



19TH ANNUAL REPORT
2009 - 2010

HITECH PLAST LIMITED

BOARD OF DIRECTORS:

Ashwin S. Dani Chairman
 Rajnikant B. Desai
 Rameshchandra S. Gandhi
 Harish N. Motiwalla
 Ranjan M. Kapur
 Ashwin R. Nagarwadia
 Jalaj A. Dani
 Hasit A. Dani
 Malav A. Dani
 Mrs. Ina A. Dani w.e.f. 30th January 2010
 Ashok K. Goyal Managing Director (CEO)

AUDIT COMMITTEE:

Rameshchandra S. Gandhi Chairman
 Harish N. Motiwalla
 Ranjan M. Kapur

COMMITTEE OF DIRECTORS:

Ashwin S. Dani Chairman
 Jalaj A. Dani
 Hasit A. Dani
 Malav A. Dani
 Ashok K. Goyal

REMUNERATION COMMITTEE:

Rameshchandra S. Gandhi Chairman
 Harish N. Motiwalla
 Ashwin R. Nagarwadia

MANAGEMENT TEAM:

Ashok K. Goyal Gursharan S. Bhamra
 Harshad B. Desai Rajiv T. Gandhe
 Bhupendra P. Dusara Neeraj M. Munjal

INVESTOR'S GRIEVANCE & SHARE TRANSFER COMMITTEE:

Ashwin S. Dani Chairman
 Jalaj A. Dani
 Hasit A. Dani
 Malav A. Dani
 Ashok K. Goyal

REGISTRAR & TRANSFER AGENT:

Link Intime India Private Limited
 C-13, Pannalal Silk Mills Compound,
 L. B. S. Road, Bhandup (W),
 Mumbai – 400 078.
 Tel. No. 2596 3838 Fax No. 2596 2691
Email : mumbai@linkintime.co.in

SUBSIDIARY COMPANIES:

Clear Mipak Packaging Solutions Limited
 (Formerly known as Clear Plastics Limited)
 Mipak Polymers Limited (Upto 30th September 2009)

STATUTORY AUDITORS:

Shah & Co., Chartered Accountants, Mumbai

INTERNAL AUDITORS:

Shashank Patki & Associates, Pune
 J. V. Ramanujam & Co., Chennai

REGISTERED OFFICE & CORPORATE OFFICE

C-130, Solaris – 1,
 Opp. L&T Gate No.6,
 Powai, Mumbai – 400 072

BANKERS & TERM LENDERS:

State Bank of India
 Kotak Mahindra Bank Limited

WEBSITE

www.hitechplast.co.in / www.cmpsl.co.in

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FIVE YEAR REVIEW - HITECH PLAST LIMITED - STANDALONE

(₹ in Lacs except for per share data, number of employees and ratio)

Results for the Accounting Year	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
REVENUE ACCOUNT					
Gross Sales	17,349.52	15,441.99	12,476.59	11,002.23	7,745.88
Net Sales and Operating Income	15,879.59	13,437.87	10,629.33	9,335.49	6,464.88
Growth Rate (%)	18.17	26.42	13.86	44.40	72.02
Materials Cost	9,460.18	8,366.67	6,351.87	5,573.77	3,325.94
% to Net Sales	59.57	62.26	59.76	59.71	51.45
Overheads	3,698.80	3,025.29	2,574.67	2,315.25	1,815.22
% to Net Sales	23.29	22.51	24.22	24.80	28.08
Operating Profit (PBIDT)	2,856.22	2,220.42	1,794.18	1,533.44	1,359.39
Interest Charges	504.12	658.95	532.02	387.96	238.41
Depreciation	345.94	317.93	353.83	335.14	355.13
Profit Before Tax	2,006.16	1,243.54	908.33	810.34	765.85
% to Net Sales	12.63	9.25	8.55	8.68	11.85
Profit After Tax	1,374.81	925.79	795.82	668.35	507.31
Prior period items	—	—	—	(4.01)	—
Profit after tax and prior period items	1,374.81	925.79	795.82	664.34	507.31
CAPITAL ACCOUNT					
Share Capital	1,317.57	1,317.57	1,317.57	1,317.57	1,189.70
Reserves and Surplus	4,635.96	3,491.60	2,418.71	1,777.05	589.81
Deferred Tax Liability/Asset (Net)	203.40	172.06	1.76	(18.37)	8.02
Loan Funds	4,046.71	1,859.25	2,722.84	2,877.28	2,130.89
Fixed Assets	4,643.74	2,334.22	1,739.91	1,313.48	1,469.80
Investments	2,805.54	1,911.70	1,911.70	2,493.97	821.47
Net Current Assets	2,754.36	2,594.56	2,809.27	2,146.08	1,627.15
Debt - Equity Ratio	0.93	0.63	0.94	1.16	1.82
Market Capitalisation	11,462.86	4,420.45	8,432.45	8,913.36	6,543.35
PER SHARE DATA					
Earning Per Share (₹)	10.43	7.03	6.04	5.16	4.05
Dividend (#)	1.50	1.10	1.00	0.80	0.80
Book Value (₹)	45.19	36.50	28.36	23.49	14.96
OTHER INFORMATION					
Number of Employees	343	299	203	171	285

