

BOARD OF DIRECTORS

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

23rd ANNUAL GENERAL MEETING

Day	:	Saturday
Date	:	25 th September, 2010
Time	:	11.30 A.M.
Venue	:	Hotel Inner Circle, Lane beside Saboo Motors, Raj Bhavan Road, Hyderabad. – 500 082

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REGISTERED OFFICE

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

WORKS

Survey No. 715, Kondamadugu (V),
Bibinagar (M), Nalgonda Dist.
Andhra Pradesh, India.

BANKERS

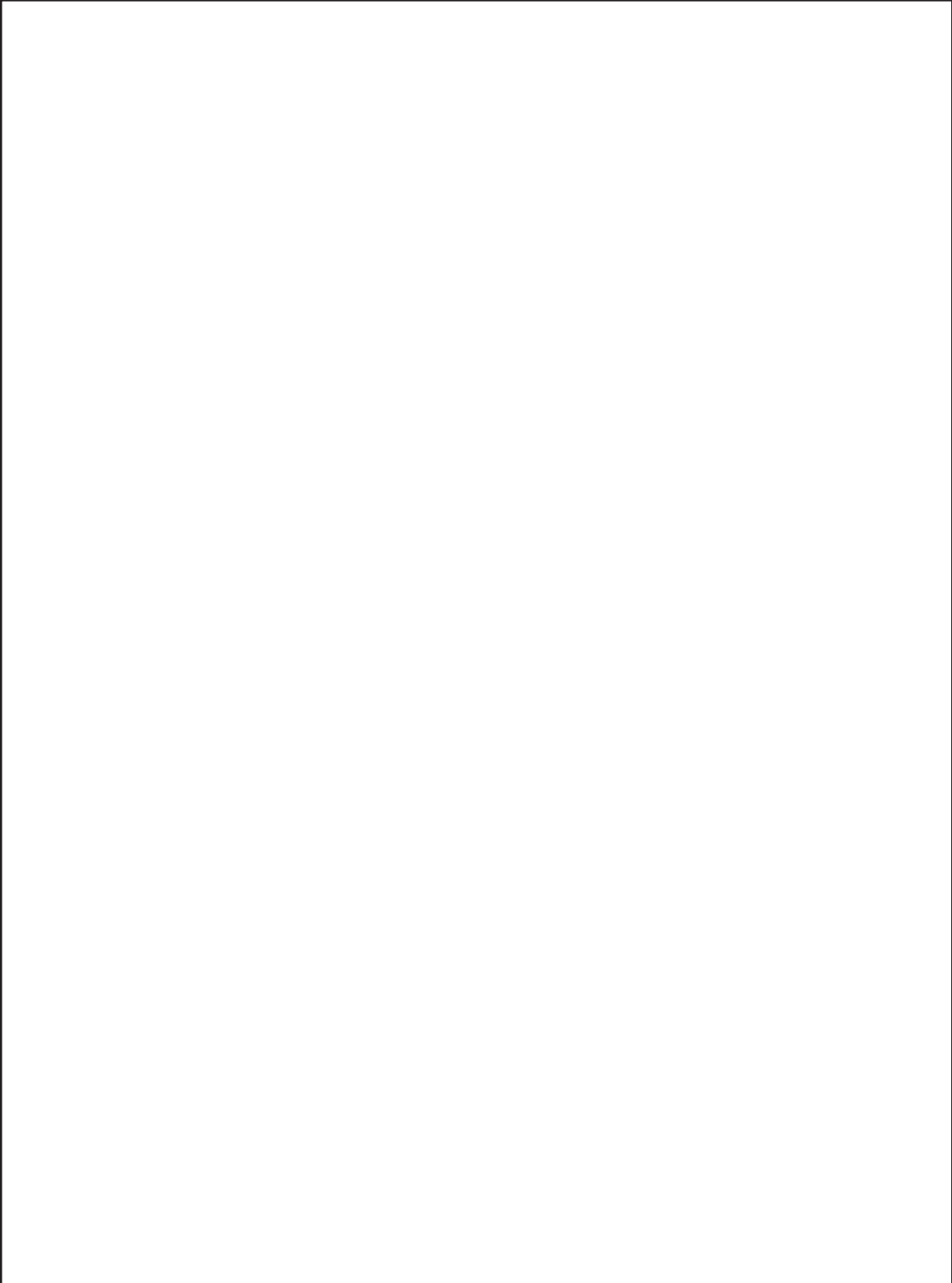
State Bank of India
Saifabad Branch, Hyderabad
Andhra Pradesh, India.

