

21st

**ANNUAL
REPORT
2007 - 08**



RAJ

packaging industries ltd.



BOARD OF DIRECTORS

Shri U.C.Bhandari	:	Director
Shri Ramesh Chandra Singhi	:	Director
Shri Rajendra Kankaria	:	Director
Shri Suresh Chandra Bapna	:	Director
Shri V.S.N.Murthy	:	Director
Shri Prem Kankaria	:	Managing Director

21st ANNUAL GENERAL MEETING

Day	:	Saturday
Date	:	27 th September, 2008
Time	:	11.30 A.M.
Venue	:	Hotel Inner Circle, Lane beside Saboo Motors, Raj Bhavan Road, Hyderabad. – 500 082

REGISTERED OFFICE

6-3-1090/C-4,
Opp. Kapadia Lane
Raj Bhavan Road,
Hyderabad-500 082
Andhra Pradesh, India.
Ph.No. (040) - 23392024
Fax No.(040)- 23399033
Email: hyd2_rajpack@bsnl.in
Website: rajpack.com

WORKS

Survey No. 715, Kondamadugu,
Bibinagar, Nalgonda Dist.
Andhra Pradesh, India.

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BANKERS

State Bank of India

Saifabad Branch, Hyderabad
Andhra Pradesh, India.

AUDITORS

C.P.RANKA & CO.

Chartered Accountants
Secunderabad,
Andhra Pradesh, India.

REGISTRAR & SHARE TRANSFER AGENT

CIL Securities Ltd.

214, Raghavaratna Towers,
Chirag Ali Lane,
Hyderabad 500 001.
Ph.No. 23203155 Fax. 23203028



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty First Annual General Meeting of the Members of RAJ PACKAGING INDUSTRIES LIMITED will be held at Hotel Inner Circle, Lane beside Saboo Motors, Rajbhavan Road, Hyderabad on Saturday, the 27th September, 2008 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2008, Profit & Loss Account for the year ended on that date and the Reports of the Auditors' and Directors' there-on.
2. To declare dividend on Equity Share.
3. To appoint a Director in place of Shri. U.C.Bhandari, who retires by rotation and is being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. Suresh Chandra Bapna, who retires by rotation and is being eligible, offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. Authority to Directors to borrow in excess of the paid-up capital and free reserves

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

"RESOLVED that the consent of the company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the companies Act, 1956 to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount to be borrowed by the Board shall not at any time exceed the limit of Rs. 11 crores."

7. Creation of charges

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

"RESOLVED that pursuant to Section 293 (1)(a) and other applicable provisions, if any, of the companies Act, 1956, Consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events in favour of Banks/Financial Institutions, other investing agencies and trustees for the holders of debentures/bonds/other instruments to secure rupee/foreign currency loans and/or the issue of debentures whether partly/fully convertible or non-convertible and/or securities linked to Ordinary shares and/or rupee/foreign currency convertible bonds and/or bonds with share warrants attached (hereinafter collectively referred to as "Loans")

provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the company in respect of the said Loans, shall not, at any time exceed the limit of Rs. 11 crores.

RESOLVED FURTHER that the Board and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required."

By the Order of the Board of Directors

For RAJ PACKAGING INDUSTRIES LTD.

— Sd —

Place : Hyderabad
 Date : 30th June 2008

PREM KANKARIA
 MANAGING DIRECTOR

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
 THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members are requested to bring their copy of the Annual Report to the Meeting along with the attendance slip duly filled in for attending the meeting and sign at Registration counter at the venue of the meeting.
3. Members who hold 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 for attending the meeting.
4. Members are requested to intimate to the Company at its registered office any change of Address quoting their Share Ledger Folio Number(s).
5. The Share Transfer Books and Register of Members will remain closed from 20th September 2008 to 27th September 2008 (both days inclusive).
6. No person other than Member/Duly registered proxy with the company with duly filled in attendance slip will be allowed to enter the venue of the meeting.
7. The dividend on Equity Shares as recommended by the Board of Directors, if declared at the meeting, will be paid on or after 27th September 2008 and payable to those shareholders whose names shall appear on the Company's Register of Members on 19th September, 2008. In respect of Shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited as on 19th September, 2008, for this purpose.
8. Members holding shares in physical form and 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 submit to the Company in Form 2B.