(#) Recommended by the Board, subject to approval of the Shareholders.

NOTICE

NOTICE is hereby given that the NINETEENTH ANNUAL GENERAL MEETING of HITECH PLAST LIMITED will be held at Indian Merchants' Chamber, 2nd Floor, Kilachand Conference Room, IMC Building, Churchgate, Mumbai – 400 020, on Saturday, the 4th day of September 2010, at 11.30 a.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the accounts for the year ended 31st March, 2010 together with the Report of the Board of Directors and Auditors' thereon.
2. To consider and declare payment of dividend on equity shares for the financial year ended 31st March 2010.
3. To appoint a Director in place of Mr. Hasit A. Dani, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ranjan Kapur, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Rajnikant B. Desai, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint M/s. Shah & Co., Chartered Accountants as Auditors of the Company and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Shah & Co., Chartered Accountants, (Registration No. 109430W) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such terms and conditions as to the remuneration, as shall be fixed by the Board of Directors and Auditors mutually."

SPECIAL BUSINESS:

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

"RESOLVED THAT Mrs. Ina A. Dani, who was appointed by the Board of Directors as an Additional Director with effect from 30th January 2010 under Article 107 of the Articles of Association of the Company and who by virtue of the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing under Section 257 of the Companies Act, 1956, from a member proposing her candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT in partial modification to resolution passed in the Annual General Meeting held on 22nd September 2007 and pursuant to the provisions of Sections 198, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956, and subject to other provisions, if any, of the Companies Act, 1956, including any statutory modifications or any amendments or any substitution or re-enactment thereof for the time being in force and pursuant to recommendation of the Remuneration Committee and approval of the Board of Directors of the Company at their respective meetings held on 8th May 2010, the consent of the members of the Company be and is hereby accorded to the revision of the terms and conditions of the Remuneration payable to Mr. Ashok K. Goyal, Managing Director of the Company with effect from 1st April 2010, till the expiry of residual period as set out in the draft Supplementary Agreement proposed to be entered between the Company and Mr. Ashok K. Goyal, the main terms of which are set out in the Notice, which draft Supplementary Agreement is hereby specifically approved with the liberty to the Board of Directors of the Company to alter and/or vary the terms and conditions of the said draft Supplementary Agreement within the limits, if any, prescribed in the Act and/or any Schedule thereto;

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company will pay Mr. Ashok K Goyal remuneration and perquisites not exceeding the ceiling laid down in Schedule XIII to the Companies Act, 1956, as may be decided by the Board of Directors.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be necessary, expedient or desirable.

Registered Office:
C/130, Solaris, Building No. 1,
Opp. L & T Gate No. 6,
Powai, Mumbai – 400 072.

