

Providing wings to  
**FMCG**  
brands globally





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The tube featured on the cover was adjudged "Tube of the Year" for 2013 by European Tube Manufacturers Association for its stunning design reproduction, with colour vibrancy and metallic sheen.

A product of Essel's ELITE technology, this tube is a perfect fit for NEW EVERRICHE - the premium hair care product of L'OREAL.



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Fast Moving Consumer Goods (FMCG) is amongst the biggest industries in the world with some of the most vibrant and visible brands, loved and known by everyone from Beijing to Boston and from Mumbai to Los Angeles.

With over a billion people expected to be added to the global middle class by 2020, FMCG brands are set to soar to greater heights.

FMCG brands need to rapidly innovate and upgrade, both products and packaging, to match the evolving sophistication in consumer demand across diverse categories such as food, skin-care, hair-care and premium oral-care.

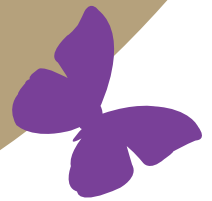
For FMCG brands and consumers alike, packaging is the first moment of truth.

At Essel, with our creativity and innovation, material science and technology, printing and decoration, scale and global spread, we are ahead-of-the curve to partner FMCG brands.

With 24 plants spread over 12 countries and with over 2700 dedicated and committed people, we are

**PROVIDING WINGS TO FMCG BRANDS GLOBALLY**

## CHAIRMAN'S MESSAGE



Dear Shareholders,

It's that time of the year again, to fulfil the cherished duty of sharing with you the details of your Company's performance and the path forward.

I am sure you have observed that Your Company's performance has been improving consistently over the last 7 quarters. During this year, we have crossed important milestones viz. sales of over 6 billion tubes, Revenue surpassing ₹ 20 billion and Net Profit exceeding ₹ 1 billion.

There is a saying "Growth is a spiral process, doubling back on itself, re-assessing and re-grouping". Over the last 6-7 years, Essel has done just that. It has transformed itself to address the market dynamics and also to grow & gain a share in the non-oral care category. Innovations and R&D have always been our strength enabling us to pioneer the paradigm shift in packaging – first from aluminium tubes to laminated tubes and now from bottles and plastic tubes to laminated tubes, redefining the market and unlocking potential for future growth. It is our constant endeavour to be one step ahead of the markets in everything we do.

Benjamin Franklin said "Without continual growth and progress, such words as improvement, achievement and success have no meaning."



THERE IS A SAYING “GROWTH IS A SPIRAL PROCESS, DOUBLING BACK ON ITSELF, RE-ASSESSING AND RE-GROUPING”. OVER THE LAST 6-7 YEARS, ESSEL HAS DONE JUST THAT.

Your Company’s growth story stands testimony to this. From being a supplier of basic tubes catering to the oral care category, it has constantly reinvented itself and transitioned to be a world leader in supply of packaging solutions in highly technical categories like pharma, cosmetics, personal care, food etc. Our policy of always partnering with our Customers and addressing their current and future needs has helped this transition and culminated in several of our Global Customers awarding us contracts for supplies in non-oral care in addition to oral care. Today, we offer a wide range of innovative products by way of various types of laminates that are custom built to suit the integrity of science of specific products filled inside the tubes, as also the decoration on tubes, dispensing systems and caps. We have been termed “Partners to Win”, “Preferred Supplier” etc. by some of our Local as well as Multi-National Customers. Many of our Customers also prefer Your Company for solutions to transition from plastic to laminated tubes. We therefore, can rightfully say that we are “Providing Wings to FMCG Brands Globally”.

It is therefore clear that we have great opportunity to widen our market and increase business at least three fold. Although our units across the globe have

fared well this year, it is no time to rest on our laurels. We have to fully gear up and avail the business opportunities beckoning us. This will require a huge amount of focus and discipline – from the leadership down to the operators on the shop floor – in all areas and optimum use of all our resources. Achievement of targets set will provide wings to the Company – enabling it rise to a new level in Corporate India which in turn will make investor sentiments soar.

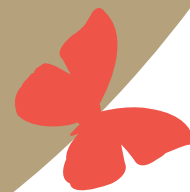
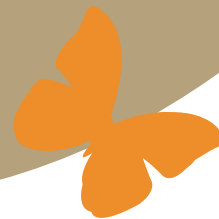
I would like to thank the people of the Company for their unstinted support in all our endeavours. They have always been a source of strength for us. I would also like to thank our Customers, Suppliers, Shareholders, Bankers and all other Stakeholders who have supported us in this growth journey. Last but not the least, I would like to thank the Board of Directors for their valuable contribution and guidance in leading the Company to where it is today. I look forward to their continued support in taking the Company to greater heights.

With best wishes,

**Subhash Chandra**  
Chairman



# VICE CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE



“...COMPANIES THAT BUILD SCALE FOR THE BENEFIT OF THEIR CUSTOMERS AND SHAREHOLDERS MOST OFTEN SUCCEED OVER TIME” APTLY DESCRIBES ESSEL'S STORY TO DATE.

Dear Shareholders,

The year 2013-14 was one of all round growth in Essel Propack . The initiatives taken by us to achieve our Mission High5 targets helped propel this growth. You will be happy to know that all regions have taken great strides towards implementing the action plan decided to achieve the targets.

Abraham Lincoln once said “If I have nine hours to chop a tree, I'd spend the first six sharpening my axe.” This in fact, is exactly what we at Essel Propack did in the last couple of years. During the formative years in 1980's, we struggled to get the transition from aluminium tubes to laminated tubes. The year 2006 saw us reach an all-time high, both in terms of performance as well as achieving 33% in the global market share for oral care tubes. We had two options – to remain in the same area and increase our market share, or, in keeping with the changing market dynamics, examine the prospects of transitioning more business into laminated tubes and expand the market itself.

We decided to implement the latter systematically; we acquired a plastic tubes business and opened green field projects in Plastic Tubes to understand the dynamics of catering to cosmetic customers and their needs.





In the course of this exercise, we understood that we needed to increase our offerings to the market and the way we did business on multiple dimensions; pharma business required smaller size tubes while cosmetic business required big dia tubes. We also understood that unlike in oral care, we needed different front-end and back-end capabilities. In order to stay ahead of the curve and also persuade the Customers to transition to laminated tubes from plastic tubes or bottles, we had to offer features like attractive and distinctive decoration, good dispensing systems including tamper-evident closures etc. Our C&I division and Technology Teams rose to the occasion and we were successful in innovating many such features, all of which have been accepted and appreciated by our Customers globally.

The time has now come when we have started getting the benefit of the systematic efforts we have put in this direction. We are no longer restricting ourselves to oral care. We are now ready to seize the opportunities in the cosmetics and pharma sectors – which by themselves have a market of at least 10 billion tubes each globally thereby tripling the size of the market itself. Therefore, the growth opportunity for your Company has also grown 3 times for coming years. We are now fully geared to take care of newer needs of manufacturing and quality parameters.

I am happy to inform you that all the regions are focussed on developing this market and today, we are increasingly winning contracts in the non-oral care area; India and Egypt in Pharma and Cosmetics; in South East China, where most of the filling for cosmetics happens (new unit being established by us there). Americas and Europe's story is the same with business being won for the non-oral care category as well.

We are now truly catering to the FMCG sector globally. Our C&I teams are constantly working on providing customised solutions. The FMCG sector is conscious of carbon footprints. Our solution to them for transition to laminated tubes, with eco-friendly laminate structures and security features like tamper-evident

and anti-counterfeit features or closures, customer friendly dispensing systems and modern attractive decorations, has attracted the attention of all our Customers. Several of them have now named Essel as "Partners to Win", "Preferred Supplier".

Having equipped ourselves to handle the expanded market for tubes, we have now turned our focus on increasing value to our Stakeholders. Greater attention is now being paid to drive economies of scale. Machines are put to optimum use; they are even shifted around where needed to maximise their use. Investments are being made very carefully after evaluating the return on investment. We have even started a new experiment – whereby investment in machines is made by the Customer – we provide all the material, knowledge, qualified & trained human resources to run the machines and supply the tubes. We call it "Customer Owned-Company Operated facility (COCO model).

To ensure that your Company has profitable growth, we have initiated measures to tightly monitor inventory levels, strengthen best manufacturing practices and quality control, monitor debtors and creditors etc. Innovations are directed towards giving product specific, customised solutions, being constantly engaged with our Customers- in short staying ahead of the curve to beat the markets. We have reinvented our core strength of being Lean, Mean & Fast to ensure speed to market.

The statement of Jamie Dimon, President & CEO of JP Morgan Chase "...companies that build scale for the benefit of their Customers and Shareholders most often succeed over time" aptly describes Essel's story to date. Our policy of partnering with all our Stakeholders is the secret of our success and today, we, Essel Propack, can proudly say that we are "Providing Wings to FMCG Brands Globally".

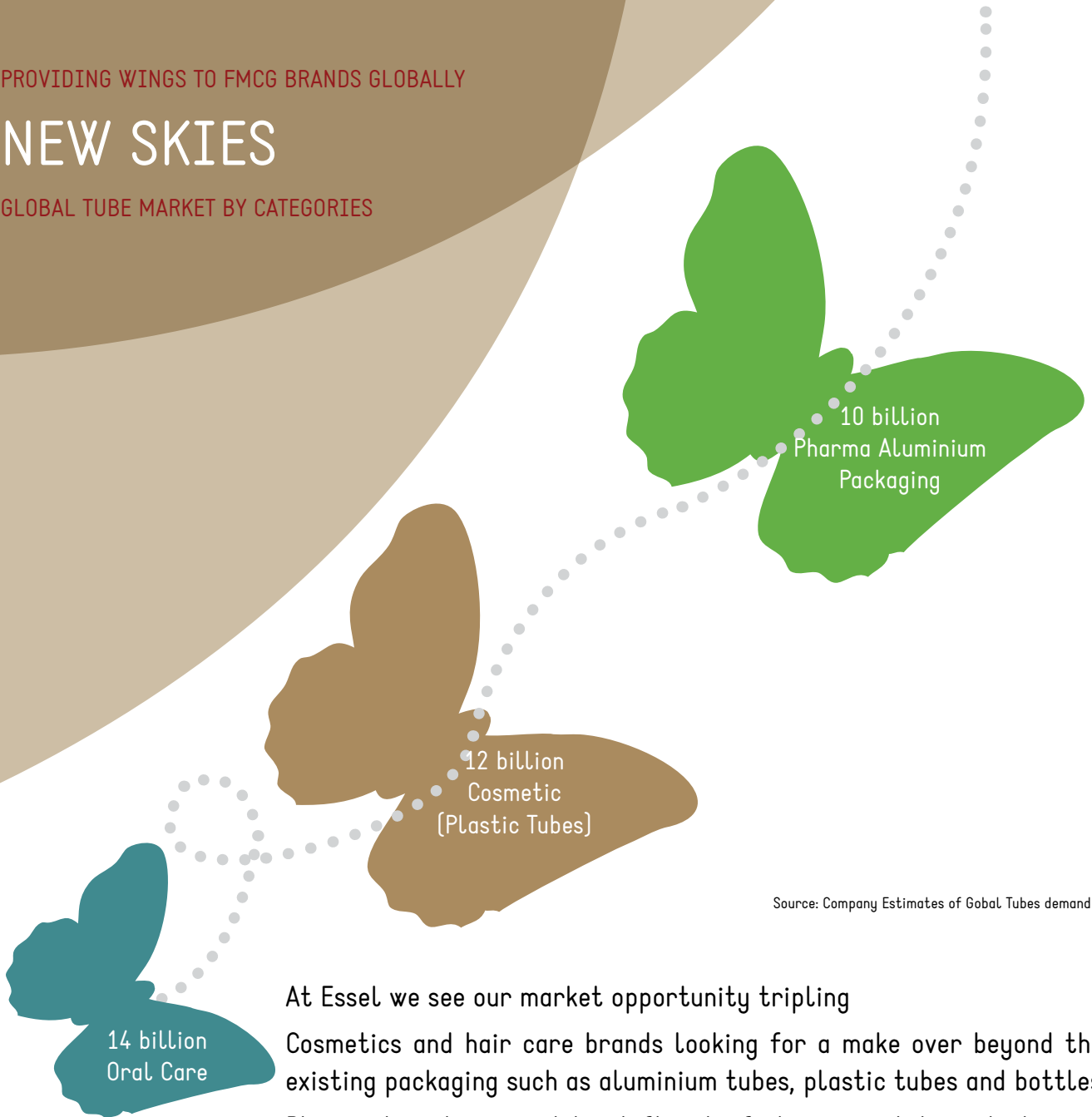
A Big  to all of you.

**Ashok Goel**  
Vice Chairman and Managing Director

PROVIDING WINGS TO FMCG BRANDS GLOBALLY

# NEW SKIES

GLOBAL TUBE MARKET BY CATEGORIES



Source: Company Estimates of Global Tubes demand

At Essel we see our market opportunity tripling

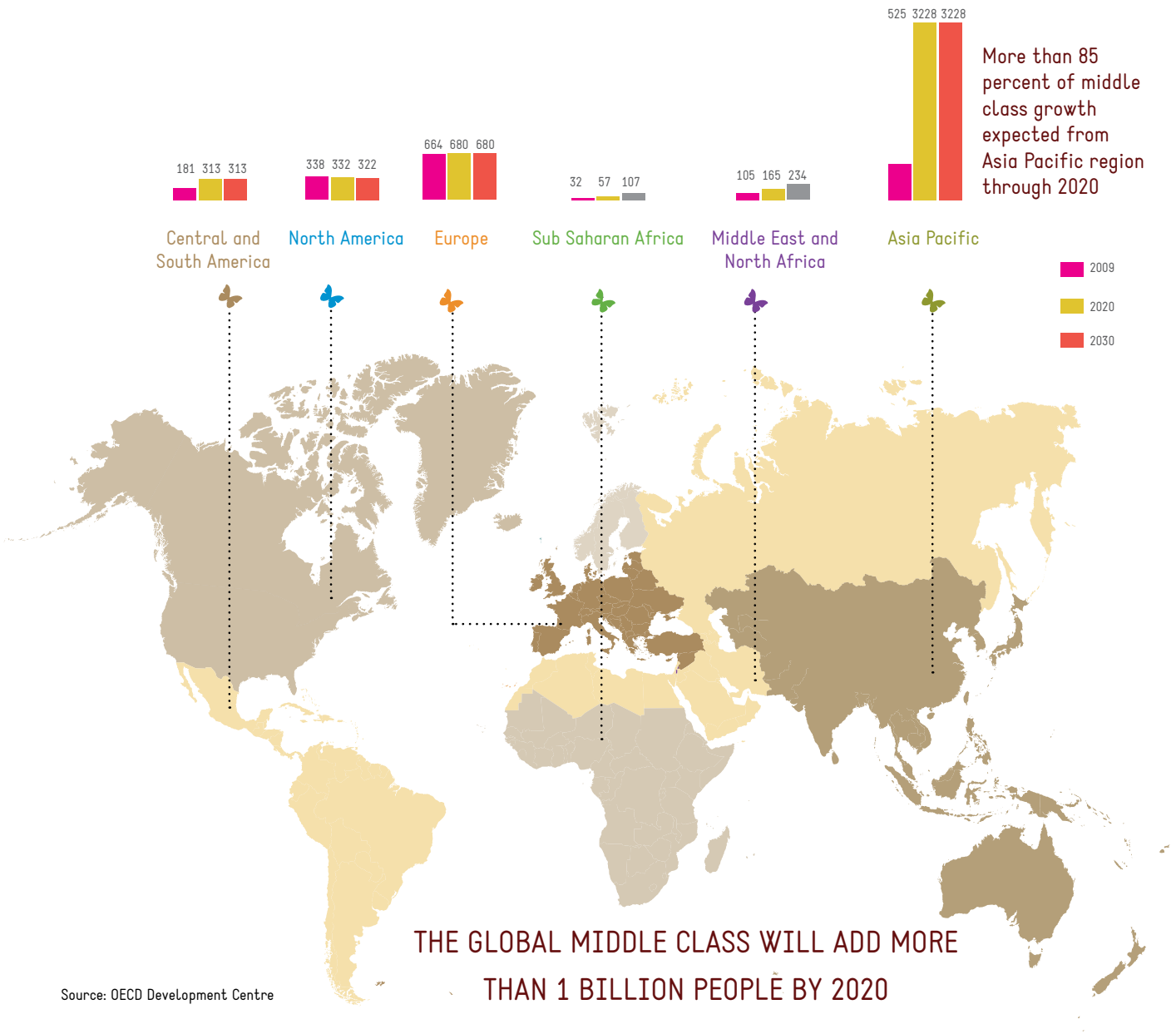
Cosmetics and hair care brands looking for a make over beyond the existing packaging such as aluminium tubes, plastic tubes and bottles  
Pharma brands in need to shift out of aluminium tubes which is on decline in terms of technology and investment, to more consumer friendly Laminated tubes

Food brands present further opportunity for conversion from bottles to tubes on convenience platform where Essel has already made inroads for peanut butter, condensed milk, wasabi paste etc.

Together these categories present the path to growth for Essel which is already dominating the Oral care category

The one billion addition to global middle class will be the added accelerator as explained in the following panel on the next page





Product ideas and trends will be driven by customisation, social media, new logistics capability, on-line marketing, etc.

To meet these myriad consumer preferences and explosion in demand, FMCG companies across the world will seek to create and launch new products, new packs, new variants and new delivery systems. Competitive innovation and speed to market will be the need of the hour. Packaging will be increasingly relied on as a key differentiator on the retail shelf.

AT ESSEL, IT IS EXCITING TIMES TO WORK WITH THE FMCG BRANDS ON INNOVATIVE PACKAGING SOLUTIONS THAT WILL GIVE BRANDS SPECIAL LIFT AND PROPULSION TO DELIGHT CONSUMERS ACROSS THE GLOBE.



PROVIDING WINGS TO FMCG BRANDS GLOBALLY

# MAKING OF THE WINGS

## NEW PRODUCT OFFERINGS

The defining word in FMCG is 'fast'. FMCG brands change, evolve and emerge at a quicker rate than in any other industry. Packaging plays a critical part providing the first moment of truth to the consumers.

Today, with our specialised laminated tubes, exotic decoration and customised closure & dispensing systems, we are providing powerful wings for FMCG brands.

This provides compelling advantages to the FMCG brands in terms of, scaling up and sustainable packaging solution.



In USA and Europe, categories such as Hair grooming, Cosmetics and Foods are at the tipping point for conversion into laminated tubes using our new customised solutions. In Asia too, our new solutions are being adopted by the nascent and fast growing cosmetics, pharmaceutical creams and ointments categories.

## CREATIVITY AND INNOVATION

Our R&D prides itself in being ahead of the curve, providing specific customised innovative solutions to FMCG brands.

We also offer special features such as tamper-evidence, controlled dispensing and anti-counterfeit. Tubes for FMCG brands are a lot about look and feel. We have researched material sciences to create new structures such as metallic finish, 100% recyclable and advanced decorative finishes like 3D, diamond crystal effect etc. making them preferred packing choices for shampoos and hair-styling gels, as well as creating opportunities in premium personal care products.

Some of the new patented innovations include: Egnite, Green, Maple Leaf, Etain, I-shine, Titanium etc.



## QUALITY, CONSISTENCY AND SUPPLY RELIABILITY

Our plants are equipped with custom made highly specialised machines. We delivered over 6 billion tubes last year to over 400 clients globally – making us by far the largest player in tube space.

We have a very versatile vertically integrated manufacturing facilities that help us to respond to market needs with speed. Our customers are assured of shorter delivery times, large volumes, quality, "Compliant" Sourcing and seamless simultaneous rollout of new products across geographies.

## CUSTOMER-ENGAGEMENT

We truly understand customer brands and commit to their success. Our marketing initiatives across the globe are well thought through and implemented with precision.



We proactively engage with our customers to help them select appropriate tube structure and graphic design suitable for specific products. Some of this programmes are "I-Shine", "High-Cloud", "Minus 5" and are well appreciated by customers globally.

We offer multiple supply models to suit our customer specific needs such as In-plant, By-plant and Mega-plant models. The latest being our unique Customer Owned Company Operated (COCO) model.

## PEOPLE

Mindset in sync with FMCG needs

PROVIDING WINGS TO FMCG BRANDS GLOBALLY is much more than creativity, manufacturing and supply chain. It

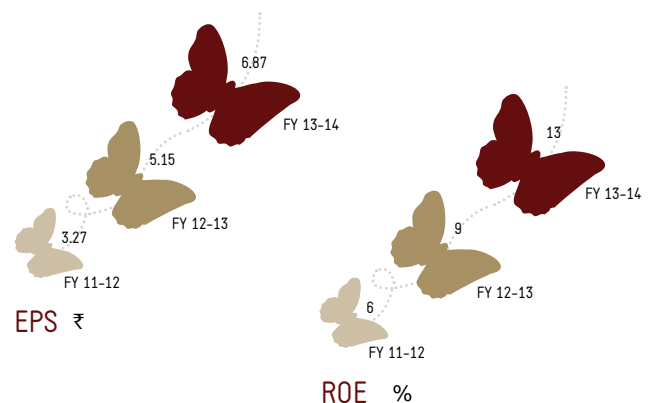
is deeper and more intrinsic - going deep to understand the FMCG space and thinking customer and consumer. It requires a paradigm shift in attitude and approach - a total transition in the organisational thinking, aligned and attuned to customer and consumer needs.



We have energised our people with Mission High 5 and our continuous investment on people skill development.

## CREATING VALUE TO SHAREHOLDERS

As we provide strong wings to the FMCG brands globally and help them soar to greater heights, we see ourselves creating sustained value for all our shareholders through profitable growth and superior governance.



# BOARD OF DIRECTORS



SUBHASH CHANDRA  
Chairman



TAPAN MITRA  
Independent Director



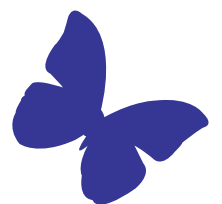
BOMAN MORADIAN  
Independent Director



MUKUND M CHITALE  
Independent Director



ASHOK GOEL  
Vice Chairman & Managing  
Director



# Key Management Team with Independent Directors



Standing Left to Right:

Cherian K. Thomas - Whole Time Director and Chief Executive Officer (PIPL)  
Ted Sojourner - Regional Vice President - AMERICAS  
Alan Conner - Regional Vice President - EUROPE  
DiLeep Joshi - Director - Human Capital (Global)  
M. K. Banerjee - Director - Creativity & Innovation (Global)  
Prakash Dharmani - Chief Information Officer (Global)  
Ajay N. Thakkar - Company Secretary and Head-Legal  
Vinay Mokashi - Financial Controller (Global)  
Roy Joseph - Regional Vice President - AMESA  
Edward Luo - Regional Vice President - EAP  
Alex Cheng - Global Supply Chain Head

Sitting Left to Right:

M. R. Ramasamy - President - International Business,  
Director Technology & Supply Chain (Global)  
Tapan Mitra - Independent Director  
Ashok Goel - Vice Chairman & Managing Director  
Boman Moradian - Independent Director  
Mukund M Chitale - Independent Director  
A. V. Ganapahty - Chief Financial Officer (Global)



# Awards



Customer Engagement – “Partner to Win” (Awarded by Unilever)

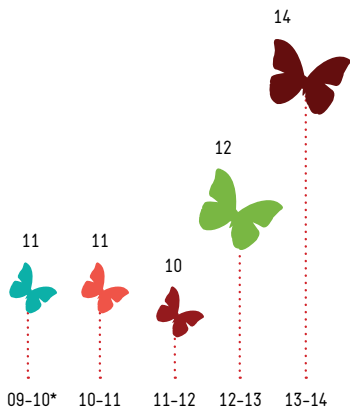
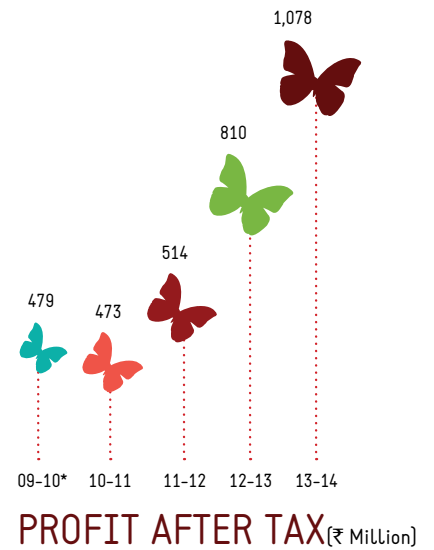
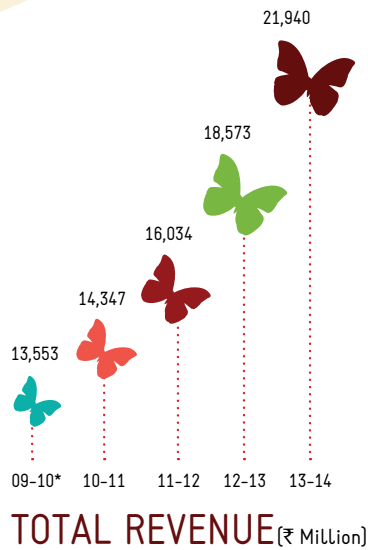


Indian Flexible Packaging and Folding Carton Manufacturers Association Award 2013 for “Pack Enhancement” – Innovation in “Tamper – Evident” closure

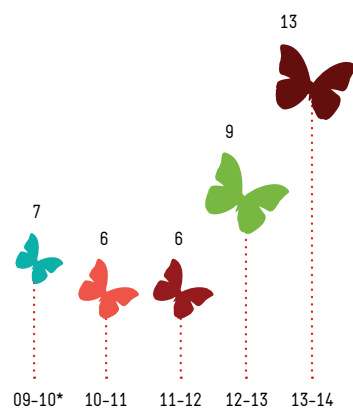


Certificate of Excellence in Packaging Development. Only Packaging company to win UBM India Pharma Award 2013

# Wings of Performance



RETURN ON CAPITAL EMPLOYED %  
[based on Average Capital]



RETURN ON EQUITY %  
[based on Average Equity]

\* Since FY 2010 was a fifteen months period, the figures and ratios for that year have been annualised.





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Subhash Chandra**  
Chairman

**Tapan Mitra**

**Boman Moradian**

**Mukund M. Chitale**

**Ashok Goel**  
Vice Chairman & Managing Director

**Ajay N. Thakkar**  
Company Secretary & Head - Legal

## AUDITORS

MGB & Co.  
Chartered Accountants

## BANKERS

Axis Bank Limited  
DBS Bank Limited  
IDBI Bank Limited  
ING Vysya Bank Limited  
Standard Chartered Bank  
State Bank of India  
The Ratnakar Bank Limited  
Yes Bank Limited

## REGISTERED OFFICE

P.O. Vasind, Taluka: Shahapur, District: Thane,  
Maharashtra - 421 604, India.

## CORPORATE OFFICE

Top Floor, Times Tower, Kamala City,  
Senapati Bapat Marg, Lower Parel,  
Mumbai - 400 013, India.

## UNITS - INDIA

Vasind, Murbad, Wada, Chakan, Goa, Silvassa and Nalagarh

## SUBSIDIARIES / JOINT VENTURES / ASSOCIATES

India, China, Colombia, Egypt, Germany, Indonesia,  
Mexico, Philippines, Poland, Russia, UK and USA

## WEBSITE

[www.esselpropack.com](http://www.esselpropack.com)

## COMPANY IDENTITY NUMBER (CIN)

L74950MH1982PLC028947

# DIRECTORS' REPORT

To  
The Members,  
Essel Propack Limited

Your Directors are pleased to present their Report on your Company's business operations along with the Audited Financial statements for the financial year ended March 31, 2014.

Your Company has posted yet another year of good performance, both in India and in Global operations. The highlights of the Results are set out below:

## RESULTS OF OPERATIONS:

### CONSOLIDATED GLOBAL RESULTS:

The summary results are set out below:

	[₹ in Million]	
	Year ended 31.03.2014	Year ended 31.03.2013
Total Revenue (excluding Excise duty)	21490	18573
Profit Before Depreciation, Finance and Tax (PBDIT)	3765	3386
<i>PBDIT exclusive of other income</i>	<i>3541</i>	<i>3131</i>
Finance cost	(814)	(912)
Depreciation	(1258)	(1262)
Profit before Tax and exceptional items	1694	1213
Exceptional items	(8)	47
Tax	(569)	(443)
Share of profits from associates	-	23
Minority interest	(39)	(30)
Net profit	1078	810

The global revenue increased by a healthy 15.7% with all the four Regions contributing to this achievement. Productivity gains helped the operating margin to expand by 60 bps over the previous year. Further helped by significant 11% reduction in the finance cost, your Company's Net profit expanded 33.1% over the previous year to post an all time high of ₹ 1078 mn. Coming on top of the 31.5% growth during the previous year, this demonstrates your Company is well set for sustained profitable growth.

### INDIA STANDALONE RESULTS:

The summary results are set out below:

	[₹ in Million]	
	Year ended 31.03.2014	Year ended 31.03.2013
Total Revenue (excluding Excise duty)	6922	6136
Total expenditure	(5362)	(4641)
Profit Before Depreciation, Interest and Tax (PBDIT)	1560	1495
<i>PBDIT exclusive of other income</i>	<i>1298</i>	<i>1150</i>
Finance cost	(450)	(550)
Depreciation	(367)	(331)
Profit before Tax and exceptional items	743	614
Exceptional items	13	47
Tax	(211)	(163)
Profit after Tax	545	498
Appropriations:		
Dividend recommended (inclusive of tax thereon)	230	138
Transfer to General Reserve	55	50

The year's revenues reflect a sales growth of 12.8% over the previous year, driven by robust increase in volume. Tight control on costs and higher asset productivity have helped the PBDIT to grow at a healthy 12.9%. In a year marked by high interest rates, the finance cost has been reduced by 18% compared to the previous year. Consequently, the Profit before Tax and exceptional items has grown significantly by 21%. The Profit after tax of ₹ 545 mn has grown by 9% over the previous year.

### REVIEW OF BUSINESS AND OPERATIONS:

Your Company is a leading manufacturer globally of Laminated and Plastic Collapsible tubes and laminates. Its products are extensively used by industry in packaging of their products in categories such as cosmetics, foods, pharmaceuticals and toothpaste. The packaging industry, more so for viscous and creamy products, continues to grow given its symbiotic linkage to Fast Moving Consumer Goods (FMCG). The FMCG industry is a key driver of economic growth globally, and will continue in future too given the major demographic shift in the developed world and fast improving



standards of living in the developing markets. As a leader in the tube space that packages creamy products, your Company is constantly striving to grow the market and gain share through innovative offerings and efficient supply chain.

## **INDIA:**

India accounts for 31% of your Company's Consolidated Sales and is a key market where your Company enjoys a massive franchise having pioneered the laminated tubes three decades ago. The India operations present a veritable kaleidoscope of geographical coverage, customers and product categories. Essel today is the name that the FMCG brands – Indian and MNC, small and big, mass and niche, established and the new – trust for their success and future. This trust in turn drives your Company to innovate and partner, and to remain the best in class purveyor of packaging solutions in the tube space. The country's fast growing non oral care category powered by increasing disposable income, growing young population and expanding modern retail, presents your Company with exciting opportunity to pursue value growth. The oral care category in the country, even though large, is far from mature even in comparison to ASEAN or China, and therefore helps your Company in driving scale and competitiveness.

While there never is doubt about the India growth story long term, it is heartening that the market for your Company's products continues to be buoyant despite the sharp drop in the country's GDP growth rate, high ruling inflation and a weak rupee. Even the reported slow down during the year in the FMCG seems to have eluded the categories your Company operates in. Your Company believes it has little to worry about the environment and needs only to get its act right. Needless to state, a good part of time and attention of your senior management is therefore devoted to sharpening the organization, people and processes in order to keep them fighting fit.

Your Company continues to relentlessly pursue growth in the non oral care category. As a result it has the largest and one of the most diverse customer base in India. Non oral care category contributed to 51.2% of its sales during the year, helped by strong expansion in the sales to pharma customers. The India manufacturing units have pushed plant utilization to record levels even as the India marketing outfit have forged some very innovative customer partnering processes which will provide your Company with competitive edge in the years to come.

Your Company continues to invest in new capability for innovative packaging solutions, and as part of this the Lamination plant in the mother unit has been replaced with a state of art new equipment, customized to your Company's R&D plans. The capacity for plastic tubes at Wada has been expanded by addition of a line.

Your Company has won a long term contract for supply of oral care tubes to a large FMCG customer, for the first time on the Customer-Owned Company Operated (COCO) model.

## **SUBSIDIARY OPERATIONS:**

Being a global player in the laminated and plastic tubes, your Company has active manufacturing and marketing presence in eleven other countries through its direct and step down subsidiaries, joint ventures and associates. Your Company also has a wholly owned subsidiary in India to manufacture and market flexible packaging used in the packing of home care, personal care, food and pharma products. All these subsidiaries / joint ventures / associates continue to work closely with the customers and grow their business with product offerings relevant to their respective markets. During the year, all the operating subsidiaries have improved their performance over the previous year. The affairs of the subsidiaries are reviewed throughout the year by the Board. The development at these subsidiaries and the markets they operate in are further discussed in the MDA forming part of the Directors' report.

During the year, two new wholly owned subsidiaries viz. EP Lamitubes Ltd and EP Lamipack Ltd were incorporated, and capitalized through issue of compulsorily convertible debentures. As part of re-organisation of the group equity holding structure, your Company's investment in its Wholly owned subsidiary viz. Lamitube Technologies Ltd, Mauritius was transferred to EP Lamipack Ltd. Pursuant to a scheme of merger approved by the Hon'ble Bombay High Court on May 9, 2014, EP Lamipack Ltd merged with EP Lamitubes Ltd effective from March 31, 2014 being the appointed date. There were no other changes with respect to subsidiaries during the year.

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Report of Board of Directors and Auditors', Balance sheet and Statement of Profit and Loss (financial statements) of its subsidiaries.

In view of the general exemption granted by the Ministry of Corporate Affairs, Central Government vide General Circular no. 2, 2011 dated February 8, 2011, the said reports and financial statements of the subsidiaries are not attached. The Company will make available annual accounts of the subsidiary companies and the related prescribed information, where applicable, upon request by any member of the Company. Any member interested in obtaining such particulars may inspect the same at the Company's Registered or Corporate Office of the Company during normal business hours on any working day excluding Saturday up to the date of the 31<sup>st</sup> Annual General Meeting of the Company.

The Consolidated Financial Statements presented by the Company include financial results of all its subsidiaries.

### JOINT VENTURES AND ASSOCIATES:

Your Company has a joint venture in Germany and an associate company in Indonesia. These continued to be profitable and their results have been appropriately considered in the consolidated financial results of your Company.

### MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis of the operations of your Company and all of its subsidiaries, associates and joint ventures is provided in a separate section of the Annual Report and forms part of the Directors' Report.

### DIVIDEND:

Your Directors are satisfied that with various initiatives undertaken over the last few years, your Company has got back to the path of profitable growth. The debt servicing capability has improved too as has the Company's credit rating in respect of debt.

While appreciating the understanding and support all along of the shareholders, your Directors propose to target in the years to come, a steady dividend payout within a band of 20-25% of the consolidated profits subject to statutory provisions, applicable dividend tax and unforeseen exigencies. Your Directors believe this will serve the interests of the shareholders especially those dependent on regular income. Accordingly, your Directors recommend a dividend of ₹ 1.25 per share of face value of ₹ 2 each, for the financial year ending on March 31, 2014 (previous financial year: ₹ 0.75 per share of face value of ₹ 2 each).

### FINANCE AND ACCOUNTS:

Your Company continues to focus on reducing financial leverage and finance costs through enhancing capital productivity and improving cash generation. Finance cost during the year was lower by 18% as compared to previous year, despite prevailing high interest regime in India. Forex exposures were closely reviewed and appropriately hedged in order to minimize risk to the results during a year when the Indian rupee depreciated to record lows against USD during the previous year.

The re-organization of the group equity holding structure referred above in this report has been given effect in the financial results of your Company for the year under reporting as per applicable accounting standards. Consequently, a gain of ₹ 20.56 million has been reported as an exceptional item in the standalone accounts. The merger of the EP Lamipack Ltd with its holding company EP Lamitubes Ltd with effect from March 31, 2014, has been accounted by EP Lamitubes Ltd in accordance with the approved scheme and the applicable accounting standards. In view of this re-organisation, a capital reserve on consolidation has been computed and appropriately presented in the Consolidated financial statement as detailed in the Note 30 to the consolidated accounts.