EXPLANATORY STATEMENT

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

The following Explanatory Statement sets out all the material facts relating to the Special Business under Item No.6 and 7 of the accompanying Notice dated 27th August,2008

Item No.s 6 and 7 : Under Section 293(1)(d) of the Act, the Board of Directors of a company cannot, except with the consent of the company in general meeting, borrow monies, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose.

Taking into consideration the requirements of additional funds to meet the cost of the Company's expansion project and other capital expenditure programmes as also additional working capital requirements of the Company is expected that the limit of Rs. 11 Crores sanctioned by the Shareholders will be adequate. As on 31st march,2008, the Company's borrowings are about Rs.30 lacs for Term Loan and Rs. 171 lacs for Working Capital.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the listing agreement, the particulars of Directors who are proposed to be appointed / re-appointed are given below:

Name of the Director	U.C.Bhandari	Suresh Chandra Bapna
Date of Birth	02.08.1951	28.09.1941
Nationality	Indian	Indian
Date of appointment on the Board	1987	27.07.2004
Qualifications	F.C.A.	M.Pharma
Expertise in functional Area	Expertise in Matters of finance Taxations and other commercial areas	Vast experience in Manufacturing and Industrial activity
Number of shares held in the Company	74950	NIL
List of directorships held in other companies	None	None
Chairman/Member of the Committees of the Boards of other companies in which he is Director as on 31.03.08	None	None

By the Order of the Board of Directors
For RAJ PACKAGING INDUSTRIES LTD.

- Sd-

PREM KANKARIA
MANAGING DIRECTOR

Place : Hyderabad
Date : 30th June 2008

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 21st Annual Report and Audited Accounts of the Company for the year ended 31st March 2008

FINANCIAL RESULTS

Your Company's performance during the year as compared to previous year is summarized below:

	(Rs.in lakhs)	
Particulars	2007-08	2006-07
Sales & Other Income	1823.78	1826.67
Operating Profit (PBIDT)	175.63	165.34
Interest	28.94	29.86
Profit before Depreciation and Taxes (PBDT)	146.69	135.49
Depreciation	35.85	35.47
Profit Before Tax	110.84	100.02
Provision for Tax -		
Current Tax-	42.72	37.10
Deferred Tax -	(5.83)	(4.82)
Fringe Benefit Tax	0.43	0.44
Profit After Tax	73.52	67.30
Profit after Prior Period Adjustments	73.52	67.30
Balance Brought forward	92.30	71.45
Amount Available for appropriations	165.82	138.75

APPROPRIATIONS

Your Directors recommended appropriations as under:

Proposed Dividend @ Re.1/- per share (Re.1/- per share)	39.70	39.70
Corporate Dividend Tax	6.75	6.75
Balance Carried forward	119.38	92.30
Total :	165.83	138.75

PERFORMANCE:

During the year under review, your company has achieved a Turnover at Rs.1823 lacs as compared to Rs.1826 lacs in previous year in value and 2023 M.T as compared to 2070 M.T in volume. The net profit of the company stood at Rs. 111 lacs as compared to Rs. 100 Lacs in previous year.

Your management will continue their effort in developing various new structures of films, changing product mix and concentrating more in value added structure to maintain lead position in the market and to increase not only volume but also profit margins.

DIVIDENDS:

In view of better performance of the company the directors are pleased to recommend payment of dividend of Re.1/- per share (Re.1/- previous year) for the year 2007-08 which if approved by the



shareholders at the forthcoming Annual General Meeting will be paid in accordance with rules applicable at that time.

FIXED DEPOSITS

During the year your company has not accepted any Deposits from Public / Members.

CAPITAL EXPENDITURE

The company has spent Rs. 1.13 lakhs in fixed assets during the year and advance of Rs. 29 Lacs has been paid towards orders place for new machineries

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information in accordance with the provisions of section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 regarding conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo is given as Annexure-'A' forming part of this report.

AUDITORS REPORT

With reference to the observations made by the Auditors in their report, the notes forming part of Accounts are self explanatory and hence do not require any further clarification.

PARTICULARS OF EMPLOYEES

None of the employees is drawing remuneration in excess of the limits specified in section 217(2A) of the Companies Act, 1956.

DIRECTORS

In accordance with the Companies Act, 1956 and Clause 102 of the Articles of association of the company, Shri U.C.Bhandari, and Shri Suresh Chandra Bapna retire by rotation and being eligible, offers him-self for reappointment.