Place : Mumbai
Date : 26th June 2010

By Order of the Board

Bhupendra P. Dusara
Chief Financial Officer &
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND, ON A POLL, VOTE INSTEAD OF HIMSELF/ HERSELF. A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Businesses as set out in the Notice is annexed hereto.
3. All the documents referred to in the accompanying notice and explanatory statement are open for inspection at the Registered Office of the Company during the office hours on all working days between 11.00 a.m. and 1.00 p.m upto the date of Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 27th August 2010 to 4th September 2010 (both days inclusive).
5. Dividend recommended by Directors, if approved by the Members at the Annual General Meeting, will be paid on and from 6th September 2010 but within the statutory time limit of 30 days, to those Members entitled thereto whose names appear in the Register of Members of the Company as on 4th September 2010. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of business hours on 26th August 2010, as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the purpose as on that date.
6. Members holding shares in physical form are requested to lodge Share Transfer documents and all other correspondence and queries relating to Share Transfer, Share Certificates, Change of Address etc., to the Company's Registrar & Transfer Agent i.e. Link Intime India Private Limited (earlier known as Intime Spectrum Registry Limited) having their office at C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai – 400 078. Members are also requested to furnish self-attested copy of their PAN card, at the time of submitting the physical share certificate(s) for transfer, transmission, deletion or any other request, to the Company. The Securities and Exchange Board of India (SEBI), vide its Circular No.MRD/DoP/Cir-05/2009 dated 20th May 2009 and SEBI/MRD/DoP/SE/RTA/Cir-08/2010 dated January 07, 2010 has made it mandatory for the transferee(s) to furnish the copy of the PAN card to the Company for registration of physical transfer of shares and for transmission, deletion and transposition of shares in physical form.
7. Members, who still continue to hold shares in physical form, are requested to dematerialise their shares at the earliest and avail of the various benefits of dealing in securities in electronic / dematerialized form. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).
8. Members holding shares in the electronic form are advised to inform changes in address / bank mandate directly to their respective Depository Participants. The address / bank mandate as furnished to the Company by the respective Depositories viz., NSDL and CDSL will be printed on the dividend warrants.
9. The Reserve Bank of India (RBI) has provided an Electronic Clearing Scheme (ECS) to the investors as an option to receive dividend through their bank accounts rather than receiving the same in the form of dividend warrants. Under this option, an investor's bank account is directly credited and intimation thereof is sent by the Company to the shareholder.

This service not only protects a shareholder against fraudulent interception and encashment of dividend warrants but also eliminates dependence on the postal system, loss/damage of dividend warrants in transit and correspondence relating to revalidation/issue of duplicate warrants.
10. Investors who would like to avail this facility and are holding shares in physical form may send in their ECS Mandate Form, duly filled in to the Company's Registrar and Transfer Agent, Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai – 400 078. The ECS Mandate Form with instructions will be available at the Registered Office of the Company.
11. Investors holding shares in demat or electronic form may send in their ECS mandate to the concerned Depository Participant (DP) directly, in the format prescribed by the DP. Pursuant to the Depository Regulations, the Company is obliged to pay dividend on dematerialized shares as per the details furnished by the concerned DP. The Company or the Registrar and the Transfer Agent cannot make any change in such records received from the Depository.
12. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to send their requests in Form 2B to the Registrar and Transfer Agent of the Company. The Nomination Form with instructions will be available at the Registered Office of the Company. Members holding shares in electronic form are requested to give the nomination request to their respective Depository Participant directly.
13. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the CFO & Company Secretary at least seven days prior to the meeting so that the required information can be made available at the meeting.
14. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall.
15. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.

Registered Office:
C/130, Solaris, Building No. 1,
Opp. L & T Gate No. 6,
Powai, Mumbai – 400 072.

By Order of the Board

Bhupendra P. Dusara

Place : Mumbai
Date : 26th June 2010

Chief Financial Officer &
Company Secretary

16. Information required under Clause 49 IV G of the Listing Agreements (relating to Corporate Governance) with respect to the Directors who are retiring by rotation and being eligible seeking re-appointment and Director seeking appointment is as under :

