



# ANNUAL REPORT

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2008-2009

ESS DEE ALUMINIUM LIMITED

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Sudip Dutta	Chairman & Managing Director
Prasenjit Datta	Whole Time Director
Shankar Kamble	Director
Gautam Mukherjee	Director
Dilip Phatarphekar	Director
Ramdas Baxi	Director

### COMPANY SECRETARY & GENERAL MANAGER-LEGAL

K Narayana Mayya

### AUDITORS

M.P.Chitale & Co.  
Chartered Accountants,  
Hamam House, Ambalal Doshi Marg,  
Fort, Mumbai - 400 001

**Company CIN** L27203DD2004PLC003385

### REGISTRARS AND TRANSFER AGENTS

Bigshare Services Private Limited  
E-2/3, Ansa Industrial Estate, Saki Vihar Road,  
Saki Naka, Andheri (East) Mumbai - 400 072

### SOLICITORS & ADVOCATES

Kanga & Co  
Readymoney Mansion  
43 Veera Nariman Road  
Mumbai - 400 001

### BANKERS

State Bank of India  
ICICI Bank Limited  
ABN-AMRO Bank N.V.  
Kotak Mahindra Bank Limited  
The Shamrao Vithal Co-operative Bank Limited

### REGISTERED OFFICE

Plot No. 124-133, Panchal Udyog Nagar,  
Bhimpore, Daman - 396 210

### CORPORATE OFFICE

Ess Dee House, Akurli Road,  
Kandivali (East) Mumbai - 400 101

### PLANTS

Plot No.124-133, Panchal Udyog Nagar,  
Bhimpore, Daman - 396210

No.57/5/2, Bhenslor,  
Village Dunetha, Nani Daman - 396210

Plot No. 161, Kundaim Industrial Estate,  
Kundaim, Goa - 403 115

# C O N T E N T S

Notice	03
Directors' Report	07
Corporate Governance Report	16
Auditors' Report	28
Financials - Standalone	33
Auditors' Report – Consolidated	53
Financials – Consolidated	54
Directors' Report – Flex Art Foil Private Limited	73
Auditors' Report – Flex Art Foil Private Limited	78
Financials – Flex Art Foil Private Limited	83
Directors' Report – India Foils Limited	100
Auditors' Report – India Foils Limited	123
Financials – India Foils Limited	129

The Fifth Annual General Meeting will be held on Monday, the 14<sup>th</sup> December 2009 at 12.30 p.m. at Hotel Miramar, Devka Beach, Daman – 396210  
 Visit us at [www.essdee.in](http://www.essdee.in)  
 E-mail: [investorservice@essdee.in](mailto:investorservice@essdee.in)

## ANNUAL REPORT 2008-2009

**ESS DEE ALUMINIUM LIMITED**

Regd. Office: Plot Nos. 124-133, Panchal Udyog Nagar, Bhimpore, Daman- 396210

**NOTICE**

NOTICE is hereby given that the Fifth Annual General Meeting of Ess Dee Aluminium Limited will be held at Hotel Miramar, Devka Beach, Daman-396 210 on Monday, the 14<sup>th</sup> December 2009, at 12.30 p.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2009, Profit and Loss Account for the financial year ended on 31<sup>st</sup> March 2009 and the reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Ramdas Baxi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Dilip Phatarphekar, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors 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. M. P. Chitale & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration and out of pocket expenses as may be mutually agreed by them and the Board of Directors.”

**SPECIAL BUSINESS**

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

“RESOLVED THAT subject to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and / or any statutory modification or re-enactment thereof from time to time in force, pursuant to the recommendation of the remuneration committee and approval of the Board, approval of the members be and is hereby accorded to the modification of the terms of appointment / remuneration of Mr. Sudip Dutta as the Chairman and Managing Director of the Company with effect from 1st April 2009 for the remaining period of tenure of his appointment as detailed in the Explanatory Statement annexed to this Notice.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to alter, vary and modify the said terms including salary, allowances, designation and perquisites in such manner as may be agreed to between the Board and Mr. Sudip Dutta and in accordance with and subject to the limits prescribed in Schedule XIII to the Companies Act, 1956 and, if necessary, as may be stipulated by the Central Government and as may be agreed to between the Board and Mr. Sudip Dutta.