AUDITORS

The auditors of the company M/s. C.PRANKA & Co., Chartered Accountants, Secunderabad retires at conclusion of this Annual General Meeting and being eligible, offers them-selves for reappointment.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with Stock Exchanges, a Management Discussion and Analysis Report and a Report on Corporate Governance are given as Annexure 'B' and 'C' respectively, to this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 of the companies Act, the Directors hereby confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period;
- iii) The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of this Act 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.

ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude to all staff members for their contribution towards growth of the company and Banker viz. State Bank Of India for their support and also place on record their appreciation for the continuing support extended by the Shareholders.

For and on behalf of the Board

HYDERABAD
30.06.2008

Sd/-
PREM KANKARIA
MANAGING DIRECTOR

ANNEXURE – 'A'

Particulars required under the companies (disclosures of particulars in the report of Board of Directors) Rules, 1988.

A. Conservation of Energy

a. Energy Conservation measures taken

i) Company has put capacitors at various points to regulate / maintain power factor.

FORM - A

(Form for disclosure of particulars with respect to conservation of Energy)

A. Power & Fuel Consumption

	2007-08	2006-07
1. Electricity		
a. Purchased		
Units - KWH	1217760	1208913
Total Cost - Rs.	3155185	4462474
Average Rate/ Unit - Rs.	*2.59	3.69
b. Own Generation		
Through Diesel Generator		
Units - KWH	99282	102260
Total Cost - Rs.	1129612	1147230
Units per Unit of Fuel	3.00	3.15
Cost / Unit - Rs.	11.38	11.22

* Due to power subsidy on expansion available to the company.

B. Consumption of electricity Per Unit of Production i.e. for finished product

Electricity (KWH) per K.G of Finished Product.	0.66	0.63
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C. Research & Development.

- i). The Company has constantly changing input mix to produce superior product.
- ii) Changed equipments to optimize use of costly inputs whereby reducing cost of production and increasing profitability.

FORM – B

(Form of Disclosure of particulars with respect to Technology Absorption & Foreign Exchange Earnings & Outgo)

	2007-08	2006-07
Research & Development (R & D)	Nil	Nil
Technology absorption, adoption and innovation	Nil	Nil
Foreign Exchange Earnings	Nil	53.37
Foreign Exchange outgo (Rs. in Lakhs)	572.59	520.75

ANNEXURE – 'B'

MANAGEMENT'S DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis report covering the performance and outlook of the company is given here below;

a) FORWARD LOOKING STATEMENT

This report contains Management's perception of business activities of the company and also analysis of financial condition, performance and operation of the company describing its objectives, expectations and predictions which may be forward looking within the meaning of applicable laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events.

Important factors that could influence the company's operations include various internal as well as external factors such as government's policy changes which may not be in the hands of the management and company. All statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, product development, market position and financial results, are forward-looking statements. The company cannot guarantee that these assumptions and expectations are accurate or will be realised. The company's actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

b) INDUSTRY STRUCTURE AND DEVELOPMENTS

RPIL is engaged in manufacture of multilayer co-extruded plastic film and flexible packaging material. It is part of plastic packaging material industry. In India, packaging industry has operated mainly as small and medium scale industry. The packaging material is important to several products. So this industry is growing very rapidly not only at its own but also because of growth of several industries which are using packing material.

But in India this industry is still fragmented and very few units can really be termed as organized. Thus industry has to go a long way.

c) BUSINESS REVIEW

The Indian economy continued to show high rate of growth for the third year in succession. The last three financial years in India saw growth rates of 9.4%, 9.6% and 8.7% (2007-08). Though there has been a deceleration in the growth rate in 2007-08 as compared to the last two financial years owing to the slowing down of the economy and inflationary pressures within India. Still India continues to be a high growth economy. The main drivers of the GDP growth were the manufacturing, services and construction sectors. The overall industrial sector also recorded a growth. But deceleration in the rate of growth is warning signal and if proper steps are not taken, the growth may not sustain. The polymer industry globally has also been growing. But there have been supply disruptions due to various reasons added by capacity constraints. The industry experts believe that the current up-cycle would prevail during 2007-08 in view of healthy global GDP growth. But the most worrying factor has been rising crude oil prices which touched USD147. This has shocked the world economy and particularly petrochemicals and polymer industry.