	Mr. Hasit A. Dani	Mr. Ranjan Kapur	Mr. Rajnikant B. Desai	Mrs. Ina A. Dani
Date of Birth	14th June 1972	25th November 1942	15th August 1934	19th March 1942
Profile of the Director	<p>Mr. Hasit A Dani holds a Bachelors degree in Business Administration from University of Massachussetts and Masters degree from University of Pittsburgh, USA and has working experience in general administration, having worked with Asian Paints Limited.</p> <p>Presently, he is working as Managing Director of Gujarat Organics Limited.</p>	<p>Mr. Ranjan Kapur is M.A. in English from St. Stephans College, New Delhi. He started his career with Citibank, N.A. and is a veteran of the advertising business having spent 40 years with Ogilvy & Mather India Pvt. Ltd. and held the position of Executive Chairman, India and Vice-Chairman Asia Pacific. He is currently Country Manager - India of WPP. He is also the Chairman of Strategic Planning Group at Bombay First, an NGO that actively works with Government & civic bodies.</p>	<p>Mr. Rajnikant B. Desai, a Non-Resident Indian, Ex-GM of Herdillia Chemicals Limited, is a Director of the Company since 1994. He has rich professional experience in the industry and moulding related field. His experienced suggestions are quite valuable to the Company.</p>	<p>Mrs. Ina A. Dani is a Graduate in fine Arts from M.S. University, Baroda. She is also connected with various social activities.</p>
Date of joining the Board	27th May 2000	29th July 2006	31st March 1994	30th January 2010
Directorships and Committee Memberships in other companies	<ul style="list-style-type: none"> Asian Paints Ltd.* Member – Investor Grievance Committee Gujarat Organics Ltd. Pragati Chemicals Ltd. <p>[* resigned with effect from 3rd June 2010]</p>	<ul style="list-style-type: none"> MIRC Electronics Ltd. Member – Audit Committee Chairman – Shareholders & Investor Grievance Committee Chairman – Remuneration Committee Pidilite Industries Ltd. Member – Audit Committee Abbott India Ltd. Member – Audit Committee MIC Electronics Ltd. Nimbus Communications Ltd. 	NIL	<ul style="list-style-type: none"> Coatings Specialities (India) Ltd. Dani Finlease Ltd.
No. of Shares held in the Company	30,000	NIL	NIL	35,200

ANNEXURE TO THE NOTICE**I Explanatory Statement**

[Pursuant to Section 173(2) of the Companies Act, 1956]

The following explanatory statement sets out all material facts relating to Special Businesses of the accompanying Notice of the Annual General Meeting to be held on 4th September 2010.

Item No. 7:

Mrs. Ina A. Dani was appointed as an Additional Director with effect from 30th January 2010. Pursuant to Section 260 and Article 107 of the Articles of Association of the Company, she holds office upto the date of the ensuing Annual General Meeting.

Mrs. Ina A. Dani, aged 68 years, is a Graduate in Fine Arts from M.S. University, Baroda. She is also connected with various social activities. The experience of Mrs. Ina A. Dani would be of immense help to the Company.

A shareholder has given notice along with deposit of ₹ 500/- under Section 257 of the Companies Act, 1956, proposing the candidature of Mrs. Ina A. Dani as a Director at the ensuing Annual General Meeting. A copy of the above notice is available for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company.

The Board recommends appointment of Mrs. Ina A. Dani as a Director of the Company.

Mrs. Ina A. Dani is deemed to be concerned or interested in this Resolution to the extent of her candidature. Mr. Ashwin Dani, Mr. Jalaj Dani, Mr. Hasit Dani and Mr. Malav A. Dani, being relatives of Mrs. Ina A. Dani, may be deemed to be concerned or interested in the Resolution at item no. 7. No director, other than above, may be concerned or interested in the said Resolution.

Item No. 8:

The Company at its 16th Annual General Meeting held on 22nd September 2007, approved re-appointment of Mr. Ashok K. Goyal as a Managing Director for period of 5 years with effect from 2nd April 2007. The terms and conditions of his appointment were detailed in the Agreement dated 24th September 2007.

Mr. Ashok K Goyal is a graduate in Mechanical Engineering from IIT, Kanpur followed by Post Graduation in Business Management from I.I.M., Calcutta. He has wide and varied work experience in the industry for 36 years which includes 20 years at Asian Paints Limited and a stint abroad in the field of trading and distribution. The role and responsibilities of Mr. Ashok K. Goyal have expanded substantially taking into account size of the business and increase in number of units of the Company.