AUDITORS

C.P.RANKA & CO.
Chartered Accountants
Secunderabad,
Andhra Pradesh, India.

REGISTRAR & SHARE TRANSFER AGENT

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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of RAJ PACKAGING INDUSTRIES LIMITED will be held at Hotel Inner Circle, Lane Beside Saboo Motors, Raj Bhavan Road, Hyderabad on Saturday, the 25th September, 2010 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2010, Profit & Loss Account for the year ended on that date and the Reports of the Auditors' and Directors' there-on.
2. To declare dividend on Equity Share.
3. To appoint a Director in place of Shri. V.S.N.Murthy, who retires by rotation and is being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. U.C.Bhandari, who retires by rotation and is being eligible, offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

6. To pass with or without modifications, the following resolution **As a Special Resolution :**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in partial modification of the remuneration payable to Shri Prem Kankaria, Managing Director, as approved by the shareholders at the Annual General Meeting of the Company held on 22nd September, 2007, the Company hereby accords its approval to an increase in the remuneration payable to Shri Prem Kankaria with effect from 01.08.2010 until the expiry of his term of appointment i.e. until 31.03.2012, from Rs 175000/- per month to Rs 215000/- per month in the scale of Rs 175000/- - 250000/- as contained in the Supplemental Agreement to be entered into between the Company and Shri Prem Kankaria, a draft whereof is placed before the meeting duly initialed for the purpose of identification, which Supplemental Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement as may be agreed to between the Board of Directors or Committee thereof and Shri Prem Kankaria;

RESOLVED FURTHER that notwithstanding to the above, in the event of any loss or inadequacy of profits in any financial year of the company during the tenure of Shri Prem Kankaria as managing director of the company, the remuneration payable to him shall be in accordance with the limits prescribed in section II Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time subject to the compliance of provisions thereof but in any event shall not exceed the remuneration

payable as provided in the agreement aforesaid when the profits of the company are adequate.

RESOLVED FURTHER that the Board be and is hereby authorized at its discretion from time to time to fix the remuneration and/or perquisite of Shri Prem Kankaria and revise such remuneration and/ or perquisite from time to time within the maximum limits specified in the aforesaid draft agreement. The Board be and is hereby further authorized to vary/modify/amend any of the aforesaid terms and conditions, provided such variation/modification/amendment is in conformity with the applicable provisions of the Act, as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolutions.”

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

Place : HYDERABAD
Date : 31st May, 2010

PREM KANKARIA
MANAGING DIRECTOR

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Members are requested to bring their copy of the Annual Report to the Meeting along with the attendance slip duly filled in for attending the meeting and sign at Registration counter at the venue of the meeting.
3. Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance Slip for attending the meeting.
4. Members are requested to intimate to the Company at its registered office any change of Address quoting their Share Ledger Folio Number(s).
5. The Share Transfer Books and Register of Members will remain closed from 18th September 2010 to 25th September 2010 (both days inclusive).
6. No person other than Member/Duly registered proxy with the company with duly filled in attendance slip will be allowed to enter the venue of the meeting.
7. The dividend on Equity Shares as recommended by the Board of Directors, if declared at the meeting, will be paid on or after 25th September' 2010 and payable to those shareholders whose names shall appear on the Company's Register of Members on

17th September,2010. In respect of Shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited as on 17th September, 2010 for this purpose.

8. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company in Form 2B.

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956 ('the Act').