As regards the matter reported in clause (iii) (a) of the Annexure to the Independent Auditors' report on the India Standalone accounts, the Company is in discussions with the borrower and has taken reasonable steps for recovery.

### PUBLIC DEPOSITS:

Your Company has not accepted any fixed deposits from the public and there are no outstanding fixed deposits from the public as on March 31, 2014.

### HUMAN CAPITAL:

Your Company has 868 employees in India and 2645 employees globally as of March 31, 2014. The information on employees' remuneration as per Section 217 (2A) of the Companies Act, 1956 (the Act) read with the Companies (Particulars of Employees) Rules, 1975, as amended till date, forms part of this Report. However, as per provisions of Section 219(1) (b) iv of the Act, the Report and Accounts are being sent to all the members, excluding the statement containing the particulars of employees to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Company's Registered and Corporate Office of the Company during normal business hours on any working day excluding



Saturday up to the date of the 31<sup>st</sup> Annual General Meeting of the Company. Further, those seeking a copy of the said statement may write to the Company Secretary at the Corporate Office.

### **DIRECTORS:**

Mr Subhash Chandra, non-executive Director of the Company and Chairman of the Board, retires by rotation and being eligible offers himself for re-appointment.

In view of the provisions of the Companies Act, 2013 notified effective from April 1, 2014, and the notifications issued by SEBI amending Clause 49 of the Listing agreement, which require Companies to appoint a Woman director, your Board of directors have proposed to induct Ms Radhika Pereira, an eminent corporate lawyer and a public figure as Director of the Company at the ensuing Annual General Meeting. Your directors believe the Company will benefit from her substantial knowledge, insights and experience.

In view of the provisions of the Companies Act, 2013, notified effective from April 1, 2014 and the notifications issued by SEBI amending Clause 49 of the Listing agreement, the independent Directors are not liable for retirement by rotation. However, the independent Directors can hold office for a period of 5 years in accordance with the provisions of Companies Act, 2013 and the revised Listing agreement with the Stock Exchanges.

Accordingly, Mr Mukund M. Chitale, Mr Tapan Mitra and Mr Boman Moradian all independent Directors whose appointment hitherto was subject to retirement by rotation, are proposed to be re-appointed at the ensuing Annual General Meeting for a period of five consecutive years.

Brief resumes of all of the Directors proposed for appointment at the Annual General Meeting as required by Clause 49 of the Listing Agreement with the Stock Exchanges is annexed to the Notice convening the 31<sup>st</sup> Annual General Meeting of the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Directors confirm that:

1. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same;
2. Appropriate Accounting Policies have been selected and applied consistently and have 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 as at March 31, 2014 and of the profit for the financial year ended March 31, 2014;

3. Proper and sufficient care has been taken 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 frauds and other irregularities;
4. The Annual Accounts have been prepared on a "going concern" basis.

### **AUDITORS:**

M/s MGB & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. In view of the provisions of the Companies Act, 2013 notified with effect from April 1, 2014 and the applicable Rules, your Directors propose their appointment in respect of three financial years 2014-15, 2015-16 and 2016-17 being the maximum additional tenure permissible as a firm in their case.

### **COST AUDITORS:**

The Ministry of Corporate Affairs, Central Government vide its order F.No. 52/26/CAB-2010 dated November 06, 2012 had made cost audit mandatory in respect of various industries including your Company's products. Accordingly in terms of Section 148(3) of the Companies Act, 2013 read with rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board of Directors on the recommendations of the Audit Committee have appointed M/s. R Nanabhoy & Co., Cost Accountants, as Cost Auditors of the Company for the financial year 2014-15.

### **CORPORATE GOVERNANCE:**

Your Company has complied with the Corporate Governance requirements as per the revised Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance along with a Certificate of Compliance from the Auditors forms a part of this Report.

The Companies Act, 2013 provisions notified effective April 1, 2014 and the notifications by SEBI amending the Listing Agreement from October 1, 2014 set out new Corporate Governance requirements. Your Company has always attached the highest importance to Corporate Governance, and is in the process of implementing these new requirements.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information as prescribed under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in a separate annexure, which forms a part of this Report.

## **CAUTIONARY STATEMENT:**

Statements in the Directors' Report and the Management Discussion and Analysis may be forward looking within the meaning of the applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Certain factors that could affect the Company's operations include increase in price of inputs, availability of raw materials,

changes in government regulations, tax laws, economic conditions and other factors.

## **APPRECIATION:**

Your Directors wish to place on record their appreciation for the co-operation and support received from banks and financial institutions, customers, suppliers, members and employees towards the growth and prosperity of your Company and look forward to their continued support.

For and on behalf of the Board of Directors  
**ESSEL PROPACK LIMITED**

**Subhash Chandra**  
Chairman

Mumbai, May 29, 2014





# ANNEXURE TO DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report:

## A. CONSERVATION OF ENERGY

### (a) Energy Conservation measures taken:

Your Company is committed to continuously reduce energy consumption at its various units. Besides sustaining previous year initiatives, new measures were implemented during the year under report. Your Company has been striving to ensure environment friendly initiatives when implementing various projects on energy saving at its units. Gists of initiatives taken in this regard are as under:

- Installation of VFD system for the injection molding machine to reduce energy consumption.
- Jacket insulators for the barrels to reduce energy consumption.
- Improvement of power factor by installing capacitor bank.
- Reducing the air pressure by optimizing pressure range.
- Installation of VFD system for air compressor for energy saving.
- Replacement of hydraulic system with servo motors.
- Installation of energy saving LED lights.

### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Your Company is pursuing other investment proposals to reduce the consumption of energy:

- Provide insulation jacket on heaters to reduce heat emission for the plants.
- External energy saving light installation.
- DG optimization.
- Identification of high power consuming machines for corrective actions.
- Reliable power supply feeder for Vasind.

### (c) Impact of the above measures as stated under (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- Heat transmission will reduce by jacket heaters.
- Usage of energy efficient lights will reduce power cost.
- By optimization of the loading on the diesel engine it will reduce fuel consumption.
- Conversion of hydraulic motors to servo motors will reduce power consumption.
- By installing the VFD for compressor, it will reduce energy consumption due to stoppage of frequent loading unloading of compressor.

### (d) Total energy consumption and energy consumption per unit of production in respect of the industries specified:

Not Applicable to the company.

## B. TECHNOLOGY ABSORPTION

### (a) Research and Development (R&D)

#### 1. Specific areas in which R&D carried out by the Company:

Your Company continues to pursue Innovation and applied research as means to sustain its global leadership in its business. This year, your Company's Innovation & Research thrust was to invent new generation laminates especially for cosmetic, pharmaceutical, food and industrial categories tubes. Other key focused area of research was dispensing & delivery system, advance decoration, and sustainability.

In FY 13-14, your Company has either obtained/applied for 78 patents globally.

#### 2. Benefit derived as a result of the above R&D:

a) Your Company has commercialized in large numbers Egnite™ tube in USA, China and India for cosmetic category.

- b) High product migration resistance PBL tube for face wash and fairness cream.
- c) High clarity, UV protected plastic tubes for premium face wash.
- d) DMF compliant pharma tubes for prescribed drugs/skin ointment.
- e) Pharma and cosmetic oval tubes with tamper evident flip-top closure.
- f) Pharma tubes with 'Breakable Orifice' with the help of specially designed closure.
- g) Plastic cosmetic tubes with highly decorated 'fusion' print.

### 3. Future Plan of Action:

Your Company's Creative & Innovation team continues to work on Plastic and Laminated tubes for future applications, energy efficient process, 100% recyclable tubes, multisensory decoration for skin, hair and other personal care application. Control dispensing and applicator will be another focus area.

### 4. Expenditure on R&D:

(₹ in million)

Capital	0.40
Recurring	61.07
Total expenditure	61.47
Total expenditure as a % of total turnover	0.92%

### (b) Technology Absorption, Adaptation & Innovation

#### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

- a) New generation multi-layer Extrusion laminator has been well established for ABL and PBL laminates. These laminates will provide much needed uniform web thickness and surface finish for high end printing & decoration.
- b) New generation tubing headers that can produce cosmetic range of plastic tubes with excellent tube 'concentricity' and 'fine finish' side seam.
- c) Egnite PBL Laminate has been well established in Indian market for high

end. Egnite tube enhances the look and feel of the tube and therefore elevates the brand exponentially. The barrier structure of Egnite tubes enables your Company to successfully develop high end cosmetic products in Egnite PBL tube.

- d) Pharma eye-ointment long nozzle tamper evident tube technology has been well established for eye-ointment laminate application. This new generation technology is well accepted by the pharma Ophthalmic industry. Your Company even bagged Golden Pharma packaging innovation award from CPHI-UBM International Pharma award and IFCA award for innovation.

- e) Co-ex plastic tube tamper evident oval cap: Tamper evident oval cap developed by your Company has enabled your Company to promote sustainable plastic extruded tubes with tamper features, which shall help anti-counterfeit of tubes and differentiate the products from competitors; this has already been commercialized and final products are in the market.

#### 2. Benefits derived as a result of the above efforts:

- a) **Egnite™ PBL Laminate** enables your Company to promote sustainable plastic based high luster laminated tubes for high end cosmetic customers. The metallic luster enabled your Company to enter into premium skin care segment globally. More and more cosmetic customers are planning to move to Egnite luster PBL laminate so as to differentiate on the shelf and your Company has started seeing good commercial orders.
- b) **Pharma Eye-Ointment Long nozzle tamper evident tube** technology has enabled your Company to offer high end pharma eye-ointment application which is premium priced. This new technology has enabled your Company to enter into premium



pharma care segment globally. This was predominantly packaged in aluminum tubes and your Company has managed to convert from aluminium tubes to Laminated tubes. Your Company has been successful in clearing stability and other Pharma regulatory procedures and process.

- c) **Coex plastic tube Tamper Evident oval cap:** Cosmetic customers are finding your Company's new innovative tamper oval cap design as an anti-counterfeit product and thus resulting in increase in sale of their product in the market. FMCG consumers are increasingly accepting this new technology as it is finding a differentiation on the shelf and beating its closest competitors.
3. **Imported technology (imported during the last 5 years reckoned from the beginning of the financial year):**

(a) Technology imported	State of art new technology Laminator, High speed Tubing line, CTP, graphics software.
(b) Year of Import	2013
(c) Has Technology been fully absorbed?	Yes
(d) If not fully absorbed areas where this has not taken place, reasons thereof and future plans of action.	NA

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans.

- a) Your Company in this financial year continued the growth trend in export volume as well as revenue in the focused countries. This result is a part of the strategy for capturing value through direct presence in priority markets of Africa, Middle East and South Asia, penetrating into new countries within this region expanding customer base for cosmetic packaging and capture untapped growth opportunities.

Additionally your Company will continue working with existing direct customers of tubes and increase focus on laminate sales.

- b) Total Foreign exchange used and earned:

		(₹ in million)
I	Foreign exchange earned (excluding deemed export)	857.25
II	Foreign exchange used (including Capital Goods)	2713.25

For and on behalf of the Board of Directors  
**ESSEL PROPACK LIMITED**

**Subhash Chandra**  
 Chairman

Mumbai, May 29, 2014

# MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present the Management Discussion and Analysis for the year ended March 31, 2014.

## BUSINESS OVERVIEW:

Your Company is in the business of plastic packaging materials, manufacturing and marketing globally a wide range of laminated and extruded plastic tubes, caps and closures and flexible laminates.

Tubes are eminently suited for packing viscous products such as pastes, gels and creams. Besides preserving and protecting the product from elements and preserving freshness, flavor and fragrance, tubes as a packaging form offer superior value proposition in terms of ease of dispensing the product, hygienic storage in a multiple usage situation and excellent brand visibility on retail shelves. Tubes hitherto a popular packaging form for toothpastes and pharma ointments, are now fast becoming a favoured packaging worldwide for a range of consumer products such as face creams, hair conditioners, shaving creams, cosmetics and shampoo.

Caps and closures are integral part of tubes that help keep the products safe, free from contamination and unexposed to air following every use. These are variously designed especially in case of cosmetics, pharmaceuticals, skin and personal care products, so as to enhance the aesthetics of the pack, improve the convenience of storing and to provide novelty of dispensing the product. Typical designs include stand-up caps, flip top caps etc. Closures thus become additional brand differentiators.

Flexible laminates on the other hand, find use as pouches, sachets and wrappers for packing solid, powder and liquid products. They offer excellent brand visibility at low cost. A number of products use these laminates, such as detergent powders, soap tablets, staple and processed foods, confectionaries, oils, shampoos, biscuits, chocolates, pharmaceuticals etc.

Your Company pioneered laminated tubes in India. Over the last 30 years, the Company has transformed into a leading global player in laminated tubes, manufacturing and selling over 6 billion tubes across 12 countries. The products that get packed into your Company's tubes are the Fast Moving Consumer goods and pharmaceuticals which touch the lives of billions of consumers in many more countries across the world. In fact, your Company's tubes provide the consumers with the first experience of the brands they package. The plastic extruded tubes and the flexible laminates are relatively recent forays by your Company targeting select markets viz. India, Europe and the USA in the case of plastic extruded tubes and India in the case of flexible plastic laminates. Your Company's key strengths include a strong domain knowledge of polymers and plastic

structures coupled with nano technology, proven Research & Development capability, global customer network and a vertically integrated manufacturing model that helps your Company to respond to market needs speedily. The Company thus makes printed, decorated and capped tubes from polymer granules.

The market for your Company's products is huge in the developed economies of Europe and America. It is growing rapidly in the emerging economies of Asia, Africa and Latin America driven by a booming Fast Moving Consumer Goods (FMCG) industry.

As the disposable income in these markets grows, both the usage and sophistication of packaging is witnessing a sea change. Tubes in a sense are a more evolved and sustainable form of packaging, and in the long term stand to benefit from conversion from other packaging forms such as bottles and jars. This trend is very visible specially in the developed markets opening up for your Company a large market in the non-oral care categories. Also, the aluminium tube hitherto popular for packaging of pharmaceutical ointments/ gels is set to be replaced by laminated tube given the developments in barrier technology for laminates and newer dispensing systems. This again is opening up a large global market for your Company's laminated tubes.

## OPERATIONAL PERFORMANCE REVIEW:

During FY 14, your Company's global sales grew 16% and operating profits 22.4% on top of a similar performance in the previous year. Operating margin expanded by 60 bps. Key factors contributing to this are:

- A strong turnaround in the European operations, led by the Poland unit ramping up on back of large long term contract and cutting its operating losses by 58% and the German unit strongly recovering in volume and profitability.
- The improved profitability of the Americas region, helped by higher operational efficiencies in the US unit and sales expansion in the Latin America units.
- Continued double digit growth and high capacity utilization in the India tubing operations.
- Expansion of non-oral care category, which accounted for 39.1% of sales during the year.
- Improvement in asset productivity, including reduction in inventory days.
- Strong customer engagement leading to new business with existing and new customers.

**The operating performance is analysed by business segments below**



## SEGMENT PERFORMANCE REVIEW:

Your Company's key business is in plastic packaging materials. The business is managed by four geographical segments viz.

1. Americas (with operations in the USA, Mexico and Colombia)
2. Europe (with operations in the UK, Germany, Poland and Russia)
3. AMESA - Africa, Middle East & South Asia (with operations in Egypt and India)
4. EAP - East Asia Pacific (with operations in China, Philippines & Indonesia)

### Segment financial highlight:

The table below sets out the segment financial highlights for the year:

(₹ in Million)

Particulars	FY ended March 31, 2014	FY ended March 31, 2013	Growth
<b>Revenue:</b>			
Americas	4569	4264	7.2%
Europe	3108	2427	28.1%
AMESA	9807	8827	11.1%
EAP	4984	4212	18.3%
<b>PBIT</b>			
Americas	318	263	20.9%
Europe	(88)	(281)	-68.6%
AMESA	1292	1144	12.9%
EAP	808	814	-

Developments in each of the regions are set out below:

### AMERICAS:

Your Company has a strong market presence in the USA, Mexico and Colombia. Laminated tubes constitute the mainstay in all these markets; Extruded plastic tubes are manufactured only in the USA. During the year, the region as a whole significantly grew its revenue and profitability.

The laminated tube unit in the USA improved its operating margin by 60 bps through savings from material efficiencies. During the year, the unit worked to develop customers in the non oral care categories, by deploying your Company's new generation products and technology. This is meeting with some good success. The unit has begun supply of laminated tubes for a very prestigious cosmetic brand of a global FMCG major, which would substitute bottle as packaging. This unit crossed ₹ 3 bn revenue and is poised to drive growth through a major thrust in the non-oral care category in the US market.

The extruded plastic tube unit in the USA which was heavily into loss in the past, is poised for a turnaround. The losses during the year were lower by 34% helped by improvement in operating margin by 200 bps. While a large export contract

helped the plant utilization, several measures taken to drive down the operating costs fructified during the year.

### MEXICO:

The Mexico unit in the past was plagued by operational issues which had depressed the margins and output. While this got resolved and was instrumental in the unit growing top line by 41% and operating margin by 280 bps, the capacity created in anticipation during the previous year. Part of the activity shortfall was due to issues at the customers in allocating the contracted volume. Consequently, the unit posted higher losses during the year. The offtake issue has been addressed and the ramp up has begun from the last quarter.

The Colombian subsidiary sales grew by 17% fully utilizing the new capacity set up during the previous year. Consequently, the Company profits grew significantly. The unit will invest for further growth in the non-oral care category.

### EUROPE:

Your Company offers both laminated tubes and plastic extruded tubes in Europe. The Polish unit is the manufacturing hub. During the year, the unit completed a significant expansion in the laminated tube capacity for oral care, on back of a large long term contract with a FMCG major. The project has taken off smoothly and the ramping up got completed by the third quarter of the year. Consequently, the unit's revenue expanded 51%, and the unit achieved break even at the EBITDA level. The unit's losses have shrunk by 46%. With full year benefit of the new contract flowing, the unit is poised to become profitable from next year. The unit having crossed ₹ 2 bn in revenue is now seen by customers as a key player in the Europe market. With its proven experience in the non-oral care category on account of its plastic tube operations, the unit is leveraging its new state of art laminated tube facility to offer high value-add laminated tubes for cosmetics and foods categories.

### THE RUSSIAN UNIT:

A turnaround plan for the unit has since been put in place, with specific mandate to the regional and the unit leadership to make the unit profitable by the next year. As part of this, the unit has substantially de-bottlenecked its capacity, reviewed the prices to improve the margin, and is scouting for large contracts.

During the year, your Company's German joint venture unit put behind the problems that existed during the previous year and half. The year under review posted a robust 38% growth in sales and an increase in operating margin of 290 bps. The unit's net profit doubled as a result. Your Company's global customer network and pan European presence is providing new opportunities to leverage the capacity and capability at this unit.

With the European operations scaling up, your Company is well placed to seize opportunities in the Europe non oral care category to drive growth and profits in this region.

#### AMESA (AFRICA, MIDDLE EAST AND SOUTH ASIA):

The India unit continues to grow strongly with 15% increase in sales over the previous year. The year witnessed exceptionally strong demand in the oral care category. Given the high utilization of plant equipment in this region, this somewhat hampered the sales plans for the non oral care category. Capacity expansion to support the non oral care category has been fast tracked and has begun paying dividends from the last couple of months of the year. The unit has also initiated major customer development programmes in order to grow sales of plastic tubes where the capacity was expanded during the year. Your Company posted a strong expansion in the pharma category by 33%. It is a matter of pride that your Company was the sole packaging supplier to be awarded Certificate of Excellence in the field of packaging development at the prestigious UBM India Pharma Awards 2013. Overall share of non oral care category in the sales is highest in India, 51.2 % in this year. During the year, the unit has won a large contract for supply of oral care tubes to a lead customer. This contract is being executed under a new business model called Customer-Owned Company Operated (COCO), where the Company provides materials and expertise to manufacture the tubes at their factory, and takes full responsibility for technology, process efficiencies and supplies. This way your Company did not have to invest in Capital Equipments.

During the year, your Company's Egypt unit grew its sales by 11% and expanded margins by 240 bps through material efficiencies and other plant initiatives. The unit made new customer acquisitions in the pharma and cosmetics space. Of note also is the expansion of the customer base in the Middle East to be supplied out of Egypt. Investment to expand the new categories is now in progress and will accelerate the growth of the unit in the coming years.

Your Company's flexible laminate subsidiary in India had to contend with tough market conditions during the year, as the category of FMCG space where this unit operates witnessed slow down, caused the profits to be under pressure. The unit management worked pro-actively developing new customers and offering innovative structures with a view to minimizing volume erosion and protecting profits. Overall, the profits shrunk 14% while sales grew by mere 3%.

AMESA will be a key region where diverse opportunities continue to be thrown up by the economic growth, and as a first mover your Company will continue to invest and benefit from it.

#### EAP (East Asia Pacific):

Strong customer partnering and high quality servicing have helped the region to gain a high market share and build a large business. The China unit has four manufacturing locations across the country giving it access to most of the China tube market as well as to Japan and Korea.

During the year, the China unit had to contend with sluggish off-take from key customers which caused the sales to fall short of plans. With capacities on ground and fixed costs committed, the margin declined by 300 bps. Effort in new customer development in the high value-add non oral care category have intensified and is finally beginning to yield results. The China unit has won a contract for supply of premium laminated tubes for a prestigious FMCG cosmetic brand in the last quarter of the year. There is a large cosmetic industry in the South East China; to tap the opportunity here, the unit is setting up new facility in South East China, which is expected to commission by July 2014.

The Philippine unit with its strong market presence continued to contribute to your Company's profits. The unit had won a long term contract for cosmetic tube, for which capacity was ramped up fully during the year. The Indonesian unit is going through an investment phase this year which has impacted its profits.

The region has a track record of operational excellence and strong balance sheet. It will work to build a sizeable business in the pharma and cosmetic category even while continuing to support its share at existing customers.

## FINANCIAL PERFORMANCE:

### OVERVIEW:

Particulars	₹ in Million		
	FY ended March 31, 2014	FY ended March 31, 2013	Growth
Net Sales / Income from operations	21266	18318	16.0%
Profit from Operations before Other Income, Interest and Exceptional items	2284	1869	22.2%
Finance cost	(814)	(912)]	-10.7%
Profit / [Loss] from ordinary activities before tax	1686	1260	33.8%
Net Profit for the year	1078	810	33.0%
EPS - Basic and Diluted	6.87	5.15	33.0%

From the above it can be seen that during the year, your Company's sales grew by 16% and the Profit after tax by 33%. In fact, the Net profit exclusive of the exceptional items grew even higher at 42.5%. The strong performance during the year is over a similar strong performance in the previous year.

## CREATIVITY & INNOVATION (C&I):

The Research and Development (R&D) function (a.k.a. Creativity and Innovation within the Company) has been one





of the key drivers of your Company's growth as a leading global player.

The remarkable expansion in the recent years of your Company's non-oral care categories is very much the result of path-breaking R&D work on structures and decoration technology. Your Company's C&I function has successfully amalgamated the evolving needs in the market place with its deep knowledge of the science and engineering to create tubes with special features, aesthetics and functionality. The innovations are many - packaging materials that leave much less carbon foot print, that can incorporate re-cycled polymers, that are re-cyclable themselves, that minimize supply chain complexity at the customer end. Your Company's new generation tubes are based on sustainability platform, provide customized barrier properties to the different products, and come with a choice of convenience and safety features such as 'senior citizen friendly dispensing', "child protection", "tamper evidence", "anti-counterfeit" etc. A cross section of the latest innovated products of your Company are presented in the features section of the Annual Report. A structured C&I process ensures that the innovation pipe-line of the Company at all times is full.

During the year, your Company has invested in a state of art laminator, custom built to support large scale manufacture of high quality new structures created by the C&I. This together with advanced decoration capability already deployed in all the four regions and the specialty manufacturing lines, has now positioned your Company to quickly seize new growth opportunities in the non oral care categories.

Your Company is committed to protecting the enormous intellectual property which its C&I function is creating. In this regard, your Company has filed as many as 78 patent applications in the different geographies in respect of the various inventions through its R&D activities.

Your Company's research and development efforts continue to win accolades in several forums and among customers across the globe. Some of the awards are set out in the features section of this Annual Report.

## FINANCE:

During the year, your Company achieved a significant reduction in its global Finance cost by 11% or ₹ 98 mio over the previous year. Average borrowing rate reduced sharply by 140 bps globally. This was achieved through proactive management of the borrowings and improved credit rating. Overall debt level was managed through continuous monitoring of the operating cash flows, judicious capex commitments and working capital controls. Consequently, the net debt as at end of FY 14 reduced by ₹ 35 crores in constant exchange terms as compared to FY 13. Debt service capability ratio and the interest cover improved by over 20% over the previous year and now make a healthy balance sheet. Inventory control was made stringent during the year and the operating management was made accountable

for ageing inventory in a move to weed out inefficiencies. This should pave way for leaner operations in the coming years. Foreign currency exposures are closely monitored and hedged through forward contracts and open exposures are controlled within limits. Consequently, the forex loss in the Profit and Loss account is only ₹ 39 lakhs for the global operations.

## HUMAN CAPITAL:

Your Company strongly believes that 'our people are our greatest assets', they offer endless possibilities to the organization in delighting all its stakeholders. As a global organization, your Company's people belong to multiple nationalities with diverse educational, cultural and geographic backgrounds who bring their unique strengths and perspectives to the organization.

Your Company continues to nurture its people through a structured talent management process, targeted training programs, opportunity to work on cross functional / cross geographical projects. Today, your Company successfully leverages even the talents in its overseas operations for global roles, the case in point being the setting up of global supply chain cell based out of the Company's China unit.

Your Company is committed to employee satisfaction as one of the key drivers of shareholder value creation. Your Company won "Best Commitment to Engagement Award" as part of the Best Employers Study 2013 by Aon Hewitt, India. The annual Employee Engagement survey findings are used to further improve the employee engagement across the units.

The year also saw a number of events and initiatives centered around Mission Hi-Five across all units globally. The awareness and alignment to this mission of the Company is now total, and is one of the key drivers of this year's strong performance.

There are proactive information exchange programs that are run in the Company globally. One note worthy initiative for exchange of information and ideas are 'Town Hall' meetings which are held at Global, Regional, Country and unit levels.

## INFORMATION TECHNOLOGY (IT):

Your Company firmly believes in the power of IT to empower its people, for planning and controlling the business processes efficiently and effectively. Hence, it continues to invest in state of art IT applications in areas which will benefit the business most. Notable initiatives that went live globally during the year include the Customer Relationship Management System, Integrated Financial Planning and Control System, Employee Performance Management and Personnel Development Systems, On-line Capex Approval and Monitoring System. Continuous training is provided to improve the people's skill level and awareness of system capability in order to get the best out of the IT investment. Your Company closely monitors the ERP usage effectiveness through carefully created indexes and drives businesses and functions to continuously improve their performance

on this measure. A Steering Committee comprising of the Corporate Leadership Team supervises the IT initiatives and IT effectiveness through regular monthly reviews.

## INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY:

Your Company has in place internal control systems and a structured internal audit process charged with the task of safeguarding the assets of your Company and ensuring reliability and accuracy of the accounting and other operational data. The internal audit department reports to the Audit Committee of the Board of Directors.

Your Company has a system of monthly review of business as a key operational control wherein the performance of units is reviewed against budgets and corrective actions initiated. The financial performance of each unit is shared with the employees of that unit openly.

Your Company has in place a capital expenditure control system for authorizing spend on new assets and projects. Accountability is established for implementing the projects on time and within approved budget. This is overseen by the Investment Committee of the Corporate Leadership team.

The Audit Committee, the Statutory Auditors and the top management are regularly apprised of the internal audit findings. The Audit Committee of the Board consisting of non-executive independent Directors reviews the quarterly, half yearly and the annual financial statements of your Company. A detailed note on the functioning of the Audit Committee and of the other Committees of the Board forms part of the section on corporate governance in the Annual Report.

During the year, your Company issued and updated several internal policy guidelines and SOPs for uniform application across its units, relating to both financial and operating matters.

## RISK MANAGEMENT:

The Board of Directors and the Audit Committee of the Board regularly review the risks to which your Company is exposed and the mitigation plans. The senior management team led by Vice Chairman & Managing Director is responsible to manage risks pro-actively.

### Key risks to which your Company is exposed include:

#### a) Escalation in raw material prices and impact for long term contracts:

- Your Company has raw material cost escalation pass through clauses in its customer contracts which enables the prices to be revised periodically to reflect the variation in the material costs.
- Where possible, your Company continues to identify and establish alternate sources and equivalent materials in order to effectively manage the material costs.

#### b) Single product dependency:

- Being an essential consumer product and an item of daily use, tooth paste as a category still dominates your Company's product range albeit to a lesser extent than before. However, it also tends to have a stable demand in an adverse economic environment. Your Company's engagement with all global majors in this category further fortifies its position.
- All the same, your Company is rapidly developing products / customers in the cosmetics, food and pharma categories with a view to maximizing value and tapping the benefits of a diversified portfolio. The share of non-oral care in your Company's revenue today is 39.1% up from around 35.2% in FY 12. In India, this share of non oral care revenue is even higher at 51.2%.
- Tubes as a packaging form is being increasingly sought after by FMCG, and stands to benefit from conversion from jars and bottles.
- Scale, technology, integrated manufacturing process, innovation capability, operational efficiencies are other factors which further strengthen your Company's competitiveness in the tubes space.
- As explained earlier in this report your Company's development efforts have increased the overall global Market. Eco-system has been tripled.

#### c) Attracting and retaining talent:

As with any other business, high demand for talent globally impacts employee turnover.

- Your Company addresses this to the best possible extent by being an empowering organization with professional management culture and a lean flat structure. Contemporary HR practices such as career planning, competitive remuneration, performance management system, performance linked variable pay, skills and competency training linked to Individual Development Plan are well established in the business globally. Top talent have the opportunity to move across functions and geographies. Employee engagement survey is carried out annually and the findings are used to further improve the work place and employee satisfaction.

#### d) Currency volatility:

The global nature of operations exposes the Company to multiple currencies; fluctuations in exchange rates could affect your Company's performance.

- Appropriate pass through clauses have been built into long term customer contracts in order to offset the impact on material cost of the



exchange rate fluctuations. Prices get reviewed and revised in the event of significant currency movements. Your Company also has the policy of systematically hedging its trade and capital exposures using forward contracts. Wherever possible transactional currencies are aligned to the reporting currency in order to obviate exchange fluctuation impact.

**e) High debt equity ratio:**

In a downturn, higher debt could increase financial risk.

- Your Company continues to focus on reducing financial leverage through higher capital productivity and improved cash generation. All new capex spend have to pass the test of financial prudence and the impact on liquidity. Your Company has system for regular review of funds flows and a prudent financing policy aimed at optimized mix of short and long term debt. Measures to conserve cash are actively pursued. The improved operational performance and the drive to reduce inventory days during the year have further improved the debt service capacity, and your Company is taking steps to improve this even further.

**f) Economic downturn:**

This could impact your Company's markets, suppliers, customers and finances leading to business slow down, disruptions etc.

- Your Company's products are linked to daily necessities of the consumers and are not much impacted by the downturn.
- Your Company pro-actively monitors the emerging trends in consumption and offers relevant solutions to its customers so as to stay ahead of the curve.

- Your Company also is focused on containing costs and improving efficiencies as a means to stay competitive.
- Proactive supplier and customer engagement is another way your Company seeks to minimize risk to business continuity.

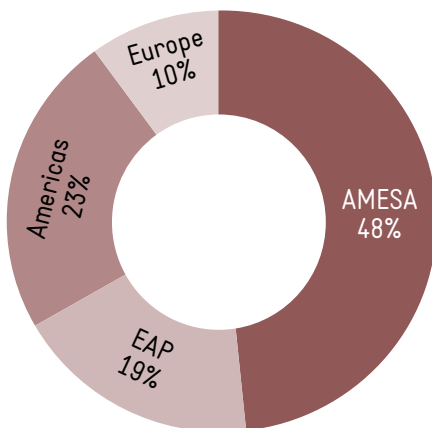
**OUTLOOK:**

The performance of the business over the last two years has been satisfying. The strategy for growth is clear. Your Company's existing business can grow three times over as the market eco-system has been expanded as explained elsewhere in this report. Global customers are seen consolidating their sourcing with global suppliers like your Company. Even more exciting is the long term growth opportunity presented by the cosmetics, hair care and personal care FMCG brands converting from other packaging forms into laminated tubes. Your Company sees a huge opportunity to convert the pharma packaging from aluminium to laminated tubes; this opens up another large market. Implementation will remain key. In this regard, your Company has proactively invested in new capability for the cosmetics and pharma categories and has been fast re-shaping its processes and people to lead this second phase of conversion into laminated tubes. The ongoing Mission High Five has successfully energized and aligned the organization to this new strategy. With its well acknowledged large scale, global presence and long term commitment to all its stake holders, your Company hopes to grow and create value to shareholders.

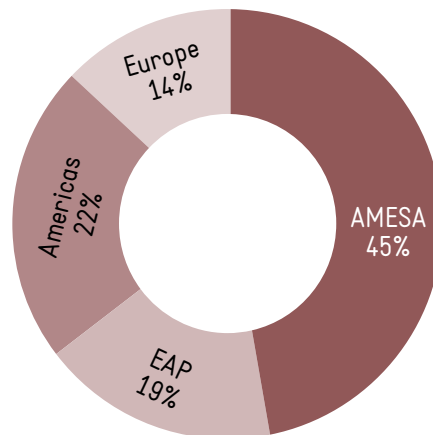
**CAUTIONARY STATEMENT:**

Statements in this report, particularly those which relate to management discussion and analysis, describing your Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may materially differ from those expressed or implied.

**REVENUE 2013**



**REVENUE 2014**



# CORPORATE GOVERNANCE REPORT

## I. BOARD'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in adopting the Best Global Practices in the area of Corporate Governance and follows the principles of full transparency and accountability, thereby protecting the interests of all its stakeholders.

The Board considers itself a Trustee of all shareholders and acknowledges its responsibilities to the shareholders for creating and safeguarding their wealth. During the financial year under review, the Board continued its pursuit of achieving these objectives through the adoption and monitoring of corporate strategies, prudent business plans, monitoring of major risks of the Company's business and ensuring that the Company pursues policies and procedures to satisfy its legal and ethical responsibilities.

## II. BOARD OF DIRECTORS

### 1. COMPOSITION:

The Board of Directors comprises of:-

#### NON EXECUTIVE

- i) Chairman;
- ii) Three Independent Directors.

#### EXECUTIVE DIRECTOR

- i) Vice Chairman & Managing Director;

The Board of Directors provide strategic direction and thrust to the operations of the Company. The Board has a Non-Executive Promoter Chairman, Executive Promoter Director i.e. Vice-Chairman & Managing Director and three Independent Directors. Hence, the Company complies with the listing agreement norms for Independent Directors.

The Non-Executive Directors are professionals with specialization in their respective fields and have varied skills and expertise.

The composition and attendance of Directors at the Board Meetings and the previous Annual General Meeting (AGM) held on 09 July 2013 and also their directorship and membership of committees in other companies as on 31 March 2014 is as under:

Name of the Director of Director	Category of Director	Board Meetings held	Board Meetings attended	AGM attended	No. of Committee Memberships as *Chairman in other companies # @	No. of Committee Membership as **member in other companies # @	No. of Directorships in other companies @
Mr. Subhash Chandra (Chairman)	PD, NED	5	1	No	Nil	Nil	5
Mr. Ashok Goel (Vice-Chairman & Managing Director)	PD, ED	5	5	Yes	Nil	Nil	4
Mr. Tapan Mitra	NED, ID	5	5	Yes	1	Nil	1
Mr. Boman Moradian	NED, ID	5	5	No	2	Nil	1
Mr. Mukund M. Chitale	NED, ID	5	5	Yes	4	4	10

PD: Promoter Director, ED: Executive Director, ID: Independent Director, NED: Non-Executive Director

@ Excludes directorships in Private Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956.

# Only Audit Committee and Investor Grievance Committee are considered.

\* No. of committee membership as Chairman in other companies.

\*\* No. of committee membership as Member in other companies.



## 2. BOARD PROCEDURES:

The Agenda is prepared in consultation with the Chairman of the Board of Directors, the Chairman of various Committees and Vice Chairman & Managing Director. The Agenda for the Meetings of the Board and its Committees, together with the appropriate supporting documents, are circulated well in advance of the meeting date. The meetings are usually held in Company's Corporate office at Mumbai.