**RESOLVED FURTHER THAT** notwithstanding anything hereinabove stated, where in any financial year, during the currency of the term of Mr. Sudip Dutta as the Chairman and Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay him remuneration by way of salary, allowances, commission and perquisites as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 or such other remuneration as may be approved by the Central Government from time to time, as Minimum Remuneration.

**RESOLVED FURTHER THAT** except the terms of appointment / remuneration revised above, all other terms and conditions of appointment / remuneration of Mr. Sudip Dutta, Chairman and Managing Director as approved by the Members at the General Meeting held on June 19, 2006 shall remain unchanged.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem necessary or expedient for giving effect to this resolution.”



7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

**“RESOLVED THAT** subject to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and / or any statutory modification or re-enactment thereof from time to time in force, pursuant to the recommendation of the remuneration committee and approval of the Board, approval of the members be and is hereby accorded to the modification of the terms of appointment / remuneration of Mr. Prasenjit Datta, as the Whole-time Director of the Company with effect from 1st April 2009 for the remaining tenure of his appointment as detailed in the Explanatory Statement annexed to this Notice.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to alter, vary and modify the said terms including salary, allowances, designation and perquisites in such manner as may be agreed to between the Board and Mr. Prasenjit Datta and in accordance with and subject to the limits prescribed in Schedule XIII to the Companies Act, 1956 and, if necessary, as may be stipulated by the Central Government and as may be agreed to between the Board and Mr. Prasenjit Datta.

**RESOLVED FURTHER THAT** notwithstanding anything hereinabove stated, where in any financial year, during the currency of the term of Mr. Prasenjit Datta as the Whole-time Director, the Company has no profits or its profits are inadequate, the Company shall pay him remuneration by way of salary, allowances, commission and perquisites as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 or such other remuneration as may be approved by the Central Government from time to time, as Minimum Remuneration.

**RESOLVED FURTHER THAT** except the terms of appointment / remuneration revised above, all other terms and conditions of appointment / remuneration of Mr. Prasenjit Datta, Whole-time Director, approved by the Members at the General Meeting held on June 19, 2006 shall remain unchanged.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem necessary or expedient for giving effect to this resolution.”

**By order of the Board**

**Sd/-**

**K Narayana Mayya**

Company Secretary &

General Manager - Legal

**Place: Mumbai**

**Date: 31st October 2009**

#### **NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THEN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The relative explanatory statement pursuant to section 173(2) of the Companies Act 1956, setting out the material facts in respect of the special business to be transacted under items Nos. 6 and 7 is annexed hereto.
4. The relevant details as required by clause 49 of the Listing Agreement entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under item Nos. 3 and 4 above, are annexed hereto.

**ANNUAL REPORT 2008-2009**

5. The Register of Members and share transfer books of the Company will remain closed from December 5, 2009 to December 14 2009, (both days inclusive). If the final dividend as recommended by the Board of Directors is approved at the meeting, payment of such dividend will be made in accordance with the law.
6. Members are requested to:
  - a) complete the attendance slip and deliver the same at the entrance of the meeting hall.
  - b) bring their copies of the Annual Report at the time of attending the Annual General Meeting.
  - c) send their questions if any, at least 10 days before the Annual General Meeting about any further information on accounts so as to enable the Company to prepare for answering satisfactorily.
  - d) send to the Registrars their ECS Bank Mandate Form, to ensure safe and prompt receipt of dividend. This is to avoid fraudulent encashment of warrants.
7. Members who hold their shares in dematerialised form may kindly note that their Bank Account details, as furnished by their Depository Participants to the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories. Members who wish to change such Bank Account details are requested to advise their Depository Participants about such changes with complete details of the Bank Account.
8. A proxy shall not vote except on a poll.
9. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. Members holding shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT TO SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 6**

At the General Meeting held on June 19, 2006, the Members of the Company had approved the appointment and terms of remuneration of Mr. Sudip Dutta as Chairman and Managing Director (CMD) of the Company, including *inter alia* the maximum amount of salary of Rs.15,00,000/- p.m. Taking into consideration the increased business activities of the Company and the responsibilities cast on the CMD, it is proposed that with effect from April 1, 2009, salary of Mr. Sudip Dutta be revised from Rs. 15,00,000/- p.m. to the range of Rs.25,00,000/- to Rs.50,00,000/- p.m. for the remaining tenure of his appointment, with a initial salary of Rs.25,00,000/- p.m. The Board of Directors or a Committee thereof would fix the salary of Mr. Sudip Dutta within the above range. All other terms and conditions relating to the appointment and remuneration of Mr. Sudip Dutta as approved by the Members of the Company will remain unchanged. In compliance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 the revised terms of remuneration of Mr. Sudip Dutta as CMD as specified above are now being placed before the Members for approval.