Item No. 3 & 4 Information Required to be Furnished under the Listing Agreement :

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

Name of the Director	V.S.N.Murthy	U.C.Bhandari
Date of Birth	30-11-1939	02-08-1951
Nationality	Indian	Indian
Date of appointment on the Board	27-06-2007	Since 1987
Qualifications	M.Com, ICWA (Intermediate)	F.C.A.
Expertise in functional Area	Rich Experience in Project Appraisal, Project Financing, Equity participation etc.	Expertise in Matters of Finance, Taxations and other Commercial Areas
Number of shares held in the Company	-	24950
List of directorships held in other companies	1. IND Bharat Commodities Ltd. 2. Kallam Spinning Mills Ltd. 3. Sarvaraya Textiles Ltd. 4. Janapadu Hydro Power Project Ltd. 5. Shree Papers Ltd.	1. Prudential Sugar Corporation Ltd. 2. B & B Infratech Ltd. 3. Atlantis Stock Ltd. 4. Gennex Laboratories Ltd.
Chairman/Member of the Committees of the Boards of other companies in which he is Director as on 31.03.10	None	None

Item No 6

The terms of appointment of Shri Prem Kankaria, Managing Director as approved by the members at the Annual General Meeting of the Company held on 22nd September, 2007 provide for the payment of salary in the scale of Rs 90000/- to 175000/- per month.

With a view to comply with the provisions of the Act in case of inadequate profits, it is proposed to take shareholders approval by way of special resolution for payment of remuneration to Shri Prem Kankaria, Managing Director as per the provisions of Part II of Section II of Schedule XIII, the Board of Directors of the Company at its meeting held on 06th August, 2010 on the recommendation of the Remuneration Committee, increased the salary payable to Shri Prem Kankaria, Managing Director from Rs 175000/- per month to Rs 215000/- per month in the scale of Rs 175000/- - 250000/- with authority to the Remuneration Committee/Board to grant such increments within the said scale as it may determine from time to time, with effect from 01.08.2010, until the expiry of his term of appointment on 31.03.2012 subject to the approval of the members at the ensuing Annual General Meeting.

If the profits are inadequate in any financial year during the term of his office as the managing director, he will be entitled to receive the above remuneration and perquisite as minimum remuneration, provided that the total remuneration of salary, perquisite and any other allowance shall not exceed the ceiling as provided in section II of Part II of Schedule XIII of the Companies Act, 1956 or such other amount and perquisites as/is may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.

All other terms and conditions of the appointment of Shri Prem Kankaria as Managing Director remain unchanged.

The Directors commend the Resolution for the approval of the members.

Except for Shri Prem Kankaria & Shri Rajendra Kankaria as a brother of appointee, no other Director of the Company is concerned or interested in the said resolution.

This Explanatory Statement whether with the accompanying Notice should be treated as an abstract of the Terms and Memorandum of Interest under Section 302 of the Act.

Statement showing the details as required under the amended Schedule XIII of the Companies Act, 1956.

(In connection with item No. 6 of the notice and explanatory statement)

I. General Information

- (1) Nature of industry: Engaged in the manufacture of multilayer co-extruded plastic film and flexible packaging material.
- (2) Date or expected date of commencement of commercial production: Existing company engaged in manufacture of multilayer co-extruded plastic film and flexible packaging material.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. Not Applicable
- (4) Financial performance based on given indicators :

(Rs. In Lakhs)

Particulars	Financial Year		
	2009-2010	2008-2009	2007-2008
Paid up Capital	396.975	396.975	396.975
Reserves & Surplus	214.99	170.19	137.739
Net Sales & Other Income	1986.71	2051.35	1826.409
Total Expenditure	1904.28	1915.80	1715.56
Managerial Remuneration	21.29	16.17	12.32
Profit Before Tax	109.60	122.23	110.84
Income Tax including Deferred Tax	18.36	43.34	37.32
Dividend (%)	10%	10%	10%

(5) Export performance and net foreign exchange collaborations.

(Rs. In Lakhs)

Particulars	2009-2010	2008-2009	2007-2008
Foreign Exchange Earning	NIL	NIL	NIL
Foreign Exchange Outgo	1273.35	625.87	572.59

(6) Foreign investments or collaborators, if any. Not Applicable

II. Information about the appointee

(1) Background details : Shri Prem Kankaria promoted the Company and is the Managing Director since 2002. He is B.com (Hons) Graduate and a Fellow Member of the Institute of Chartered Accountants of India.