The Board also approves resolution by circulation for any urgent item of business as permitted.

## 3. MEETINGS OF THE BOARD OF DIRECTORS:

During the year under review, the Board of Directors met 5(five) times on 29 May 2013, 26 July 2013, 25 October 2013, 30 January 2014 and 27 February 2014.

At least one Board Meeting was held during every quarter and the time gap between two Meetings was not more than four months.

## III. COMMITTEES OF THE BOARD

### 1) AUDIT COMMITTEE:

#### a) Composition:

The Committee comprises of three Non- Executive Independent Directors:

- Mr. Mukund M. Chitale (Chairman)
- Mr. Tapan Mitra
- Mr. Boman Moradian

The representative(s) of the Statutory Auditors of the Company attend the meetings of the Committee. The Internal Auditor, respective Presidents of global regions, Chief Financial Officer (Global) and Financial Controller (Global) attends the meetings of the Committee at the invitation of the Chairman. Operational heads are invited to the meetings, if required.

The Company Secretary acts as the Secretary to the Committee.

Mr. Tapan Mitra and Mr. Mukund M. Chitale have expert knowledge of Finance and Accounting. Mr. Boman Moradian is an eminent Management Consultant.

#### b) Terms of Reference:

The role, powers and functions of the Audit Committee are as per Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

The Committee, *inter alia*:-

- Ensures the preservation of good financial practices throughout the Company.
- Monitors that internal controls are in force to ensure the integrity of the financial performance reported to the Members.
- Provides by way of regular meetings, a line of communication between the Board and the Statutory & Internal Auditors.
- Considers and recommends the appointment, terms of reference and remuneration of the Statutory Auditors, the Internal Auditors and the outsourced Internal Auditors (who has direct access to the Chairman of the Audit Committee).
- Discusses the audit plans with both the Statutory and Internal Auditor before the commencement of audit and ensure co-ordination between them.
- Reviews the Quarterly and Annual financial statements with the Management and Statutory Auditor before recommending them to the Board.
- Reviews Management Discussion and Analysis of financial condition and result of operations.
- Reviews Statement of Related Party transactions.
- Discusses with the Statutory Auditor their concerns, if any, arising from their audits.
- Reviews the Auditors' Management Letters and the Management's responses.
- Reviews reports of the Internal Auditors and Management's responses thereto.
- Considers the findings of internal investigations and Management's responses thereto.
- Reviews the Company's financial control systems including those of treasury. In particular, it periodically reviews:
  - (i) Procedures for identifying business risks (including financial risks) and controlling their financial impact on the Company;

- (ii) Company's policies for preventing or detecting fraud;
- (iii) Company's policies for ensuring compliance with the relevant regulatory and legal requirements and their operational effectiveness.

- Reviews with the Management the performance of the Statutory and Internal Auditor and the adequacy of the Internal Control System.
- Discusses with the Internal Auditors any significant findings and follow up thereon.
- Reviews the adequacy of the Internal Audit function.
- Discusses with Statutory Auditor before the commencement of the audit, the nature and scope of the audit as well as post audit discussion to ascertain any areas of concern.

c) Meetings and Attendance:

During the year under review, the Audit Committee met four times on 29 May 2013, 26 July 2013, 25 October 2013 and 30 January 2014.

The attendance of the Members of the Audit Committee is as under:-

Members	Meetings held	Meetings attended
Mr. Mukund M. Chitale	4	4
Mr. Tapan Mitra	4	4
Mr. Boman Moradian	4	4

2) SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

a) Composition:

The Committee comprises of:

- Mr. Boman Moradian (Chairman)
- Mr. Ashok Goel
- Mr. Tapan Mitra

b) Terms of Reference:

The Committee deals in matters relating to:

- i) Redressal of Shareholders' grievances.
- ii) Review of Dematerialised shares.
- iii) Transfer and Transmission of shares and duplicate shares.
- iv) Other matters related to shares.

c) Meetings and Attendance:

During the year under review, the Committee met four times on 29 May

2013, 26 July 2013, 25 October 2013 and 30 January 2014.

The attendance of the Members of the Shareholders'/Investors' Grievance Committee is as under:-

Members	Meetings held	Meetings attended
Mr. Boman Moradian	4	4
Mr. Ashok Goel	4	4
Mr. Tapan Mitra	4	4

d) Number and nature of Complaints for the year ended 31 March 2014 is as under:

Nature of complaints	No. of complaints	No. of complaints redressed
Non-receipt of Dividend	3	3
Non-receipt of Annual Report	3	3
Non-receipt of Share Certificates	1	1
Dematerialisation	Nil	Nil
Miscellaneous	1	1

3) REMUNERATION COMMITTEE:

a) Composition:

The Committee comprises of three Non-Executive Independent Directors:

- Mr. Tapan Mitra (Chairman)
- Mr. Mukund M. Chitale
- Mr. Boman Moradian

b) Terms of Reference:

The Committee approves and recommends to the Board of Directors, the remuneration of Mr. Ashok Goel, Vice Chairman & Managing Director of the Company.

c) Meetings and Attendance:

During the year under review, the Committee met once on 29 May 2013. The attendance of the Members of the Remuneration Committee is as under:-

Members	Meetings held	Meetings attended
Mr. Tapan Mitra	1	1
Mr. Mukund M. Chitale	1	1
Mr. Boman Moradian	1	1





#### IV. REMUNERATION TO DIRECTORS

a) Remuneration to Executive Director of the Company:

The Remuneration Committee approves and recommends to the Board of Directors, the remuneration of the Vice Chairman & Managing Director by way of salary, allowances, perquisites, benefits and annual performance bonus/variable pay. The Company has a structured assessment of the Key Performance Indicators for all employees including the Vice Chairman & Managing Director and annual performance bonus / variable pay is related to the achievement of performance standards.

b) Remuneration to Non-Executive Independent Directors of the Company:

The Non-Executive Independent Directors are paid sitting fees of ₹ 15,000 for attending each Meeting of the Board of Directors and Committees thereof. The Members at Annual General Meeting have approved payment of Commission to Non-Executive Independent Directors, not exceeding 1 % of the net profits of the Company as computed under the applicable sections of the Companies Act, 1956. The Commission is decided each year by the Board considering the valuable contributions, guidance for the various business initiatives and decisions and also profitability of the Company.

The details of Sitting fees and Commission paid/ provided during the year ended 31 March 2014 are given below:

Director	Sitting Fees	*Commission paid for F.Y. 2012-13	Commission provided for F.Y. 2013-14	Total sitting fees and commission paid/ provided
	₹]	₹]	₹]	₹]
Mr. Tapan Mitra	210,000	1,100,000	1,200,000	2,510,000
Mr. Boman Moradian	225,000	1,100,000	1,200,000	2,525,000
Mr. Mukund M. Chitale	165,000	1,100,000	1,200,000	2,465,000
#Late Mr. K.V. Krishnamurthy	Nil	8,76,986	Nil	8,76,986
<b>TOTAL</b>	<b>600,000</b>	<b>4,176,886</b>	<b>3,600,000</b>	<b>8,376,986</b>

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors during the year.

\* pertains to financial year 2012- 2013. # paid on pro-rata basis.

c) The Remuneration paid to the Executive Director of the Company for year ended 31 March 2014, is as under:-

Director	Position	Gross Remuneration paid (₹)	Stock Options Granted	Service Contract	Notice Period
Mr. Ashok Goel	Vice Chairman and Managing Director	# 51,473,417	NIL	Re-appointed for 5 years w.e.f. 21 October 2013	3 months

# Break up of remuneration paid /payable is as under:

Sr. No.	Particulars	2013-2014 (₹)
1.	Salaries, Allowances and Perquisites*	34,981,767
2.	Contribution to Provident and other funds	29,52,000
3.	Performance Bonus**	13,539,650
4.	Stock Option	Nil
5.	Pension	Nil
	<b>Total</b>	<b>51,473,417</b>

\*Excludes Leave encashment and Gratuity which is based on actuarial valuation provided on an overall Company basis.

\*\*The performance bonus for the current year has been provided in the accounts as approved by the remuneration committee and the board of directors. The total remuneration payable to Managing Director on this basis as computed as per Companies Act, 1956 is in excess of limit prescribed under Section 198 / 309 of the Companies Act, 1956 by ₹ 6,999,857. Consequently, ₹ 6,999,857 of the performance bonus is payable only upon approval of Central Government.

d) The Non-Executive Independent Directors of the Company do not hold any shares of the Company. Mr. Subhash Chandra, Promoter and Chairman holds 89,305 Equity Shares of the Company and Mr. Ashok Goel, Vice Chairman & Managing Director holds 320,760 Equity Shares of the Company.

#### V. DISCLOSURES

1. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

The transactions between the Company and the Management, Directors or their relatives are disclosed in the Note 36 of the Annual Accounts (India Standalone) in compliance with

the Accounting Standard relating to 'Related Party Disclosures'. There were no materially significant related party transactions that may have potential conflict with the interest of the Company.

## 2. STATUTORY COMPLIANCE, PENALTIES AND STRICTURES

There were no cases of non-compliance with Stock Exchanges or SEBI regulations nor any cases of penalties or strictures imposed by any Stock Exchange or SEBI or any other statutory authorities for any violation related to the capital market during the last three years.

## 3. WHISTLE BLOWER / VIGIL MECHANISM POLICY

The Company has a Whistle Blower / Vigil Mechanism Policy. The Company's employees have direct access to the Chairman of the Audit Committee under the said policy.

## 4. CODE OF CONDUCT

The Company has adopted a Code of Conduct for the Board of Directors, Senior Management and the Employees of the Company who have affirmed their adherence to the Code and the Model code of conduct has been uploaded on the Company's website ([www.esselpropack.com](http://www.esselpropack.com)). The declaration from the Vice Chairman & Managing Director to this effect forms a part of this Report.

## 5. LISTING AGREEMENT COMPLIANCE

The Company complies with all the requirements of the Listing Agreement and the mandatory requirements of Clause 49 of the Listing Agreement.

## 6. RISK MANAGEMENT

As required under Clause 49 of Listing Agreement, the Company has a review procedure to apprise the Board of Directors of the Company on the key risk assessment areas and suggest risk mitigation mechanism. All the unit heads of the Company and its subsidiaries submit the certificate confirming compliance of the applicable laws and regulations of any potential liabilities.

## 7. CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

As per the requirement of Clause 49 of the Listing Agreement, a Certificate duly signed by CEO and CFO of the Company was placed at the Board Meeting of the Company held on 29 May 2014. A copy of the certificate is annexed to this Report.

## 8. CORPORATE SOCIAL RESPONSIBILITY POLICY

The Company has a Corporate Social Responsibility policy. The Company supports programmes for various social causes and education for the betterment of the society. This Policy has been uploaded on the Company's website for information of the Members.

## VI. MEANS OF COMMUNICATION

The quarterly financial results and annual financial results are published in newspapers viz. The Economic Times and DNA (in English) and Maharashtra Times (in Marathi) and uploaded on the Company's website ([www.esselpropack.com](http://www.esselpropack.com)).

The Company sends a copy of the quarterly unaudited financial results to all the Members as part of the non-mandatory requirements of the listing agreement. The financial results, press releases and presentations are also uploaded on the Company's website.

The Members are also kept informed about important developments in the Company.

## VII. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis forms part of the Annual Report.

## VIII. SHAREHOLDERS' INFORMATION

### 1. ANNUAL GENERAL MEETING

(Day, Date, Time & Venue)

Wednesday, 09 July 2014, at 11:00 a.m. at Registered office at P.O. Vasind, Taluka: Shahapur, District: Thane, Maharashtra - 421604, India.

### 2. FINANCIAL YEAR

April to March

### 3. BOOK CLOSURE DATES

From 03 July 2014 to 09 July 2014 (both days inclusive)

### 4. FINANCIAL CALENDAR

#### Dividend

Dividend for the year ended 31 March 2014	Within 5 days from the date of the 31st AGM i.e. on or after 11 July 2014
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**Board meeting to approve Quarterly Unaudited & Audited Financial Results**

1st Quarter (2014)	July 2014
2nd Quarter(2014)	Oct / Nov 2014
3rd Quarter (2014)	Jan / Feb 2015
4th Quarter(2015) & Annual Audited Accounts (2014-2015)	May 2015

**5. REGISTERED OFFICE**

P. O. Vasind, Taluka: Shahapur,  
District: Thane, Maharashtra - 421 604, India.

**7. CORPORATE BENEFITS**

Details of corporate benefits issued by the Company is given below:-

**a) Dividend**

Year	%	Year	%	Year	%
1990-91	10%	1998-99 (Interim)	20%	2004 [(Final)]	10%
1991-92	15%	1998-99 (Final)	34%	2005 (Interim)	100%
1992-93	20%	1999-00 (Special)	150%	2005 (Special)	120%
1993-94	27%	1999-00 (Interim)	54%	2006 (Interim) *	100%
1994-95	27%	2000-01	54%	2007	60%
1995-96	32%	2001	55%	2008	15%
1996-97 (Interim)	15%	2002	65%	2009-10 (15 months)	20%
1996-97 (Final)	30%	2003 (Interim)	70%	2010-11	30%
1997-98 (Interim)	20%	2003 (Final)	10%	2011-12	32.50%
1997-98 (Final)	32%	2004 (Interim)	80%	2012-13	37.50%

\* The face value of equity shares was subdivided from ₹ 10 to ₹ 2 with effect from 15 June 2006.

**b) Rights Shares (Price inclusive of premium)**

Year	Face Value (₹)	Ratio	Price (₹)
1990	10	1:2	10
1992	10	1:4	50
1995	10	1:3	225

**c) Bonus shares**

Year	Face Value (₹)	Ratio
1994	10	1:2
2000	10	3:5

**6. LISTING OF SHARES ON STOCK EXCHANGES**

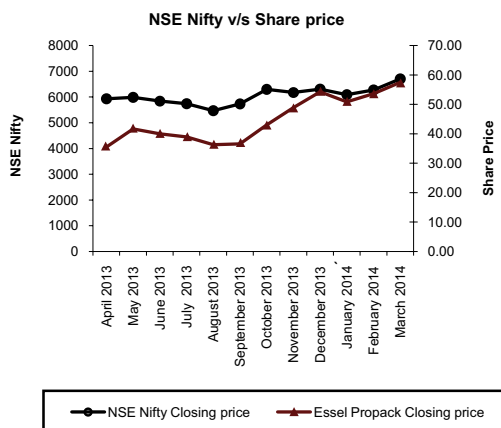
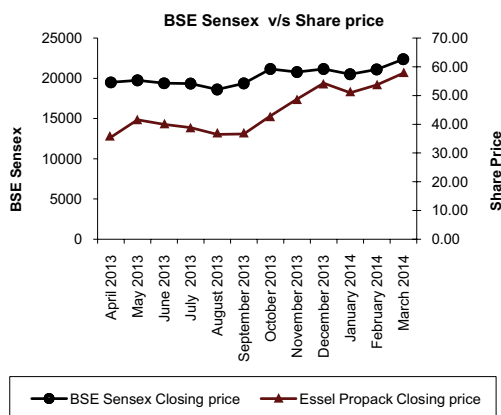
1. BSE Limited,  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Fort, Mumbai - 400 001.  
Scrip Code: 500135
2. National Stock Exchange of India Limited,  
Exchange Plaza, 5th Floor, Plot No. C/1,'G'  
Block, Bandra-Kurla Complex, Bandra  
(East), Mumbai- 400 051.  
Scrip Code: ESSELPACK

(Prescribed listing fees have been paid to the Stock Exchanges) ISIN No. INE255A01020

**8. MARKET PRICE DATA: (HIGH / LOW DURING EACH MONTH FOR THE 12 MONTHS PERIOD ENDED 31 MARCH 2014)**

Month	BSE High	BSE Low	NSE High	NSE Low
April 2013	38.15	31.30	38.20	31.50
May 2013	45.40	34.05	45.35	33.45
June 2013	46.30	37.00	46.30	36.65
July 2013	43.00	38.10	42.70	38.45
August 2013	44.95	35.50	44.85	35.55
September 2013	38.55	34.10	38.65	34.15
October 2013	45.15	36.65	44.90	36.30
November 2013	51.75	43.15	52.00	43.05
December 2013	54.75	46.10	54.95	46.00
January 2014	56.80	48.25	56.75	48.50
February 2014	56.00	46.50	55.85	46.40
March 2014	63.75	51.55	64.00	51.65

**9. STOCK PERFORMANCE OF ESSEL PROPACK IN COMPARISON TO BSE SENSEX & NSE NIFTY.**



**10. REGISTRAR & TRANSFER AGENT**

Sharepro Services (India) Private Limited  
Unit: ESSEL PROPACK LIMITED

13 A B, Samhita Warehousing Complex, 2nd Floor  
Sakinaka Telephone Exchange Lane, Andheri -  
Kurla Road, Sakinaka, Mumbai - 400 072.

Tel.: (022) 6772 0300 / 400 Fax : (022) 28591568

E-mail: sharepro@shareproservices.com

**11. COMPLIANCE OFFICER**

Mr. Ajay N. Thakkar

Company Secretary & Head Legal

Essel Propack Limited,  
Top Floor, Times Tower,  
Kamala City, Senapati Bapat Marg,  
Lower Parel, Mumbai - 400 013

Telephone Number : 022 2481 9000/9121

Fax Number : 022 2496 3137

Email : ajay.thakkar@ep.esselgroup.com

**12. INVESTOR RELATIONS**

Mr. Surje Singh

Manager - Investor Relations

Essel Propack Limited,  
Top Floor, Times Tower,  
Kamala City, Senapati Bapat Marg,  
Lower Parel, Mumbai - 400 013

Telephone Number : 022 2481 9000 / 9065

Fax Number : 022 2496 3137

E-mail : surje.singh@ep.esselgroup.com

In order to facilitate investor servicing, the Company has designated email id: investor.grievance@ep.esselgroup.com for registering queries by investors. The Company has also registered itself with SEBI for resolving grievances received through their online platform SCORES, email id of which is scores@sebi.gov.in.

**13. SHARE TRANSFERS**

Physical shares sent for transfer are duly transferred within 15 days of receipt of the documents, if they are complete in all respects. Shares under objection are returned within 7 working days. Share transfers in physical form can be lodged with Sharepro Services (India) Private Limited, Registrar & Transfer Agents (RTA) at the above mentioned address. The Investors' Grievance Committee reviews the



share transfers approved by the RTA, Company Secretary or Manager – Investor Relations, who have been delegated with requisite authority.

All requests for dematerialisation of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Members holding shares in electronic mode should address all their correspondence to their respective Depository Participant (DP) regarding change of address, change of bank mandate and nomination.

#### 14. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held at the Registered Office of the Company at Vasind at 11.00 a.m. on 09 September 2011, 27 September 2012 and 09 July 2013.

**Special Resolutions passed in the previous General Meetings held during last 3 years:**

- i) Annual General Meeting (AGM).
  - a) 28th AGM held on 09 September, 2011:
    - Special Resolution was passed for partial modification in terms of remuneration of Mr. Ashok Goel, Vice Chairman and Managing Director for remaining tenure with effect from 21 October 2011 to 20 October 2013.
  - b) 29th AGM held on 27 September 2012:
 

No Special Resolution was passed.
  - c) 30th AGM held on 09 July 2013:
    - Special Resolution was passed for approval of re-appointment of Mr. Ashok Goel as Vice Chairman & Managing Director of the Company for a period of five years w.e.f. 21 October 2013.
- ii) Extra-ordinary General Meeting (EGM)
 

EGM held on 26 April 2012:

  - Special Resolution was passed to approve modified draft rehabilitation scheme containing Scheme of Merger between Ras Propack Lamipack Limited and Ras Extrusions Limited ('transferor companies') and Essel Propack Limited ('transferee company')
  - Special Resolution was passed to approve issue and allotment of equity shares of Essel Propack Limited to the shareholders of Ras Propack Lamipack Limited ('RPLL') and Ras Extrusions Limited ('REL') (other than to EPL for shares held by EPL in RPLL and REL), in accordance with the share exchange ratio stated in the scheme of merger.

#### 15. POSTAL BALLOT

No special resolution was passed by way of Postal Ballot during the year ended 31 March 2014.

#### 16. DISTRIBUTION OF SHARES AS ON 31 MARCH 2014:

Distribution	No. of share holders	% to total holders	No. of shares	% to total shares
Less than 500	30781	81.16	3312870	2.11
501 – 1000	3319	8.75	2671903	1.70
1001 – 2000	1957	5.16	2944967	1.88
2001 – 3000	662	1.75	1678649	1.07
3001 – 4000	276	0.73	995827	0.63
4001 – 5000	227	0.60	1076900	0.69
5001 – 10000	388	1.02	2801267	1.78
10001 and above	315	0.83	141618902	90.14
<b>Total</b>	<b>37925</b>	<b>100.00</b>	<b>157101285</b>	<b>100.00</b>

#### 17. CATEGORIES OF SHAREHOLDERS AS ON 31 MARCH 2014:

Sr. No.	Category	No. of shares held	% of share holding
1	Promoter's Holding (A)	92589390	58.94
2	Non-Promoters Holding (B)		
	- Mutual Funds, FIs & Banks	4701527	2.99
	- Foreign Institutional Investors	14846691	9.45
	- Body Corporates	17706783	11.27
	- Resident Indians	26076818	16.60
	- NRIs	1180076	0.75
	<b>Sub- Total (B)</b>	<b>64511895</b>	<b>41.06</b>
	<b>Total (A+B)</b>	<b>157101285</b>	<b>100.00</b>

#### 18. DEMATERIALISATION OF SHARES:

As on 31 March 2014, 98.68 % of the total Equity Capital is held in the demat form with NSDL and CDSL.

Category	As on 31 March 2014	%
No. of Shares held by NSDL	58066771	36.96
No. of Shares held by CDSL	96966662	61.72
Physical	2067852	1.32
<b>Total</b>	<b>157101285</b>	<b>100.00</b>

#### 19. OUTSTANDING GDR / ADR / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS AND THEIR LIKELY IMPACT ON EQUITY

As on date there are no outstanding warrants or any convertible instruments. The Company has not issued any GDR/ADR.

**20. SUBDIVISION OF SHARES**

As approved by the Members at the 23rd Annual General Meeting of the Company held on 06 May 2006, the nominal face value of the Company's Equity Shares has been subdivided from ₹ 10 per share to ₹ 2 per share, with effect from 15 June 2006.

**21. UNCLAIMED SHARES**

As required under Clause 5A of the Listing Agreements (as amended in December 2010), details of physical shares issued by the Company during the financial year 2012-13, pursuant to BIFR Scheme of merger of Ras Propack Lamipack Limited (RPLL) & Ras Extrusions Limited (REL) with Essel Propack Limited, which were returned undelivered, are as under:

Particulars	No. of Folios	No. of Shares
Opening balance as on 01/04/2013	40	113
Add: Additional returns	1023	3165
Less: Share certificates released	23	179
Closing Balance as on 31/03/2014	1040	3099

The Company has sent three reminders to such shareholders to claim their shares and is in the process of transferring these shares to a single folio in the name "Unclaimed Suspense Account".

**22. PLANT LOCATIONS (INDIA AND OVERSEAS)**

The Company has plants at Vasind, Murbad, Wada, Chakan, Silvassa, Goa and Nalagarh and the subsidiary company has plants at Puducherry, Cuddalore and Utrakhand in India.

The Company has overseas plants at China, Egypt, Philippines, Russia, USA, Colombia, Mexico, Poland, Germany (Joint Venture) and Indonesia (Joint Venture).

**IX. NON-MANDATORY REQUIREMENTS**

The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under Clause 49 of the Listing Agreement:

- 1) Remuneration Committee of the Company. The Committee comprises of three Non-Executive Independent Directors of the Company.
- 2) Quarterly and half yearly financial results are sent to all the Members.
- 3) Company has adopted a Whistle Blower Policy for the employees.

For and on behalf of the Board of Directors  
**ESSEL PROPACK LIMITED**

**Subhash Chandra**  
Chairman

Mumbai, 29 May 2014

**DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT**

It is hereby confirmed that all the Members of the Board, Senior Management and Employees of the Company have affirmed adherence to and compliance with the 'Code of Conduct' laid down by the Company for the year ended 31 March 2014.

**ESSEL PROPACK LIMITED**  
**Ashok Goel**  
Vice Chairman & Managing Director

Mumbai, 29 May 2014





## CEO/CFO CERTIFICATION

To,  
The Board of Directors  
Essel Propack Limited

We, the undersigned, in our respective capacities as Vice Chairman & Managing Director (CEO) and Chief Financial Officer (CFO) of the Company hereby certify that, to the best of our knowledge and belief:

- a. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2014 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls and evaluating the effectiveness of the same for financial reporting for the financial year ended March 31, 2014 and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee:
  - i. significant changes, if any, in internal control over financial reporting during the said financial year;
  - ii. significant changes, if any, in the accounting policies during the said financial year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Ashok Goel**  
Vice Chairman & Managing Director  
Place: Mumbai  
Date: May 29, 2014

**A. V. Ganapathy**  
Chief Financial Officer (Global)

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## CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER CLAUSE 49 OF THE LISTING AGREEMENT

### Auditors' Certificate on Corporate Governance

To  
The Members of Essel Propack Limited

We have examined the compliance of conditions of Corporate Governance by Essel Propack Limited ('the Company'), for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **MGB & Co**  
Chartered Accountants  
Firm Registration Number 101169W

**Hitendra Bhandari**  
Partner  
Membership Number 107832

Mumbai, May 29, 2014

## FIVE YEARS' SUMMARY OF SELECTED FINANCIAL DATA (CONSOLIDATED)

₹ Million

Particulars	As per earlier Schedule-VI 2010#	Particulars	As per revised Schedule-VI			
			2011	2012	2013	2014
Sales and other income	16,941.36	Sales and other income	14,347.23	16,034.05	18,570.81	21,490.12
Profit before depreciation, interest and tax	3,007.87	Profit before depreciation, amortisation, finance costs and tax	2,749.55	2,864.17	3,386.29	3,765.07
Depreciation	1,328.67	Depreciation and amortisation expense	1,069.61	1,170.03	1,261.72	1,257.61
Profit before tax (before extra-ordinary & Exceptional items)	745.90	Profit before exceptional items and tax	829.24	852.75	1,212.47	1,693.74
Profit after tax	599.20	Profit after tax	472.70	513.58	809.57	1,078.33
Dividends	62.64	Dividends	93.96	102.12	117.83	196.38
Cash Profit	1,927.87	Cash Profit	1,542.31	1,683.61	2,071.29	2,335.94
Earnings per share - ₹ (Basic after extraordinary items)	3.83	Earnings per share - ₹ (Basic after extraordinary items) from Total operations	3.02	3.27	5.15	6.87
Dividend per share - ₹	0.40	Dividend per share - ₹	0.60	0.65	0.75	1.25
Capital Employed	16,046.31	Capital Employed	12,922.66	13,308.21	15,154.47	13,742.22
<b>ASSETS LESS CURRENT LIABILITIES</b>						
Goodwill	3,606.94	Goodwill	3,606.94	3,606.94	3,606.94	-
Fixed assets (net)	6,703.57	Fixed assets (net)	6,608.72	8,016.89	8,196.31	9,336.75
Investment	476.60	Non current investments	498.80	446.39	463.69	454.39
		Other non current assets, loans and advances	396.26	600.11	544.55	684.88
Current assets, Loans and Advances	7,232.95	Current assets	7,711.07	8,264.59	8,892.10	10,447.89
	<b>18,020.06</b>		<b>18,821.79</b>	<b>20,934.92</b>	<b>21,703.59</b>	<b>20,923.91</b>
Current liabilities and Provisions	(1,973.75)	Current liabilities	(5,899.13)	(7,626.71)	(6,549.12)	(7,181.69)
<b>Net Assets</b>	<b>16,046.31</b>	<b>Net Assets</b>	<b>12,922.66</b>	<b>13,308.21</b>	<b>15,154.47</b>	<b>13,742.22</b>
<b>FINANCED BY</b>						
Share capital	313.13	Share capital	313.13	314.13	314.13	314.13
Reserves	7,295.39	Reserves	7,858.38	8,522.54	9,132.53	6,744.38
<b>Shareholders' funds</b>	<b>7,608.52</b>	<b>Shareholders' funds</b>	<b>8,171.51</b>	<b>8,836.67</b>	<b>9,446.66</b>	<b>7,058.51</b>
Miscellaneous Expenditure	(79.96)					
<b>Net Worth</b>	<b>7,528.56</b>	<b>Net Worth</b>	<b>8,171.51</b>	<b>8,836.67</b>	<b>9,446.66</b>	<b>7,058.51</b>
Minority interest	83.35	Minority interest	65.31	75.40	60.28	75.51
Deferred tax balances	36.77	Deferred tax balances	(82.75)	(85.41)	(17.06)	44.45
	<b>7,648.68</b>		<b>8,154.07</b>	<b>8,826.66</b>	<b>9,489.88</b>	<b>7,178.47</b>
Loan funds	8,397.63	Non current liabilities	4,768.59	4,481.55	5,664.59	6,563.75
<b>Capital employed</b>	<b>16,046.31</b>	<b>Capital employed</b>	<b>12,922.66</b>	<b>13,308.21</b>	<b>15,154.47</b>	<b>13,742.22</b>



## FIVE YEARS' SUMMARY OF SELECTED FINANCIAL DATA (CONSOLIDATED)

Particulars	As per earlier Schedule-VI	Particulars	As per revised Schedule-VI			
	2010#		2011	2012	2013	2014
<b>FINANCIAL RETURNS AND STATISTICS</b>						
Profit after tax as a percent of Sales and other income	4%	Profit after tax as a percent of Sales and other income	3%	3%	4%	5%
Profit before depreciation, interest and tax as a percent of Sales and other income	18%	Profit before depreciation, amortisation, finance costs and tax as a percent of Sales and other income	19%	18%	18%	18%
Return on Capital Employed (PBIT/Avg Capital Employed) (With Goodwill)#	11%	Return on Capital Employed (Profit before Finance Costs and Tax/Avg Capital Employed) (With Goodwill) ^	11%	10%	12%	14%
Return on Capital Employed (PBIT/Avg Capital Employed) (Without Goodwill)#	14%	Return on Capital Employed (Profit before Finance Costs and Tax/Avg Capital Employed) (Without Goodwill)^	14%	12%	15%	15%
Return on Net worth (PAT/Avg Network) (With Goodwill)#	7%	Return on Net worth (PAT/Avg Network) (With Goodwill)	6%	6%	9%	13%
Return on Net worth (PAT/Avg Network) (Without Goodwill)#	15%	Return on Net worth (PAT/Avg Network) (Without Goodwill)	11%	10%	15%	17%
Loan funds as a percentage of Shareholders' funds	110%	Non current liabilities as a percentage of Shareholders' funds	58%	51%	60%	93%
Financial Expenses Cover (Times) (Profit before Financial Expenses (Gross) and Taxation/Financial expenses (gross))	2	Finance Costs Cover (Times) (Profit before Finance Costs and Taxation/Finance Costs)	2	2	2	3
Cash profit to sales and other income	11%	Cash profit to sales and other income	11%	11%	11%	11%

# The financial statements of 2010 are in respect of the fifteen months period from 1 January 2009 to 31 March 2010. Hence, balance sheet ratios have been annualised.

^ Considering shareholder's funds and total loan funds including short-term borrowings and current maturities of long-term borrowings.

## FIVE YEARS' SUMMARY OF SELECTED FINANCIAL DATA (CONSOLIDATED)

USD Million

Particulars	As per earlier Schedule-VI 2010#	Particulars	As per revised Schedule-VI			
			2011	2012	2013	2014
Sales and other income	353.93	Sales and other income	314.80	334.52	341.45	355.51
Profit before depreciation, interest and tax	62.84	Profit before depreciation, amortisation, finance costs and tax	60.33	59.76	62.25	62.28
Depreciation	27.76	Depreciation and amortisation expense	23.47	24.41	23.20	20.80
Profit before tax (before extra-ordinary & Exceptional items)	15.58	Profit before exceptional items and tax	18.19	17.79	22.29	28.02
Profit after tax	12.52	Profit after tax	10.37	10.71	14.88	17.84
Dividends	1.31	Dividends	2.06	2.13	2.17	3.25
Cash Profit	40.28	Cash Profit	33.84	35.13	38.08	38.64
<b>ASSETS LESS CURRENT LIABILITIES</b>						
Goodwill	79.91	Goodwill	80.78	70.90	66.44	-
Fixed assets (net)	148.51	Fixed assets (net)	148.01	157.58	150.99	155.83
Investment	10.56	Non current investments	11.17	8.77	8.54	7.58
		Other non current assets, loans and advances	8.87	11.80	10.03	11.43
Current assets, Loans and Advances	160.23	Current assets	172.70	162.45	163.80	174.38
	<b>399.21</b>		<b>421.53</b>	<b>411.50</b>	<b>399.80</b>	<b>349.22</b>
Current liabilities and Provisions	(43.72)	Current liabilities	(132.11)	(149.92)	(120.63)	(119.85)
<b>Net Assets</b>	<b>355.49</b>	<b>Net Assets</b>	<b>289.42</b>	<b>261.58</b>	<b>279.17</b>	<b>229.37</b>
<b>FINANCED BY</b>						
Share capital	6.94	Share capital	7.01	6.17	5.79	5.24
Reserves	161.62	Reserves	176.00	167.52	168.23	112.57
<b>Shareholders' funds</b>	<b>168.56</b>	<b>Shareholders' funds</b>	<b>183.01</b>	<b>173.69</b>	<b>174.02</b>	<b>117.81</b>
Miscellaneous Expenditure	(1.77)					
<b>Net Worth</b>	<b>166.79</b>	<b>Net Worth</b>	<b>183.01</b>	<b>173.69</b>	<b>174.02</b>	<b>117.81</b>
Minority Interest	1.85	Minority Interest	1.46	1.48	1.11	1.26
Deferred Tax Balances	0.81	Deferred tax balances	(1.85)	(1.68)	(0.31)	0.74
	<b>169.45</b>		<b>182.62</b>	<b>173.49</b>	<b>174.82</b>	<b>119.81</b>
Loan Funds	186.04	Non current liabilities	106.80	88.09	104.35	109.56
<b>Capital employed</b>	<b>355.49</b>	<b>Capital employed</b>	<b>289.42</b>	<b>261.58</b>	<b>279.17</b>	<b>229.37</b>



## FIVE YEARS' SUMMARY OF SELECTED FINANCIAL DATA (CONSOLIDATED)

Particulars	As per earlier Schedule-VI 2010#	Particulars	As per revised Schedule-VI			
			2011	2012	2013	2014
<b>FINANCIAL RETURNS AND STATISTICS</b>						
Profit after tax as a percent of Sales and other income	4%	Profit after tax as a percent of Sales and other income	3%	3%	4%	5%
Profit before depreciation, interest and tax as a percent of Sales and other income	18%	Profit before depreciation, amortisation, finance costs and tax as a percent of Sales and other income	19%	18%	18%	18%
Return on Capital Employed (PBIT/Avg Capital Employed) (With Goodwill)#	10%	Return on Capital Employed (Profit before Finance Costs and Tax/Avg Capital Employed) (With Goodwill) ^	10%	10%	12%	14%
Return on Capital Employed (PBIT/Avg Capital Employed) (Without Goodwill)#	13%	Return on Capital Employed (Profit before Finance Costs and Tax/Avg Capital Employed) (Without Goodwill) ^	13%	13%	15%	15%
Return on Net worth (PAT/Avg Networth) (With Goodwill)#	6%	Return on Net worth (PAT/Avg Networth) (With Goodwill)	6%	6%	9%	13%
Return on Net worth (PAT/Avg Networth) (Without Goodwill)#	14%	Return on Net worth (PAT/Avg Networth) (Without Goodwill)	11%	11%	15%	17%
Loan funds as a percentage of Shareholders' funds	110%	Non current liabilities as a percentage of Shareholders' funds	58%	51%	60%	93%
Financial Expenses Cover (Times) (Profit before Financial Expenses (Gross) and Taxation/Financial expenses (Gross))	2	Finance Costs Cover (Times) (Profit before Finance Costs and Taxation/Finance Costs)	2	2	2	3
Cash profit to Sales and other income	11%	Cash profit to Sales and other income	11%	11%	11%	11%

**Note:** Audited INR numbers have been translated into US Dollar using the average exchange rate for P & L items and the year end exchange rate for balance sheet items.