This may be treated as an abstract, pursuant to the provisions of Section 302 of the Companies Act, 1956.

The Directors recommend the passing of Special resolution contained in Item 6 of the notice.

None of the directors except Mr. Sudip Dutta are concerned or interested in the passing of the resolution

**Item No.7.**

At the General Meeting held on June 19, 2006, the Members of the Company had approved the appointment and terms of remuneration of Mr. Prasenjit Datta as Whole Time Director of the Company, including *inter alia* salary not exceeding Rs.1,50,000/- p.m. In order to keep provision for annual increments it is proposed to fix his salary in the range of Rs 1,50,000/- to Rs 3,00,000/- per month for the remaining tenure of his appointment., with an initial salary of Rs 1,50,000/-, subject to such increments as may be granted by the Board / Committee from time to time. All other terms and conditions relating to the appointment of Mr. Prasenjit Datta as approved by the Members of the Company will remain unchanged. In compliance with the provisions of Sections 198,

269, 309 and 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the revised terms of remuneration of Mr. Prasenjit Datta as Whole Time Director as specified above are now being placed before the Members for approval.

This may be treated as an abstract, pursuant to the provisions of Section 302 of the Companies Act, 1956.

The Directors recommend the passing of Special resolution contained in Item 7 of the notice.

None of the directors except Mr. Prasenjit Datta are concerned or interested in the passing of the resolution.

#### **DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE FIFTH ANNUAL GENERAL MEETING (PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)**

##### **Item Nos.3 & 4 of the Notice**

Brief notes on the background and the functional expertise of the Directors proposed for re-appointment are furnished below, with details of Companies in which they are Directors and the Board Committees of which they are members:

<b>Name of Director</b>	<b>Mr. Ramdas Baxi</b>	<b>Mr. Dilip Phatarphekar</b>
Date of Birth	19/03/1938	24/01/1938
Date of Appointment	22 <sup>nd</sup> May 2006	22 <sup>nd</sup> May 2006
Expertise in specific function area	He has 40 years of experience in the field of Insurance. He retired as Director and General Manager of New India Assurance Company Limited	He is a practicing Advocate and Arbitrator and has experience of over 40 years. He has worked as head of Legal Department of companies such as Pfizer Limited and Essar Group of Companies.
Qualifications	B.com, LLB.	B.A., LLB
Directorships held in other Indian public limited companies as on 31st March 2009	GIC Asset Management Company Limited	Panama Petrochem Limited
Chairman / Member of the Committee of Board of Directors of the Company as on 31st March, 2009	Chairman - Shareholders' / Investors Grievance Committee Member - Remuneration Committee Member - Audit Committee	Chairman - Remuneration Committee Member - Audit Committee Member - Shareholders' / Investors Grievance Committee Member - Finance Committee
Chairman / Member of Committees of Board of Directors of other Indian public limited Companies as on 31st March, 2009	Member - Audit Committee	Chairman - Shareholders' / Investors Grievance Committee Chairman - Remuneration Committee
No. of Shares held in the Company as on 31st March, 2009	Nil	Nil

**By order of the Board**

**Sd/-**

**K Narayana Mayya**  
Company Secretary &  
General Manager - Legal

**Place: Mumbai**  
**Date: 31st October 2009**



**ANNUAL REPORT 2008-2009****DIRECTORS' REPORT**

To the Members,

Your Directors are pleased to present the Fifth Annual Report together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2009.