Pursuant to the recommendation of Remuneration Committee at its meeting held on 8th May 2010, the Board of Directors at its meeting held on 8th May 2010, approved, subject to the approval of shareholders at the ensuing Annual General Meeting, the revision in remuneration by execution of a Supplementary Agreement between the Company and Mr. Ashok K. Goyal with effect from 1st April 2010 till the expiry of his residual tenure as a Managing Director of the Company.

In the event of absence or inadequacy of profits for the remainder tenure of Mr Ashok K. Goyal, the Company will pay the remuneration to Mr. Ashok K. Goyal as per the monetary ceiling laid down in the Schedule XIII to the Companies Act, 1956, as may be in force from time to time.

The revised terms and conditions to be mentioned in the draft Supplemental Agreement are as under:

Particulars	Proposed Remuneration
Basic Salary	₹ 2,62,500/- per month
Discretionary Allowance	₹ 1,00,000/- per month
Special Allowance	₹ 1,37,500/- per month
Provident Fund	12% of Basic salary per month
Leave Travel Allowance	₹ 1,03,000/- per annum
Medical Reimbursement	₹ 15,000/- per annum
Performance Linked Bonus	Such percentage of the net profits of the Company or such amounts as may be decided by the Board of Directors for financial year or part thereof.
Proviso : Provided however that the aggregate amount of Salary and Performance Linked Bonus shall be subject to such limits as may be fixed by the Board of Directors for each of the financial year or part thereof.	
Car	Fuel and Maintenance will be provided on company owned car.
Telephone	Provision of telephone at the Residence, personal long distance calls shall be billed by the Company.
Gratuity	Benefits in accordance with the rules and regulations in force in the Company from time to time.
Leave	As per the Rules and Regulations of the Company.

The terms and conditions of Mr. Ashok K. Goyal's appointment as set out above may also be treated as an extract of the terms of draft Agreement between Mr. Ashok K. Goyal and the Company under Section 302 (2) of the Companies Act, 1956.

The Board recommends the Resolution for the approval of the members.

Excepting Mr. Ashok K. Goyal, no other Director of the Company may be deemed to be concerned or interested in the Resolution at item no. 8 of this Notice.

Registered Office:
C/130, Solaris, Building No. 1,
Opp. L & T Gate No. 6,
Powai, Mumbai – 400 072.

By Order of the Board

Place : Mumbai
Date : 26th June 2010

Bhupendra P. Dusara
Chief Financial Officer &
Company Secretary

MANAGEMENT DISCUSSION & ANALYSIS

Your Directors are pleased to present the Management Discussion and Analysis Report for the year ended 31st March 2010.

Continuing with the accepted good corporate practices, Hitech Plast has been reporting consolidated results - taking into account the results of its subsidiary namely Clear Mipak Packaging Solutions Limited, a combined entity after the merger of Mipak Polymers Limited with Clear Plastics Limited, with effect from 1st October 2009. It also takes into account results of erstwhile Mipak Polymers Limited for the period beginning 1st April 2009 to 30th September 2009.

INDIAN ECONOMY OVERVIEW

The fiscal year 2009-10 was a challenging year for the Indian economy as it began on a discouraging note due to the significant slowdown in the global economy in the latter part of 2008-09. The severe slowdown was due to the financial meltdown that became visible in the industrialised nations in 2008 and went on to spread to other parts of the world. The marked deceleration in the second half of 2008-09, brought the real Indian GDP growth down to 6.7%, from an average of over 9% in the preceding 3 years. There was apprehension that this trend would persist for some time. A delayed subnormal monsoon added to the overall uncertainty. However, the Indian economy, supported by timely fiscal package from Government of India, posted a remarkable recovery not only in terms of overall growth figures but more importantly, in terms of certain fundamentals which justify optimism for the Indian economy in the medium to long term.

This recovery was very encouraging as it came about despite a negative growth in the agricultural sector. More importantly, it is the result of a renewed momentum in the manufacturing sector and marks the rise of this sector as the growth driver of the economy. As per revised estimates of GDP for 2009-10, the economy was expected to grow at 7.4% in 2009-10, with the manufacturing and services sector growing at 10.8% and 8.7% respectively.