# The financial statements of 2010 are in respect of the fifteen months period from 1 January 2009 to 31 March 2010. Hence, balance sheet ratios have been annualised.

^ Considering shareholder's funds and total loan funds including short-term borrowings and current maturities of long-term borrowings.

## FIVE YEARS' SUMMARY OF SELECTED FINANCIAL DATA (INDIA)

₹ in Million

Particulars	As per earlier Schedule - VI 31.03.10 #	Particulars	As per revised Schedule - VI			
			31.03.11	31.03.12	31.03.13	31.03.14
Sales and other income	4,541.34	Sales and other income	4,753.30	5,418.78	6,136.13	6,922.38
FOB value of exports	380.95	FOB value of exports	348.27	336.67	456.78	557.49
Profit before depreciation, amortisation, interest and tax	1,083.79	Profit before depreciation, amortisation, finance costs and tax	1,469.61	1,388.98	1,495.10	1,559.99
Depreciation / Amortisation	288.86	Depreciation / Amortisation	243.05	286.12	330.85	366.45
Profit before tax	442.57	Profit before tax	632.62	515.51	661.66	756.35
Profit after tax	345.49	Profit after tax	440.83	490.75	498.42	544.89
Dividends (including dividend tax)	73.04	Dividends (including dividend tax)	109.20	118.68	137.85	229.75
Cash profit	634.35	Cash profit	683.88	776.86	829.27	911.34
Book value per share	38.78	Book value per share*	41.14	43.09	44.62	46.63
Earnings per share - (Basic after exceptional items)	2.21	Earnings per share* - (Basic after exceptional items)	2.80	3.12	3.17	3.47
Dividend per share - ₹	0.40	Dividend per share* - ₹	0.60	0.65	0.75	1.25
Closing share price on BSE at year end (₹ per share)	43.40	Closing share price on BSE at year end (₹ per share)	51.15	27.90	30.80	57.80
Market capitalisation (As at year end)	6,796.49	Market capitalisation (As at year end)	8,010.15	4,383.13	4,838.72	9,080.45
<b>ASSETS LESS CURRENT LIABILITIES</b>						
Fixed assets (Net)	1,752.83	Fixed assets (Net)	1,999.03	2,522.75	2,656.23	3,145.00
Investments	5,733.99	Non-current investments	5,685.94	5,635.35	5,635.35	5,699.56
		Other Non-current assets, loans and advances	1,046.61	394.21	376.34	461.88
Current assets, loans and advances	4,168.59	Current assets	2,859.68	4,647.12	3,914.21	3,341.68
	11,655.41		11,591.26	13,199.43	12,582.13	12,648.12
Current liabilities and provisions	(650.33)	Current liabilities	(2,529.22)	(4,108.24)	(2,884.91)	(2,381.49)
Net Assets	11,005.08	Net Assets	9,062.04	9,091.20	9,697.22	10,266.63
<b>FINANCED BY</b>						
Share capital	313.13	Share capital*	313.13	314.13	314.13	314.13
Reserves	5,797.18	Reserves	6,121.52	6,355.09	6,696.06	7,010.86
Shareholders' fund	6,110.31	Shareholders' fund	6,434.65	6,669.22	7,010.19	7,324.99
Miscellaneous expenditure	37.08		-	-	-	-
Net worth	6,073.23	Net worth	6,434.65	6,669.22	7,010.19	7,324.99
Deferred tax balances	171.12	Deferred tax balances	159.73	165.61	224.23	227.63
Loan funds	4,760.72	Non-current liabilities	2,467.66	2,256.37	2,462.80	2,714.01
Capital employed	11,005.08	Capital employed	9,062.04	9,091.20	9,697.22	10,266.63





## FIVE YEARS' SUMMARY OF SELECTED FINANCIAL DATA (INDIA)

Particulars	As per earlier Schedule - VI 31.03.10 #	Particulars	As per revised Schedule - VI			
			31.03.11	31.03.12	31.03.13	31.03.14
<b>FINANCIAL RETURNS AND STATISTICS</b>						
Profit after tax as a percent of sales and other income	8%	Profit after tax as a percent of sales and other income	9%	9%	8%	8%
Profit before depreciation, interest and tax as a percent of sales and other income	24%	Profit before depreciation, finance costs and tax as a percent of sales and other income	31%	26%	24%	23%
Return on capital employed ^	7%	Return on capital employed ^	11%	9%	10%	10%
Return on common stockholders' equity % (PAT)	5%	Return on common stockholders' equity % (PAT)	7%	7%	7%	7%
Loan Funds as a percent of total year end Shareholders' Fund	78%	Non current liability as a percent of total year end Shareholders' Fund	38%	34%	35%	37%
Financial expenses cover (Times) (Profit before financial expenses and taxation divided by financial expenses)	2.26	Financial costs cover (Times) (Profit before financial costs and taxation divided by finance costs)	2.07	1.88	1.88	1.88
Number of equity shares outstanding (in Million)	156.57	Number of equity shares outstanding (in Million)*	156.57	157.07	157.07	157.07
Cash profit to sales and other income	14%	Cash profit to sales and other income	14%	14%	14%	13%

\* Refer Note 3 (g)

# The previous year's financial statements are in respect of 15 months period from 1 January 2009 to 31 March 2010. Hence, the financial numbers for the previous year are not comparable with past years which relate to 12 months period ending December. However, the financial ratios have been annualised as necessary and are thus comparable.

^ Considering shareholder's fund and total loan funds including short-term borrowings and current maturities of long term borrowings.

# Independent Auditors' Report

## To the Members of Essel Propack Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Essel Propack Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### 7. Emphasis of Matter

We draw attention to Note 27(a) of the financial statements, relating to performance bonus provided for the Managing Director for the financial year 2013-14, which is in excess of limits prescribed u/s 198 of the Companies Act, 1956 by ₹ 6,999,857 and hence is subject to approval of the Central Government.

Our Opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;



- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
- (e) On the basis of written representations received from the directors as at 31 March 2014 and

taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **MGB & Co.**  
Chartered Accountants  
Firm Registration Number 101169W

**Hitendra Bhandari**  
Partner  
Membership Number 107832  
Mumbai, 29 May 2014

## Annexure referred to in Paragraph 8 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management during the year as per the phased program designed to cover all the fixed assets over a period, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Discrepancies noticed on such verification, which are not material, have been properly dealt with in the books of accounts.
- (c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (ii) (a) As explained to us, the inventories have been physically verified by the management during the year except stocks lying with third parties in respect of whom confirmations have been obtained. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) As explained to us, the Company is maintaining proper records of inventories and discrepancies noticed on physical verification of inventories as compared to the book records, which are not material, have been properly dealt with in the books of account.
- (iii) (a) The Company has granted unsecured loan to a Company covered in the register maintained u/s 301 of the Act. The maximum amount outstanding during the year and the year-end balance of such loan is ₹ 960,666,940. The rate of interest charged and other terms and conditions of the loan are prima facie, not prejudicial to the interests of the Company. The loan is repayable on demand. *The interest on the loan ₹ 257,994,235 is overdue and the Company has taken reasonable steps for recovery.*
- (b) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services. During the course of our audit, we have

not observed any continuing failure to correct major weaknesses in the internal control systems in respect of the aforesaid areas.

(v) In respect of the contracts or arrangements referred to in Section 301 of the Act:

(a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of ₹ 5,00,000/- in respect of each party during the year have been made at prices which appear reasonable as per the information available with the Company.

(vi) The Company has not accepted any deposits from the public during the year.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the cost accounting records maintained by the Company pursuant to the Companies [Cost Accounting Records] Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Act and are of the opinion that prima facie the prescribed records have been maintained. However, we are neither required to carry out nor have carried out detailed examination of such cost accounting records with a view to determine whether they are accurate or complete.

(ix) According to the records of the Company, examined by us and information and explanations given to us:

(a) Undisputed Statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax / value added tax, wealth tax, service tax, custom duty, excise duty, cess and others as applicable have generally been deposited regularly with the appropriate authorities except delay in few cases. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2014 for a period of more than six months from the date they became payable.

(b) The disputed dues of sales tax/value added tax, service tax, excise duty, income tax and cess which have not been deposited are as under:

Name of the Statute	Nature of the Dues	Amount in [₹]	Period to which the amount relate	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	122,597,968 13,876,239 5,789,956 5,000	FY 1993-1994 to FY 2000-2001 FY 1997-1998 to FY 2005-2006 FY 2004-2005 to FY 2007-2008, FY 2011-2012 and FY 2012-2013 FY 2010-2011	Supreme Court Tribunal CESTAT Commissioner of Central Excise (Appeals) Deputy / Joint / Assistant Commissioner of Central Excise
	Service tax	148,537 2,395,180	FY 2005-2006 FY 2005-2006 to FY 2009-2010	Bombay High Court Tribunal CESTAT
Maharashtra Value Added Tax Act, 2002	Value added tax	5,374,953	FY 2005-2006	Maharashtra Sales Tax Tribunal
Central Sales Tax Act, 1956	Central sales tax	13,176,758 22,808,521 6,315,391 11,215,659	FY 2002-2003 to FY 2005-06 FY 2002-2003 to FY 2004-2005 FY 2002-2003 and FY 2008-2009 FY 2001-2002, FY 2003-2004 and FY 2004-2005	Maharashtra Sales Tax Tribunal Commissioner of VAT-Dadra and Nagar Haveli Deputy Commissioner of Sales Tax (Appeals) Joint Commissioner of Sales Tax (Appeals)
		2,336,728	FY 2007-2008 and FY 2009-2010	Assistant Commissioner of Commercial Taxes
Bombay Provincial Municipal Corporation Act, 1959	Cess	3,879,750	FY 2002-2003 to FY 2007-2008	Bombay High Court
The Income Tax Act, 1961	Income tax	5,717,563	FY 2009-2010	Commissioner of Income Tax (Appeals)
	Income tax-Penalty	11,599,113	FY 2006-2007 & 2007-08	



- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses during the current financial year or in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to banks and financial institutions during the year. The Company has not issued any debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) The Company is not dealing or trading in securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by subsidiaries from banks are prima facie not prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans raised during the year have been applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company and related information as made available to us, we report that short-term funds have not been used for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares to companies or parties covered in the register maintained under Section 301 of the Act.
- (xix) The Company has not issued any secured debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based on the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For **MGB & Co.**  
Chartered Accountants  
Firm Registration Number 101169W

**Hitendra Bhandari**  
Partner  
Membership Number 107832  
Mumbai, 29 May 2014

**BALANCE SHEET AS AT 31 MARCH 2014**

(Amount in ₹)

	Notes	2014	2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3	314,130,920	314,130,920
Reserves and surplus	4	7,010,855,887	6,696,061,923
		<b>7,324,986,807</b>	<b>7,010,192,843</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	5	2,652,571,994	2,312,215,251
Deferred tax liabilities (net)	6	227,634,951	224,225,730
Long-term provisions	7	61,436,191	150,588,134
		<b>2,941,643,136</b>	<b>2,687,029,115</b>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	8	299,176,846	1,129,059,379
Trade payables	9	479,027,564	319,356,257
Other current liabilities	10	1,341,822,136	1,264,518,831
Short-term provisions	7	261,467,915	171,974,200
		<b>2,381,494,461</b>	<b>2,884,908,667</b>
<b>Total</b>		<b>12,648,124,404</b>	<b>12,582,130,625</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	11		
- Tangible assets		2,986,851,315	2,582,188,508
- Intangible assets		71,028,699	49,585,115
- Capital work-in-progress		62,468,712	11,608,420
- Intangible assets under development		24,651,202	12,850,810
Non-current investments	12	5,699,563,016	5,635,346,298
Long-term loans and advances	13	442,062,203	348,902,016
Other non-current assets	14	19,818,858	27,440,166
		<b>9,306,444,005</b>	<b>8,667,921,333</b>
<b>CURRENT ASSETS</b>			
Inventories	15	727,806,062	638,277,140
Trade receivables	16	899,363,340	1,012,656,536
Cash and bank balances	17	54,993,330	145,973,039
Short-term loans and advances	13	1,317,854,433	1,616,884,754
Other current assets	14	341,663,234	500,417,823
		<b>3,341,680,399</b>	<b>3,914,209,292</b>
<b>Total</b>		<b>12,648,124,404</b>	<b>12,582,130,625</b>
Notes forming part of the financial statements	1-45		

As per our attached report of even date  
For MGB & Co.  
Chartered Accountants  
Firm Registration Number 101169W

Hitendra Bhandari  
Partner  
Membership Number 107832

Place: Mumbai  
Date: 29 May 2014

For and on behalf of the Board

Subhash Chandra  
Chairman

Tapan Mitra  
Boman Moradian  
Mukund M. Chitale

} Directors

Ajay N. Thakkar  
Company Secretary & Head - Legal

Ashok Goel  
Vice Chairman & Managing Director

A.V. Ganapathy  
Chief Financial Officer (Global)





## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014	2013
(Amount in ₹)			
<b>REVENUE</b>			
Revenue from operations (gross)	18	7,140,815,912	6,176,378,010
Less: Excise duty		(480,495,972)	(385,095,537)
Revenue from operations (net)		<b>6,660,319,940</b>	<b>5,791,282,473</b>
Other income	19	262,062,078	344,795,537
<b>Total</b>		<b>6,922,382,018</b>	<b>6,136,078,010</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	3,367,566,315	2,737,644,691
Changes in inventories of finished goods and goods-in-process	21	(69,207,442)	2,303,588
Employee benefits expense	22	570,586,394	568,849,904
Other expenses	23	1,493,447,135	1,332,227,823
<b>Total</b>		<b>5,362,392,402</b>	<b>4,641,026,006</b>
<b>Profit before depreciation, amortisation, finance costs and tax</b>		<b>1,559,989,616</b>	<b>1,495,052,004</b>
Less:			
Depreciation and amortisation expense	11	366,452,297	330,847,788
Finance costs	24	450,092,247	549,897,498
<b>Profit before exceptional items and tax</b>		<b>743,445,072</b>	<b>614,306,718</b>
Add: Exceptional items (net)	31	12,904,115	47,348,915
<b>Profit before tax</b>		<b>756,349,187</b>	<b>661,655,633</b>
Less: Tax expense			
Current tax		218,090,781	134,050,000
MAT credit entitlement - Current year		-	(29,437,621)
- Earlier years		(10,043,451)	-
Deferred tax		3,409,221	58,618,991
<b>Profit after tax</b>		<b>544,892,636</b>	<b>498,424,263</b>
Earnings per equity share of ₹ 2 each fully paid up	40		
Basic		3.47	3.17
Diluted		3.47	3.17
Notes forming part of the financial statements	1-45		

As per our attached report of even date  
For MGB & Co.  
Chartered Accountants  
Firm Registration Number 101169W

Hitendra Bhandari  
Partner  
Membership Number 107832

Place: Mumbai  
Date: 29 May 2014

For and on behalf of the Board

Subhash Chandra  
Chairman

Tapan Mitra  
Boman Moradian  
Mukund M. Chitale

} Directors

Ajay N. Thakkar  
Company Secretary & Head - Legal

Ashok Goel  
Vice Chairman & Managing Director

A.V. Ganapathy  
Chief Financial Officer (Global)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Corporate Information

Essel Propack Limited (hereinafter referred to as 'EPL' or 'the Company') is a producer of plastic packaging material in the form of multilayer collapsible tubes and laminates used primarily for packaging of toothpaste, personal care, cosmetics, pharmaceuticals, household and industrial products.

### 2. Significant Accounting Policies

#### i. Basis of preparation

The financial statements are prepared on going concern basis in accordance with Indian Generally Accepted Accounting Principles (GAAP) and comply in all material respects with the accounting standards notified under the Companies (Accounting standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with general circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### ii. Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amount of revenue and expenses for the year. Actual results could differ from these estimates. Any revision to such accounting estimate is recognised prospectively in current and future periods.

#### iii. Tangible and intangible assets

- a) Tangible assets (excluding freehold land which is carried at cost) are stated at original cost of acquisition/installation (net of cenvat credit availed) and includes amounts added on revaluation less accumulated depreciation and impairment loss, if any. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, trial run expenses (net of income) and borrowing costs incurred during pre-operational period.
- b) Capital work-in-progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.
- c) Intangible assets acquired are measured on initial recognition at cost and stated at cost less accumulated amortization and impairment loss, if any.

#### iv. Borrowing costs

- a) Borrowing costs attributable to the acquisition or construction of qualifying assets till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. All other borrowing costs are charged to revenue.
- b) Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the tenure of such borrowings.

#### v. Impairment of tangible and intangible assets

At each Balance Sheet date, the Company reviews the carrying amount of assets to determine whether there is an indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

#### vi. Depreciation/Amortisation on tangible and intangible assets

- a) Depreciation on tangible assets (including on assets acquired under finance lease) is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- b) Premium on Leasehold Land and Leasehold Improvements are amortised over the normal / extendable period of lease.
  - c) In case of revalued tangible assets, the incremental depreciation attributable to the revaluation is recouped out of revaluation reserve.
  - d) Intangible assets are amortized on a straight-line basis over the economic useful life estimated by the management.
- vii. Government grants/subsidies**
- Grants/subsidies from Government are recognised when all the conditions relating to the grants / subsidies are complied and there is a reasonable assurance that the grant/subsidy will be received. Grant / subsidy is credited to capital reserve.
- viii. Investments**
- Investments intended to be held for more than one year, from the date of acquisition, are classified as long-term and are carried at cost. Provision for diminution in value of long-term investments is made to recognise a decline other than temporary. Current investments are carried at cost or fair value, whichever is lower.
- ix. Foreign currency transactions**
- a) Foreign exchange transactions are recorded at the exchange rate prevailing on the date of such transaction. Foreign currency monetary assets and liabilities are translated using the exchange rate prevailing at the reporting date. Non-monetary foreign currency items are carried at cost.
  - b) Gains or losses arising on settlement / translation of foreign currency monetary assets and liabilities at the year-end rates are recognised in the Statement of Profit and Loss except treatment as per amendment to AS-11 effective till 31 March 2020. [Refer note 32]
  - c) In case of foreign currency monetary assets and liabilities covered by forward contracts, the difference between the year-end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contract is recognised over the life of the contract. Profit or loss on settlement/cancellation of forward contract is recognised as an income or expense for the year in which they arise except treatment as per amendment to AS-11 effective till 31 March 2020. [Refer note 32]
- x. Revenue recognition**
- a) Revenue from sale of goods is recognised on transfer of significant risk and rewards of ownership on to the customers, which is generally on dispatch of goods. Gross sales include excise duty and is net of sales return, discount, value added tax / sales tax. Export sales are accounted for on the basis of date of bill of lading.
  - b) Income from royalty and service charges is recognised as per the agreed terms / completion of the service.
  - c) Export incentives / benefits are accounted on accrual basis.
  - d) Dividend income is recognised when the right to receive the dividend is established.
  - e) Interest income is recognised on a time proportion basis taking into consideration the amount outstanding and the applicable interest rate.
- xi. Inventories**
- a) Inventories are valued at lower of cost or estimated net realisable value.
  - b) Cost of raw materials, packing material and store and spares are determined on moving average cost method.
  - c) Cost of finished goods and goods-in-process includes cost of direct materials, labour and other manufacturing overheads.
  - d) Excise liability is included in the valuation of closing inventory of finished goods.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### xii. Retirement and other employee benefits

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- b) Post-employment and other long-term benefits are recognised as an expense in the Statement of Profit and Loss at the present value of the amounts payable determined using actuarial valuation techniques in the year in which the employee renders the service. Actuarial gains and losses are charged to the Statement of Profit and Loss.
- c) Payments to defined contribution retirement benefit schemes are charged as expenses as they fall due.

### xiii. Accounting for taxes on income

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- b) Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates.
- c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

### xiv. Leases

#### a) Finance lease

Assets acquired under finance lease are capitalised and the corresponding lease liability is recorded at an amount equal to the fair value of the leased asset at the inception of the lease. Initial costs directly attributable to the lease are recognised with the asset under the lease.

#### b) Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on accrual basis in accordance with the respective lease agreements.

### xv. Earnings per Share

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.

### xvi. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2014	2013
<b>3. Share Capital</b>		
<b>Authorised</b>		
200,000,000 equity shares of ₹ 2 each	400,000,000	400,000,000
<b>Issued, subscribed and paid up</b>		
157,101,285 (157,101,285) equity shares of ₹ 2 each	314,202,570	314,202,570
Less: Calls in arrears (Refer note (c) below)	71,650	71,650
<b>Total</b>	<b>314,130,920</b>	<b>314,130,920</b>

### a) Reconciliation of number of shares outstanding

	2014		2013	
	Number of equity shares	Amount in ₹	Number of equity shares	Amount in ₹
At the beginning of the year	157,101,285	314,202,570	156,601,130	313,202,260
Issued during the year (Refer note (g) below)	-	-	500,155	1,000,310
Outstanding at the end of the year	157,101,285	314,202,570	157,101,285	314,202,570

### b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Calls in arrears

	2014		2013	
	Number of equity shares	Amount in ₹	Number of equity shares	Amount in ₹
Aggregate amount of calls in arrears – others	71,650	71,650	71,650	71,650

### d) Details of shares held by Holding Company

Name of Shareholder	2014		2013	
	Number of equity shares	Percentage of holding	Number of equity shares	Percentage of holding
Rupee Finance and Management Private Limited *	82,779,160	52.69%	-	-

\* Refer note (e) below

### e) Details of shareholder holding more than 5% equity shares

Name of Shareholder	2014		2013	
	Number of equity shares	Percentage of holding	Number of equity shares	Percentage of holding
Ganjam Trading Company Private Limited	2,000,100	1.27%	56,349,550	35.87%
* Rupee Finance and Management Private Limited	82,779,160	52.69%	28,429,710	18.10%
Warburg Value Fund	8,250,000	5.25%	7,051,900	4.49%

f) No bonus shares have been issued and no shares bought back during five years preceding 31 March 2014.

g) 5,00,155 equity shares of ₹ 2 each fully paid up were allotted on 14 September 2012 for consideration other than cash, pursuant to the Scheme of merger of Ras Propack Lamipack Limited and Ras Extrusions Limited.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2014	2013
<b>4. Reserves and Surplus</b>		
<b>Securities premium</b>		
As per last balance sheet	3,842,983,298	3,842,983,298
<b>Capital reserve</b>		
As per last balance sheet	398,287,882	398,287,882
<b>Revaluation reserve</b>		
As per last balance sheet	14,057,282	14,405,144
Less: Transfer to the Statement of Profit and Loss	(347,862)	(347,862)
	<b>13,709,420</b>	<b>14,057,282</b>
<b>General reserve</b>		
As per last balance sheet	1,199,567,769	1,149,717,769
Add: Transfer from the Statement of Profit and Loss	54,489,270	49,850,000
	<b>1,254,057,039</b>	<b>1,199,567,769</b>
<b>Surplus in the Statement of Profit and Loss</b>		
As per last balance sheet	1,241,165,692	930,441,916
Add: Profit for the year	544,892,636	498,424,263
Less: Appropriations		
Proposed equity dividend	(196,376,606)	(117,825,964)
Tax on proposed equity dividend	(33,374,204)	(20,024,523)
General reserve	(54,489,270)	(49,850,000)
	<b>1,501,818,248</b>	<b>1,241,165,692</b>
<b>Total</b>	<b>7,010,855,887</b>	<b>6,696,061,923</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	Non-current		Current	
	2014	2013	2014	2013
<b>5. Long-Term Borrowings</b>				
<b>Secured</b>				
Term loan from banks (Refer note [(a), (b), (c) and (m)] below)	213,936,366	356,093,184	265,281,816	518,076,918
Term loan from others (Refer note [(b), (c) and (d)] below)	1,428,472,222	906,250,000	377,777,778	93,750,000
Buyers credit from banks (Refer note [(e),(f) and (g)] below)	602,549,194	470,015,432	-	39,095,107
Finance lease obligations (Refer note (h) below)	109,272,603	-	23,146,913	-
	<b>2,354,230,385</b>	<b>1,732,358,616</b>	<b>666,206,507</b>	<b>650,922,025</b>
<b>Unsecured</b>				
Term loan from banks (Refer note (i) below)	-	88,125,000	-	192,500,000
Buyers credit from banks (Refer note [(j) and (k)] below)	85,609,357	237,209,565	258,500,220	93,370,200
Term loan from others (Refer note (k) below)	15,351,034	-	6,394,219	-
Deferred sales tax loan (Refer note (l) below)	197,381,218	254,522,070	62,978,794	65,919,923
	<b>298,341,609</b>	<b>579,856,635</b>	<b>327,873,233</b>	<b>351,790,123</b>
Current maturities disclosed under "Other current liabilities" (Refer note 10)			(994,079,740)	(1,002,712,148)
<b>Total</b>	<b>2,652,571,994</b>	<b>2,312,215,251</b>	<b>-</b>	<b>-</b>

### Nature of security and terms of repayments for long-term borrowings

a) Term loan from banks of ₹ 346,718,182 (₹ 827,295,102) are secured by pari passu first charge on all fixed assets of the company (except all fixed assets situated at chakan). These loans are further secured by way of security provided and guarantee issued by other related party*.	Term loan from banks and others carry interest rate ranging from 11.74% to 13.50% p.a. and are repayable in monthly / quarterly installments by 2019-20. Charge in respect of point (c) is yet to be created for term loan from bank of ₹ 132,500,000.
b) Term loan from bank of ₹ Nil (₹ 46,875,000) and Term loan from others ₹ 900,000,000 (₹ 500,000,000) are secured by subservient charge on movable fixed assets of the Company. The loan is further secured by way of security provided and guarantee issued by other related party*.	
c) Term loan from banks of ₹ 132,500,000 (₹ Nil) and Term loan from others ₹ 500,000,000 (₹ Nil) are secured by pari passu first charge on all fixed assets of the company (except all fixed assets situated at chakan). These loans are further secured by way of security provided by other related party*.	
d) Term loan from others ₹ 406,250,000 (₹ 500,000,000) is secured by pari passu first charge on all fixed assets of the company (except all fixed assets situated at chakan) and pari passu second charge on current assets of the company. The loan is further secured by way of security provided and corporate guarantee issued by other related party*.	



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

e)	Buyers credit from bank of ₹ 471,431,854 (₹ 470,015,432) is secured by pari passu first charge on all fixed assets of the company (except all fixed assets situated at chakan) and pari passu second charge on current assets of the company. This loan is further secured by way of security provided by other related party*.	Buyers credit from banks carry interest rate ranging from 0.77% to 2.28% p.a. and are repayable in maximum period of three year from the date of transaction. Charge in respect of point (f) is yet to be created for term loan from bank of ₹ 131,117,340.	
f)	Buyers credit from bank of ₹ 131,117,340 (₹ Nil) is secured by pari passu first charge on all fixed assets of the company (except all fixed assets situated at chakan). This loan is further secured by way of security provided by other related party*.		
g)	Buyers credit from banks of ₹ Nil (₹ 39,095,107) are secured by pari-passu first charge on current assets of the company and pari-passu second charge on all fixed assets of the company (except all fixed assets situated at chakan).		
h)	Finance lease obligations are secured by related leased assets.		Leases carry interest rate ranging from 12.36% to 13.50% p.a and are repayable in monthly installments.
i)	Term loan from banks ₹ NIL (₹ 280,625,000) are against security provided and guarantee issued by other related party*.		Term loan from banks and others carry interest rate ranging from 12.24% to 16% p.a. and are repayable in monthly / quarterly installments by 2016-17. Buyers credit carrying interest rate ranging from 1.17% to 1.42% p.a. and are repayable in maximum period of three years from the date of transaction.
j)	Buyers credit from banks ₹ 198,585,220 (₹ 237,209,565) are against security provided and guarantee issued by other related party* and ₹ 145,524,357 (₹ Nil) are against security provided by other related party*.		
k)	Buyers credit from banks ₹ Nil (₹ 93,370,200) and Term loan from others 21,745,253 (₹ Nil) are unsecured.		
l)	Deferred sales tax interest free loans are repayable after a period of 10 to 14 years from the date of loan upto 2024-25.		
m)	During the year, the Company has converted rupee term loan from a bank into FCNR (B) foreign currency loan of USD 4,576,939 with the same bank on fully hedge basis. Consequently, effect of exchange fluctuation on the loan and forward contract has been adjusted in the loan account. Outstanding amount is ₹ 104,900,000 (₹ 260,100,000).		

\*Other related party viz. Aqualand (India) Limited

(Amount in ₹)

	2014	2013
<b>6. Deferred Tax Liabilities (net)</b>		
<b>Deferred tax liabilities</b>		
Fiscal allowance on fixed assets	282,138,636	259,895,675
Unamortised ancillary borrowing costs/ Others	9,594,730	13,655,337
<b>Total (A)</b>	<b>291,733,366</b>	<b>273,551,012</b>
<b>Deferred tax assets</b>		
Employee benefits / expenses allowable on payment basis	41,072,733	35,216,612
Provision for doubtful debts	23,025,682	12,348,950
Others	-	1,759,720
<b>Total (B)</b>	<b>64,098,415</b>	<b>49,325,282</b>
<b>Total (A-B)</b>	<b>227,634,951</b>	<b>224,225,730</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	Long-term		Short-term	
	2014	2013	2014	2013
<b>7. Provisions</b>				
Employee benefits	61,436,191	64,519,452	31,717,105	19,845,529
Custom duty (Refer note 30)	-	86,068,682	-	-
<b>Others</b>				
Provision for direct tax (net of advance tax)	-	-	-	14,278,184
Proposed equity dividend	-	-	196,376,606	117,825,964
Tax on proposed equity dividend	-	-	33,374,204	20,024,523
<b>Total</b>	<b>61,436,191</b>	<b>150,588,134</b>	<b>261,467,915</b>	<b>171,974,200</b>

(Amount in ₹)

	2014	2013
<b>8. Short-Term Borrowings</b>		
<b>Secured</b> (Refer (a) below)		
Working capital loan from banks	1,815,012	250,106,612
Buyers credit from banks	198,531,618	293,863,434
<b>Unsecured</b>		
Short term loan from banks (Refer (b) below)	-	250,000,000
Working capital loan from banks	40,539,680	50,000,000
Buyers credit from banks	58,290,536	97,089,333
Inter-corporate deposits	-	188,000,000
<b>Total</b>	<b>299,176,846</b>	<b>1,129,059,379</b>

### Short-term borrowings of

- a) ₹ 200,346,630 (₹ 392,346,144) are secured by first pari-passu charge on current assets and second pari-passu charge on all fixed assets of the company (except all fixed assets situated at Chakan). Charge is yet to be created for loan amount ₹ 60,000,000 (₹ Nil). Additionally, loan ₹ Nil (₹ 151,623,902) are secured by first pari-passu charge on current assets and second pari-passu charge on all fixed assets of the company (except all fixed assets situated at Chakan) and collaterally secured by security provided and guarantee issued by other related party\*.
- b) Unsecured short term loan from banks of ₹ Nil (₹ 250,000,000) are against security provided and guarantee issued by other related party\*.

\*Other related party viz. Aqualand (India) Limited

(Amount in ₹)

	2014	2013
<b>9. Trade Payables</b>		
Acceptances	256,074,319	152,216,940
Others (for Micro, Small and Medium Enterprises - Refer note 34)	222,953,245	167,139,317
<b>Total</b>	<b>479,027,564</b>	<b>319,356,257</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2014	2013
<b>10. Other Current Liabilities</b>		
Current maturities of long-term borrowings (Refer note 5)	970,932,827	1,002,712,148
Current maturities of long-term finance lease obligations (Refer note 5)	23,146,913	-
Interest accrued but not due on borrowings	11,544,756	11,190,768
Interest accrued and due on borrowings	483,922	11,802,864
Unclaimed dividend (Refer note 42)	3,644,392	4,651,542
Payable for capital goods	32,918,345	8,573,356
Trade advances and deposits received	15,805,319	7,213,562
Statutory dues	18,066,688	17,017,258
Forward contract payables	29,620,791	12,178,343
Other payables	235,658,183	189,178,990
<b>Total</b>	<b>1,341,822,136</b>	<b>1,264,518,831</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 11 Fixed Assets

(Amount in ₹)

Description of Assets	Gross Block			Depreciation/Amortisation			Net Block			
	As at 1 April 2013	Additions	Deductions	As at 31 March 2014	Upto 31 March 2013	For the year	Deductions	Upto 31 March 2014	As at 31 March 2014	As at 31 March 2013
<b>A) Tangible Assets</b>										
Freehold Land	34,055,792	2,738,031	-	36,793,823	-	-	-	-	36,793,823	34,055,792
Leasehold Land	2,076,595	-	-	2,076,595	545,180	-	-	545,180	1,531,415	1,531,415
Leasehold Improvements	21,039,686	-	13,274,290	7,765,396	12,260,293	2,557,516	8,229,951	6,587,858	1,177,538	8,779,393
Buildings	460,040,940	55,703,682	81,003	515,663,619	147,463,966	16,461,064	26,131	163,898,899	351,764,720	312,576,974
Plant and Machinery										
- Owned	6,280,786,497	469,374,919	57,252,018	6,692,909,398	4,223,746,124	308,136,183	27,960,133	4,503,922,174	2,188,987,224	2,057,040,373
- Leased	-	224,815,846	-	224,815,846	-	7,387,757	-	7,387,757	217,428,089	-
Equipments										
- Owned	244,539,215	32,135,454	25,684,079	250,990,590	110,926,134	13,398,645	22,291,047	102,033,732	149,956,858	133,613,081
- Leased	-	13,719,513	-	13,719,513	-	1,145,478	-	1,145,478	12,574,035	-
Furniture and Fixtures	68,909,508	1,354,149	10,711,774	59,551,883	35,113,491	3,481,767	6,647,301	31,947,957	27,603,926	33,796,017
Vehicles	5,283,257	-	4,312,257	971,000	4,487,794	360,852	3,911,333	937,313	33,687	795,463
<b>Total (A)</b>	<b>7,116,731,490</b>	<b>799,841,594</b>	<b>111,315,421</b>	<b>7,805,297,663</b>	<b>4,534,542,982</b>	<b>352,929,262</b>	<b>69,065,896</b>	<b>4,818,406,348</b>	<b>2,986,851,315</b>	<b>2,582,188,508</b>
Previous Year (A)	6,563,391,282	743,556,745	190,216,537	7,116,731,490	4,264,319,204	322,019,369	51,795,591	4,534,542,982	2,582,188,508	-
<b>B) Intangible Assets</b>										
Software	99,754,141	35,314,569	5,769,121	129,299,589	50,169,027	13,870,897	5,769,034	58,270,890	71,028,699	49,585,115
<b>Total(B)</b>	<b>99,754,141</b>	<b>35,314,569</b>	<b>5,769,121</b>	<b>129,299,589</b>	<b>50,169,027</b>	<b>13,870,897</b>	<b>5,769,034</b>	<b>58,270,890</b>	<b>71,028,699</b>	<b>49,585,115</b>
Previous Year (B)	94,937,390	4,816,751	-	99,754,141	40,992,747	9,176,280	-	50,169,027	49,585,115	-
<b>Total(A+B)</b>	<b>7,216,485,631</b>	<b>835,156,163</b>	<b>117,084,542</b>	<b>7,934,557,252</b>	<b>4,584,712,009</b>	<b>366,800,159</b>	<b>74,834,930</b>	<b>4,876,677,238</b>	<b>3,057,880,014</b>	<b>2,631,773,623</b>
Previous Year(A+B)	6,658,328,672	748,373,496	190,216,537	7,216,485,631	4,305,311,951	331,195,649	51,795,591	4,584,712,009	2,631,773,623	-
<b>C) Capital Work- in-Progress</b>										
<b>Total</b>									<b>62,468,712</b>	<b>11,608,420</b>
<b>D) Intangible assets under Development</b>									<b>24,651,202</b>	<b>12,850,810</b>

Notes:

- Buildings include roads, residential, flats, tubewell, and watertanks and share in co-operative society.
- Freehold land and building includes assets acquired pursuant to Scheme of merger of Ras Propack Lamipack Limited ("RPLL") and Ras Extrusions Limited ("REL") on the appointed date 1 April 2011. The said assets were revalued on 30 June 1996 by ₹ 32,786,717 on the basis of valuation report of Chartered Engineers dated 13 August 1996. The transfer of land title in the name of the company is awaiting required approvals.
- Additions to plant and machinery and capital work in progress includes borrowing costs of ₹ 14,444,489 (₹ 6,976,566) and exchange difference of ₹ 95,105,514 (₹ 54,844,301) capitalised during the year as per Accounting Standards.
- Depreciation for the year of ₹ 347,862 (₹ 347,862) is recouped out of revaluation reserve.
- Current year deduction in gross block of plant and machinery includes ₹ 24,445,620 (₹ 18,783,126) being custom duty decapitalised. Accordingly, depreciation for the year is net of ₹ 23,223,340 (₹ 17,843,969) being reversal of excess depreciation charged thereon in earlier years. (Refer note 30)
- Loan taken by subsidiary of USD 11,000,000 carries pari passu first charge on all fixed assets of the Company (except all fixed assets situated at chakan and land at Murbad).