(2) Past remuneration:

Details of remuneration paid

(Rs. In Lakhs)

Prem Kankaria: 21.29 (2009 – 10)

16.17 (2008 – 09)

12.32 (2007 – 08)

(3) Recognition or awards: Shri Prem Kankaria was awarded Gold Medal for overall performance in packaging Industry and for landmark achievement in Plastic Industry by CIDT.

(4) Job profile and his suitability : The company has attained new heights under his dynamic leadership.

- (5) Remuneration proposed : The remuneration proposed to be paid to Shri Prem Kankaria, Managing Director has been detailed in the resolution No 6 of the accompanying Notice.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:
- Shri Prem Kankaria is responsible for the overall business development and management of the company. His dynamic and inspiring leadership has enabled the company to achieve new heights. The remuneration payable to Shri Prem Kankaria is in line with the nature of industry, size of company, profile of the person and responsibilities entrusted.
- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Shri Prem Kankaria is the Promoter and Managing Director of the Company. He may be deemed to be interested to the extent of his shareholding and remuneration in the company.

III. Other information

- (1) Reasons for inadequate profits :

The Company has shown total income of Rs.2014 lakhs as compared to Rs. 2038 lakhs (both are net of excise) for the year. The Company has been able to increase its operating profits as well as net profit. Its operating profit stood at Rs. 205.08 lakhs and net profit at Rs. 91.24 lakhs as against Rs. 191.54 lakhs and Rs. 78.89 lakhs respectively.

- (2) Steps taken or proposed to be taken for improvement :

The Company has completed expansion with a capital outlay of Rs. 648.61 Lakh This was financed by a term loan of Rs. 400 lakhs and balance from internal accruals.

- (3) Expected increase in productivity and profits in measurable terms:

The Company has already started commercial production from the new plant. The result of the expansion will be reflected in current year. It will not only improve profitability of the Company but also improve its cash flow by reducing income tax liability.

IV Disclosures:

Adequate disclosure is made to the shareholders of the company of the terms of appointment and remuneration of the managerial personnel.

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

Place : HYDERABAD
Date : 31st May, 2010

PREM KANKARIA
MANAGING DIRECTOR

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 23rd Annual Report and Audited Accounts of the Company for the year ended 31st March 2010

FINANCIAL RESULTS

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

(Rs.in lakhs)

Particulars	2009-10	2008-09
Sales & Other Income	1986.71	2051.35
Operating Profit (PBIDT)	205.08	191.54
Interest & Finance Charges	53.89	33.50
Profit before Depreciation and Taxes (PBDT)	151.19	158.04
Depreciation	41.59	35.81
Profit Before Tax	109.60	122.23
Provision for Tax -		
Current Tax-	18.60	48.92
Deferred Tax	7.31	(6.02)
MAT Credit Entitlement	(7.55)	—
Profit After Tax	91.24	78.89
Profit after Prior Period Adjustments	91.24	78.89
Balance Brought forward	151.83	119.38
Amount Available for appropriations	243.07	198.27

APPROPRIATIONS

Your Directors recommended appropriations as under:		
Proposed Dividend @ Re.1/- per share (Re.1/- per share)	39.70	39.70
Corporate Dividend Tax	6.75	6.75
Balance Carried forward	196.62	151.82
Total :	243.07	198.27

PERFORMANCE

During the year under review, your company has achieved a Turnover of Rs.1971.69 Lacs as compared to Rs.2040.47 Lacs in previous year in value and 2051 M.T as compared to 2054 M.T in volume. The PBT of the company stood at Rs. 109.60 Lacs as compared to Rs. 122.23 Lacs in previous year.

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

DIVIDENDS

In view of good performance of the company the directors are pleased to recommend payment of dividend of Re.1/- per share (Re.1/- previous year) for the year 2008-09 which if approved by the

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

FIXED DEPOSITS

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

CAPITAL EXPENDITURE

The company has spent Rs.648.61 Lacs on fixed assets during the year. The Company has completed expansion of capacity during the year for the following amounts has been spent on capital assets.