EVOLVING PACKAGING INDUSTRY

The packaging industry provides vital inputs to all key sectors of the economy like agriculture, infrastructure, healthcare and consumer goods. The industry offers cost effective products that help improve quality of life for common man.

Rapid growth in markets like food, beverage, pharmaceutical, cosmetics and textile has provided momentum for the need of packaging as all these sectors need specialized packaging. Availability in abundance of most of the raw materials required in packaging industry such as paper, plastic, board, glass, metal adds to the further growth of industry.

Liberalisation of economies across the globe has brought packaging technology to the forefront. Packaging being pervasive, in today's business plays an important role and each member in the supply chain looks forward 'to use packaging as a strategic tool for business development and improved business performance for the present and future needs'. It enhances product value and helps expand market within and outside country. The packaging industry can be now characterized as global. As one of the most globalised sectors of Indian industry, the packaging industry's paramount role in meeting India's developmental challenges is widely acknowledged.

PLASTIC INDUSTRY IN INDIA

The Indian Plastics Industry is expanding at phenomenal pace and expected to open unprecedented opportunities in the global market place. This indicates an immense potential in the industry. The Indian plastics industry is quite upbeat about the future potential of plastics

in India, believing that the Plastics industry will grow between 12% to 15% p.a. As against world average of 25 kg and of 125 kg in USA, an average Indian consumes just around 6 kg per annum of plastic products which is likely to reach over 8 Kg by 2012. This could go up to 12 kg in the next couple of years, mainly due to the increasing usages of plastic.

The consumption level which is presently 8 million tonnes per annum is expected to reach 10 million tonnes per annum by 2011. The department of petrochemicals of the Government of India has projected a level of 12 million tonnes per annum by 2011-2012. The plastic industry is at present gearing up to face the challenges of globalization, changing economic environment and become environmentally conscious.

Over the last few years the industry has moved from "simple processing to manufacturing of specialty and high-performance products." Further, the consumption of engineering plastics would also grow with the demand in the infrastructure building projects, automotive, consumer electronics, etc. The industry provides vital inputs to all key sectors of the economy like agriculture, infrastructure, healthcare and consumer goods. Moreover, the country is expected to turn into an export hub for processed plastic goods, mainly due to its low manufacturing costs. Exports of finished plastic goods from India could reach \$200 billion by 2012, in addition to the estimated domestic market of \$300 billion.

PLASTIC PACKAGING INDUSTRY

Packaging is a strategic business tool, it is the key to developing, building and enhancing product characteristics thereby increasing the value realisation. During the last decade, industry has grown exponentially and one can clearly witness radical quality improvements and better technology adoption. Today, even at town and village places, retail outlets are stacked with packaged stores, though many of them are not necessarily branded.

Also the rapid urbanisation, surge in retail business in populous countries like ours suggest high growth potential for plastics packaging sector, which may cross the half way mark in percentage share (over 50 per cent from the current level of about 30-35 per cent) globally. PET, PP & PE (LLDPE, LDPE and HDPE) would be the three dominant plastics material in the world for the converters as well as end users.

OUTLOOK

The Company's main products are rigid plastic containers and bottles specially catering to customers relating to Paints, Healthcare, Consumer Goods, Lube, Pesticides and Industrial Packaging.

ON PAINT INDUSTRY

With per capita paint consumption currently at one of the lowest levels in the world, India presents the paint industry with a vast market potential. The per capita consumption of paints in India is still low at 1.25 kg against 51.7 kg in Qatar, 38 kg in Singapore and 25.8 kg in the U.S. Even China has a per capita consumption of 2.5 kg and Sri Lanka 3.5 kg. India has a long way to go. Therefore, the future of the industry in India is quite bright.

The market has been growing at about 15% per year in both value and volume terms and that a rate of 12-15% should be maintainable for the foreseeable future. In general, sales of paints increase at a rate approximately 1.5-2 times that of the overall growth rate for the Indian economy. The sales to paint industry are expected to grow by 15% in volume.