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

[Amount in ₹]

	2014	2013
<b>12. Non-Current Investments</b>		
(valued at cost unless stated otherwise)		
<b>Trade investments</b>		
<b>(A) Equity shares in wholly owned Subsidiary Companies - Unquoted</b>		
320,000 (320,000) of NPR 100 each of Essel Packaging (Nepal) Private Limited, Nepal	20,000,000	20,000,000
Less: Provision for diminution in value (Refer note 29)	(18,996,622)	(18,996,622)
	<b>1,003,378</b>	<b>1,003,378</b>
50,000 (Nil) of ₹ 10 each of EP Lamitubes Limited	500,000	-
Nil (830,000) of USD 10 each of Lamitube Technologies Limited, Mauritius @	-	3,625,783,282
1,261 (1,261) of no par value of Arista Tubes Inc., USA * @	744,341,250	744,341,250
1,600 (1,600) of USD 1000 each of Lamitube Technologies (Cyprus) Limited, Cyprus @	71,991,500	71,991,500
416,150 (416,150) of ₹ 100 each of Packaging India Private Limited @	636,240,638	636,240,638
	<b>1,454,076,766</b>	<b>5,079,360,048</b>
<b>(B) Preference Shares in wholly owned Subsidiary Companies - Unquoted</b>		
10,400 (10,400) Non-cumulative, Optionally Convertible Redeemable Preference Shares of USD 1000 each of Lamitube Technologies (Cyprus) Limited, Cyprus with fixed rate of dividend of USD 110 per share	453,486,250	453,486,250
1,025,000 7% (1,025,000) 7% Cumulative Redeemable Preference Shares of ₹ 100 each of Packaging India Private Limited @	102,500,000	102,500,000
	<b>555,986,250</b>	<b>555,986,250</b>
<b>(C) Debentures in wholly owned Subsidiary Companies - Unquoted</b>		
3,68,95,000 (Nil) 0% Compulsory Convertible Debentures of ₹ 1 each of EP Lamitubes Limited (Non-transferable)	3,689,500,000	-
	<b>3,689,500,000</b>	<b>-</b>
<b>Total</b>	<b>5,699,563,016</b>	<b>5,635,346,298</b>
Aggregate book value of unquoted investments	5,718,559,638	5,654,342,920
Aggregate provision for diminution in value of investments	18,996,622	18,996,622
(All the above securities are fully paid up)		
* 7.35% (7.35%) is held through Lamitube Technologies (Cyprus) Limited.		
@ The Company has given an undertaking that it will continue to hold / control at least 51% of equity share capital and preference share capital during the tenure of credit facility availed by the subsidiaries from the banks.		



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	Long-term		Short-term	
	2014	2013	2014	2013
<b>13. Loans and Advances</b>				
(unsecured considered good, unless otherwise stated)				
Capital advances	58,413,513	43,720,524	-	-
<b>Deposits</b>				
Related parties	155,010,000	30,010,000	-	52,516,752
Others	49,544,519	47,646,407	20,000	40,000
	<b>204,554,519</b>	<b>77,656,407</b>	<b>20,000</b>	<b>52,556,752</b>
<b>Loans and advances to related parties</b>				
Subsidiaries*	130,000,000	126,292,823	-	271,967,850
Others	-	-	960,666,940	891,015,910
	<b>130,000,000</b>	<b>126,292,823</b>	<b>960,666,940</b>	<b>1,162,983,760</b>
<b>Other loans and advances</b>				
Advances (recoverable in cash or kind)	-	-	15,881,204	12,920,873
Prepaid expenses	955,538	798,138	19,511,346	15,414,441
Loans and advances to employees	1,038,499	914,736	3,653,284	1,685,970
MAT credit entitlement	563,424	66,571,761	76,820,000	53,719,000
Balances with government authorities				
- Direct tax (net of provisions)	22,160,309	22,948,709	15,126,581	5,171,504
- Indirect tax	24,376,401	9,998,918	226,175,078	312,432,454
	<b>49,094,171</b>	<b>101,232,262</b>	<b>357,167,493</b>	<b>401,344,242</b>
<b>Total</b>	<b>442,062,203</b>	<b>348,902,016</b>	<b>1,317,854,433</b>	<b>1,616,884,754</b>

\* Include ₹ 130,000,000 (₹ 126,292,823) for which Company has given non-withdrawal undertaking against long term credit facilities granted by bank to the subsidiary.

(Amount in ₹)

	Non-Current		Current	
	2014	2013	2014	2013
<b>14. Other Assets</b>				
Deposits with banks having original maturity period of more than twelve months* (Refer note 17)	2,206,600	2,206,600	-	-
Interest receivable from				
- Subsidiaries	-	-	-	110,383,222
- Other related parties	-	-	257,994,235	140,871,891
- Others	-	-	803,392	833,446
	-	-	<b>258,797,627</b>	<b>252,088,559</b>
Other receivable from				
- Subsidiaries	-	-	45,767,549	68,594,188
- Other related parties	-	-	2,179,055	3,084,400
- Others	-	-	419,158	124,415,769
	-	-	<b>48,365,762</b>	<b>196,094,357</b>
Export benefits receivable	-	-	24,637,153	37,293,901
Unamortised ancillary borrowing costs	17,612,258	25,233,566	9,862,692	14,941,006
<b>Total</b>	<b>19,818,858</b>	<b>27,440,166</b>	<b>341,663,234</b>	<b>500,417,823</b>

\* Deposited with / Lien in favour of various Government authorities / banks.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2014	2013
<b>15. Inventories</b>		
Raw material (Including goods-in-transit of ₹ 23,430,631 (₹ Nil))	249,050,631	250,733,932
Goods-in-process	2738,05,621	216,111,418
Finished goods (Including goods-in-transit of ₹ 12,413,555 (₹ 52,73,977))	26,489,819	14,976,580
Stores and spares	170,510,678	150,106,993
Packing materials	7,949,313	6,348,217
<b>Total</b>	<b>727,806,062</b>	<b>638,277,140</b>
<b>Details of raw materials</b>		
Granules	173,013,395	166,602,203
Foils	9,690,046	14,497,071
Caps	25,466,984	28,867,050
Others	40,880,206	40,767,608
<b>Total</b>	<b>249,050,631</b>	<b>250,733,932</b>
<b>Details of goods-in-process</b>		
Laminates	214,483,566	158,715,342
Film	24,028,534	17,188,274
Tubes	18,712,286	13,350,121
Others	16,581,235	26,857,681
<b>Total</b>	<b>273,805,621</b>	<b>216,111,418</b>
<b>Details of finished goods</b>		
Tubes	20,248,974	12,489,389
Laminates	6,240,845	2,487,191
<b>Total</b>	<b>26,489,819</b>	<b>14,976,580</b>

(Amount in ₹)

	2014	2013
<b>16. Trade Receivables (Unsecured)</b>		
Over six months		
Considered good *	13,023,219	154,469,042
Considered doubtful	67,742,517	36,331,128
	<b>80,765,736</b>	<b>190,800,170</b>
Less: Provision for doubtful debts	(67,742,517)	(36,331,128)
<b>Total (A)</b>	<b>13,023,219</b>	<b>154,469,042</b>
Others**	<b>886,340,121</b>	<b>858,187,494</b>
<b>Total (A+B)</b>	<b>899,363,340</b>	<b>1,012,656,536</b>

\* Includes ₹ 1,408,031 (₹ 75,597,726) and \*\* ₹ 90,913,156 (₹ 106,056,944) due from subsidiary Companies.





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	Non-Current		Current	
	2014	2013	2014	2013
<b>17. Cash and Bank Balances</b>				
<b>Cash and cash equivalents</b>				
Balance with banks in Current accounts	-	-	44,827,047	128,794,534
Cheques/drafts on hand	-	-	6,346,716	12,245,559
Cash on hand	-	-	175,175	281,404
	-	-	<b>51,348,938</b>	<b>141,321,497</b>
<b>Other bank balances</b>				
Unclaimed dividend accounts	-	-	3,644,392	4,651,542
Deposits with bank having original maturity period of more than twelve months*	2,206,600	2,206,600	-	-
Disclosed under "Other non-current assets" (Refer note 14)	(2,206,600)	(2,206,600)	-	-
	-	-	<b>3,644,392</b>	<b>4,651,542</b>
<b>Total</b>	-	-	<b>54,993,330</b>	<b>145,973,039</b>

\* Deposited with / lien in favour of various Government authorities / banks.

(Amount in ₹)

	2014	2013
<b>18. Revenue from Operations</b>		
Sales	6,928,262,026	6,006,883,562
<b>Other operating revenues</b>		
Royalty / Service charges	134,928,109	110,426,032
Sale of scrap	38,142,312	31,353,802
Export and other incentives	39,483,465	27,714,614
<b>Revenue from operations (gross)</b>	<b>7,140,815,912</b>	<b>6,176,378,010</b>
Less: Excise duty	(480,495,972)	(385,095,537)
<b>Revenue from operations (net)</b>	<b>6,660,319,940</b>	<b>5,791,282,473</b>
<b>Details of sales (net of excise duty)</b>		
Tubes	6,146,541,524	5,339,794,250
Laminates	298,784,233	262,443,111
Others (includes sale of scrap)	40,582,610	50,904,466
<b>Total</b>	<b>6,485,908,367</b>	<b>5,653,141,827</b>

(Amount in ₹)

	2014	2013
<b>19. Other Income</b>		
Interest from		
- Subsidiaries	38,321,985	96,456,557
- Others *	148,323,041	160,519,963
Exchange differences (net)	26,769,670	37,242,562
Profit on sale / discard of fixed assets (net)	-	1,759,765
Miscellaneous income	48,647,382	48,816,690
<b>Total</b>	<b>262,062,078</b>	<b>344,795,537</b>

\* Includes interest on loans, bank deposits, income tax refunds etc,

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2014	2013
<b>20. Cost of Materials Consumed</b>		
Inventory at the beginning of the year	250,733,932	159,290,563
Add: Purchases (net)	3,365,883,014	2,829,088,060
	<b>3,616,616,946</b>	<b>2,988,378,623</b>
Less: Inventory at the end of the year	249,050,631	250,733,932
<b>Total</b>	<b>3,367,566,315</b>	<b>2,737,644,691</b>
<b>Details of material consumed</b>		
Granules	2,235,053,294	1,733,590,902
Foils	260,785,636	234,134,116
Caps	488,112,244	477,065,706
Others	383,615,141	292,853,967
<b>Total</b>	<b>3,367,566,315</b>	<b>2,737,644,691</b>

(Amount in ₹)

	2014	2013
<b>21. Changes in Inventories of Finished Goods and Goods-in-Process</b>		
<b>Inventory at the end of the year</b>		
Finished goods	26,489,819	14,976,580
Goods-in-process	273,805,621	216,111,418
	<b>300,295,440</b>	<b>231,087,998</b>
<b>Inventory at the beginning of the year</b>		
Finished goods	14,976,580	17,639,251
Goods-in-process	216,111,418	215,752,335
	<b>231,087,998</b>	<b>233,391,586</b>
<b>Total</b>	<b>(69,207,442)</b>	<b>2,303,588</b>

(Amount in ₹)

	2014	2013
<b>22. Employee Benefits Expense</b>		
Salaries, wages and bonus	485,954,636	477,663,442
Contribution to provident and other funds	29,598,828	25,641,083
Gratuity expenses	6,524,514	16,178,281
Staff welfare expenses	48,508,416	49,367,098
<b>Total</b>	<b>570,586,394</b>	<b>568,849,904</b>

(Amount in ₹)

	2014	2013
<b>23. Other Expenses</b>		
Stores and spares	199,526,761	175,562,053
Packing materials	195,337,671	176,581,722
Power and fuel	303,803,715	280,718,061
Job work / Labour charges	215,662,620	175,635,263



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	(Amount in ₹)	
	2014	2013
Lease rental - Plant and equipments	74,048,143	84,037,195
Other manufacturing expenses	8,546,990	8,555,645
Factory rent	13,339,861	11,223,542
Repairs and Maintenance		
- Buildings	6,494,114	6,186,075
- Plant and machinery	28,443,661	27,854,307
- Others	4,129,901	5,442,969
Rent	39,199,663	30,450,299
Rates and taxes	17,169,573	17,563,766
Insurance	6,485,749	5,835,282
Directors' sitting fees	600,000	750,000
Travelling and conveyance expenses	20,968,079	23,771,540
Professional and consultancy fees	44,996,818	38,564,481
Communication charges	10,634,973	11,311,148
Miscellaneous expenses	122,141,745	120,923,610
Loss on sale / discard of fixed assets (net)	8,592,902	-
Donation	841,100	321,250
Payment to auditors (Refer details below)	5,668,384	4,546,617
Freight and forwarding expenses	131,708,865	112,200,594
Bad debts	3,694,458	7,110,651
Provision for doubtful debts	31,411,389	7,081,753
<b>Total</b>	<b>1,493,447,135</b>	<b>1,332,227,823</b>
<b>Payment to auditors for:</b>		
Audit fees	2,671,680	2,226,400
Tax audit	367,356	306,130
Tax representations and others	1,196,831	917,344
Certifications (including fees for limited review)	1,365,404	1,056,765
Reimbursement of expenses	67,113	39,978
<b>Total</b>	<b>5,668,384</b>	<b>4,546,617</b>

	(Amount in ₹)	
	2014	2013
<b>24. Finance Costs</b>		
Interest expenses		
- Borrowings	345,826,080	489,154,213
- Others	3,867,021	2,298,006
Other financial charges	41,114,963	38,328,872
(includes amortisation of ancillary borrowing costs of ₹ 16,167,732 (₹ 17,730,690))		
Exchange difference on borrowings (net)	59,284,183	20,116,407
<b>Total</b>	<b>450,092,247</b>	<b>549,897,498</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 25. Capital and Other Commitments

	(Amount in ₹)	
	2014	2013
Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	182,704,380	229,063,283

### 26. Contingent Liabilities not provided for

	(Amount in ₹)	
	2014	2013
a) Unexpired letters of credit (net of liability provided)	17,040,962	26,159,580
b) Guarantees and counter guarantees given by the Company [includes ₹ 5,294,214,117 (₹ 5,673,306,052) for loans taken by subsidiaries]. Loans outstanding against these guarantees are ₹ 4,233,113,957 (₹ 3,635,492,582)	5,297,214,117	5,676,306,052
c) Disputed Indirect Taxes *	185,688,926	245,881,848
d) Disputed Direct Taxes ^	83,355,624	109,705,949
e) Claims not acknowledged as debts	4,996,550	4,996,550
f) Deferred Sales Tax liability assigned	68,605,087	68,605,087
g) Duty benefit availed under EPCG scheme, pending export obligations	181,207,500	114,657,607

\* Does not include disputed excise duty of ₹ 115,428,779 (₹ 115,428,779) for alleged undervaluation in inter unit transfer of web, for captive consumption as it does not have significant impact on profits of the Company since excise duty paid by one unit is admissible as Cenvat credit at other unit. Further, the appeal filed by Excise Department against the decision (in Company's favour) of High Court is pending before the Hon'ble Supreme Court.

^ Without considering relief granted by the Appellate Authorities in favour of the Company, tax effect ₹ 35,347,198 (₹ 33,477,720) (approx.), which is pending with relevant authority.

### 27. Managerial Remuneration

a) Details of remuneration paid / payable to the managing director is as under:

	(Amount in ₹)	
	2014	2013
1 Salaries, allowances and perquisites^	34,981,767	27,989,600
2 Contribution to provident and other funds	2,952,000	2,736,000
3 Performance bonus*	13,539,650	-
<b>Total</b>	<b>51,473,417</b>	<b>30,725,600</b>

^ Excludes leave encashment and gratuity provided on the basis of actuarial valuation on an overall Company basis.

\* The performance bonus for the current year has been provided in the accounts as approved by the remuneration committee and the board of directors. The total remuneration to Managing Director on this basis as computed per Companies Act, 1956 is in excess of limit prescribed under Section 198 / 309 of the Companies Act, 1956 by ₹ 6,999,857. Consequently, ₹ 6,999,857 of the performance bonus is payable only upon approval of Central Government.

b) Performance bonus payable to managing director for the year ended 31 March 2011 to the extent of ₹ 5,208,255 not covered by the Central Government approval is written back during the year.

c) The current year financial statements include commission paid to Non-executive independent directors ₹ 4,176,986 for the year ended 31 March 2013 and payable ₹ 3,600,000 for the year ended 31 March 2014. (Previous year ₹ 3,600,000)



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 28. Leases

- a) **Operating lease:** The Company has taken premises, residential facilities, plant and machinery (including equipment) and vehicles under cancellable/ non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the leases varies from three to sixty months. The rental obligations are as follows:

	(Amount in ₹)	
	2014	2013
Lease rental charges for the year	140,022,028	146,548,959
<b>Future lease rental obligation payable (under non-cancellable leases)</b>		
Not later than one year	121,440,193	126,886,384
Later than one year but not later than five years	82,178,157	178,527,550
<b>Total</b>	<b>203,618,350</b>	<b>305,413,934</b>

- b) **Finance lease:** Long-term leases, which in economic terms constitute investments financed on a long-term basis (finance lease) are recognised as assets and recorded under tangible fixed assets at their cash purchase value. The minimum lease payments required under this finance lease that have initial or remaining non-cancellable lease terms in excess of one year as at 31 March 2014 and its present value are as follows.

	(Amount in ₹)	
	2014	2013
<b>Total minimum lease payments outstanding as at 31 March</b>		
Within one year	39,524,457	-
Later than one year and not later than five years	137,416,917	-
Later than five years	-	-
<b>Total</b>	<b>176,941,374</b>	-
Less: Amount representing interest	44,521,858	-
<b>Present value of minimum lease payments as at 31 March</b>	<b>132,419,516</b>	-
Within one year	23,146,913	-
Later than one year and not later than five years	109,272,603	-
Later than five years	-	-

### 29. Investments

- a) The Company's wholly owned subsidiary (WOS), Essel Packaging (Nepal) Private Limited, had discontinued its operations and disposed off assets and paid off liabilities. The Management is of the opinion that the realizable value of investment will not be less than its carrying value.
- b) During the year, the Company has transferred its investment in a wholly owned direct subsidiary Lamitube Technologies Limited, Mauritius to its step down wholly owned subsidiary EP Lamipack Limited, India as a part of reorganisation of its investment in subsidiaries at a value determined by the independent valuer. In substance, pattern of ownership, beneficial interest and control of the company's investment has not, in any way, been altered. Gain of ₹ 20,564,418 on the transaction has been shown as an exceptional item in the Statement of Profit and Loss.

30. During the year, the Company has fulfilled its export obligations under the "Zero Duty EPCG Scheme" of erstwhile Ras Propack Lamipack Limited ("RPLL") (the merged entity) and accordingly remaining custom duty provision, which was capitalised in earlier years of ₹ 24,445,620 (₹ 18,783,126) is reduced from the cost of fixed assets and consequently interest on custom duty of ₹ 61,623,062 (₹ 47,348,915) is written back to the Statement of Profit and Loss as an exceptional item.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

31. Exceptional item includes (a) write back of ₹ 61,623,062 (₹ 47,348,915) being interest provided by erstwhile RAS Propack Lamipack Limited (merged) on custom duty provision on imports under EPCG scheme, no longer required, (b) Cenvat credit of ₹ 69,283,365 (₹ Nil) of prior years, not realisable hence written off and (c) gain of ₹ 20,564,418 (₹ Nil) on sale of investment (refer note 29 (b)).

### 32. Foreign Exchange Difference

The Companies (Accounting Standards) Amendment Rules, 2011 has amended provisions of AS-11 related to "The Effect of Changes in Foreign Exchange Rates" vide notification dated 11 May 2011 (as amended on 29 December 2011 and further clarification dated 9 August 2012) issued by The Ministry of Corporate Affairs (MCA). In terms of these amendments,

- a) Exchange difference loss (net) of ₹ 95,105,514 (₹ 54,844,301) is capitalised to cost of fixed assets/capital work in progress.
- b) Movement in "Foreign Currency Monetary Item Translation Difference account" (FCMITD) is as under:-

	(Amount in ₹)	
	2014	2013
Opening balance Debit / (Credit)	-	(19,255,093)
Exchange difference loss / (gain) during the year	-	(17,432,534)
Amortisation of exchange difference for the year	-	36,687,627
Closing balance Debit / (Credit)	-	-

### 33. Derivative Instruments and Unhedged Foreign Currency Exposure

- a) Derivative contracts (being foreign exchange forward contracts for hedging purposes) entered into by the Company and outstanding as at 31 March :

- i. For payments to be received against exports and other receivables

Derivative Contracts	2014		2013	
	Amount in Foreign Currency	Equivalent Indian ₹	Amount in Foreign Currency	Equivalent Indian ₹
USD/INR	USD 1,000,000	59,915,000	USD 8,611,079	467,452,433

- ii. For payments to be made against imports and other payables

Derivative Contracts	2014		2013	
	Amount in Foreign Currency	Equivalent Indian ₹	Amount in Foreign Currency	Equivalent Indian ₹
USD/INR	USD 11,642,694	697,571,988	USD 11,478,779	623,125,539
EUR/INR*	EUR 1,355,360	112,067,942	-	-
CHF/INR	CHF 1,933,110	131,117,340	-	-

\* Includes EUR 1,280,000 (INR 105,836,800) hedged in two forward contract i.e EUR/USD and USD/INR

- iii. Cross currency hedges

	2014	2013
	Amount in Foreign Currency	Amount in Foreign Currency
In respect of payables		
EUR/USD	-	EUR 1,992,560
CHF/USD	CHF 5,598,771	CHF 5,112,600



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### b) Outstanding foreign currency exposures not hedged by derivative instruments

	(Amount in ₹)	
	2014	2013
Foreign currency payables	680,654,077	791,342,276
Foreign currency receivables	120,609,659	348,676,731

### 34. Micro, Small and Medium Enterprises

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 "The Act" are given as follows:

	(Amount in ₹)	
	2014	2013
(a) Principal amount payable to suppliers under the Act	8,069,441	4,991,953
(b) Principal amount due to suppliers under the Act	-	-
(c) Interest accrued and due to suppliers under the Act, on the above amount	-	-
(d) Payment made to suppliers (Other than interest) beyond the appointed day, during the year	32,062,814	16,865,417
(e) Interest paid to suppliers under the Act	-	-
(f) Interest due and payable to suppliers under the Act, for payments already made	123,918	39,480
(g) Interest accrued and remaining unpaid at the end of the year under the Act	1,179,590	1,055,672

**Note:** The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

### 35. Gratuity and Other Post Employment Benefit Plans

As per Accounting Standard – 15 "Employee Benefits", the disclosures of employee benefits as defined in the Accounting Standard are given below:

a) The Company makes annual contributions to the employees' gratuity fund scheme, a funded defined benefit plan which is managed by LIC of India. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

b) Leave encashment is a non-funded defined benefit scheme. The obligation for leave encashment is recognized in the same manner as gratuity.

#### c) Details of post retirement gratuity plan are as follows:-

##### i. Expenses recognised during the year

	(Amount in ₹)	
	2014	2013
Current service cost	6,003,780	5,279,893
Interest cost	7,105,513	6,442,623
Expected return on plan assets	(2,900,528)	(2,861,438)
Actuarial (gain) / loss	3,684,251	7,317,203
<b>Net cost</b>	<b>6,524,514</b>	<b>16,178,281</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### ii. Net liability recognised in the balance sheet

	(Amount in ₹)	
	2014	2013
Fair value of plan assets	32,914,967	33,339,405
Present value of obligation	86,771,004	86,127,437
Liability recognized in balance sheet	53,856,037	52,788,032

### iii. Reconciliation of opening and closing balances of defined benefit obligation

	(Amount in ₹)	
	2014	2013
Defined Benefit obligation as at the beginning	86,127,437	75,767,535
Current service cost	6,003,780	5,279,893
Interest cost	7,105,513	6,442,623
Actuarial (gain) / loss on obligation	(4,020,341)	7,047,960
Benefit paid	(8,445,385)	(8,410,574)
Defined Benefit obligation at the closing	86,771,004	86,127,437

### iv. Reconciliation of opening and closing balance of fair value of plan assets

	(Amount in ₹)	
	2014	2013
Fair value of plan assets at beginning of the year	33,339,405	33,272,540
Expected return on plan assets	2,900,528	2,861,438
Actuarial gain / (loss)	(336,090)	(275,042)
Employer contribution	5,364,918	5,835,047
Benefit paid	(8,353,794)	(8,354,578)
Fair value of plan assets at year end	32,914,967	33,339,405
Actual return on plan assets	2,564,438	2,586,396

### v. Investment details

	(Amount in ₹)	
	2014	2013
Insurer Managed Funds	32,914,967	33,339,405

### vi. Actuarial assumptions

	2014	2013
Mortality Table	Indian Assured Lives mortality (2006-08) Ultimate	Indian Assured Lives mortality (2006-08) Ultimate
Discount rate(per annum)	9.31%	8.25%
Expected rate of return on plan assets (per annum)	8.70%	8.70%
Rate of escalation in salary (per annum)	5.50%	5.50%
Attrition rate	2.00%	2.00%



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Notes:

- Amounts recognized as an expense and included in the Note 22 "Employee benefits expense" are gratuity ₹ 65,24,514 [ ₹ 16,178,281] and leave encashment ₹ 14,329,940 [ ₹ 13,964,340].
- The estimate of future salary increases considered in the actuarial valuation, taking into account the rate of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- "Contribution to provident and other funds" is recognized as an expense in Note 22 of the Statement of Profit and Loss.

### 36. Related Party Disclosure

#### i) List of Parties where control exists

##### a) Holding Company

Rupee Finance and Management Private Limited [w.e.f. 12 February 2014]

##### b) Subsidiary Companies

Name of the Subsidiary	Proportion of interest (including beneficial interest) / voting power (either directly / indirectly through subsidiaries)	Country of Incorporation
<b>Direct Subsidiaries</b>		
Arista Tubes Inc. *	100% (100%)	USA
EP Lamitubes Limited #	100% (-)	India
Lamitube Technologies (Cyprus) Limited	100% (100%)	Cyprus
Packaging India Private Limited	100% (100%)	India
Essel Packaging (Nepal) Private Limited ^	100% (100%)	Nepal
<b>Step down Subsidiaries</b>		
Lamitube Technologies Limited **	100% (100%)	Mauritius
EP Lamipack Limited ^^	100% (-)	India
The Egyptian Indian Company for Modern Packaging S.A.E.^	75% (75%)	Egypt
Essel Propack MISR for Advanced Packaging S.A.E.	75% (75%)	Egypt
Essel Packaging (Guangzhou) Limited	100% (100%)	China
Essel Propack Philippines, Inc	100% (100%)	Philippines
MTL de Panama S.A.	100% (100%)	Panama
Packtech Limited	100% (100%)	Mauritius
Arista Tubes Limited	100% (100%)	United Kingdom
Essel Propack UK Limited	100% (100%)	United Kingdom
Essel de Mexico, S.A. de C.V.	100% (100%)	Mexico
Tubo pack de Colombia S.A.	100% (100%)	Colombia
Essel Propack LLC	100% (100%)	Russia
Essel Propack Polska Sp. Z.O.O.	100% (100%)	Poland
Essel Propack America, LLC	100% (100%)	USA

^ These subsidiaries have discontinued their operations.

\* 7.35% (7.35%) is held through Lamitube Technologies (Cyprus) Limited.

^^ Incorporated during the year, Direct Subsidiary till 17 February 2014 and merged with EP Lamitubes Limited with effect from 31 March 2014.

\*\* Direct subsidiary till 26 March 2014

# Incorporated during the year.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### c) Joint Venture / Associate Companies

Name of the Company	Nature	Extent of Holding	Country of Incorporation
P.T. Lamipak Primula	Associate	30.00% [30.00%]	Indonesia
Essel Deutschland GmbH & Co.,KG Dresden	Joint Venture	24.90% [24.90%]	Germany
Essel Deutschland Management GmbH	Joint Venture	24.90% [24.90%]	Germany

### d) Fellow Subsidiary

Whitehills Advisory Services Private Limited (w.e.f. 12 February 2014)

ii) Other related parties with whom transactions have taken place during the year and balances outstanding at the year end.

### a) Other Related Parties

Aqualand (India) Limited, Ayepee Lamitubes Limited, Churu Trading Company Private Limited (merged with Sprit Textiles Private Limited w.e.f. 1 October 2012), Continental Drug Company Private Limited, Essel Corporate Resources Private Limited, Ganjam Trading Company Private Limited, Pan India Paryatan Private Limited, Prajatra Trading Company Private Limited (merged with Sprit Textiles Private Limited w.e.f. 1 October 2012), Rama Associates Limited, Zee Entertainment Enterprises Limited, Sprit Textiles Private Limited.

### b) Directors of the Company

Non-Executive Director

Mr. Subhash Chandra

Executive Director

Mr. Ashok Goel

(Vice-Chairman and Managing Director)

### iii) Transactions with Related Parties:

(Amount in ₹)

	2014		2013	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
1 Transactions				
a) Sales to and Recoveries from				
i) Subsidiaries	280,040,529		279,831,787	
Essel Propack Polska Sp.Z.O.O.		27,551,698		59,277,917
Arista Tubes Inc.		-		7,345,491
Essel Packaging (Guangzhou) Limited		21,966,787		52,205,828
Essel Propack America, LLC		115,087,636		63,886,380
Essel Propack MISR for Advanced Packaging S.A.E.		67,341,213		71,859,752
ii) Joint Venture / Associates	24,539,467		3,211,439	
Essel Deutschland GmbH & Co., KG Dresden		24,539,467		3,211,439
iii) Other Related Parties	-		882,080	
Rama Associates Limited		-		878,121



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2014		2013	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>b) Royalty / Service charges Income</b>				
<b>i) Subsidiaries</b>	106,198,629		90,744,495	
Essel Packaging (Guangzhou) Limited		85,752,358		72,590,792
Essel Propack MISR for Advanced Packaging S.A.E.		19,527,402		17,321,193
<b>ii) Joint Venture</b>	22,194,802		15,621,955	
Essel Deutschland GmbH & Co., KG Dresden		22,194,802		15,621,955
<b>c) Guarantee Commission Income</b>				
<b>i) Subsidiaries</b>	46,440,819		34,879,261	
Lamitube Technologies Limited		27,321,332		23,741,359
Lamitube Technologies (Cyprus) Limited		8,678,661		9,280,183
Essel Propack Polska Sp.Z.O.O.		7,374,885		-
<b>d) Rent Income</b>				
<b>i) Other Related Parties</b>	27,500		60,000	
Pan India Paryatan Private Limited		27,500		60,000
<b>e) Sale of Fixed Assets</b>				
<b>i) Subsidiaries</b>	3,940,844		-	
Essel De Mexico SA de CV		3,940,844		-
<b>ii) Other Related Parties</b>	4,789,500		-	
Ganjam Trading Company Private Limited		4,789,500		-
<b>f) Sale of Investments</b>				
<b>i) To Subsidiaries</b>	3,646,847,700		-	
EP Lamipack Limited		3,646,347,700		-
<b>g) Purchase of Goods and Services</b>				
<b>i) Subsidiaries</b>	4,117,215		26,737,258	
Essel Propack America, LLC		1,162,608		-
Essel Propack Polska Sp. Z.O.O.		2,208,023		14,841,325
Essel Packaging (Guangzhou) Limited		-		11,852,793
<b>ii) Other Related Parties</b>	740,006		290,192	
Zee Entertainment Enterprises Limited		311,968		147,925
Ganjam Trading Company Private Limited		428,038		142,267
<b>h) Purchase of Fixed Assets</b>				
<b>i) Subsidiaries</b>	49,875,480		25,942,662	
Essel Propack America, LLC		8,740,170		23,924,906
Essel Propack UK Limited		41,097,481		-
<b>ii) Other Related Parties</b>	-		20,000,000	
Ayepee Lamitubes Limited		-		20,000,000

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2014		2013	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>i) Investments in Debentures of</b>				
<b>i) Subsidiaries</b>	3,689,500,000		-	
EP Lamitubes Limited		3,689,500,000		-
<b>j) Investments in Shares of</b>				
<b>i) Subsidiaries</b>	1,000,000		-	
EP Lamipack Limited		500,000		-
EP Lamitubes Limited		500,000		-
<b>k) Rent Expenses</b>				
<b>i) Subsidiaries</b>	5,510,801		4,771,808	
Essel Propack Polska Sp. Z.O.O.		5,510,801		4,771,808
<b>ii) Other Related Parties</b>	38,605,557		28,936,797	
Ganjam Trading Company Private Limited		35,100,000		27,403,200
<b>l) Loans / Advances / Deposits given</b>				
<b>i) Subsidiaries</b>	505,239,422		764,931,825	
Lamitube Technologies Limited		69,480,000		19,200,500
Lamitube Technologies (Cyprus) Limited		372,052,245		555,731,325
Packaging India Private Limited		63,707,177		190,000,000
<b>ii) Other Related Parties</b>	256,586,102		5,938,775	
Sprit Textiles Private Limited		110,416,184		-
Ayepee Lamitubes Limited		146,169,918		5,938,775
<b>m) Repayment of Loans / Advances / Deposits given</b>				
<b>i) Subsidiaries</b>	772,930,445		1,800,433,990	
Lamitube Technologies Limited		69,480,000		520,361,750
Lamitube Technologies (Cyprus) Limited		643,450,445		1,026,365,063
Packaging India Private Limited		60,000,000		253,707,177
<b>ii) Other Related Parties</b>	129,089,490		4,100,000	
Ayepee Lamitubes Limited		126,572,738		4,100,000
<b>n) Loans / Advances / Deposits taken</b>				
<b>i) Other Related Parties</b>	-		50,000,000	
Pan India Paryatan Private Limited		-		50,000,000
<b>o) Repayment of Loans / Advances / Deposits taken</b>				
<b>i) Other Related Parties</b>	25,000		50,000,000	
Pan India Paryatan Private Limited		25,000		50,000,000
<b>p) Interest Income on Loans / Advances / Deposits /given</b>				
<b>i) Subsidiaries</b>	38,321,985		96,456,557	
Lamitube Technologies Limited		332,584		18,263,074



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2014		2013	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
Packaging India Private Limited		20,789,312		24,496,984
Lamitube Technologies (Cyprus) Limited		17,200,089		53,696,499
<b>ii) Other Related Parties</b>	<b>147,011,150</b>		<b>156,524,323</b>	
Churu Trading Company Private Limited		-		79,517,870
Prajatma Trading Company Private Limited		-		64,582,171
Sprit Textiles Private Limited		144,054,665		-
<b>q) Interest expense on Loans / Advances / Deposits taken</b>				
<b>i) Other Related Parties</b>	<b>-</b>		<b>2,054,794</b>	
Pan India Paryatan Private Limited		-		2,054,794
<b>r) Remuneration to</b>	<b>51,473,417</b>		<b>30,725,600</b>	
Managing Director		51,473,417		30,725,600

### 2 Balance Outstanding as at 31 March

(Amount in ₹)

	2014		2013	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>a) Trade receivables</b>				
<b>i) Subsidiaries</b>	<b>78,700,026</b>		<b>181,654,670</b>	
Essel Propack America, LLC		11,527,352		18,291,578
Essel Packaging (Guangzhou) Limited		21,980,100		50,292,399
Essel Propack MISR for Advanced Packaging S.A.E.		37,916,784		40,913,879
Essel Propack UK Limited		-		22,244,778
Essel Propack LLC		3,365,157		37,033,978
<b>ii) Joint Ventures / Associates</b>	<b>13,621,164</b>		<b>39,781,101</b>	
Essel Deutschland Gmbh & Co., KG Dresden		13,621,164		39,781,101
<b>iii) Other Related Parties</b>	<b>352,343</b>		<b>484,056</b>	
Rama Associates Limited		352,343		484,056
<b>b) Loans/Advance/Deposit given</b>				
<b>i) Subsidiaries</b>	<b>130,000,000</b>		<b>398,260,673</b>	
Lamitube Technologies (Cyprus) Limited		-		271,967,850
Packaging India Private Limited		130,000,000		126,292,823
<b>ii) Other Related Parties</b>	<b>1,115,676,940</b>		<b>973,542,662</b>	
Ayeppee Lamitubes Limited		125,000,000		90,765,154
Sprit Textiles Private Limited		960,666,940		850,250,756

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2014		2013	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>c) Other Receivables</b>				
<b>i) Subsidiaries</b>	45,767,550		68,594,189	
Lamitube Technologies Limited		-		20,723,011
Lamitube Technologies (Cyprus) Limited		3,751,253		16,617,902
Essel Propack MISR for Advanced Packaging S.A.E.		17,269,039		7,552,914
Essel Propack LLC		2,294,510		8,149,460
Essel Packaging (Guangzhou) Limited		6,071,566		3,956,587
<b>ii) Joint Venture / Associates</b>	2,179,055		3,084,400	
Essel Deutschland GmbH & Co; KG Dresden		2,179,055		2,753,005
P.T.Lamipack Primula		-		331,395
<b>d) Loans / Advances / Deposits taken</b>				
<b>i) Other Related Parties</b>	300,000		325,000	
Pan India Paryatan Private Limited		-		25,000
Ayepee Lamitubes Limited		300,000		300,000
<b>e) interest Receivable</b>				
<b>i) Subsidiaries</b>	-		110,383,222	
Lamitube Technologies (Cyprus) Limited		-		77,403,730
Lamitube Technologies Limited		-		10,932,208
Packaging India Private Limited		-		22,047,284
<b>ii) Other Related Parties</b>	257,994,235		140,871,891	
Sprit Textiles Private Limited		257,994,235		129,690,037
<b>f) Trade Payables/Other Liabilities</b>				
<b>i) Subsidiaries</b>	1,508,628		6,392,350	
MTL De Panama S.A.		-		3,344,373
Essel Propack Polska Sp.Z.O.O.		1,378,595		2,852,764
<b>ii) Other Related Parties</b>	524,999		3,861,231	
Essel Corporate Resources Private Limited		-		3,861,231
Ayepee Lamitubes Limited		494,976		-
<b>g) Investments in shares</b>				
<b>i) Subsidiaries</b>	2,029,059,638		5,654,342,920	
Lamitube Technologies Limited		-		3,625,783,282
Lamitube Technologies (Cyprus) Limited		525,477,750		-
Arista Tubes Inc.		744,341,250		744,341,250
Packaging India Private Limited		738,740,638		738,740,638





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2014		2013	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>h) Investments in Debentures</b>				
<b>i) Subsidiaries</b>	3,689,500,000		-	
EP Lamitubes Limited		3,689,500,000		-
<b>i) Guarantees and Counter Guarantees given</b>				
<b>i) Subsidiaries</b>	5,294,214,117		5,673,306,052	
Lamitube Technologies Limited		2,847,460,375		3,186,529,500
Essel Propack Polska Sp. Z.O.O.		1,443,177,492		677,310,737
Arista Tubes Inc.		-		624,277,500
Essel Propack America, LLC		254,638,750		-
Lamitube Technologies (Cyprus) Limited		748,937,500		678,562,500
<b>j) Guarantees provided on our behalf</b>				
<b>i) Other related party</b>	3,862,126,953		3,492,020,098	
Aqualand (India) Limited		3,862,126,953		3,492,020,098
<b>k) Directors Remuneration</b>	13,539,650		-	
Managing Director *		13,539,650		-

\* Of this ₹ 6,999,857 is payable subject to the approval of Central Government. Refer note 27(a)

"Major Parties" denotes entries who account 10% or more of the aggregate for that category of transaction.