- Plant & Machinery	-	554.50 Lacs
- Electrical Installations	-	20.22 Lacs
- Building	-	73.89 Lacs

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

Some of the amount sent by DD as Dividend has been returned back to the company due to change of address of share holders or non availability. Despite the reminder, the amount remain un claimed and lying in separate account in the bank. The amount of Rs. 43,460/- has been transferred to Investor Education and Protection Fund during the year.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

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

AUDITORS REPORT

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS

In accordance with the Companies Act, 1956 and Clause 102 of the Articles of association of the company, Shri V.S.N.Murthy, and Shri U.C.Bhandari retire by rotation and being eligible, offers himself for reappointment.

AUDITORS

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

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : HYDERABAD

Date : 31st May, 2010

PREM KANKARIA
MANAGING DIRECTOR

ANNEXURE – ‘A’

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

A. Conservation of Energy

a. Energy Conservation measures taken

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

FORM - A

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

A. Power & Fuel Consumption

		2009-10	2008-09
1.	Electricity		
	a. Purchased		
	Units - KWH	1016352	1201992
	Total Cost - Rs.	3577434	3832618
	Average Rate/ Unit - Rs.	*3.52	*3.19
	b. Own Generation		
	Through Diesel Generator		
	Units - KWH	203077	131890
	Total Cost - Rs.	2687297	1761662
	Units per Unit of Fuel	2.84	2.90
	Cost / Unit - Rs.	13.23	13.36

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

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

Electricity (KWH) per K.G of Finished Product.	0.60	0.65
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C. Research & Development.

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

FORM – B

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

	2009-10	2008-09
Research & Development (R & D)	Nil	Nil
Technology absorption, adoption and innovation	Nil	Nil
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange outgo (Rs. in Lakhs)	1273.35	625.87

ANNEXURE – ‘B’

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

a) FORWARD LOOKING STATEMENT

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

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

b) INDUSTRY STRUCTURE AND DEVELOPMENTS

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

The plastic packaging industry is known as sunrise industry- it is growing – growing very rapidly. The industry has seen changes in several areas. There are structural changes in industry – units growing and migrating from small to medium. More and more numbers are added to organized sector.

There has been technological up gradation both in the machines and processes, there has been advent of new generation of raw materials, there has been changes in users industry asking for more and more quality and sophisticated products. This has resulted into several new players coming into industry, existing players expanding and creating new capacities thus opening new horizon but increasing competition. This industry has subjected to cut throat competition among players and fittest will survive.

c) REVIEW OF THE ECONOMIC SCENARIO:

After the marked slowdown in economic growth and prevailing financial crisis during the year 2008-09, the global economy is now indicating some signs of recovery lead by emerging economies, more significantly Asian economies. Much of the rebound in the real economy

is due to the strong fiscal stimulus provided by Governments in a large number of developed and developing countries including India.

The Indian economy despite witnessing challenging times fared much better than most of global economies. India's growth is driven by its domestic consumption and relatively lower dependence on export. It has ensured that India has limited impact of global slowdown on its growth. The GDP growth rate in the first three quarters of the financial year 2009-10 has been 6.7% and overall is likely to be around plus 7%. The reduction in growth rate is mainly due to down trend in agriculture sector due to poor monsoon. While services sector has been growing at a rate of over 7.9%, the industrial growth accelerated sharply to 11.6% over the last four quarters.

Though India's growth story is intact, the major cause of concern has been increasing rate of inflation particularly increasing prices of food articles. This has tremendous impact of reducing the disposable income in the hands of majority of people. All efforts of the Government are directed towards containing the inflation many times leading to tight monetary policy and credit squeeze.

d) BUSINESS PERFORMANCE

The Indian economy has been growing but at slower pace. Since Indian economy is consumption based its growth story is intact. The main drivers of the GDP growth are the services and manufacturing sector. The plastic consumption is also linked to growth of per capita GDP which is growing. Thus polymer industry has also been growing. But there has been demand /supply gap in polymers throughout the world due to supply side constraints. To meet this demand nearly 23 million tones of new PE capacity is expected to be added globally over the next five years. Middle East is adding bulk of the new capacity followed by additions in North East & South East Asia. India is also seeing additions to polymers capacity.