ON FMCG INDUSTRY

FMCG market in India is growing at a fast pace on account of volume growth, expansion of rural reach, low-priced packs and consumer-led promotions in categories like soaps, shampoo, biscuits and packaged tea has helped the FMCG industry post a hefty sales growth during the year 2009-10. It is expected that the FMCG will grow between 15 to 20% during the year 2010-11. The increasing disposable income and improved standard of living in most tier II and tier III cities are spearheading the FMCG growth across the nation. The changing profile and mind set of the consumers has shifted the thought to "Value for Money" from "Money for Value". The growth trend in FMCG sector indicates good growth expectation from this industry.

OPPORTUNITIES AND STRENGTHS

Your Company is pleased to inform that new manufacturing unit located in Rohtak, Haryana has commenced its commercial production in April 2010. The new unit is equipped with latest manufacturing facilities which would help to cater the needs of the paint sector initially. Your Company is also gearing up to set up an additional plant at Sitarganj, Uttarakhand which will help to cater to the FMCG sector, considering the growth potential from that region.

With a rapid growth in markets like food, beverage, pharmaceutical, cosmetics and paints, it will provide the momentum for your Company as all these sectors need specialized packaging. Your Company sees an excellent opportunity for growth by customer addition and venturing into new segments.

The challenge for your Company in the current financial year would be to keep the pace of growth and maintain the input cost.

RISKS AND CONCERNS

Uncertainties lie at the heart of business, offering opportunities and risks. Consequently, your Company recognises the importance of a well structured system to identify and manage different elements of risk. Three types of risk are recognized for your Company such as risk arising from within the industry itself (structural risk), risks arising from the expected future performance of the industry (growth risk) and risk arising from forces external to the industry (external sensitivity risk).

Your Company reviews Risk Management System periodically and updates to cater to growing and changing business needs. It has introduced the five point Risk Management System i.e. Identifying Risks, Quantifying Risks, Formulating Strategies to contain the Identified Risks, Implementing Strategies, Continuous Monitoring of Risk Containment Tasks. The enterprise-wide risk management system analyses and deals with these risks based on the overall objective with a focus on identifying, assessing and subsequently developing controls to minimise risks. The risks associated with Paint and FMCG Industry will affect your Company as they form large part of the Company's market.

AUDIT AND INTERNAL CONTROL SYSTEMS

Your Company has stringent internal Controls for safeguarding and protecting the assets from losses, financial reporting of various transactions, efficiency of operations and compliance with relevant laws and regulations. The internal control systems are regularly reviewed for strengthening the internal control system and for effective utilization of the available resources.

In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive checks are carried at every stage of production for quality compliances. The internal audits are conducted by professional firms based on the terms of references decided by the Statutory Auditors in consultation with the members of the Audit Committee.

HEALTH, SAFETY AND ENVIRONMENT

Your Company attaches greatest value to its personnel, namely its employees, trainees and contract workers who constitute its most important productive asset.

Your Company further believes that the safety and health of its personnel are a matter of paramount concern and accord it the same importance and priority. Your Company strives to prevent all possible accidents, incidental injuries and occupational illness through various training programmes.

Your Company creates awareness and develops the required level of knowledge and skills in all personnel through need based training and internal communication. Suitable and sufficient information, instruction, training and supervision are provided to all the personnel on a continuous and dedicated basis to protect the environment.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company, believing that quality people are intangible assets and are the prime movers of the organization, makes every effort to recruit the correct talent, train them and provide them with ample opportunities for personal and professional development. Industrial relations in your Company remained cordial and peaceful during the year. The management wishes to place on record the excellent co-operation and contribution made by the employees at all levels in the organization resulting in the continued growth of the Company. The total number of employees at 31st March 2010 was 949 (902 as at 31st March 2009).

FINANCIALS

Net sales for the standalone entity increased to ₹ 159 crores from ₹ 134 crores in the previous year - a growth of 18%. For the group, net sales increased to ₹ 262 crores from ₹ 216 crores - a growth of 21%. The polymer prices in the previous year were very high as compared to the current year. Hence the value growth was muted. The volume growth for standalone entity was 22% and for the group it was 26%.