**FINANCIAL RESULTS**

The financial highlights of the year are:

Particulars	(Rs-in lacs)			
	Consolidated		Standalone	
	Fiscal 2009	Fiscal 2008	Fiscal 2009	Fiscal 2008
<b>Total Income</b>	45592.61	32493.95	<b>40582.92</b>	28840.30
<b>Profit before Interest, Depreciation and Tax</b>	1158.81	9642.31	<b>10690.32</b>	<b>7947.67</b>
Less Interest	1532.43	763.08	1146.37	450.26
Less Depreciation	1038.12	353.65	520.65	305.71
<b>Profit before Tax</b>	<b>(1411.74)</b>	<b>8525.58</b>	<b>9023.30</b>	<b>7191.70</b>
Less Provision for Taxation	2564.87	1180.94	2377.51	1020.93
<b>Profit after Tax before minority Interest</b>	<b>(3976.61)</b>	<b>7344.64</b>	<b>6645.79</b>	<b>6170.77</b>
Minority Interest	1577.39	-	-	-
<b>(Net) Profit after Tax</b>	<b>(2399.22)</b>	<b>7344.64</b>	<b>6645.79</b>	<b>6170.77</b>
Add Balance brought forward	5151.80	2752.37	6804.88	1895.19
Profit available for Appropriation	2752.58	10097.01	13450.67	8065.96
<b>Appropriation:</b>				
General Reserve	660.00	610.00	660.00	610.00
Proposed Dividend	556.50	556.50	556.50	556.50
Dividend Tax	94.58	94.58	94.58	94.58
Transferred to Capital Reserve	-	1297.90	-	-
Balance carried Forward	1441.50	7538.03	12139.59	6804.88
Earning Per Share (Rs.) Basic	(8.63)	27.02	23.88	22.70
Earning Per Share (Rs.) Diluted	(8.63)	27.02	23.88	22.70

**PERFORMANCE REVIEW**

Your Company has recorded a significant growth in its performance. During the year, the total income on standalone basis grew to Rs. 40,582.92 lacs, registering 40.72 % growth over previous year income of Rs.28,840.30 lacs. Profit after Tax improved by 7.70% to Rs 6645.79 lacs in the current year compared to Rs. 6170.77 lacs in the previous year. This growth has been possible primarily due to a combination of factors like repeat orders and client additions supported by capacity expansion.

India Foils Limited (IFL) became a subsidiary of the company on 19.11.2008. The comparative figures for the previous year ended on 31.03.2008 furnished on a consolidated basis are therefore without taking into account the operations and working results of IFL and hence the figures for the previous year are not comparable.

**DIVIDEND**

The company follows a policy of paying stable dividend linked to consistent performance, also taking into account the need to finance growth plans through internal accruals.

Your Directors are pleased to recommend a dividend of 20% (Rs.2/- per equity share of Rs.10/- each) for the year ended 31st March 2009 on the equity share capital of Rs.27.82 crores, entailing an outgo of Rs.556.50 lacs for approval by the members at the ensuing Annual General Meeting. This is exclusive of dividend distribution tax amounting to Rs.94.58 lacs at 16.995% (including surcharge and education cess), which will be borne by the company. The proposed dividend, if declared at the forthcoming Annual General Meeting, will be paid to those Equity Shareholders whose names appear in the Register of Members as on the book closure dates.



## TRANSFER TO RESERVES:

The Company proposes to transfer Rs.660.00 lacs (previous year Rs.610.00 lacs) to the General Reserve out of the amount available for appropriations and an amount of Rs.12139.59 lacs (previous year Rs. 6804.88 lacs) has been proposed to be retained in the Profit and Loss Account.

## SHARE CAPITAL

The share capital of the company at the end of the year was Rs 2782.48 lacs and did not undergo any change during the year.

## PUBLIC DEPOSIT

Your Company has not accepted any fixed deposit from the public.

## UTILISATION OF IPO PROCEEDS

As on 31<sup>st</sup> March 2009 the Company had fully utilized the proceeds of the public issue for the purposes mentioned in the prospectus, as detailed below:.

Amount (Rs. in lacs)

Objects	Total estimated project cost	Actual amount spent
Land & Building	1812.94	2528.23
Plant & Machinery	8843.04	8922.31
Electrical Installation, R&D Expenses & Miscellaneous Assets	823.10	832.15
Public issues expenses	1059.36	1099.47
General corporate Expenses	5301.96	5301.96
<b>Total</b>	<b>17840.40</b>	<b>18684.12</b>

## OPERATIONS

Your Company operates in a single segment i.e Advanced Packaging Solutions.