Thus with new petrochemicals complexes coming up in the Middle East, Asia and India, it will enhance the availability of polymers and ease the situation. Coming down of crude oil prices is also a welcome scenario.

e) OVERVIEW 2009-10

Your company developed and expanded its market for lamination film supplying to various converters. As a matter of fact the share of lamination film to the total volume has steadily been increasing. The flexible packaging industry particularly converting industry is increasing by nearly 20% on year to year basis. This is the niche area providing tremendous support and opportunity for increasing the volume.

The company has been putting sustained efforts to develop market for nylon based five layer film added by the market situation has resulted into increased orders for five layer film for oil packaging during the current financial year. The results will be reflected in this year's financials.

Your company has completed expansion by putting new three layer line and started commercial production in the last quarter of the financial year 2009-10. We have also put up new printing machine with auto control systems to add value to the product and also

reduce wastages. These both will help in increasing volume as well as value addition to the company's product. The results will be reflected in the current year financials.

(f) FINANCIAL REVIEW AND WORKING CAPITAL MANAGEMENT

RPIL has shown total income of Rs.2014 lakhs as compared to Rs. 2038 lakhs (both are net of excise) for the year. The company has been able to increase its operating profits as well as net profit. Its operating profit stood at Rs.205.08 lakhs and net profit at Rs. 91.24 lakhs as against Rs.191.54 lakhs and Rs.78.89 lakhs respectively.

The company has kept the uninterrupted track record of paying dividend and keeping in line with it, the management has proposed dividend of Re 1 per share, subject to approval of valued shareholders, will be paid after the Annual General Meeting.

Your company has sound financial status. The company has completed expansion with a capital outlay of Rs.648.61 lakh This was financed by a term loan of Rs. 400 lakhs and balance from internal accruals. The company has already started commercial production from the new plant. The result of the expansion will be reflected in current financial year. It will not only improve profitability of the company but also improve its cash flow by reducing income tax liability.

The company has enjoyed satisfactory working capital situation almost throughout the year till expansion. Since company has used available funds from internal accruals for expansion-there will be need to augment resources for working capital. The company has taken up with the bank to finance its increased need of working capital resulting from increase in volume due to expansion. The company has been maintaining strict financial discipline and managing well its working capital and also enjoying a good rapport and credibility with its bankers.

g) OUR OPPORTUNITY

Our Indian economy is demand and consumption based not impacted by slow down and seeing continuous growth particularly food articles and retails. This presents several attractive opportunities especially for packaging sector. Though the per capita plastic consumption in India as compared to leading developed countries is lower than the world average the growth in the retail sector will provide immense support to our industry. The domestic polymer consumption has shown healthy growth of more than 15%. The largest sector contributing nearly half of the value is flexible packaging of which your company is part. This provides ample opportunities to grow.

Raj Packaging will always look forward to grabbing the opportunity and will continue its efforts to maintain its leadership not just in the present market but across the country and further look to areas where it can enhance its profitability with new product or new market.

h) OUR CHALLENGES

Where there are opportunities and prospects for growth, there are challenges too in the form of growing competition. There are challenges to maintain quality standards and customer satisfaction. To maintain its leadership, the company has to invest money in upgrading technology and put new facilities. These challenges are further overcome by developing new products, developing new markets, concentrating on niche and premium markets,

cutting cost by better efficiency and using improved and better raw materials and procuring them at right time and right price.

i) INTERNAL CONTROL SYSTEMS –THEIR ADEQUACY

Your company has adequate internal control systems, commensurate with its size and complexity of operation. The company maintains an adequate and effective internal control systems and suitable monitoring procedures with regard to purchase of raw material, stores, plant and machinery, equipment and other assets as well as for sale of goods. The financial and commercial activities have been structured to provide adequate support and controls for the business of the country.

The challenge is to ensure proper controls and monitoring system with reasonable cost keeping in view that the company is small. The company believes that these internal control systems provide a reasonable assurance that transactions are executed properly and that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and the assets of the company are adequately safe-guarded.

j) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS

The company values its relationship with employees and ensures to create an environment and culture where employee is enthused to put his best efforts and maximize his contribution. Overall the relationship with the employees is cordial.

ANNEXURE – ‘C’

CORPORATE GOVERNANCE

i) Corporate Governance

The company's goal is to maximize long-term shareholders value by selling its goods. Therefore, it has established business practices based on transparency, accountability and integrity to achieve the above goal. It enables the Board to monitor the state of affairs of the Company and effectively discharging its responsibilities to the various stakeholders of the Company. The company also respects the inalienable rights of its investors and other stakeholders to inform on the performance of the company based on the highest professional ethics and financial reporting standards.

