 (both days inclusive).
- d) 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.
- e) 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.

- f) 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 above said fund or the Company after transfer of the amounts to the said fund.

- g) The Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nominations facilitates transmission of shares from the deceased shareholder to his / her nominee without going through the time consuming and cumbersome process of obtaining Succession Certificate / Probate or 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 4666 & 5D of the Companies Act, 1956 & Form No. 2B). 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 of Directors
For Ecoplast Ltd.

B.R.Tarafdar
Company Secretary

Mumbai, 27th June, 2009

Twenty Seventh Annual Report 2008 – 2009

FINANCIAL HIGHLIGHTS

(Rs.'000)

	31.3.2009	31.3.2008	31.3.2007	31.3.2006	31.3.2005	
OPERATION						
Sales (Net)	318,030	371,583	347,108	319,700	352,976	
Other Income	1,759	2,740	1,558	636	708	
Operating Profit-	8,699	24,425	19,630	11,405	20,568	
[Before Depreciation and Investment Allowance]						
Profit before Tax	(2,246)	14,249	10,801	2,231	12,300	
Profit after Tax (including prior period items)	(287)	10,384	7,338	2,555	7,910	
Dividend and Corporate Tax thereon	-	6,318	5,265	3,421	5,131	
Retained Earnings	(287)	4,066	2,073	(866)	2,779	
Earnings per Share (Rs.)	(0.10)	3.46	2.45	0.85	2.64	
[On Face Value of Rs.10/-]						
ASSETS						
Gross Block	224,944	223,389	189,172	182,190	179,835	
Net Block	117,258	126,647	101,436	102,414	108,673	
Net Current Assets	57,487	105,963	111,830	95,308	94,878	
Total Assets	210,920	296,478	250,044	221,564	248,177	
NET WORTH						
Equity Capital	30,000	30,000	30,000	30,000	30,000	
Reserves and Surplus	92,244	92,530	87,401	85,327	86,193	
Net Worth	122,244	122,530	117,401	115,327	116,193	
Book value per share (Rs.)	40.75	40.84	39.13	38.44	38.73	
[On Face Value of Rs.10/-]						
BORROWINGS						
Long Term	17,689	24,063	5,022	7,641	8,986	
Short Term	19,345	67,693	72,201	60,912	58,077	
	37,033	91,757	77,224	68,553	67,063	
RATIOS						
Profit before Tax to Sales and other Income	%	(0.70)	3.81	3.10	0.70	3.48
Profit before Tax to Net Worth	%	(1.84)	11.63	9.20	1.93	10.59
Dividend to Equity Capital	%	-	18	15	10	15
Dividend to Net Worth [Yield]	%	-	5	4	3	4
Return on Capital Employed	%	5	12	10	5	10
Dividend Cover	Times	-	1.64	1.39	0.75	1.54
Current Ratio	Ratio	1.67:1	1.29:1	1.48:1	1.69:1	1.62:1
Long Term Debt:Equity	Net Worth	0.21:1	0.28:1	0.09:1	0.26:1	0.30:1



DIRECTORS' REPORT

To

The Members,

The Directors are pleased to present their Twenty-Seventh Annual Report and Audited Accounts for the year ended 31st March 2009.

1. FINANCIAL RESULTS

	Rs.'000	
	31-3-2009	31-3-2008
Net Sales	318,030	371,583
Other Income	1,759	2,470
Sales and Other Income	319,789	374,323
Operating Profit (before Depreciation)	8,699	24,425
Less: Depreciation	10,945	10,176
Profit before Tax	(2,246)	14,249
Less: Provision for Tax		
Current Tax	210	2,500
Deferred Tax Credit	(2,854)	2,647
Fringe Benefit Tax	275	311
Profit after Tax	124	8,790
Prior period adjustment	(409)	1,130
Short Provision of Tax for Prior Years	(2)	463
Net Profit after Prior period items	(287)	10,384
Add : Balance brought forward	28,249	25,183
Profit available for Appropriation	27,962	35,567
APPROPRIATION :		
Transfer to General Reserve	-	1,000
Dividend on Equity Shares	-	5,400
Corporate Dividend Tax	-	918
Balance Carried Forward	27,962	28,249
	27,962	35,567

2. OPERATING RESULTS

During the year under review, your Company earned total revenue of Rs.3,197.89 lacs compared to

Rs. 3,743.23 lacs of the previous year. Operating Profit before depreciation dropped by 64.38% to Rs.86.99 lacs.

3. DIVIDEND

The Company has incurred loss of Rs.2.87 lacs during the year. Considering this, the Board of Directors recommended to skip dividend (previous year – 18%) on the equity shares for the year 2008-09 and to conserve the cash accruals for future needs of the Company.

4. TRANSFER TO RESERVES

During the year under review the Company has incurred losses and hence, there is no transfer to the General Reserves.