With such a stupendous growth and strict management of variable cost, the operating profit (PBIDT) margin of the standalone entity rose to 18% from 16.5% in previous year. The profit after tax for the standalone entity in 2009-10 stands at ₹ 13.75 crores as against ₹ 9.26 crores in the previous year, showing an increase of 48%, despite a substantial increase in tax provision of about 98% as compared to previous year. Net profit after tax and minority interest for the group stands at ₹ 14.94 crores, an increase of 47% over the corresponding figure of ₹ 10.19 crores, in the previous year.

QUALITY

In its continuous pursuit for Quality, apart from various steps, your Company has added two more units with upgraded accreditation to ISO 9001:2008 by Det Norske Veritas, Netherlands, at Galonda and Masat (both in Dadra Nagar Haveli) recently.

ANALYSIS OF OPERATING PERFORMANCE: [CONSOLIDATED]

(₹ in Lacs)

Sr. No.	Particulars	2009-2010	2008-2009
1.	Net Sales / Income from Operations	26,192	21,575
2.	Total Operating Income	26,411	21,808
3.	Total Operating Expenses	22,249	18,416
4.	Operating Profit	4,162	3,392
5.	Operating Profit (%)	15.9%	15.7%
6.	Profit after Tax (PAT) (after Minority Interest)	1,494	1,019
7.	PAT (after Minority Interest) to Net Sales (%)	5.7%	4.7%
8.	E.P.S. (₹)	11.3	7.7
9.	ROCE (%)	22.2%	22.1%
10.	Debt : Equity	1.4	1.3

CASH FLOW ANALYSIS

(₹ in Lacs)

Sr. No.	SOURCES OF CASH	2009-2010	2008-2009
1.	Cash Generation before Interest	4,116	3,375
2.	Issue of Capital (Net of Expenses)	596	564
3.	Loans	1,994	—
4.	Gain on commutation of Sales Tax Loan	—	93
	TOTAL	6,706	4,032
	UTILISATION OF CASH		
1.	Purchase of Fixed Assets	3,453	1,664
2.	Tax Payments	716	285
3.	Interest	855	1,021
4.	Dividend	169	221
5.	Refund of Loans	—	466
6.	Changes in Working Capital	1,334	183
	TOTAL	6,527	3,840
	Change in Cash and Cash Equivalents	179	192

RISK MANAGEMENT REPORT AND CONCERNS

Your Company has well defined techniques to analyse and control different types of risks, wherein it chooses cost effective approaches to eliminate it. Operating units review is done on month to month basis to evaluate risks for achieving the defined business objectives. The managing director ensures implementation of mitigation measures, if required.

GENERAL SCENARIO

The Indian economy is growing at a promising rate, with growth of outputs in agriculture, industry and tertiary sectors. Overall economic growth has proved to be beneficial for the consumer goods market, with more and more products becoming affordable to a larger section of the population.

The paint industry and FMCG industry are expected to report robust growth in the coming years, on which there is heavy reliance. There are certain risks that can impact the performance of your Company as India comprises of a big rural market and there has been growing focus on rural marketing, whereby manufacturers are introducing low-priced goods in smaller pack sizes. Low priced sachets have proved to be extremely popular in smaller towns and villages, where people do not prefer to buy larger packs due to financial constraints.

The volatility in Europe will linger for several months. It is stated that Greece will be unable to meet the stringent conditions imposed by the EU/IMF bailout package. Its economy simply cannot recover with curbs on spending, higher risk premiums, expensive debt and high rate of unemployment. Other nations, such as Ireland, Spain and Portugal, too, are in the grip of severe financial problems. Though, export by our Country to these nations is only 4%, when sub-prime crisis hit the US, we were not directly linked to it, it became a major financial crisis, and capital outflows started and development supports came down. Hence, we have to watch these developments very closely.

CAUTIONARY STATEMENT

The statements made are based on certain projections, estimates, expectations or outlook may be forward looking. Actual results may differ materially from those stated on account of factors such as change in government regulations, tax regimes, economic developments within India and outside influencing the related policies, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply. The Company assumes no responsibility to publicly amend, modify or revise statements, on the basis of any subsequent developments, information or events.