As a listed company, the Company has ensured compliance with the Listing Agreements with the Stock Exchanges.

ii) Board of Directors

a) Composition and Size of the Board

As on the year ended 31st March' 2010 the Board of Directors had six members comprising of an executive and five Non-Executive Directors out of which two director's are independent and others are non-independent Directors. The board meetings are being chaired by Independent Director. Even the Non-Executive Directors, who are them-selves financial professionals, have enough freedom; bring in independent judgment in the Board's deliberations and decisions.

b) Board Meetings and Attendance

Four Board meetings were held in the financial year 2009-2010 and the gap between any two successive Board meetings did not exceed four months.

The information as required under clause 49 of the Listing Agreement is made available to the Board. The agenda and the related papers for consideration at the Board meeting are circulated well in advance prior to the meeting. Adequate information is circulated as part of the Board papers and is also made available at the Board meeting to enable the Board to take informed decisions.

i) The dates on which Board meetings were held and the attendance of directors during the financial year are as follows:

SI.No.	Date of Meeting	Board Strength	No.of Directors present
1	16-06-2009	6	6
2	28-07-2009	6	4
3	30-10-2009	6	5
4	30-01-2010	6	4

Out of Six directors who were the directors on the Board as on 19th September' 2009, all of them have attended the Annual General Meeting held on the said date.

Attendance of each director at the Board Meetings and last Annual General Meeting (AGM)

Name of the Director	Category of Directorship	Number of Board Meetings Attended	Attendance at the Last AGM held on 19 th September, 2009
Sri U C Bhandari	Non-executive & Non independent	2	Yes.
Sri Ramesh Chandra Singhi	Non-executive & Non independent	4	Yes
Sri Rajendra Kankaria	Non-executive & Non independent	2	Yes
Sri Suresh Chandra Bapna	Non-executive & Independent	3	Yes
Sri V.S.N.Murthy	Non-executive & Independent	4	Yes
Sri Prem Kankaria	Executive & Non-Independent	4	Yes

c) Directors with materially significant related party transactions, pecuniary or business relationship with the Company

There have been no materially significant related party transactions, pecuniary transactions or relationships between the company and its Directors that may have potential conflict with the interests of the company.

d) Remuneration to Directors

The company has set up a Remuneration Committee. The Company pays remuneration by way of salary, perquisites and allowances to the Managing Director as per the agreement entered into and subsequently approved by shareholders. The agreement with the Managing Director is for a period of 5 years. Salary is paid within range approved by the shareholders and the Board fixes the perquisites and allowances. The non-executive Directors are paid sitting fees of Rs.10,000/- per meeting.

The details of the remuneration/sitting fees paid to the Directors during the financial year 2009-2010 are given hereunder:

(Amounts are In Rupees)

Directors	Salary	Perquisites	Sitting Fees	Total
Sri U C Bhandari	—	—	20,000	20,000
Sri Ramesh Chandra Singhi	—	—	40,000	40,000
Sri Rajendra Kankaria	—	—	20,000	20,000
Sri Suresh Chandra Bapna	—	—	30,000	30,000
Sri V.S.N.Murthy	—	—	40,000	40,000
Sri Prem Kankaria	20,50,000	79,374	—	21,29,374

e) Audit Committee

The Company had constituted an Audit committee in the year 2009. The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreements with the Stock Exchanges read with Sections 292A of the companies Act, 1956. The terms of reference of the Audit Committee are broadly as follows:

- i) To review compliance with internal control systems;
- ii) To review the Quarterly, Half-Yearly and Annual Financial Results of the Company before submission to the Board;
- iii) To make recommendations to the Board on any matter relating to the Financial Management of the Company, including Statutory & Internal Audit Reports;

The composition of the Audit Committee and the details of meetings attended by the Directors are given below:

Name of the Director	Category of Directorship	Number of Board Meetings Attended
Sri U C Bhandari	Non-executive & Non independent	2
Sri Suresh Chandra Bapna	Non-executive & Independent	3
Sri V.S.N.Murthy	Non-executive & Independent	4