5. FIXED DEPOSIT

The Company continued accepting Fixed Deposits from the public and during the year under review received Rs.5,24,000/- under the Fixed Deposit scheme. At the close of the year there were no Fixed Deposits due for payment which remained either unclaimed or unpaid, except 20 deposits amounting to Rs.3,49,000/- which have matured but have not been claimed. Of these, 2 Deposits, amounting to Rs. 50,000/- 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

Net sales decreased by 14.41% over the previous year. The Company incurred a net loss after tax and prior period adjustment of Rs.2.87 lacs against net profit of Rs.103.84 lacs of the previous year.

The export sales volume and value during the year were 740 MT and Rs. 779.84 lacs respectively against 1547 MT and 1380.02 lacs of the previous year. During the year under review the export business suffered severely due to slow down in business in the Middle East which is the predominant market for the Company.

Significant investments were made in the previous year for converting films into Specialty products, to sustain future growth and profits. The learning period in establishing the optimum process conditions, for a high quality film, took longer than expected. Also, the evaluation and validation of the film by customers, (to replace hitherto imported film), turned out to be a lengthy process. The knowledge and experience gained over time, resulted in a progressive reduction in losses each quarter, with corresponding increase in level of confidence in supplying Specialty films, in a wide range of applications, with quality that met customer expectations.

The extreme volatility in the raw material prices throughout the year adversely affected price realization and margins.

Apart from this the sudden and steep upward movement of USD against the Indian Rupee coupled with a drop in export sales, resulted in a foreign exchange fluctuation loss of Rs. 60.69 lacs during the year.

In view of the above, the operating profit (after interest and before depreciation) during the year is only Rs. 86.99 lacs compared to Rs. 244.25 lacs of the last year.

As part of austerity measures, staff members have voluntarily surrendered a portion of their monthly salary since January, 2009.

Considering the performance of the year under review and the uncertain overall economic scenario, the Managing Director also voluntarily surrendered 35% of his remuneration from 1st January, 2009 which was noted by the Board of Directors at their meeting held on 27.01.09.

7. PROSPECTS FOR THE CURRENT YEAR

There is fairly reliable evidence that the demand is recovering in the export business. The Domestic Specialty film business will have a major role in reviving the business; the signs already are encouraging. The uncertainty continues in the behavior of oil prices, super imposed on the critical supply and demand scenario of raw material.

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 2009 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 the above rules.

10. DIRECTORS

Mr. J.A. Moos, Director of the Company, liable to retire by rotation, retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Bhupendra M. Desai was appointed by the Board of Directors as an Additional Director of the Company with effect from 27th January, 2009 and holds office up to the date of the ensuing Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act"). The Company has received from a member, Notice in writing u/s 257 of the Act,



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proposing his candidature for the office of Director of the Company who is liable to retire by rotation.

11. 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.

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) 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 had 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 as on 31st March, 2009 and of the loss of the company for the year ended on that date;
- (iii) The Directors had 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 had prepared the Annual Accounts on a "going concern" basis.

13. AUDITORS

M/s. Akkad Mehta and Co., Chartered Accountants, Auditors of the Company will retire at the 27th 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.

14. 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 number of shares in dematerialized form (held with NSDL and CDSL) and the total number of shares in physical form.

15. 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 shareholders, customers, suppliers, bankers and specially the employees of the Company who sacrificed part of their monthly salary with effect from January, 2009 due to slowdown of the Company's business.

For and on behalf of the Board of Directors

P. P. Kharas
Chairman

Mumbai, 27th June, 2009.

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 wastage of energy.

B. TECHNOLOGY ABSORPTION**Research and Development (R&D):**

An important aspect of application development is evaluation and validation of film structure by potential customers, which includes evaluating the performance of the film and for the laminate over the entire distribution and retail chain.

The evaluation and validation is based on a set of criteria recorded in technical service notes provided to the customer, depending on the application.

Future plan of action :

Focus on future development will be on:

- Films required for extending shelf-life for packaging fruits, vegetables, marine products and poultry in the domestic and export markets.
- Development of specialty films, which are import substitutes for our customers, and films which, due to their technology content, are difficult to replicate.

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.

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

Expenditure on R & D:

(Rs'000)

For the year ended	31.03.09	31.03.08
a) Capital Expenditure	—	—
b) Recurring Expenditure	508.00	428.00
c) Total Expenditure	508.00	428.00
d) Total R & D Expenditure	0.16 %	0.12 %

as a percentage of total turnover.

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	: 78,224.00
b) Foreign Exchange Outgo	: 110,591.00

(Raw material, Spares & Plant and Machinery)

For and on behalf of the Board of Directors

P. P. Kharas
Chairman

Mumbai, 27th June, 2009.