The company's foil rolling mill expanded its capacity from 9100 tons to 18000 tons during the year. The PVC unit continued with stable operations and the coating and laminating unit worked at full capacity during the year.

## KEY DEVELOPMENTS

### 1. Arrangement for revival of India Foils Ltd

During the year, along with Madras Aluminium Co. Ltd., a rehabilitation scheme was filed with the Honourable Board for Industrial & Financial Reconstruction (BIFR) for rehabilitation of India Foils Ltd. (IFL). This scheme was sanctioned by the Hon'ble BIFR vide its order dated August 18, 2008. Pursuant to this order and the first closing, the Company acquired 14,70,00,000 equity shares of Rs.1/- each in IFL on November 19, 2008. This constituted 89.44% stake, making IFL its subsidiary from that date. The Company also subscribed to 12,50,000 Optionally Convertible Non Cumulative Preference Shares and 96,28,115 Non-Convertible Non Cumulative Preference Shares of Rs.100/- each.

Subsequent to IFL becoming a subsidiary, the Company estimated that significant investments would be needed to rehabilitate IFL. This was also necessitated by the recent economic meltdown. The Monitoring Agency, Kotak Mahindra Bank Ltd., appointed by the BIFR has recommended and filed on 30<sup>th</sup> June 2009 a modified rehabilitation scheme with the Hon'ble BIFR for merger of IFL with the Company with effect from April 1, 2008. Once the merger becomes effective, the Company will reopen these financial statements and a fresh set of financial statements giving effect to the merger, shall be placed for adoption by the Board of Directors and the members of the Company.

2. The company is in an expansion phase and has plans to raise upto Rs.500 crores to fund its various expansion plans for which approval of the members has been sought.

**ANNUAL REPORT 2008-2009****CONSERVATION OF ENERGY, etc.**

The company has been taking effective steps at every stage to reduce energy consumption and conserve energy in all phases of operations.

The Company has been continuously upgrading facilities in order to minimize power consumption, maximizing on power factors at manufacturing locations. Cross-sectional energy audit teams across production units have been put in place for monitoring energy consumptions.

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed as per section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed as Annexure 'A'.

**PARTICULARS OF EMPLOYEES**

Statement of particulars of employees as required by the provisions of section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975, as amended and forming part of the Directors' Report is annexed as Annexure 'B'.

**SUBSIDIARIES**

1. Flex Art Foil Private Limited (FAFPL), a wholly owned subsidiary provides facilities for printing of aluminium blister and poly to pharmaceutical companies for their packaging solutions at various locations across the country. With the introduction of new products and spurt in the number of registered DMFs (Drug Master File), service vis a vis lead times have assumed primary importance. The Company with its unique 'Hub and Spoke' model is catering to the pharmaceutical industry as a strategic partner to their growth. Towards this goal, FAFPL has set up a unit in Sikkim in April 2009 to augment its aluminium foil printing capacity and to cater to the needs of North Eastern Region.

2. India Foils Limited (IFL), in which the company currently holds 89.44 % stake became a subsidiary of the company pursuant to the first closing and orders of the Honorable BIFR dated August 18, 2008 passed under section 18 of Sick Industrial Companies (Special Provisions) Act 1985. The company is engaged in the business of designing, developing, manufacturing, producing, processing, distributing, selling and dealing in foils and foil products of all kinds including printing and preparing the same for packaging, industrial and other use.

The annual reports of both the subsidiary companies are attached to the report.

Requisite statement pursuant to section 212 of the Companies Act, 1956, is also attached herewith as 'Annexure C'.

**CONSOLIDATED FINANCIAL STATEMENTS**

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the attached consolidated financial statements have been prepared in accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates.

**PERSONNEL & INDUSTRIAL RELATIONS**

The Industrial relations continue to be peaceful and cordial.

Our employees are critical to the success of the company. We have set up a scalable recruitment and resource management process which enables us to attract and retain talent. The focus is on increasing the efficiency and effectiveness of the employees and thereby contributing to the organizational effectiveness.

We strongly believe that trained and motivated people determine the future growth of the company. Your Company endeavors to attract and recruit best possible talent and considers the quality of its human resources to be most important.

Employee safety is of paramount importance to the Company. All the executives in the Company have a personal objective of ensuring a safe working environment for its employees. The safety performance is analyzed in all the important forums.