### 37. Disclosure as required by Clause 32 of the Listing Agreement:

#### i) Loans to Subsidiary / Associate Companies:

(Amount in ₹)

	Balances as at		Maximum amount outstanding during the year	
	2014	2013	2014	2013
	Lamitube Technologies Limited	-	-	69,480,000
Packaging India Private Limited	130,000,000	126,292,823	190,000,000	190,000,000
Lamitube Technologies (Cyprus) Limited	-	271,967,850	340,031,245	873,238,188

Note:

Loans to others are repayable on demand and hence not considered in the above disclosure requirements. However, interest is charged on terms not prejudicial to the interests of the company.

#### ii) Investments by Loanee in the equity shares of the Company as at 31 March

Loanee	Number of fully paid-up equity shares	
	2014	2013
Sprit Textiles Private Limited	784,025	316,595

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 38. Value of imported and indigenous raw materials, stores and spares and packing materials consumed and percentage of each to the total consumption

	2014		2013	
	Percentage [%]	Amount [₹]	Percentage [%]	Amount [₹]
1) Raw Materials				
a) Imported	59	2,003,676,880	57	1,573,509,238
b) Indigenous	41	1,363,889,435	43	1,164,135,453
2) Stores and Spares				
a) Imported	64	128,368,450	40	70,624,743
b) Indigenous	36	71,158,311	60	104,937,310
3) Packing Material				
Indigenous	100	195,337,671	100	176,581,722

### 39. Dividend remittance in Foreign Currency is ₹ Nil (₹ Nil)

### 40. Earnings per Share

	(Amount in ₹)	
	2014	2013
Profit after Tax	544,892,638	498,424,263
Weighted average number of Basic and Diluted Equity Shares (Nos.)	157,101,285	157,101,285
Nominal value of equity shares	2.00	2.00
Basic and Diluted Earnings Per Share	3.47	3.17

### 41. Other Information

	(Amount in ₹)	
	2014	2013
<b>C.I.F. value of imports</b>		
Raw materials	1,653,932,291	1,413,011,491
Stores and spares	74,070,737	48,912,859
Capital goods	484,393,903	392,284,462
<b>Expenditure in foreign currency (on accrual basis)</b>		
Financial charges (Gross)	32,227,585	39,070,289
Travelling expenses	2,490,781	2,813,398
Others (Gross)	16,068,661	9,738,552
<b>FOB value of exports</b>		
Sales excluding deemed exports of ₹ 331,479,332 (₹ 365,324,253)	557,494,123	456,784,586
Plant and machinery	3,829,437	137,494,539
<b>Income in foreign currency (on accrual basis)</b>		
Royalty / service charges	137,756,958	106,366,438
Interest	17,532,673	71,959,573
Miscellaneous income	46,440,819	34,879,261



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

42. Dividend of ₹ 829,918 (₹ 858,629) unclaimed for a period of more than seven years is transferred to Investor Education and Protection Fund during the year. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2014.

43. Service charges include prior period income of ₹ Nil (₹ 832,498).

### 44. Segment Information.

The financial statements of the Company contain both the consolidated financial statements as well as the separate financial statements of the parent Company. Hence, the Company has presented segment information on the basis of the Consolidated Financial Statements as permitted by Accounting Standard -17.

### 45. Prior Period Comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classifications / disclosures. Figures in brackets pertain to previous year.

As per our attached report of even date  
For **MGB & Co.**  
Chartered Accountants  
Firm Registration Number 101169W

**Hitendra Bhandari**  
Partner  
Membership Number 107832

Place: Mumbai  
Date: 29 May 2014

For and on behalf of the Board

**Subhash Chandra**  
Chairman

**Tapan Mitra**  
**Boman Moradian**  
**Mukund M. Chitale**

} Directors

**Ajay N. Thakkar**  
Company Secretary & Head - Legal

**Ashok Goel**  
Vice Chairman & Managing Director

**A.V. Ganapathy**  
Chief Financial Officer (Global)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

[Amount in ₹]

	2014	2013
<b>A Cash Flow from Operating Activities</b>		
Profit before tax	756,349,187	661,655,633
<b>Adjustments for:</b>		
Depreciation and amortisation expense	390,023,500	348,691,757
Interest expenses	349,693,101	491,452,219
Interest income	(186,645,026)	(256,976,520)
Exceptional items (net)	(12,904,115)	(47,348,915)
Loss / (Profit) on sale / discard of fixed assets (net)	8,592,902	(1,759,765)
Provision for doubtful debts	31,411,389	7,081,753
Amortisation of ancillary borrowing costs	16,167,732	17,730,690
Exchange adjustments (net)	7,310,768	31,965,092
<b>Operating profit before working capital changes</b>	<b>1,359,999,438</b>	<b>1,252,491,944</b>
<b>Adjustments for:</b>		
(Increase) / decrease in trade and other receivables	128,226,201	(31,485,123)
(Increase) / decrease in inventories	(89,528,922)	(91,551,196)
Increase / (decrease) in trade and other payables	209,408,932	37,202,941
<b>Cash generated from operations</b>	<b>1,608,105,649</b>	<b>1,166,658,566</b>
Direct taxes paid (net of refunds)	(188,584,854)	(108,194,484)
<b>Net cash from operating activities (A)</b>	<b>1,419,520,795</b>	<b>1,058,464,082</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of fixed assets (including capital work-in-progress)	(704,461,213)	(633,546,633)
Sale of fixed assets	9,211,090	792,000
Loans given to related parties	(131,586,102)	(5,938,775)
Repayment of loans given to related parties	62,235,072	25,354,181
Loans given to subsidiaries	(505,239,422)	(764,931,825)
Repayment of loans given to subsidiaries	772,930,445	1,781,178,897
Purchase of Investment in subsidiaries	(3,690,500,000)	-
Sale of Investment in subsidiaries	3,646,847,700	-
(Increase) / decrease in other receivable to subsidiaries (net)	21,264,983	5,574,324
Interest received	178,380,728	211,259,823
<b>Net cash from / (used in) investing activities (B)</b>	<b>(340,916,719)</b>	<b>619,741,992</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	(Amount in ₹)	
	2014	2013
<b>C Cash flow from Financing Activities</b>		
Proceeds from long-term borrowings	1,459,176,681	1,422,618,060
Repayment of long-term borrowings	(1,256,837,223)	(1,332,659,428)
Proceeds from short-term borrowings	335,539,680	1,508,500,000
Repayment of short-term borrowings	(810,987,178)	(2,342,997,003)
Increase/(decrease) in other borrowings (net)	(382,421,902)	(181,081,595)
Principle payment under finance lease	(10,062,891)	-
Interest paid	(360,658,055)	(496,140,672)
Dividend paid (including tax)	(138,857,637)	(118,953,552)
Ancillary borrowing costs incurred	(3,468,110)	(18,100,810)
<b>Net cash from / (used in) financing activities (C)</b>	<b>(1,168,576,635)</b>	<b>(1,558,815,000)</b>
<b>Net changes in cash and cash equivalents (A+B+C)</b>	<b>(89,972,559)</b>	<b>119,391,074</b>
Cash and cash equivalents at the beginning of the year	141,321,497	21,930,423
<b>Cash and cash equivalents at the end of the year</b>	<b>51,348,938</b>	<b>141,321,497</b>
Earmarked balances with banks	5,850,992	6,858,142
<b>Cash and bank balances at the end of the year</b>	<b>57,199,930</b>	<b>148,179,639</b>
<b>Notes:</b>		
Previous year figures are regrouped / reclassified wherever necessary.		

As per our attached report of even date  
For MGB & Co.

Chartered Accountants  
Firm Registration Number 101169W

**Hitendra Bhandari**  
Partner  
Membership Number 107832

Place: Mumbai  
Date: 29 May 2014

For and on behalf of the Board

**Subhash Chandra**  
Chairman

**Tapan Mitra**  
**Boman Moradian**  
**Mukund M. Chitale**

} Directors

**Ajay N. Thakkar**  
Company Secretary & Head - Legal

**Ashok Goel**  
Vice Chairman & Managing Director

**A.V. Ganapathy**  
Chief Financial Officer (Global)

# Independent Auditors' Report

To,  
The Board of Directors of  
Essel Propack Limited

## Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Essel Propack Limited** ("the Company"), its subsidiaries, associate and jointly controlled entities (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments,

the auditor considers internal control relevant to the Company's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associate and jointly controlled entities referred to below in the Other Matter paragraph, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## Emphasis of Matter

7. We draw attention to:
  - (a) Note 30, the Hon'ble High Court of Judicature of Bombay vide its Order dated 9 May 2014, has approved a Scheme of Amalgamation ("the Scheme") for merger of EP Lamipack Limited (a step-down subsidiary) with EP Lamitubes Limited (a wholly owned subsidiary of the Company) effective from the closing of business on 31 March 2014 ("Appointed Date"). The Amalgamation has been accounted for under the "Purchase" method as prescribed by Accounting Standard – 14 on



“Accounting for Amalgamations” notified under Section 211 (3C) of the Companies Act, 1956.

Pursuant to the Scheme, all assets and liabilities of EP Lamipack Limited are transferred and accounted in EP Lamitubes Limited and the resultant Goodwill of ₹ 2,746,958,992 has been adjusted against Securities Premium. The accounting of merger of EP Lamipack Limited with EP Lamitubes Limited as per Accounting Standard – 14 would have resulted in Goodwill of ₹ 2,746,958,992 in its financials.

In consolidated financial statements, this treatment has resulted in Goodwill and Capital Reserve on consolidation being lower by ₹ 2,746,958,992.

- (b) Note 31 relating to performance bonus provided for the Managing Director for the financial year 2013-14, which is in excess of limits prescribed u/s 198 of the Companies Act, 1956 by ₹ 6,999,857 and hence is subject to approval of the Central Government.

Our opinion is not qualified in respect of these matters.

#### Other Matter

8. We did not audit the financial statements of certain subsidiaries and jointly controlled entities of the Group whose financial statements reflect revenue of ₹ 14,961,032,372, total assets of ₹ 13,950,730,687 and the net cash inflows amounting to ₹ 563,974,305 for the year then ended, and the Group’s share of loss of associate of ₹ 30,139 as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and jointly controlled entities is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **MGB & Co**  
Chartered Accountants  
Firm Registration Number 101169W

**Hitendra Bhandari**  
Partner  
Membership Number 107832

Mumbai, 29 May 2014

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

(Amount in ₹)

	Notes	2014	2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3	314,130,920	314,130,920
Reserves and surplus	4	6,744,380,500	9,132,526,809
		<b>7,058,511,420</b>	<b>9,446,657,729</b>
<b>Minority interests</b>		75,507,522	60,275,231
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	5	6,449,033,849	5,436,885,767
Deferred tax liabilities (net)	12 (a)	325,170,977	343,569,309
Other long-term liabilities	6	1,395,284	-
Long-term provisions	7	113,333,865	227,707,243
		<b>6,888,933,975</b>	<b>6,008,162,319</b>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	8	1,678,508,902	2,125,062,326
Trade payables	9	1,829,918,901	1,157,891,270
Other current liabilities	6	3,310,100,388	2,994,745,762
Short-term provisions	7	363,157,747	271,422,880
		<b>7,181,685,938</b>	<b>6,549,122,238</b>
<b>Total</b>		<b>21,204,638,855</b>	<b>22,064,217,517</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
- Tangible assets	10	8,803,674,719	7,560,114,971
- Intangible assets	10	177,817,057	3,758,140,441
- Capital work in progress	10	330,533,440	472,140,168
- Intangible assets under development	10	24,727,224	12,850,810
		<b>9,336,752,440</b>	<b>11,803,246,390</b>
Non-current investments	11	454,394,480	463,689,677
Deferred tax assets (net)	12 (b)	280,721,621	360,631,544
Long-term loans and advances	13	595,650,511	437,539,514
Other non-current assets	14	89,226,199	107,005,935
		<b>10,756,745,251</b>	<b>13,172,113,060</b>
<b>CURRENT ASSETS</b>			
Inventories	15	2,248,956,251	2,065,983,869
Trade receivables	16	3,675,071,085	3,002,376,483
Cash and bank balances	17	1,415,999,575	943,004,979
Short-term loans and advances	13	2,758,139,841	2,518,413,305
Other current assets	14	349,726,852	362,325,821
		<b>10,447,893,604</b>	<b>8,892,104,457</b>
<b>Total</b>		<b>21,204,638,855</b>	<b>22,064,217,517</b>
Notes forming part of the Consolidated Financial Statements	1 - 38		

As per our attached report of even date  
For MGB & Co.  
Chartered Accountants  
Firm Registration Number 101169W

Hitendra Bhandari  
Partner  
Membership Number 107832

Place: Mumbai  
Date: 29 May 2014

For and on behalf of the Board

Subhash Chandra  
Chairman

Tapan Mitra  
Boman Moradian  
Mukund M. Chitale

} Directors

Ajay N. Thakkar  
Company Secretary & Head - Legal

Ashok Goel  
Vice Chairman & Managing Director

A.V. Ganapathy  
Chief Financial Officer (Global)





## STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014	2013
(Amount in ₹)			
<b>REVENUE</b>			
Revenue from operations (gross)	18	21,904,684,843	18,834,199,050
Less: Excise duty		(638,351,752)	(516,529,796)
Revenue from operations (net)		21,266,333,091	18,317,669,254
Other income	19	223,787,496	255,140,438
<b>Total</b>		<b>21,490,120,587</b>	<b>18,572,809,692</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	10,426,562,159	8,868,114,321
Changes in inventories of finished goods and goods-in-process	21	(31,231,212)	5,229,096
Employee benefits expense	22	3,360,453,335	2,853,403,109
Other expenses	23	3,969,262,763	3,459,772,950
<b>Total</b>		<b>17,725,047,045</b>	<b>15,186,519,476</b>
<b>Profit before depreciation, amortisation, finance costs and tax</b>		<b>3,765,073,542</b>	<b>3,386,290,216</b>
Less:			
Depreciation and amortisation expense	10	1,257,606,997	1,261,715,977
Finance costs	24	813,727,988	912,103,668
<b>Profit before exceptional items and tax</b>		<b>1,693,738,557</b>	<b>1,212,470,571</b>
Less: Exceptional items (net)	25	7,660,303	(47,348,915)
<b>Profit before tax</b>		<b>1,686,078,254</b>	<b>1,259,819,486</b>
Less: Tax expense			
Current Tax- Current year		487,610,358	403,080,048
- Earlier years		371,625	1,042,552
MAT credit entitlement - Current year		-	(29,437,621)
- Earlier years		(10,043,451)	-
Deferred tax		91,136,874	68,348,676
<b>Profit after tax before minority interest and share of profit / (loss) of associate</b>		<b>1,117,002,848</b>	<b>816,785,831</b>
Add/(Less): Share of profit/(loss) from associate		(30,139)	22,380,735
Less: Minority interests		38,638,879	29,593,150
<b>Profit for the year</b>		<b>1,078,333,830</b>	<b>809,573,416</b>
<b>Earnings per equity share of ₹ 2 each fully paid up</b>	36		
Basic and Diluted		6.87	5.15
Notes forming part of the Consolidated Financial Statements	1 - 38		

As per our attached report of even date  
For MGB & Co.  
Chartered Accountants  
Firm Registration Number 101169W

Hitendra Bhandari  
Partner  
Membership Number 107832

Place: Mumbai  
Date: 29 May 2014

For and on behalf of the Board

Subhash Chandra  
Chairman

Tapan Mitra  
Boman Moradian  
Mukund M. Chitale

} Directors

Ajay N. Thakkar  
Company Secretary & Head - Legal

Ashok Goel  
Vice Chairman & Managing Director

A.V. Ganapathy  
Chief Financial Officer (Global)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 Background

Essel Propack Limited (hereinafter referred to as 'the parent company', 'the Company' or 'EPL') together with its subsidiaries, associate and jointly controlled entities (collectively referred to as 'Group') is a producer of plastic packaging material in the form of multilayer collapsible tubes and laminates used for the packaging of tooth paste, personal care, cosmetics, foods, pharmaceuticals, household and industrial products.

### 2 Basis of Consolidation

- i) The Consolidated Financial Statements (CFS) of the Group are prepared under the historical cost convention (except certain revalued freehold land and buildings acquired on merger) on going concern basis in accordance with the Generally Accepted Accounting Principles in India and Accounting Standard-21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI), to the extent possible in the same manner as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures, wherever considered necessary.
- ii) The CFS are prepared to the extent possible using uniform accounting policies for transactions and other events in similar circumstances, except in case of a subsidiary, where inventories are valued on First In First Out (FIFO) basis. The value of such inventory, as at 31 March 2014 is ₹ 158,360,242. No adjustment has been made for such policy difference.
- iii) The consolidation of financial statements of the parent company and its subsidiaries is done to the extent possible on a line-by-line basis by adding together like items of assets, liabilities, income and expenses except the effect of inflation accounting in certain subsidiaries is reversed. All significant intra-group transactions, unrealized inter-company profits and balances have been eliminated in the process of consolidation. Minority interest in subsidiaries represents the minority shareholders' proportionate share of the net assets and net income.
- iv) The CFS include the financial statements of the parent company and the subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer / disposal.

Name of the Subsidiary	Proportion of interest (including beneficial interest) / voting power (either directly / indirectly through subsidiaries)	Country of Incorporation
<b>Direct Subsidiaries</b>		
Arista Tubes Inc. *	100% [100%]	USA
Lamitube Technologies (Cyprus) Limited	100% [100%]	Cyprus
Packaging India Private Limited	100% [100%]	India
Essel Packaging (Nepal) Private Limited ^	100% [100%]	Nepal
EP Lamitubes Limited ^^	100% [--]	India
<b>Step down Subsidiaries</b>		
The Egyptian Indian Company for Modern Packaging S.A.E.^	75% [75%]	Egypt
Essel Propack MISR for Advanced Packaging S.A.E.	75% [75%]	Egypt
EP Lamipack Limited ^^	100% [--]	India
Essel Packaging (Guangzhou) Limited	100% [100%]	China
Essel Propack Philippines, Inc	100% [100%]	Philippines
MTL de Panama S.A.	100% [100%]	Panama
Lamitube Technologies Limited **	100% [100%]	Mauritius
Packtech Limited	100% [100%]	Mauritius
Arista Tubes Limited	100% [100%]	United Kingdom
Essel Propack UK Limited	100% [100%]	United Kingdom



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Name of the Subsidiary	Proportion of interest (including beneficial interest) / voting power (either directly / indirectly through subsidiaries)	Country of Incorporation
Essel de Mexico, S.A. de C.V.	100% [100%]	Mexico
Tubo pack de Colombia S.A.	100% [100%]	Colombia
Essel Propack LLC	100% [100%]	Russia
Essel Propack Polska Sp. Z.O.O.	100% [100%]	Poland
Essel Propack America, LLC	100% [100%]	USA

^ These subsidiaries have discontinued their operations.

^^ Incorporated during the year, Direct Subsidiary till 17 February 2014 and merged with EP Lamitubes Limited with effect from 31 March 2014 [Refer note 30].

^^^ Incorporated during the year

\* 7.35% (7.35%) is held through Lamitube Technologies (Cyprus) Limited.

\*\* Direct Subsidiary till 26th March 2014

### v) Associate

The Group has adopted and accounted for Investment in Associate using the "Equity Method" as per AS-23 issued by ICAI.

Name of the Associate	Extent of Holding	Country of Incorporation
P.T. Lamipak Primula <sup>^</sup>	30.00% [30.00%]	Indonesia

<sup>^</sup> No adjustment is made for difference in accounting policy of inventories valued on First In First Out (FIFO) basis.

### vi) Jointly controlled entity

The Group has adopted and accounted for interest in the Jointly controlled entity using the "Proportionate Consolidation Method" as per AS-27 issued by ICAI.

Name of the Joint Venture	Extent of Holding	Country of Incorporation
Essel Deutschland Management GmbH	24.90% [24.90%]	Germany
Essel Deutschland GmbH & Co. KG, Dresden	24.90% [24.90%]	Germany

## 2.1 Significant Accounting Policies

### a. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amount of revenue and expenses for the year. Actual results could differ from these estimates. Any revision to such accounting estimate is recognised prospectively in current and future periods.

### b. Tangible and Intangible fixed assets

#### i) Goodwill / Capital Reserve on Consolidation

Goodwill represents the difference between the group's share in the net worth of the subsidiary / associate and the cost of acquisition at the date on which the investment in the subsidiary / associate is made/acquired. Capital reserve represents negative goodwill arising on consolidation.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### ii) **Tangible and intangible assets**

- a) Tangible assets (excluding freehold land which is carried at cost) are stated at original cost of acquisition / installation (net of cenvat credit availed) and includes amounts added on revaluation less accumulated depreciation and impairment loss, if any. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, trial run expenses (net of income) and borrowing costs incurred during pre-operational period.
- b) Capital work-in-progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.
- c) Intangible assets acquired are measured on initial recognition at cost and stated at cost less accumulated amortization and impairment loss, if any.

### c. **Depreciation / Amortisation on tangible and intangible assets**

- i) Depreciation on tangible assets (including on assets acquired under finance lease) is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 or at the rates adopted in the accounts of respective subsidiaries as permissible under applicable local laws on straight line basis from the time they are available for use, so as to write off their costs over the estimated useful life of the assets.
- ii) Premium on leasehold land and leasehold improvements are amortized over the normal / extendable period of lease.
- iii) In case of revalued tangible assets, the incremental depreciation attributable to the revaluation is recouped out of revaluation reserve.
- iv) Intangible assets are amortised on a straight-line basis over the economic useful life estimated by the management.
- v) No part of goodwill arising on consolidation is amortized.

### d. **Impairment of tangible and intangible assets**

At each Balance Sheet date, the Group reviews the carrying amount of assets to determine whether there is an indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

### e. **Borrowing Costs**

- i) Borrowing costs attributable to the acquisition or construction of qualifying assets till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. All other borrowing costs are charged to revenue.
- ii) Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the tenure of such borrowings.

### f. **Investments**

Investments intended to be held for more than one year, from the date of acquisition, are classified as long-term and are carried at cost. Provision for diminution in value of long-term investments is made to recognise a decline other than temporary. Current investments are carried at cost or fair value, whichever is lower.

### g. **Retirement and other employee benefits**

- i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- ii) Post-employment and other long-term benefits are recognised as an expense in the Statement of Profit and Loss at the present value of the amounts payable determined using actuarial valuation techniques in the year in which the employee renders the service. Actuarial gains and losses are charged to the Statement of Profit and Loss.
  - iii) Payments to defined contribution retirement benefit schemes are charged as expenses as they fall due.
- h. Revenue Recognition**
- i) Revenue from sale of goods is recognised on transfer of significant risk and rewards of ownership on to the customers, which is generally on dispatch of goods. Gross sales include excise duty and is net of sales return, discount, value added tax / sales tax. Export sales are accounted for on the basis of date of bill of lading.
  - ii) Income from royalty and service charges is recognised as per the agreed terms / completion of the service.
  - iii) Export incentives / benefits are accounted on accrual basis.
  - iv) Dividend income is recognized when the right to receive the dividend is established.
  - v) Interest income is recognised on a time proportion basis taking into consideration the amount outstanding and the applicable interest rate.
- i. Government Grants / Subsidies**
- Grants/subsidies from Government are recognised when all the conditions relating to the grants / subsidies are complied and there is a reasonable assurance that the grant / subsidy will be received. Grant / subsidy is credited to capital reserve. Revenue grants are recognised in Statement of Profit and Loss upon complying with conditions attached to such grants.
- j. Inventories**
- i) Inventories are valued at lower of cost or estimated net realisable value.
  - ii) Cost of raw materials, packing material and stores and spares are determined on moving average cost method except for a subsidiary where it is on First In First Out (FIFO) basis [Refer Note 2(ii)].
  - iii) Cost of finished goods and goods-in-process includes cost of direct materials, labour and other manufacturing overheads.
  - iv) Excise liability is included in the valuation of closing inventory of finished goods.
- k. Foreign Currency Translations**
- i) Accounting of Transactions**
- a) Foreign exchange transactions are recorded at the exchange rate prevailing on the date of such transaction. Foreign currency monetary assets and liabilities are translated using the exchange rate prevailing at the reporting date. Non-monetary foreign currency items are carried at cost.
  - b) Gains or losses arising on settlement / translation of foreign currency monetary assets and liabilities at the year-end rates are recognised in the Statement of Profit and Loss except treatment as per amendment to AS-11 effective till 31 March 2020. (Refer note 26)
  - c) In case of foreign currency monetary assets and liabilities covered by forward contracts, the difference between the year-end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contract is recognised over the life of the contract. Profit or loss on settlement / cancellation of forward contract is recognised as an income or expense for the year in which they arise except treatment as per amendment to AS-11 effective till 31 March 2020. (Refer note 26)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### ii) Translation and exchange rates

Financial statements of overseas non-integral operations are translated as under:

- a) Assets and Liabilities at the rate prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted.
- b) Revenue and expenses at average rates prevailing during the year. Off Balance Sheet items are translated into Indian Rupees at year-end rates.
- c) Exchange differences arising on translation are accumulated in the Foreign Currency Translation Reserve until the disposal of such operations.

### l. Accounting for taxes on income

- i) Current income tax is calculated on the income of individual companies in accordance with local tax regulations.
- ii) Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates.
- iii) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

### m. Leases

#### i) Finance Lease

Assets acquired under finance lease are capitalised and the corresponding lease liability is recorded at an amount equal to the fair value of the leased asset at the inception of the lease. Initial costs directly attributable to the lease are recognised with the asset under the lease.

#### ii) Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on accrual basis in accordance with the respective lease agreements.

### n. Earnings per share

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.

### o. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	2014	2013
<b>3. Share Capital</b>		
<b>Authorised</b>		
200,000,000 (200,000,000) equity shares of ₹ 2 each	400,000,000	400,000,000
<b>Issued, subscribed and paid up</b>		
157,101,285 (157,101,285) equity shares of ₹ 2 each	314,202,570	314,202,570
Less: Calls in arrears (Refer note (c) below)	71,650	71,650
<b>Total</b>	<b>314,130,920</b>	<b>314,130,920</b>

### a) Reconciliation of number of shares outstanding

	2014		2013	
	Number of equity shares	Amount in ₹	Number of equity shares	Amount in ₹
At the beginning of the year	157,101,285	314,202,570	156,601,130	313,202,260
Issued during the year (Refer note (g) below)	-	-	500,155	1,000,310
Outstanding at the end of the year	157,101,285	314,202,570	157,101,285	314,202,570

### b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The final dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Calls in arrears

	2014		2013	
	Number of equity shares	Amount in ₹	Number of equity shares	Amount in ₹
Aggregate amount of calls in arrears - others	71,650	71,650	71,650	71,650

### d) Details of shares held by holding company

Name of Shareholder	2014		2013	
	Number of equity shares	Percentage of holding	Number of equity shares	Percentage of holding
Rupee Finance and Management Private Limited *	82,779,160	52.69%	-	-

\* Refer note (e) below

### e) Details of shareholder holding more than 5% equity shares

Name of Shareholder	2014		2013	
	Number of equity shares	Percentage of holding	Number of equity shares	Percentage of holding
Ganjam Trading Company Private Limited	2,000,100	1.27%	56,349,550	35.87%
*Rupee Finance and Management Private Limited	82,779,160	52.69%	28,429,710	18.10%
Warburg Value Fund	8,250,000	5.25%	7,051,900	4.49%

f) No bonus shares have been issued and no shares bought back during five years preceding 31 March 2014.

g) 500,155 equity shares of ₹ 2 each fully paid up were allotted on 14 September 2012 for consideration other than cash pursuant to Scheme of merger of Ras Propack Lamipack Limited and Ras Extrusions Limited.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	(Amount in ₹)	
	2014	2013
<b>4. Reserves and Surplus</b>		
<b>Securities premium</b>		
As per last balance sheet	3,842,983,298	3,842,983,298
<b>Capital reserve</b>		
As per last balance sheet	401,300,552	401,300,552
Less: Transfer to Capital Reserve on consolidation (Refer note 30)	80,850	-
	<b>401,219,702</b>	<b>401,300,552</b>
<b>Capital reserve on Consolidation</b>		
Transfer from Reserves (Refer note 30)	5,829,238,216	-
Less : Goodwill adjusted as per Scheme of Amalgamation (Refer note 30)	2,746,958,992	-
Less : Expenses adjusted as per Scheme of Amalgamation	1,737,648	-
Less : Goodwill on Consolidation	859,980,976	-
	<b>2,220,560,600</b>	<b>-</b>
<b>Revaluation reserve</b>		
As per last balance sheet	14,057,282	14,405,144
Less: Transfer to the Statement of Profit and Loss	347,862	347,862
	<b>13,709,420</b>	<b>14,057,282</b>
<b>Legal reserve</b>		
As per last balance sheet	533,060,006	469,663,862
Add: Appropriated during the year	65,611,176	63,396,144
Less: Transfer to Capital Reserve on consolidation (Refer note 30)	567,292,899	-
	<b>31,378,283</b>	<b>533,060,006</b>
<b>Deferred Government Grant</b>		
As per last balance sheet	71,638,586	78,063,683
Add: Received during the year	1,289,103	2,398,690
Less: Transfer to the Statement of Profit and Loss	45,499	8,823,787
Less: Transfer to Capital Reserve on consolidation (Refer note 30)	48,122,655	-
	<b>24,759,535</b>	<b>71,638,586</b>
<b>General reserve</b>		
As per last balance sheet	1,231,402,468	1,181,552,468
Less: Transfer to Capital Reserve on consolidation (Refer note 30)	1,231,402,468	-
Add: Transfer from the Statement of Profit and Loss	54,489,270	49,850,000
	<b>54,489,270</b>	<b>1,231,402,468</b>
<b>Foreign currency translation reserve</b>		
As per last balance sheet	605,806,194	591,183,946
Add : Addition during the year	424,869,312	14,622,248
Less: Transfer to Capital Reserve on consolidation (Refer note 30)	1,897,086,218	-
	<b>(866,410,712)</b>	<b>605,806,194</b>





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	(Amount in ₹)	
	2014	2013
<b>Surplus in the Statement of Profit and Loss</b>		
As per last balance sheet	2,432,278,423	1,924,128,512
Less: Transfer to Capital Reserve on consolidation (Refer note 30)	2,085,253,126	-
Add: Profit for the year	1,078,333,830	809,573,416
<b>Less: Appropriations</b>		
Proposed equity dividend	196,376,606	117,825,964
Tax on proposed equity dividend	87,190,971	70,351,397
Legal reserve	65,611,176	63,396,144
General reserve	54,489,270	49,850,000
	<b>1,021,691,104</b>	<b>2,432,278,423</b>
<b>Total</b>	<b>6,744,380,500</b>	<b>9,132,526,809</b>

	(Amount in ₹)			
	Non-current		Current	
	2014	2013	2014	2013
<b>5. Long-term borrowings</b>				
<b>Secured</b>				
Term loan from banks (Refer note (a (i),(ii),(iii),(xiii)) and (b (i)) below)	3,470,827,034	2,940,286,775	1,316,310,327	1,446,846,849
Term loan from others (Refer note (a (ii),(iii),(iv)) below)	1,428,472,222	906,250,000	377,777,778	93,750,000
Buyers credit from banks (Refer note (a (v),(vi) and (vii) and (b (i)) below)	616,078,538	470,015,432	-	39,095,107
Finance lease obligations (Refer note (a (viii)) & (b (ii)) below)	635,314,446	525,369,876	78,181,357	47,567,787
	<b>6,150,692,240</b>	<b>4,841,922,083</b>	<b>1,772,269,462</b>	<b>1,627,259,743</b>
<b>Unsecured</b>				
Term loan from banks (Refer note (a (ix)) below)	-	103,232,049	16,524,521	275,463,299
Term loan from Others (Refer note (a (xi)) below)	15,351,034	-	6,394,219	-
Buyers credit from banks (Refer note (a (x) and (xi)) below)	85,609,357	237,209,565	258,500,220	93,370,200
Deferred sales tax loan (Refer note (a (xii)) below)	197,381,218	254,522,070	62,978,794	65,919,923
	<b>298,341,609</b>	<b>594,963,684</b>	<b>344,397,754</b>	<b>434,753,422</b>
	<b>6,449,033,849</b>	<b>5,436,885,767</b>	<b>2,116,667,216</b>	<b>2,062,013,165</b>
Current maturities amount disclosed under "Other current liabilities" (Refer note 6)	-	-	(2,116,667,216)	(2,062,013,165)
<b>Total</b>	<b>6,449,033,849</b>	<b>5,436,885,767</b>	<b>-</b>	<b>-</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Nature of security and terms of repayments for long-term borrowings

#### a) In Parent Company

i)	Term loan from banks of ₹ 346,718,182 (₹ 827,295,102) are secured by pari passu first charge on all fixed assets of the company (except all fixed assets situated at Chakan). These loans are further secured by way of security provided and guarantee issued by other related party*.	Term loan from banks and others carry interest rate ranging from 11.74% to 13.50% p.a. and are repayable in monthly / quarterly installments by 2019-20. Charge in respect of point (iii) is yet to be created for term loan from bank of ₹ 132,500,000.
ii)	Term loan from bank of ₹ Nil (₹ 46,875,000) and Term loan from others ₹ 900,000,000 (₹ 500,000,000) are secured by subservient charge on movable fixed assets of the Company. The loan is further secured by way of security provided and guarantee issued by other related party*.	
iii)	Term loan from banks of ₹ 132,500,000 (₹ Nil) and Term loan from others ₹ 500,000,000 (₹ Nil) are secured by pari passu first charge on all fixed assets of the company (except all fixed assets situated at Chakan). These loans are further secured by way of security provided by other related party*.	
iv)	Term loan from others ₹ 406,250,000 (₹ 500,000,000) is secured by pari passu first charge on all fixed assets of the company (except all fixed assets situated at Chakan) and pari passu second charge on current assets of the company. The loan is further secured by way of security provided and corporate guarantee issued by other related party*.	
v)	Buyers credit from bank of ₹ 471,431,854 (₹ 470,015,432) is secured by pari passu first charge on all fixed assets of the company (except all fixed assets situated at Chakan) and pari passu second charge on current assets of the company. This loan is further secured by way of security provided by other related party*.	Buyers credit from banks carry interest rate ranging from 0.77% to 2.28% p.a. and are repayable in maximum period of three year from the date of transaction. Charge in respect of point (vi) is yet to be created for term loan from bank of ₹ 131,117,340.
vi)	Buyers credit from bank of ₹ 131,117,340 (₹ Nil) is secured by pari passu first charge on all fixed assets of the company (except all fixed assets situated at Chakan). This loan is further secured by way of security provided by other related party*.	
vii)	Buyers credit from banks of ₹ Nil (₹ 39,095,107) are secured by pari-passu first charge on current assets of the company and pari-passu second charge on all fixed assets of the company (except all fixed assets situated at Chakan).	
viii)	Finance lease obligations of ₹ 132,419,516 (₹ Nil) are secured by related leased assets	Leases carry interest rate ranging from 12.36% to 13.50% and are repayable in monthly installments.
ix)	Term loan from banks ₹ Nil (₹ 280,625,000) are against security provided and guarantee issued by other related party*.	Term loan from Bank and others carry interest rate ranging from 12.24% to 16% p.a. and are repayable in monthly/quarterly installments by 2016-17. Buyers credit carrying interest rate ranging from 1.17% to 1.42% p.a. and are repayable in maximum period of three years from the date of transaction.
x)	Buyers credit from banks ₹ 198,585,220 (₹ 237,209,565) are against security provided and guarantee issued by other related party* and ₹ 145,524,357 (₹ Nil) are against security provided by other related party*.	
xi)	Buyers credit from banks ₹ Nil (₹ 93,370,200) and Term loan from others ₹ 21,745,253 (₹ Nil) are unsecured.	



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- xii) Deferred sales tax interest free loans are repayable after a period of 10 to 14 years from the date of loan upto 2024-25.
- xiii) During the year, the company has converted rupee term loan from a bank into FCNR (B) foreign currency loan of USD 4,576,939 with the same bank on fully hedge basis. Consequently, effect of exchange fluctuation on the loan and forward contract has been adjusted in the loan account. Outstanding amount is ₹ 104,900,000 (₹ 260,100,000).

\*Other related party viz. Aqualand (India) Limited.

### b) In Subsidiaries and Joint Ventures

i) Term loans from Banks of ₹ 4,307,919,179 (₹ 3,512,963,522) and Buyers credit from Banks of ₹ 13,529,344 (₹ Nil) in different currencies are variously secured by way of charge over fixed assets, inventory and book debts of the respective subsidiary company, dividend escrow account, pledge of shares of the overseas subsidiaries and corporate guarantee/certain security provided by the parent Company.	Repayable in specified installment (Monthly, Quarterly, Half yearly and Yearly). Interest rate ranging from 1.25% to 13% p.a.
ii) Finance lease obligations of ₹ 581,076,287 (₹ 572,937,663) are secured against the assets leased.	Leases carry interest rate ranging from 4.48% to 12.90% and are repayable in monthly installments.

(Amount in ₹)

	Long-term		Short-term	
	2014	2013	2014	2013
<b>6. Other Liabilities</b>				
Current maturities of long-term borrowings (Refer note 5)	-	-	2,116,667,216	2,062,013,165
Interest accrued but not due on borrowings	-	-	56,444,279	43,912,691
Interest accrued and due on borrowings	-	-	483,922	12,641,520
Unclaimed dividend	-	-	3,644,390	4,651,543
Payable for capital goods	-	-	40,799,227	11,244,504
Trade advances and deposits received	1,395,284	-	53,515,198	29,097,264
Statutory dues	-	-	113,991,946	79,740,992
Forward contract payables	-	-	31,257,593	12,178,343
Employee benefits payable	-	-	98,022,098	84,090,647
Other payables	-	-	795,274,519	655,175,093
<b>Total</b>	<b>1,395,284</b>	<b>-</b>	<b>3,310,100,388</b>	<b>2,994,745,762</b>

(Amount in ₹)

	Long-term		Short-term	
	2014	2013	2014	2013
<b>7. Provisions</b>				
Employee benefits	73,333,865	73,538,561	60,155,226	47,604,513
Custom duty (Refer note 32)	-	86,068,682	-	-
Contingencies	40,000,000	68,100,000	-	-
Provision for tax (net of advances)	-	-	73,251,711	85,967,880
Proposed equity dividend	-	-	196,376,606	117,825,964
Tax on proposed equity dividend	-	-	33,374,204	20,024,523
<b>Total</b>	<b>113,333,865</b>	<b>227,707,243</b>	<b>363,157,747</b>	<b>271,422,880</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	2014	2013
<b>8. Short-Term Borrowings</b>		
<b>Secured</b> (Refer note [(a)(i)] and (b)below)		
Short-term loan from banks	174,067,780	93,917,566
Working capital loan from banks	322,720,517	492,195,135
Buyers credit from banks	229,122,265	391,426,662
<b>Unsecured</b>		
Short-term loan from banks (Refer note (a)(ii) below)	832,564,824	803,895,935
Working capital loan from banks	61,742,980	58,537,695
Buyers credit from banks	58,290,536	97,089,333
Inter-corporate deposits	-	188,000,000
<b>Total</b>	<b>1,678,508,902</b>	<b>2,125,062,326</b>

### Nature of security:

#### a) In Parent Company

- Working capital loans from banks of ₹ 1,815,012 (₹ 250,106,612) and Buyers credit from banks of ₹ 198,531,618 (₹ 293,863,434) are secured by first pari-passu charge on current assets and second pari-passu charge on all fixed assets of the company (except all fixed assets situated at Chakan). Charge is yet to be created for loan amount ₹ 60,000,000 (₹ Nil). Additionally, loan of ₹ Nil (₹ 151,623,902) are secured by first pari-passu charge on current assets and second pari-passu charge on all fixed assets of the company (except all fixed assets situated at Chakan). and collaterally secured by security provided and guarantee issued by other related party\*.
- Unsecured short term loan from banks of ₹ Nil (₹ 250,000,000) are against security provided and guarantee issued by other related party\*.

\*Other related party viz. Aqualand (India) Limited.

#### b) In Subsidiaries and Joint Ventures

Short term loans from banks of ₹ 174,067,780 (₹ 93,917,566), Working capital loan from banks of ₹ 320,905,505 (₹ 242,088,523) and Buyers credit from banks of ₹ 30,590,647 (₹ 97,563,228) are secured variously by way of charge over current assets of the companies, pledge of fixed deposits, Fixed Assets (excluding leased asset) and collaterally secured by land owned and guarantee issued by a related party.

(Amount in ₹)

	2014	2013
<b>9. Trade Payables</b>		
Acceptances	311,269,356	177,779,905
Others	1,518,649,545	980,111,365
<b>Total</b>	<b>1,829,918,901</b>	<b>1,157,891,270</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	2014	2013
<b>11. Non-Current Investments</b>		
(valued at cost, unless stated otherwise)		
<b>A. Trade investments</b>		
<b>i) In Associate Company - Unquoted</b>		
2100 (2100) Equity Shares of USD 350 each of PT Lamipak Primula Indonesia (Extent of holding 30%)	50,812,215	50,812,215
Unamortised goodwill	320,009,310	320,009,310
Share of accumulated profits	92,107,728	74,806,304
Share of profit / (loss) for the year	(30,139)	22,380,735
Less: Dividend received	(9,265,058)	(5,079,311)
	<b>453,634,056</b>	<b>462,929,253</b>
<b>ii) In Others - Quoted</b>		
100 (100) Equity Shares of ₹ 10 each in Akar Laminators Limited	1,125	1,125
200 (200) Equity Shares of ₹ 10 each in Cosmo Films Limited	1,760	1,760
100 (100) Equity Shares of ₹ 10 each in Flex Industries Limited	1,515	1,515
100 (100) Equity Shares of ₹ 10 each in Orient Press Limited	1,360	1,360
5 (5) Equity Shares of ₹ 10 each in Sharp Industries Limited	7,130	7,130
50 (50) Equity Shares of ₹ 10 each in Paper Products Limited	6,105	6,105
400 (400) Equity Shares of ₹ 10 each in Associated Business Credit Limited	4,000	4,000
<b>B. Other investments</b>		
<b>i) Quoted</b>		
700 (700) Equity Shares of ₹ 10 each in State Bank of Travancore	42,000	42,000
	<b>64,995</b>	<b>64,995</b>
Less: Provision for diminution in value of Investments	(19,875)	(19,875)
	<b>45,120</b>	<b>45,120</b>
<b>ii) Unquoted</b>		
Obligatory investments in Government securities (All the above securities are fully paid up).	715,304	715,304
<b>Total</b>	<b>454,394,480</b>	<b>463,689,677</b>
Aggregate book value of quoted investments	64,995	64,995
Aggregate book value of unquoted investments	454,349,360	463,644,557
Aggregate market value of quoted investments	305,240	394,772
Aggregate provision for diminution in value of investments	19,875	19,875



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	(Amount in ₹)	
	2014	2013
<b>12 (a) Deferred Tax Liabilities (net)</b>		
<b>Deferred tax liabilities</b>		
Fiscal allowance on fixed assets	390,385,975	392,700,089
Others	12,756,920	14,656,864
<b>Less: Deferred tax assets</b>		
Disallowances under tax laws	54,063,842	50,381,240
Provision for doubtful debts	23,908,076	13,406,404
<b>Total (A)</b>	<b>325,170,977</b>	<b>343,569,309</b>
<b>(b) Deferred tax assets (net)</b>		
<b>Deferred tax assets</b>		
Disallowances under tax laws	125,335,044	167,988,736
Provision for doubtful debts	50,849	-
Unabsorbed tax losses	167,134,055	224,559,673
<b>Less: Deferred tax liabilities</b>		
Fiscal allowance on fixed assets	11,383,850	13,408,395
Others	414,478	18,508,470
<b>Total (B)</b>	<b>280,721,620</b>	<b>360,631,544</b>
<b>Total (A-B)</b>	<b>44,449,357</b>	<b>(17,062,235)</b>

	(Amount in ₹)			
	Long-term		Short-term	
	2014	2013	2014	2013
<b>13. Loans and Advances</b>				
(Unsecured, considered good, unless otherwise stated)				
Capital advances	150,996,095	102,200,857	-	-
Deposits				
-Related Parties	155,010,000	30,010,000	-	52,516,752
-Others	117,213,908	70,747,851	10,236,335	7,104,918
	<b>272,223,908</b>	<b>100,757,851</b>	<b>10,236,335</b>	<b>59,621,670</b>
Loans and advances to related parties	-	-	960,666,940	891,015,910
<b>Other loans and advances</b>				
Advances (recoverable in cash or kind)	32,341,759	39,589,005	1,276,751,255	1,069,812,663
Less: Provision for doubtful advances	(406,250)	(2,000,000)	-	-
Prepaid expenses	955,538	798,138	54,679,417	45,329,710
Loans and advances to employees	1,038,499	914,736	8,783,193	3,988,348
MAT Credit entitlement	563,424	77,007,801	76,820,000	53,719,000
Balances with government authorities				
- Direct tax (net of provision)	113,561,137	108,272,208	27,099,097	1,288,036
- Indirect tax	24,376,401	9,998,918	343,103,604	393,637,968
<b>Total</b>	<b>595,650,511</b>	<b>437,539,514</b>	<b>2,758,139,841</b>	<b>2,518,413,305</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

[Amount in ₹]

	Non-Current		Current	
	2014	2013	2014	2013
<b>14. Other Assets</b>				
Deposits with banks having original maturity period of more than twelve months* (Refer note 17)	2,445,041	3,600,809	-	-
Interest receivable from				
- Related parties	-	-	257,994,235	140,871,891
- Others	-	-	803,392	833,446
Other receivable from				
- Related parties	-	-	-	293,579
- Others	-	944,153	3,930,795	127,447,649
Export benefits receivable	-	-	34,287,696	43,167,284
Insurance claim receivable	-	-	1,763,384	1,754,382
Forward contracts receivable	-	-	-	240,426
Unamortised ancillary borrowing costs	86,781,158	102,460,973	50,947,350	47,717,164
<b>Total</b>	<b>89,226,199</b>	<b>107,005,935</b>	<b>349,726,852</b>	<b>362,325,821</b>

\* Deposited with / lien in favour of various Government authorities / banks.

[Amount in ₹]

	2014	2013
<b>15. Inventories</b>		
Raw material (Including goods in transit of ₹ 237,496,006 (₹ 187,202,587))	1,041,684,817	958,508,591
Goods-in-process	471,003,935	458,437,974
Finished goods (Including goods in transit of ₹ 12,413,555 (₹ 5,273,977))	248,654,425	229,989,174
Stores and spares	457,293,182	393,651,833
Packing materials	30,319,892	25,396,297
<b>Total</b>	<b>2,248,956,251</b>	<b>2,065,983,869</b>

[Amount in ₹]

	2014	2013
<b>16. Trade Receivables (Unsecured)</b>		
Over six months		
Considered good	24,612,548	181,938,521
Considered doubtful	72,316,224	60,776,766
	<b>96,928,772</b>	<b>242,715,287</b>
Less: Provision for doubtful debts	72,316,224	60,776,766
	<b>Total (A)</b>	<b>181,938,521</b>
Others	<b>Total (B)</b>	<b>2,820,437,962</b>
	<b>Total (A+B)</b>	<b>3,002,376,483</b>





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	Non-Current		Current	
	2014	2013	2014	2013
<b>17. Cash and Bank Balances</b>				
<b>Cash and cash equivalents</b>				
Balance with banks in Current accounts	-	-	694,574,761	487,263,450
Cheques/drafts on hand	-	-	18,400,083	22,331,690
Deposits with bank having original maturity period of less than 3 months	-	-	31,353,701	121,623,600
Cash on hand	-	-	1,657,479	2,076,991
	-	-	<b>745,986,024</b>	<b>633,295,731</b>
<b>Other bank balances</b>				
Unclaimed dividend accounts	-	-	3,644,390	4,651,543
Deposits with banks having original maturity period of more than twelve months**	2,223,962	2,206,600	666,369,161	305,057,705
Margin money**	221,079	1,394,209	-	-
	<b>2,445,041</b>	<b>3,600,809</b>	<b>670,013,551</b>	<b>309,709,248</b>
Disclosed under "Other non-current assets" (Refer note 14)	(2,445,041)	(3,600,809)	-	-
<b>Total</b>	-	-	<b>1,415,999,575</b>	<b>943,004,979</b>

\*\* represents deposits pledged with government authorities and bankers for letters of credit issued.

(Amount in ₹)

	2014	2013
<b>18. Revenue from Operations</b>		
Sales	21,682,363,174	18,617,601,885
<b>Other operating revenues</b>		
Royalty / Service charges	23,002,929	49,107,643
Sale of scrap	146,926,235	128,320,881
Export and other incentives	52,392,505	39,168,641
	<b>21,904,684,843</b>	<b>18,834,199,050</b>
Less: Excise duty	(638,351,752)	(516,529,796)
<b>Revenue from operations (net)</b>	<b>21,266,333,091</b>	<b>18,317,669,254</b>

(Amount in ₹)

	2014	2013
<b>19. Other Income</b>		
Dividend income	14,000	-
Interest income*	165,888,202	173,266,595
Exchange differences (net)	-	25,369,844
Profit on sale / discard of fixed assets (net)	-	10,691,602
Liability written back	8,298,910	-
Miscellaneous income	49,586,384	45,812,397
<b>Total</b>	<b>223,787,496</b>	<b>255,140,438</b>

\* includes interest on loans, bank deposits, income tax refunds etc.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	(Amount in ₹)	
	2014	2013
<b>20. Cost of Materials Consumed</b>		
<b>Raw materials consumed</b>		
Inventory at the beginning of the year	958,508,591	917,298,257
Add: Purchases (net)	10,509,738,385	8,909,324,655
	<b>11,468,246,976</b>	<b>9,826,622,912</b>
Less: Inventory at the end of the year	1,041,684,817	958,508,591
<b>Total</b>	<b>10,426,562,159</b>	<b>8,868,114,321</b>

	(Amount in ₹)	
	2014	2013
<b>21. Changes in Inventories of Finished Goods and Goods-in-process</b>		
<b>Inventory at the end of the year</b>		
Finished goods	248,654,425	229,989,174
Goods-in-process	471,003,935	458,437,974
	<b>719,658,360</b>	<b>688,427,148</b>
<b>Inventory at the beginning of the year</b>		
Finished goods	229,989,174	200,105,971
Goods-in-process	458,437,974	493,550,273
	<b>688,427,148</b>	<b>693,656,244</b>
<b>Total</b>	<b>(31,231,212)</b>	<b>5,229,096</b>

	(Amount in ₹)	
	2014	2013
<b>22. Employee benefits expense</b>		
Salaries, wages and bonus	2,777,667,822	2,380,737,078
Contribution to provident and other funds	276,748,236	233,014,678
Gratuity expenses	7,941,061	17,927,559
Staff welfare expenses	298,096,216	221,723,794
<b>Total</b>	<b>3,360,453,335</b>	<b>2,853,403,109</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	(Amount in ₹)	
	2014	2013
<b>23. Other Expenses</b>		
Stores and spares	475,889,871	375,663,628
Packing materials	660,641,149	552,366,122
Power and fuel	642,618,694	562,640,219
Job work / Labour charges	312,172,455	259,033,086
Repairs and maintenance		
- Buildings	20,121,610	20,018,182
- Plant and machinery	170,697,706	133,071,570
- Others	69,336,674	68,993,370
Lease rent		
- Buildings	92,900,068	84,592,325
- Plant and machinery	68,446,980	146,879,221
Other manufacturing expenses	133,001,474	81,825,545
Rent	78,472,540	60,742,261
Rates and taxes	100,796,988	100,462,057
Insurance	32,256,689	28,706,534
Directors' sitting fees	790,000	880,000
Travelling and conveyance expenses	119,863,338	112,609,002
Advertisement expenses	3,509,895	2,672,187
Professional and consultancy fees	87,052,591	82,672,385
Communication charges	45,923,551	45,745,124
Miscellaneous expenses	215,449,325	195,973,814
Donation	982,621	441,908
Payments to auditors for:		
- Audit fees	2,671,680	2,226,400
- Tax audit fees	367,356	306,130
- Tax representations and others	1,196,831	917,344
- Certifications (including fees for limited review)	1,365,404	1,056,765
- Reimbursement of expenses	67,113	39,978
Freight and forwarding expenses	541,264,918	439,274,276
Discount and rebate	19,568,335	119,77,614
Bad debts	34,697,733	16,345,995
Provision for doubtful debts, advances and contingencies	10,098,950	32,174,045
Commission	16,753,266	12,998,239
Loss on sale /discard of fixed assets (net)	6,388,836	-
Provision for impairment loss on fixed assets	-	26,467,624
Exchange difference (net)	3,898,122	-
<b>Total</b>	<b>3,969,262,763</b>	<b>3,459,772,950</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	2014	2013
<b>24. Finance Costs</b>		
Interest expenses		
- Borrowings	644,371,657	780,702,703
- Others	3,867,021	2,298,006
Other financial charges (includes amortisation of ancillary borrowing costs ₹ 47,350,877 [₹ 44,636,285])	99,480,693	108,986,552
Exchange difference on borrowings (net)	66,008,617	20,116,407
<b>Total</b>	<b>813,727,988</b>	<b>912,103,668</b>

(Amount in ₹)

	2014	2013
<b>25. Exceptional Items</b>		
Exceptional items (Refer note 33)	7,660,303	(47,348,915)
<b>Total</b>	<b>7,660,303</b>	<b>(47,348,915)</b>

### 26 Foreign Exchange Difference

The Companies (Accounting Standards) Amendment Rules, 2011 has amended provisions of AS-11 related to "The Effect of Changes in Foreign Exchange Rates" vide notification dated 11 May 2011 (as amended on 29 December 2011 and further clarification dated 9 August 2012) issued by The Ministry of Corporate Affairs (MCA). In terms of these amendments:

- Exchange difference loss (net) of ₹ 85,731,250 (₹ 61,771,167) is capitalised to cost of fixed assets / capital work in progress.
- Movement in "Foreign Currency Monetary Item Translation Difference account" (FCMITD) is as under:

(Amount in ₹)

	2014	2013
Opening balance Debit / (Credit)	-	(19,255,093)
Exchange difference loss / (gain) during the year	-	(17,432,534)
Amortisation of exchange difference for the year	-	36,687,627
<b>Closing balance Debit / (Credit)</b>	<b>-</b>	<b>-</b>

### 27 Derivative Instruments and Unhedged Foreign Currency Exposure

- Derivative contracts (being foreign exchange forward contracts for hedging purposes) entered into by the Group and outstanding as at 31 March:
  - For payments to be received against exports and other receivables

Derivative Contracts	2014		2013	
	Amount in Foreign Currency	Equivalent Indian ₹	Amount in Foreign Currency	Equivalent Indian ₹
USD / CNY	USD 6,000,000	359,490,000	USD 800,000	55,172,994
USD / MXN	USD 10,942,744	50,065,243	-	-
USD / INR	USD 1,000,000	59,915,000	USD 8,611,079	467,452,433



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

ii) For payments to be made against imports and other payables

Derivative Contracts	2014		2013	
	Amount in Foreign Currency	Equivalent Indian ₹	Amount in Foreign Currency	Equivalent Indian ₹
USD / INR	USD 12,401,172	743,016,197	USD 13,603,192	738,449,299
EUR / INR*	EUR 1,355,360	112,067,942	-	-
CHF / INR	CHF 1,933,110	131,117,340	-	-

\* Includes EUR 1,280,000 (INR 105,836,800) hedged in two forward contract i.e EUR/USD and USD/INR

iii) Cross currency hedges

	2014	2013
	Amount in Foreign Currency	Amount in Foreign Currency
In respect of payables (including capital commitments)		
EUR / USD	-	EUR 1,992,560
CHF / USD	CHF 5,598,811	CHF 5,112,600

b) Outstanding foreign currency exposures not hedged by derivative instruments

	(Amount in ₹)	
	2014	2013
Foreign currency payables	778,511,029	1,447,225,566
Foreign currency receivables	1,454,690,333	1,080,627,630

### 28 Leases

a) Finance Lease

Long-term leases, which in economic terms constitute investments financed on a long-term basis (finance lease) are recognised as assets and recorded under tangible fixed assets at their cash purchase value. The minimum lease payments required under this finance lease that have initial or remaining non-cancellable lease terms in excess of one year as at 31 March 2014 and its present value are as follows:

	(Amount in ₹)	
	2014	2013
<b>Minimum lease payment as at</b>		
Not later than one year	126,068,108	78,411,434
Later than one year but not later than five years	389,375,417	275,215,921
Later than five years	603,303,600	577,102,098
	<b>1,118,747,125</b>	<b>930,729,453</b>
Less: Amount representing interest	405,251,322	357,791,789
<b>Present value of Minimum Lease Payment</b>	<b>713,495,803</b>	<b>572,937,664</b>
Not later than one year	78,181,357	47,567,787
Later than one year but not later than five years	260,248,799	175,967,276
Later than five years	375,065,647	349,402,601

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### b) Operating Lease

The Group has taken on lease premises, residential facilities, plant and machinery (including equipments) and vehicles under cancellable/non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the leases varies from three to sixty one months. The rental obligations are as follows:

	(Amount in ₹)	
	2014	2013
Lease rental expense for the year (Including ₹ 42,368 (₹ 792,895) of Joint Ventures)	224,120,681	208,952,249
<b>Future lease rental obligation payable (under non-cancellable leases)</b>		
Not later than one year (Including ₹ 1,347,057 (₹ 1,178,547) of Joint Ventures)	125,289,527	156,848,818
Later than one year but not later than five years (Including ₹ 805,793 (₹ 1,556,753) of Joint Ventures)	82,983,950	269,351,488
<b>Total</b>	<b>208,273,477</b>	<b>426,200,306</b>

### 29 a) Contingent Liabilities not Provided for

	(Amount in ₹)	
	2014	2013
i) Unexpired letters of credit (net of liability provided)	23,471,774	37,553,636
ii) Guarantees and counter guarantees (net of liability provided)	3,000,000	3,000,000
iii) Disputed indirect taxes*	200,930,642	259,918,764
iv) Disputed direct taxes ^	83,667,553	110,017,878
v) Claims not acknowledged as debts	4,996,550	4,996,550
vi) Deferred sales tax liability assigned	68,605,087	68,605,087
vii) Duty benefit availed under EPCG scheme, pending export obligations	207,027,075	275,574,752
viii) Bills discounted from banks	3,264,998	152,162,429

\* Does not include disputed excise duty of ₹ 115,428,779 (₹ 115,428,779) for alleged undervaluation in inter unit transfer of Web, for captive consumption as it does not have significant impact on profits of the Group, since excise duty paid by one unit is admissible as Cenvat credit at other unit. Further, the appeal filed by Excise Department against the decision (in Group's favour) of High Court is pending before Hon'ble Supreme Court.

^ Without considering relief granted by the Appellate Authorities in favour of the Group, tax effect ₹ 35,347,198 (₹ 33,477,720) (approx.), which is pending with relevant authority.

### b) Commitments

#### (i) Capital Commitments #

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) ₹ 691,372,144 (₹ 255,699,091).

#### (ii) Other Commitments #

Estimated amount of contracts remaining to be executed on other than capital account, not provided for (net of advances) ₹ 142,853,209 (₹ 201,734,420).

# includes share in joint venture companies (Refer note 34)



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 30 Scheme of Amalgamation between EP Lamipack Limited with EP Lamitubes Limited

The Hon'ble High Court of Judicature of Bombay, vide its Order dated 9 May 2014, has approved a Scheme of Amalgamation ("the Scheme") for merger of EP Lamipack Limited (a step down subsidiary) with EP Lamitubes Limited, (a wholly owned subsidiary of the Company) effective from the closing of business on 31 March 2014 ("Appointed Date"). Accordingly the Scheme has been given effect in these accounts. The Amalgamation has been accounted for under the "Purchase" method as prescribed by Accounting Standard - 14 on "Accounting for Amalgamations" notified under Section 211 (3C) of the Companies Act, 1956.

As specified in the approved Scheme, ₹ 2,746,958,992 being the difference between the value at which the net assets of EP Lamipack Limited were recorded and the carrying value of investments in EP Lamipack Limited held by EP Lamitubes Limited has been adjusted against Securities Premium in the standalone financial statements of EP Lamitubes Limited instead of carrying as Goodwill as per AS-14. In consolidated financial statements, this treatment has resulted in Goodwill and Capital Reserve on consolidation being lower by ₹ 2,746,958,992.

Further as a consequence of implementing the Scheme, the group has reclassified ₹ 5,829,238,216 from reserves to Capital Reserve on consolidation.

### 31 Managerial Remuneration

a. Details of remuneration paid / payable to the managing director is as under:

		(Amount in ₹)	
		2014	2013
1	Salaries, allowances and perquisites <sup>^</sup>	34,981,767	27,989,600
2	Contribution to provident and other funds	2,952,000	2,736,000
3	Performance bonus*	13,539,650	-
<b>Total</b>		<b>51,473,417</b>	<b>30,725,600</b>

<sup>^</sup> Excludes leave encashment and gratuity provided on the basis of actuarial valuation on an overall Company basis.

\* The performance bonus for the current year has been provided in the accounts as approved by the remuneration committee and the board of directors. The total remuneration to Managing Director on this basis as computed per Companies Act, 1956 is in excess of limit prescribed u/s 198 / 309 of the Companies Act, 1956 by ₹ 6,999,857. Consequently, ₹ 6,999,857 of the performance bonus is payable only upon approval of Central Government.

b. Performance bonus payable to Managing Director for the year ended 31 March 2011 to the extent of ₹ 5,208,255 not covered by the Central Government approval is written back during the year.

c. The current year financial statements include commission paid to Non-executive independent directors ₹ 4,176,986 for the year ended 31 March 2013 and payable ₹ 3,600,000 for the year ended 31 March 2014. (Previous year ₹ 3,600,000).

32 During the year, the Company has fulfilled its export obligations under the "Zero Duty EPCG Scheme" of erstwhile Ras Propack Lamipack Limited ("RPLL") (the merged entity) and accordingly remaining custom duty provision, which was capitalised in earlier years of ₹ 24,445,620 (₹ 18,783,126) is reduced from the cost of fixed assets and consequently interest on custom duty of ₹ 61,623,062 (₹ 47,348,915) is written back to the Statement of Profit and Loss as an exceptional item.

33 Exceptional item includes (a) write back of ₹ 61,623,062 (₹ 47,348,915) being interest provided by erstwhile RAS Propack Lamipack Limited (merged) on custom duty provision on imports under EPCG scheme, no longer required, and (b) Cenvat credit of ₹ 69,283,365 (₹ Nil) of prior years, not realisable hence written off.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 34 Disclosure in respect of Joint Venture Companies

In Compliance with Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures", the Group's share of each of the assets, liabilities, income and expenses, etc. in respect of jointly controlled entities are as follows:

Name of the Joint Ventures	Country of Incorporation	Ownership Interest
Essel Deutschland GmbH & Co.,KG Dresden	Germany	24.90% [24.90%]
Essel Deutschland Management GmbH	Germany	24.90% [24.90%]

#### Group's Share of Interest in Joint Ventures

	(Amount in ₹)	
	2014	2013
Assets	369,044,738	308,186,533
Liabilities	369,044,738	308,186,533
Income	614,705,769	441,928,354
Expenses	572,181,702	426,955,377
Capital Commitments	27,938,678	-
Other Commitments	124,573,981	185,172,827

### 35 Prior period comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classifications / disclosures. Figures in brackets pertain to previous year.

### 36 Earnings per share

	2014	2013
Profit for the year (₹)	1,078,333,830	809,573,416
Weighted average number of Basic and Diluted Equity Shares (Nos.)	157,101,285	157,101,285
Nominal value of equity shares (₹)	2.00	2.00
<b>Earnings per share</b>		
Basic and Diluted	6.87	5.15

### 37 Related Party Disclosure

#### a. List of Parties where control exists

##### i) Holding Company

Rupee Finance and Management Private Limited (w.e.f. 12 February 2014)

##### ii) Fellow Subsidiary

Whitehills Advisory Services Private Limited (w.e.f. 12 February 2014)

##### iii) Joint Venture / Associate Companies

Essel Deutschland GmbH & Co. KG (Dresden), Essel Deutschland Management GmbH, P.T. Lamipak Primula.

##### iv) Other Related Parties with whom transactions have taken place during the year and balances outstanding at the year-end

Aqualand (India) Limited, Ayepee Lamitubes Limited, Churu Trading Company Private Limited (merged with Sprit Textiles Private Limited w.e.f. 01 October 2012), Continental Drug Company Private Limited, Essel Corporate Resources Private Limited, Ganjam Trading Company Private Limited, Pan India Paryatan Private Limited, Prajatra Trading Company Private Limited (merged with Sprit Textiles Private Limited w.e.f. 01 October 2012), Rama Associates Limited, Zee Entertainment Enterprises Limited, Sprit Textiles Private Limited.





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

b. Directors of the Company

Non-Executive Director

Mr. Subhash Chandra

Executive Director

Mr. Ashok Goel

(Vice-Chairman and Managing Director)

c. Transactions with related parties

A) Transactions during the year

(Amount in ₹)

	2014		2013	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>a. Sales to and Recoveries from</b>				
<b>Joint Venture / Associates</b>	28,416,572		16,714,240	
Essel Deutschland GmbH & Co., KG Dresden		28,416,572		16,714,240
<b>Other Related Parties</b>	-		882,080	
Rama Associates Limited		-		878,121
<b>b. Royalty / Service Income</b>				
<b>Joint Venture / Associates</b>	16,668,296		11,732,088	
Essel Deutschland GmbH & Co., KG Dresden		16,668,296		11,732,088
<b>c. Rent Income</b>				
<b>Other Related Parties</b>	27,500		60,000	
Pan India Paryatan Private Limited		27,500		60,000
<b>d. Sale of Fixed Assets</b>				
<b>Other Related Parties</b>	4,789,500		-	
Ganjam Trading Company Private Limited		4,789,500		-
<b>e. Purchase of Goods and Services</b>				
<b>Other Related Parties</b>	740,006		290,192	
Zee Entertainment Enterprises Limited		311,968		147,925
Ganjam Trading Company Private Limited		428,038		142,267
<b>f. Purchase of Fixed Assets</b>				
<b>Other Related Parties</b>	-		20,000,000	
Ayeppee Lamitubes Limited		-		20,000,000
<b>g. Rent Expenses</b>				

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	2014		2013	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>Other Related Parties</b>	38,605,557		28,936,797	
Ganjam Trading Company Private Limited		35,100,000		27,403,200
<b>h. Loans / Advances / Deposits given</b>				
<b>Other Related Parties</b>	256,586,102		5,938,775	
Sprit Textiles Private Limited		110,416,184		-
Ayepee Lamitubes Limited		146,169,918		5,938,775
<b>i. Repayment of Loans / Advances / Deposits given</b>				
<b>Other Related Parties</b>	129,089,490		4,100,000	
Ayepee Lamitubes Limited		126,572,738		4,100,000
<b>j. Loans / Advances / Deposits taken</b>				
<b>Other Related Parties</b>	-		50,000,000	
Pan India Paryatan Private Limited		-		50,000,000
<b>k. Repayment of Loans / Advances / Deposits taken</b>				
<b>Other Related Parties</b>	25,000		50,000,000	
Pan India Paryatan Private Limited		25,000		50,000,000
<b>l. Interest Income on Loans / Advances / Deposits given</b>				
<b>Other Related Parties</b>	147,011,150		156,524,323	
Churu Trading Company Private Limited		-		79,517,870
Prajatma Trading Company Private Limited		-		64,582,171
Sprit Textiles Private Limited		144,054,665		-
<b>m. Interest Expense on Loans / Advances / Deposits taken</b>				
<b>Other Related Parties</b>	-		2,054,794	
Pan India Paryatan Private Limited		-		2,054,794
<b>n. Director's Remuneration</b>				
Managing Director	51,473,417	51,473,417	30,725,600	30,725,600



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### B) Balance Outstanding as at 31 March

(Amount in ₹)

	2014		2013	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
<b>a. Trade Receivables</b>				
<b>Joint Venture / Associates</b>	16,156,847		31,120,467	
Essel Deutschland Gmbh & Co., KG Dresden		16,156,847		31,120,467
<b>Other Related Parties</b>	352,343		484,056	
Rama Associates Limited		352,343		484,056
<b>b. Loans / Advances / Deposits given</b>				
<b>Other Related Parties</b>	1,115,676,940		973,542,662	
Ayeppee Lamitubes Limited		125,000,000		90,765,154
Sprit Textiles Private Limited		960,666,940		850,250,756
<b>c. Loans / Advances / Deposits taken</b>				
<b>Other Related Parties</b>	300,000		325,000	
Pan India Paryatan Private Limited		-		25,000
Ayeppee Lamitubes Limited		300,000		300,000
<b>d. Other Receivables</b>				
<b>Joint Venture / Associates</b>	2,525,852		2,398,903	
Essel Deutschland Gmbh & Co., KG Dresden		2,525,852		2,067,508
P.T. Lamipak Primula		-		331,395
<b>e. Interest Receivable</b>				
<b>Other Related Parties</b>	257,994,235		140,871,891	
Sprit Textiles Private Limited		257,994,235		129,690,037
<b>f. Trade Payables / Other Liabilities</b>				
<b>Joint Venture / Associates</b>	2,973,858		32,136,383	
Essel Deutschland Gmbh & Co., KG Dresden		2,973,858		32,136,383
<b>Other Related Parties</b>	524,999		3,861,231	
Essel Corporate Resources Private Limited		-		3,861,231
Ayeppee Lamitubes Limited		494,976		-
<b>g. Guarantees provided on our behalf</b>				
<b>Other Related Party</b>	3,862,126,953		3,492,020,098	
Aqualand (India) Limited		3,862,126,953		3,492,020,098
<b>h. Director's Remuneration</b>				
Managing Director *	13,539,650		-	
		13,539,650		-

\* Of this ₹ 6,999,857 is payable subject to the approval of Central Government. (Refer note 31)

Transactions with Joint Venture has been reported at proportionate value.

"Major Parties" denotes entries who account 10% or more of the aggregate for that category of transaction.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 38 Segment Information

The Group considers geographical segment as the primary segment in the context of AS-17. The geographical segments have been identified and reported taking into account, the differing risk and returns, the organization structure and the internal financial reporting systems. The Group operates only in one Segment viz. 'Plastic Packaging Material' and hence business segment disclosures as per AS-17 are not applicable.

#### Geographical segmentation:

- Africa, Middle East and South Asia (AMESA) include operations in India and Egypt.
- East Asia Pacific (EAP) includes operations in China and Philippines.
- Americas includes operations in United States of America, Mexico and Colombia.
- Europe includes operations in Germany, United Kingdom, Poland and Russia.

#### Segment reporting for the year ended 31 March 2014

##### Primary segment disclosure - Geographical segment

(Amount in ₹)

	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Total
<b>Revenue</b>							
External Sales and Services	9,586,365,071	4,003,612,981	4,568,587,297	3,107,767,742	-	-	21,266,333,091
Inter-segment Sales and Services	220,326,259	979,985,685	-	59,289	4,185,972	(1,204,557,205)	-
<b>Total Revenue</b>	<b>9,806,691,330</b>	<b>4,983,598,666</b>	<b>4,568,587,297</b>	<b>3,107,827,031</b>	<b>4,185,972</b>	<b>(1,204,557,205)</b>	<b>21,266,333,091</b>
<b>Segment Result</b>	<b>1,292,255,884</b>	<b>807,888,775</b>	<b>317,984,633</b>	<b>(87,885,493)</b>	<b>(41,254,724)</b>	<b>(5,310,026)</b>	<b>2,283,679,049</b>
Add: Other income							223,787,496
Less: Finance costs							813,727,988
<b>Profit before tax and exceptional items</b>							<b>1,693,738,557</b>
Less: Exceptional items							7,660,303
<b>Profit before tax</b>							<b>1,686,078,254</b>
<b>Less: Tax expense</b>							
Current Tax - Current year							487,610,358
- Earlier years							371,625
MAT credit entitlement - Earlier years							(10,043,451)
Deferred Tax							91,136,874
<b>Profit after tax before minority interest and share of profit/(loss) of associate</b>							<b>1,117,002,848</b>
Add/(less): Share of profit/(loss) from associates							(30,139)
Less: Minority Interests							38,638,879
<b>Profit for the year</b>							<b>1,078,333,830</b>

#### Other Segment Information:

	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Total
1. Segment Assets	7,676,921,372	4,759,531,491	2,948,987,230	3,251,821,753	3,163,341,442	(506,194,189)	21,294,409,099
2. Segment Liabilities	1,717,400,861	817,857,924	665,412,792	548,907,573	10,799,518,210	(313,199,681)	14,235,897,679
3. Capital Expenditure	892,576,833	163,180,801	144,287,868	652,487,182	-	(30,733,553)	1,821,799,131
4. Depreciation and amortisation expense	492,473,763	298,074,784	286,455,071	194,668,447	-	(14,065,068)	1,257,606,997



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Segment reporting for the year ended 31 March 2013

Primary segment disclosure – Geographical segment

(Amount in ₹)

	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Total
<b>Revenue</b>							
External Sales and Services	8,549,434,070	3,356,247,349	4,039,845,084	2,372,142,751	-	-	18,317,669,254
Inter-segment Sales and Services	277,851,525	856,161,734	224,132,223	54,997,347	3,016,610	(1,416,159,439)	
<b>Total Revenue</b>	<b>8,827,285,595</b>	<b>4,212,409,083</b>	<b>4,263,977,307</b>	<b>2,427,140,098</b>	<b>3,016,610</b>	<b>(1,416,159,439)</b>	<b>18,317,669,254</b>
<b>Segment Result</b>	<b>1,144,129,438</b>	<b>814,372,686</b>	<b>262,941,515</b>	<b>(280,780,840)</b>	<b>(61,908,229)</b>	<b>(9,320,769)</b>	<b>1,869,433,801</b>
Add: Other income							255,140,438
Less: Finance costs							912,103,668
<b>Profit before tax and exceptional items</b>							<b>1,212,470,571</b>
Less: Exceptional items							(47,348,915)
<b>Profit before tax</b>							<b>1,259,819,486</b>
<b>Less: Tax expense</b>							
Current Tax – Current year							403,080,048
– Earlier years							1,042,552
MAT credit entitlement – Current year							(29,437,621)
Deferred Tax							68,348,676
<b>Profit after tax before minority interest and share of profit/(loss) of associate</b>							<b>816,785,831</b>
Add/(Less): Share of profit/(loss) from associates							22,380,735
Less: Minority Interests							29,593,150
<b>Profit for the year</b>							<b>809,573,416</b>

### Other Segment Information:

	AMESA	EAP	Americas	Europe	Unallocated	Eliminations	Total
1. Segment Assets	7,183,017,719	4,082,449,420	2,703,592,092	2,277,747,716	6,655,143,522	(742,028,444)	22,159,922,025
2. Segment Liabilities	1,281,609,275	595,767,034	572,581,450	497,773,888	10,214,790,667	(449,258,018)	12,713,264,296
3. Capital Expenditure	679,488,999	126,055,861	91,405,208	444,144,143	-	(120,224,233)	1,220,869,978
4. Depreciation and amortisation expense	458,721,413	285,671,487	330,104,163	200,094,134	-	(12,875,220)	1,261,715,977

As per our attached report of even date  
For **MGB & Co.**  
Chartered Accountants  
Firm Registration Number 101169W

For and on behalf of the Board

**Subhash Chandra**  
Chairman

**Ashok Goel**  
Vice Chairman & Managing Director

**Hitendra Bhandari**  
Partner  
Membership Number 107832

**Tapan Mitra**  
**Boman Moradian**  
**Mukund M. Chitale**

} Directors

**A.V. Ganapathy**  
Chief Financial Officer (Global)

Place: Mumbai  
Date: 29 May 2014

**Ajay N. Thakkar**  
Company Secretary & Head – Legal

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	(Amount in ₹)	
	2014	2013
<b>A. Cash flow from operating activities</b>		
Profit before tax	1,686,078,254	1,259,819,486
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,257,606,997	1,280,499,103
Provision for impairment loss on fixed assets	-	26,467,624
Amortisation of ancillary borrowing costs	47,350,877	44,636,285
(Profit) / Loss on sale / discard of fixed assets (net)	6,388,836	(10,691,602)
Interest expenses	648,238,678	783,000,709
Interest income	(165,888,202)	(173,266,595)
Provision for doubtful debts, advances and contingencies	9,945,708	4,269,471
Exceptional items (net)	7,660,303	(47,348,915)
Capital subsidy transferred to Statement of Profit and Loss	(45,499)	(8,823,787)
Exchange adjustments (net)	(166,354,415)	(192,894,111)
<b>Operating profit before working capital changes</b>	<b>3,330,981,537</b>	<b>2,965,667,668</b>
<b>Adjustments for:</b>		
(Increase) / decrease in trade and other receivables	(1,584,781,327)	(857,912,375)
(Increase) / decrease in inventories	(182,972,382)	(85,515,114)
Increase / (decrease) in trade and other payables	856,066,796	35,525,431
<b>Cash generated from operations</b>	<b>2,419,294,624</b>	<b>2,057,765,610</b>
Direct taxes paid (net of refunds)	(498,036,597)	(369,499,622)
<b>Net cash from operating activities (A)</b>	<b>1,921,258,027</b>	<b>1,688,265,988</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work-in-progress and capital advances)	(1,821,799,131)	(1,220,869,978)
Sale of fixed assets	41,654,315	145,486,004
Investment in bank deposits (having original maturity of more than twelve months)	1,155,768	(1,431,666)
Loans given to related parties	(131,586,102)	(5,938,775)
Repayment of loans given to related parties	62,235,072	25,354,181
Interest received	48,795,912	154,621,904
Dividend received from associate	9,265,058	5,079,311
Government grant and capital subsidies received	1,289,103	2,398,690
<b>Net cash from / (used in) investing activities (B)</b>	<b>(1,788,990,005)</b>	<b>(895,300,329)</b>



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	(Amount in ₹)	
	2014	2013
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings	3,130,361,552	4,983,832,168
Repayment of long-term borrowings	(2,165,780,830)	(2,684,510,121)
Proceeds from short term borrowings	1,202,232,566	1,719,351,918
Repayment of short term borrowings	(1,281,413,464)	(2,405,821,968)
Increase / (decrease) in other borrowings (net)	(301,089,404)	(1,567,545,405)
Principal payment under finance lease	(10,734,858)	(22,815,976)
Interest paid	(647,864,688)	(784,038,168)
Dividend paid (including tax)	(192,674,407)	(169,280,425)
Dividend paid to minority shareholders	(27,422,196)	(40,876,827)
Ancillary borrowing costs incurred	(34,901,248)	(94,057,528)
<b>Net cash from / (used in) financing activities (C)</b>	<b>(329,286,977)</b>	<b>(1,065,762,332)</b>
<b>Net changes in cash and cash equivalents (A+B+C)</b>	<b>(197,018,955)</b>	<b>(272,796,673)</b>
Cash and cash equivalents at the beginning of the year	943,004,979	906,092,404
<b>Cash and cash equivalents at the end of the year</b>	<b>745,986,024</b>	<b>633,295,731</b>
Add: Earmarked balances with banks	670,013,551	309,709,248
<b>Cash and bank balances at the end of the year</b>	<b>1,415,999,575</b>	<b>943,004,979</b>
<b>Note:</b>		
Previous year figures are regrouped / reclassified wherever necessary.		

As per our attached report of even date  
For **MGB & Co.**  
Chartered Accountants  
Firm Registration Number 101169W

**Hitendra Bhandari**  
Partner  
Membership Number 107832

Place: Mumbai  
Date: 29 May 2014

For and on behalf of the Board

**Subhash Chandra**  
Chairman

**Tapan Mitra**  
**Boman Moradian**  
**Mukund M. Chitale**

} Directors

**Ajay N. Thakkar**  
Company Secretary & Head - Legal

**Ashok Goel**  
Vice Chairman & Managing Director

**A.V. Ganapathy**  
Chief Financial Officer (Global)







“Continue to  
Grow and Evolve”

- MAHATMA GANDHI



**ESSEL PROPACK**

[www.esselpropack.com](http://www.esselpropack.com)



## ESSEL PROPACK LIMITED

Regd. Off. : P.O. Vasind, Tal. Shahapur, Dist. Thane, Maharashtra - 421 604, India.  
Phone: 91-22-24819000/9200, Fax: +91-22-24963137 Website: www.esselpropack.com  
Email: investor.grievance@ep.esselgroup.com, Corporate Identity Number: L74950MH1982PLC028947

### NOTICE

**NOTICE** is hereby given that the Thirty First Annual General Meeting of the Members of **ESSEL PROPACK LIMITED** will be held on **Wednesday, July 09, 2014, at 11.00 a.m.** at the Company's Registered Office at P.O. Vasind, Taluka: Shahapur, District: Thane, Maharashtra - 421604, India to transact the following business: -

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Profit & Loss for the financial year ended March 31, 2014 and the Balance Sheet as on that date and the Report of the Directors' and Auditor's thereon.
2. To declare a dividend for the financial year ended March 31, 2014.
3. To appoint a Director in place of Mr. Subhash Chandra (holding DIN 00031458), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and 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** in accordance with the applicable provisions of the Companies Act, 2013, and the Rules made thereunder, M/s. MGB & Co, Chartered Accountants (Registration No.101169W), be and are hereby appointed as the Statutory Auditors of the Company to hold office from conclusion of the this Meeting till the conclusion of the Thirty fourth Annual General Meeting of the Company, subject to ratification by the members annually, at a remuneration as may be decided by the Board of Directors".

#### SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Tapan Mitra (holding DIN: 00101574), Director of

the Company, whose period of office was liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years".

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Mukund M. Chitale (holding DIN: 00101004), Director of the Company, whose period of office was liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years".

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Boman Moradian (holding DIN: 00242123), Director of the Company, whose period of office was liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the

Companies Act, 2013, proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years”.

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Ms. Radhika Pereira (holding DIN: 00016712), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years”.

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

“RESOLVED THAT in accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, payment of Remuneration of ₹ 2,25,000/- (Rupees Two Lacs Twenty Five Thousand only) (plus service tax and out-of-pocket expenses, if any, for the purpose of Audit) to M/s. R Nanabhoy & Co, Cost Auditor (Membership Number 000010) for conducting the audit of Cost Accounting Records relating to products manufactured by the Company for the financial year 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015 be and is hereby approved”.

By Order of the Board of Directors  
For **ESSEL PROPACK LIMITED**

Place : Mumbai **AJAY N. THAKKAR**  
Date : May 29, 2014 Company Secretary & Head - Legal

**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 OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED

WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME FOR COMMENCEMENT OF THE MEETING. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

- 2) The statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
- 3) The relevant details of Directors seeking re-appointment under item no. 3 and appointment under items nos. 5, 6, 7 and 8 above as required under clause 49 of the Listing agreement entered into with the Stock Exchanges is annexed hereto.
- 4) Members / proxy holders are requested to bring their attendance slip duly signed so as to avoid inconvenience at the Annual General Meeting. Copy of the Notice as well as the Attendance Slip shall be made available to members at the meeting venue who have opted to receive the Annual Report in Electronic Form.
- 5) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 03, 2014 to Wednesday, July 09, 2014 (both days inclusive).
- 6) Dividend, if approved by Members at the ensuing Annual General Meeting, will be paid on or after July 11, 2014; to all those members whose name appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before July 02, 2014 and in the list of beneficial owners furnished by National Securities Depository Limited and/or Central Depository Services (India) Limited, in respect of shares held in electronic form as at the end of the business day on July 02, 2014.
- 7) In respect of the Members having their shareholding in the electronic form, the Company has been disbursing dividend through direct deposit into their respective bank accounts, the particulars of which have been given by the members to their Depository Participant (DP).
- 8) In order to safeguard against fraudulent encashment of dividend warrants, Members having physical shares are requested to provide their bank account numbers along with the names and addresses of the concerned



banks to enable the Company to incorporate the said details on the dividend warrants. Members, who have not yet provided such information, are requested to provide the aforementioned details quoting their folio numbers. Members will appreciate that the Company will not be responsible for any loss arising out of fraudulently encashed dividend warrants.

- 9) The unclaimed dividends up to year 2006 (Interim Dividend) have been transferred to the Investor Education and Protection Fund of the Central Government pursuant to the provisions of Section 205-A/205-C of the Companies Act, 1956.
- 10) Unpaid / unclaimed Dividend for the year 2007 is due for transfer on June 18, 2015 to the Investor Education & Protection Fund of the Central Government pursuant to the provisions of Section 124 of the Companies Act, 2013. Members who have not yet encashed their dividend warrants for the said year or any subsequent year(s), are requested to claim the dividend(s) by writing to the Company's Registrar & Transfer Agents, Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, 2<sup>nd</sup> floor, Sakinaka Telephone Exchange Lane, Off Andheri - Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072. The details of the unpaid / unclaimed dividend upto the date of last AGM held on July 09, 2013 are uploaded on the Company's website.
- 11) Electronic copy of the Notice of the 31<sup>st</sup> Annual General Meeting of the Company, inter-alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 31<sup>st</sup> Annual General Meeting of the Company, inter-alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
- 12) Voting through electronic means  
In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members facility to exercise their right to vote at the Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL).

The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL [for Members whose email IDs are registered with the Company/Depository participant(s)]:
  - (i) Members need to open the PDF file [["esselpropack-evoting.pdf"](#)] received from NSDL, giving their Client ID or Folio No. as default password (the file contains "User ID" and "Password for e-voting") and follow steps B (ii) to B (xi) given below to cast vote.
- B. In case of a Member receives physical copy of the Notice of Annual General Meeting [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
  - Members can use the \*details as provided overleaf of the Attendance Slip/Proxy Form.

**\* EVEN (E VOTING EVENT NUMBER) USER ID PASSWORD/PIN**

- (ii) Launch the internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder – Login
- (iv) Put user ID and password as initial password mentioned in step (i) above. Click Login.
- (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of Essel Propack Limited.
- (viii) Now you are ready for e-Voting as the Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.

- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer, Mr. Dharmesh Zaveri of D.M. Zaveri & Co., Practicing Company Secretary, on his e-mail id: [info@dmzaveri.com](mailto:info@dmzaveri.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- C. In case of any queries, Members may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- D. If any Member is already registered with NSDL for e-voting then they can use their existing user ID and password for casting vote.
- E. Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- F. The e-voting period commences on July 3, 2014 (9:00 am) and ends on July 5, 2014 (6:00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. May 30, 2014, may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the Member shall not be allowed to change it subsequently.
- G. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. May 30, 2014.
- H. The Scrutinizer will within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- I. The Results will be declared at the 31st Annual General Meeting of the Company. The Results declared alongwith the Scrutinizer's Report will be placed on the Company's website [www.esselpropack.com](http://www.esselpropack.com) and on the website of NSDL within two (2) days of passing of the resolutions at the 31st Annual General Meeting of the Company and will be communicated to the BSE Limited/National Stock Exchange of India Limited.
- 13) In case of those members, who do not have access to e-voting facility, they can use the assent/dissent form sent herewith or can be downloaded from our website [www.esselpropack.com](http://www.esselpropack.com) and convey their assent/dissent to each item of business to be transacted at the 31st Annual General Meeting and send the form to reach the Scrutinizer appointed by the Company at the registered office of the Company on or before July 05, 2014.
- 14) Members can choose only one of the two options, e-voting or voting through physical assent/dissent form. In case the votes are casted through both the options, then votes casted through e-voting shall stand cancelled and those votes casted through physical assent/dissent form would be considered, subject to the assent/dissent form being found to be valid.
- 15) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered and Corporate Office of the Company during normal business hours on any working day excluding Saturday up to the date of the 31st Annual General Meeting of the Company.
- 16) Members desirous of asking any questions at the 31st Annual General Meeting are requested to send their questions so as to reach the Registered Office of the Company addressed to the Company Secretary at least seven days before the Meeting so that the same can be replied suitably.
- 17) Members are requested to carry their copy of the Annual Report to the Meeting.

By Order of the Board of Directors  
For ESSEL PROPACK LIMITED

Place : Mumbai  
Date : May 29, 2014

AJAY N. THAKKAR  
Company Secretary & Head - Legal



## STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013:-

### Item No.5

Mr. Tapan Mitra has obtained Master's Degree from Calcutta University, Post Graduate from McGill University, Canada & Master's degree in Business Administration from University of Geneva, he is also a Fellow Member of the Institute of Chartered Accountants of India. He has served as a Chairman of confederation of Indian Industries (CII), Eastern Region, Chairman of Haldia Petrochemical Limited, Managing Director of INDAL, Industrial Investment Bank of India as well as on a number of national committees of CII.

He is on the Board of the Company since April 2003. He is presently an Independent Director on the Board, whose period of office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr Mitra, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Mr. Mitra as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Mr Mitra fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management of the Company. Having regard to his qualifications, knowledge and experience, his appointment as an Independent Director will be in the interest of the Company. Copy of the draft letter for appointment of Mr Mitra as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered and Corporate Office of the Company during normal business hours on any working day excluding Saturday up to the date of the 31<sup>st</sup> Annual General Meeting of the Company. The Board recommends his appointment as an Independent Director in the interest of the Company, to utilize his expertise. In terms of Section 149(13) of the Companies Act, 2013, Mr Mitra shall not be liable to retire by rotation.

None of the Directors, key managerial personnel and /or their relatives, except Mr. Mitra is concerned or interested in the Resolution.

### Item No. 6

Mr. Mukund M. Chitale is a Commerce graduate and Fellow Member of the Institute of Chartered Accountants of India, presently he is a Practising Chartered Accountant. He has over 35 years of experience as a Practising Chartered Accountant. He was the President of the Institute of Chartered Accountants of India in 1997 - 1998.

He is on the Board of the Company since March 2009. He is presently an Independent Director on the Board, whose period of office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr Chitale, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Mr Chitale as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Mr Chitale fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management of the Company. Having regard to his qualifications, knowledge and experience, his appointment as an Independent Director will be in the interest of the Company. Copy of the draft letter for appointment of Mr Chitale as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered and Corporate Office of the Company during normal business hours on any working day excluding Saturday up to the date of the 31<sup>st</sup> Annual General Meeting of the Company. The Board recommends his appointment as an Independent Director in the interest of the Company, to utilize his expertise. In terms of Section 149(13) of the Companies Act, 2013, Mr Chitale shall not be liable to retire by rotation.

None of the Directors, key managerial personnel and/or their relatives, except Mr Chitale is concerned or interested in the Resolution.

### Item No. 7

Mr. Boman Moradian is a Mechanical Engineer from VJTI, Mumbai, M.M.S in operations from Jamnalal Bajaj Institute of Management Studies. He has 38 years of rich experience having worked in various capacities at Bharat Bijlee Ltd, Ambalal Sarabhai Enterprises Ltd, Decom Marketing Limited and Shilpi Advertising Limited. He is a visiting faculty at Jamnalal Bajaj Institute of Management Studies, Mumbai.



He is on the Board of the Company since March 2006. He is presently an Independent Director on the Board, whose period of office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr Moradian, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Mr Moradian as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Mr Moradian fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management of the Company. Having regard to his qualifications, knowledge and experience, his appointment as an Independent Director will be in the interest of the Company. Copy of the draft letter for appointment of Mr Moradian as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered and Corporate Office of the Company during normal business hours on any working day excluding Saturday up to the date of the 31<sup>st</sup> Annual General Meeting of the Company. The Board recommends his appointment as an Independent Director in the interest of the Company, to utilize his expertise. In terms of Section 149(13) of the Companies Act, 2013, Mr Moradian shall not be liable to retire by rotation.

None of the Directors, key managerial personnel and/or their relatives, except Mr. Moradian is concerned or interested in the Resolution.

#### Item No. 8

Ms Radhika Pereira is a graduate from the University of Mumbai - Faculty of Life Sciences, a law graduate from the University of Mumbai and a post-graduate from the University of Cambridge as well as the University of Harvard. Ms Pereira is also a registered member of the Bombay High Court Bar Association.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Ms Pereira being eligible and offering herself for appointment, is proposed to be appointed as an Independent Director for a term of five

consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Ms Pereira as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Ms Pereira fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for her appointment as an Independent Director of the Company and is Independent of the management of the Company. Having regard to her qualifications, knowledge and experience, her appointment as an Independent Director will be in the interest of the Company. Copy of the draft letter for appointment of Ms Pereira as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered and Corporate Office of the Company during normal business hours on any working day excluding Saturday up to the date of the 31<sup>st</sup> Annual General Meeting of the Company. The Board recommends her appointment as an Independent Director in the interest of the Company, to utilize her expertise. In terms of Section 149(13) of the Companies Act, 2013, Ms Pereira shall not be liable to retire by rotation.

None of the Directors, key managerial personnel and/or their relatives, except Ms Pereira is concerned or interested in the Resolution.

#### Item No. 9

Section 148(2) of the Companies Act, 2013 provides that if the Central Government is of the opinion that it is necessary to do so, it may, by Order, direct that the audit of cost records of class of companies, which are covered under sub-section (1) and which have a net worth of such amount as may be prescribed or a turnover of such amount as may be prescribed, shall be conducted in the manner specified in the Order.

The said Section 148(2) has been notified by the Ministry of Corporate Affairs and has been made effective from 1<sup>st</sup> April, 2014, however so far, no Rules or Orders have been issued in this regard. The Company was covered under the Cost Audit Regulations under the provisions of the Companies Act, 1956 and Orders issued thereunder.

Based on the recommendation of the Audit Committee, the Board of Directors thought it expedient to appoint M/s. R Nanabhoy & Co, as the Cost Auditors of the Company for the Financial Year 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015 on a remuneration of ₹ 2,25,000/- plus service tax and out of





pocket expenses, if any, for the purpose of cost audit subject to approval of remuneration by the Members. Section 148(3) read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, provides that the remuneration of the Cost Auditor shall be approved by the Members. Accordingly, this Ordinary Resolution is proposed for approval of the Members.

None of the Directors, key managerial personnel and/or their relatives is concerned or interested in the Resolution.

By Order of the Board of Directors  
For **ESSEL PROPACK LIMITED**

Place: Mumbai  
Date: May 29, 2014

**AJAY N. THAKKAR**  
Company Secretary & Head - Legal

**ADDITIONAL INFORMATION ON DIRECTORS BEING APPOINTED/ RE-APPOINTED AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES:-**

Particulars	Re-appointment	Appointment			
Name	Mr Subhash Chandra	Mr Tapan Mitra	Mr Mukund M. Chitale	Mr Boman Moradian	Ms Radhika Pereira
Age	64 years	75 years	64 years	63 years	44 years
Qualification and Experience	He is one of the founder Members and associated with the Company since 1982 as Chairman. He has a wealth of experience in the industry in various sectors such as Packaging, Media, Entertainment, etc. He is also serving as a Director on the Board of various reputed Companies. He has been recipient of numerous honorary degrees, industry awards, and civic honors, including being named 'Global Indian Entertainment Personality of the Year' by FICCI for 2004, 'Business Standard's Businessman of the Year in 1999, 'Entrepreneur of the Year' by Ernst & Young in 1999 and 'Enterprise CEO of the Year by International Brand Summit'.	Masters degree from the Calcutta University, Post-graduate studies at McGill University, Canada.  Masters degree in Business Administration from the University of Geneva and Fellow member of the Institute of Chartered Accountants of India.  He has served as Chairman of Confederation of Indian Industries (CII), Eastern Region, Chairman of Haldia Petrochemicals Limited, Managing Director of INDAL, Industrial Investment Bank of India as well as on a number of national committees of CII.	He has over 35 years of experience as a practising Chartered Accountant. He was the President of the Institute of Chartered Accountants of India in 1997 - 1998. He was the Member of The International Auditing Practices Committee of The International Federation of Accountants from January 1998 to June 2000. Member of Verma Committee on Restructuring of Weak Public Sector Banks, Member of Dr. Tarapur Committee on Procedures & Performance Audit of Public Services appointed by Reserve Bank of India and Member of Company Law Advisory Committee of Central Government in 1992 and 1993.	Mechanical Engineer from VJTI, Mumbai, M.M.S in Operations from Jamnalal Bajaj Institute of Management Studies.  He has 38 years of rich experience having worked in various capacities at Bharat Bijlee Ltd., Ambalal Sarabhai Enterprises Ltd., Decom Marketing Ltd. and Shilpi Advertising Ltd since 1988, he is involved in freelance Management Consultation practice in Productivity, Marketing and Mathematical Modelling of Systems for various corporate clients.  He is visiting faculty at Jamnalal Bajaj Institute of Management Studies, Mumbai.	Graduate from the University of Mumbai. Faculty of Life Sciences, a Law graduate from the University of Mumbai and a Post-Graduate from the University of Cambridge as well as the University of Harvard. She is a registered member of the Bombay High Court Bar Association.  She is a founder of Dudhat Pereira & Associates. She was also Honorary Director of Institute of Intellectual Property Rights (IIPS), which is a part of the Kelavani Mandal's Educational Trust. She is also a part of the teaching faculty for IIPS.

Particulars	Re-appointment	Appointment			
	Mr Subhash Chandra	Mr Tapan Mitra	Mr Mukund M. Chitale	Mr Boman Moradian	Ms Radhika Pereira
List of public limited Companies in which outside Directorship held	<ol style="list-style-type: none"> <li>1. Zee Entertainment Enterprises Ltd.</li> <li>2. Essel Infraprojects Ltd.</li> <li>3. Dish TV India Ltd.</li> <li>4. Zee Media Corporation Ltd.</li> <li>5. Siticable Network Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Thermax Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Larsen &amp; Toubro Ltd.</li> <li>2. Ram Ratna Wires Ltd.</li> <li>3. ITZ Cash Card Ltd.</li> <li>4. ONGC Petro Additions Ltd.</li> <li>5. ONGC Mangalore Petrochemicals Ltd.</li> <li>6. Larsen &amp; Toubro Infotech Ltd.</li> <li>7. L &amp; T General Insurance Company Ltd.</li> <li>8. ASREC (India) Ltd.</li> <li>9. ITZ Cash Payment Solutions Ltd.</li> <li>10. National Commodities &amp; Derivatives Exchange Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Garware Polyester Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Tips Industries Ltd.</li> <li>2. Jain Irrigation Systems Ltd.</li> <li>3. India SME Asset Reconstruction Company Ltd.</li> </ol>
Chairman / Member of the Committees of the Board of other Companies.	<p>A. Nomination Committee:</p> <ol style="list-style-type: none"> <li>i) Zee Entertainment Enterprises Ltd. (Chairman)</li> </ol> <p>B. Remuneration Committee:</p> <ol style="list-style-type: none"> <li>i) Essel Infraprojects Ltd. (Chairman)</li> <li>ii) Zee Entertainment Enterprises Ltd. (Member)</li> <li>iii) Zee Media Corporation Ltd. (Member)</li> </ol>	<p>A. Audit Committee:</p> <ol style="list-style-type: none"> <li>i) Thermax Ltd. (Chairman)</li> </ol> <p>B. Remuneration Committee:</p> <ol style="list-style-type: none"> <li>i) Thermax Ltd. (Member)</li> </ol> <p>C. International Investment Committee:</p> <ol style="list-style-type: none"> <li>i) Thermax Ltd. (Member)</li> </ol>	<p>A. Audit Committee:</p> <ol style="list-style-type: none"> <li>i) Larsen &amp; Toubro Ltd. (Chairman)</li> <li>ii) ITZ Cash Card Ltd. (Chairman)</li> <li>iii) ITZ Cash Payment Solutions Ltd. (Chairman)</li> <li>iv) L &amp; T General Insurance Company Ltd. (Chairman)</li> <li>v) ONGC Petro Additions Ltd. (Member)</li> <li>vi) ASREC (India) Ltd. (Member)</li> <li>vii) Larsen &amp; Toubro Infotech Ltd. (Member)</li> <li>viii) Ram Ratna Wires Ltd. (Member)</li> </ol> <p>B. Remuneration Committee:</p> <ol style="list-style-type: none"> <li>i) Ram Ratna Wires Limited (Member)</li> <li>ii) ITZ Cash Card Ltd. (Member)</li> </ol>	<p>A. Audit Committee:</p> <p>Garware Polyester Ltd. (Chairman)</p> <p>B. Investor Grievance Committee:</p> <p>Garware Polyester Ltd. (Chairman)</p> <p>C. Remuneration Committee:</p> <p>Garware Polyester Ltd. (Member)</p>	<p>A. Audit Committee:</p> <ol style="list-style-type: none"> <li>i) Tips Industries Ltd. (Member)</li> <li>ii) Jain Irrigation Systems Ltd. (Member)</li> </ol> <p>B. Remuneration Committee:</p> <ol style="list-style-type: none"> <li>i) Tips Industries Ltd. (Chairman)</li> </ol> <p>C. Share Transfer &amp; Investor Grievance Committee:</p> <ol style="list-style-type: none"> <li>i) Tips Industries Ltd. (Chairman)</li> </ol> <p>D. Compensation Committee:</p> <ol style="list-style-type: none"> <li>i) Jain Irrigation Systems Ltd. (Member)</li> </ol>
Shareholding in the Company (No. of shares)	89,305 Equity Shares of ₹ 2 /- each	NIL	NIL	NIL	NIL

**ESSEL PROPACK LIMITED**

Regd. Off. : P.O. Vasind, Tal. Shahapur, Dist. Thane, Maharashtra - 421 604, India.  
 Phone: 91-22-24819000/9200, Fax: +91-22-24963137 Website: www.esselpropack.com  
 Email: investor.grievance@ep.esselgroup.com, Corporate Identity Number: L74950MH1982PLC028947



**ATTENDANCE SLIP**

**31<sup>ST</sup> ANNUAL GENERAL MEETING – JULY 09, 2014 AT 11:00 A.M.**

Name of the Member(s)	:		
Registered address	:		
E-mail ID	:		
Folio No./DP ID-client ID	:		No. of Shares : _____

I/We certify that I/We am/are the registered Member(s)/proxy for the registered Member(s) of the Company.  
 I/We hereby record my/our presence at the 31<sup>ST</sup> ANNUAL GENERAL MEETING of the Company at the Registered Office at P.O. Vasind, Tal. Shahapur, Dist. Thane, Maharashtra - 421 604, India on Wednesday, July 09, 2014 at 11:00 a.m.

Note: Please complete this slip and hand it over at the entrance of the Meeting venue.

Member's/Proxy's Signature

**FORM NO. MGT-11**

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:	:	L74950MH1982PLC028947
Name of the Company	:	Essel Propack Limited
Registered Office	:	P.O. Vasind, Tal. Shahapur, Dist. Thane, Maharashtra - 421 604, India.
Name of the Member(s)	:	
Registered address	:	
E-mail ID	:	
Folio No./DP ID-client ID	:	

I/We, \_\_\_\_\_ being the Member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint.

1.	Name	Address	Signature : _____ or failing him
	E-mail Id		
2.	Name	Address	Signature : _____ or failing him
	E-mail Id		
3.	Name	Address	Signature : _____
	E-mail Id		

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31<sup>st</sup> Annual General Meeting of the Company, to be held on Wednesday, July 09, 2014 at 11:00 a.m. at the Registered Office at P.O. Vasind, Tal. Shahapur, Dist. Thane, Maharashtra - 421 604, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars	Optional *	
		For	Against
<b>Ordinary Business</b>			
1	To receive, consider and adopt the audited Statement of Profit & Loss for the financial year ended March 31, 2014 and the Balance Sheet as on that date and the Report of the Directors' and Auditor's thereon.		
2	To declare a dividend for the financial year ended March 31, 2014.		
3	To appoint a Director in place of Mr. Subhash Chandra, who retires by rotation and being eligible offers himself for re-appointment.		
4	To appoint Statutory Auditors and fix their remuneration.		
<b>Special Business</b>			
5	To appoint Mr. Tapan Mitra as an Independent Director of the Company to hold office for five consecutive years.		
6	To appoint Mr. Mukund M. Chitale as an Independent Director of the Company to hold office for five consecutive years.		
7	To appoint Mr. Boman Moradian as an Independent Director of the Company to hold office for five consecutive years.		
8	To appoint Ms. Radhika Pereira as an Independent Director of the Company to hold office for five consecutive years.		
9	To approve Remuneration of M/s. R Nanabhoy & Co, Cost Auditor for the financial year 1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015.		

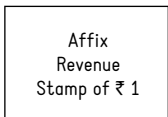
Signed this ..... day of ..... 2014.

Signature of Member : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 31<sup>st</sup> Annual General Meeting.
- It is optional to put a 'x' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details including details of Member(s) in above box before submission.



**FORM A**

**Format of covering letter of the annual audit report to be filed with the Stock Exchanges.**

1.	Name of the Company	EsseL Propack Limited
2.	Annual Financial Statements for the year ended	March 31, 2014
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable
5.	To be signed by- <ul style="list-style-type: none"> <li>• Mr. Ashok Goel – Vice Chairman &amp; Managing Director.</li> <li>• Mr. A. V. Ganapathy – Chief Financial Officer (Global).</li> <li>• Mr. Mukund M. Chitale – Chairman of the Audit Committee.</li> <li>• Mr. Hitendra Bhandari – Partner in MGB &amp; Co. Chartered Accountants</li> </ul>	