Four Meetings of Audit Committee were held during 2009-10. The dates on which the said meeting were held were as follows:

16th June,2009, 28th July,2009, 30th October,2009, 30th January,2010. The necessary quorum was present at the meetings.

f) Remuneration Committee

The Company had constituted Remuneration Committee in the year 2009. The broad terms of reference of the Remuneration Committee are as follows:

- i) Review the performance of the Managing Director.
- ii) Recommend to the Board remuneration including salary, perquisites and commission to be paid to the Company's Managing Director
- iii) Finalise the perquisites package of the Managing Director within the overall ceiling fixed by the Board.
- iv) Recommend to the Board, retirement benefits to be paid to the Managing Director under the Retirement Benefit Guidelines adopted by the Board.

The composition of the Remuneration Committee and the details of meetings attended by the Directors are given below:

Name of the Director	Category of Directorship	Number of Board Meetings Attended
Sri U C Bhandari	Non-executive & Non independent	1
Sri Suresh Chandra Bapna	Non-executive & Independent	1
Sri V.S.N.Murthy	Non-executive & Independent	1

One meeting of the Remuneration committee were held on 16th June,2009.

g) Investors / Share Holders Grievances

During the year the company has sorted out the Complaints received from the Shareholders and there were no complaints pending left unresolved as on 31.03.2010. The company had no transfers pending for more than 15 days as on 31st March' 2010.

h) General Body Meetings held during the last three years

Date	Time	Venue	No. of Special Resolutions passed/ required to be passed through postal ballot
19-09-2009	11.30 A.M	Hotel Inner Circle, Lane beside Saboo Motors, Rajbhavan Road, Hyderabad	Nil
27-09-2008	11.30 A.M	Hotel Inner Circle, Lane beside Saboo Motors, Rajbhavan Road, Hyderabad	Nil
22-09-2007	11.30 A.M.	Lions Bhavan Trust, Near Paradise Circle, S.D. Road, Secunderabad.	Nil

i) Notes on Directors seeking appointment/re-appointment as required under Clause 49VI(A) of the Listing Agreement entered into with the Stock exchanges
a) Sri V.S.N.Murthy:

Sri V.S.N.Murthy is a Post Graduate in Commerce from Andhra University and also passed Intermediate of Cost & Works Accountants of India. He worked for Public Sector undertaking Sengareni Collieries Company Ltd. And A.P.Industrial Development Corporation at different levels. Finally he was retired as Chief General Manager(Financial Services) in APIDC. He has a rich experience in project appraisal and finance. He was also Nominee Director in Janapadu Hydro Power Project Ltd. and Kallam Spinning Mills Ltd.

b) Sri U.C.Bhandari

Sri U.C.Bhandari is a Fellow member of the Institute of Chartered Accountant of India. He is a Bangalore based practicing Chartered Accountant and he has been in the profession for the last 30 years. He joined the Board of Directors of the Company as promoter Director in 1987 and since then he has been associated in bringing the Company to this stage and instrumental to make the Company a public Limited. The Company has been receiving on many occasions, valuable suggestions from him in the fields of Taxation, Finance and Accountancy.

ii) Disclosures

There are no materially significant disclosures on related party transactions entered into by the company with its Directors or Management. The register of contracts is placed before the Board regularly for its approval.

Transactions with the related parties are disclosed in Note 12 of Schedule 18 to the financial statements in the Annual Report.

During the last three years, there were no penalties imposed either by the SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

iii) Means of Communication

As the results of the Company are published in the News Papers, the company did not prepare any half yearly report and therefore none was sent to the shareholders.

As per the requirements of clause 41 of the Listing Agreement, quarterly financial results have been published within the time frame prescribed in this regard.

Newspapers normally published in : English – Times of India / Business Standard/Economic Times / Business Line

Vernacular – Vartha / Andhra Prabha.

There are no presentations made to the Institutional Investors or Analysts.

The management discussion and analysis report forms part of this Annual Report.

iv) Share Transfer System

Trading in Equity Shares of the Company is permitted in dematerialised form from 1st January 2001 for all classes of investors as per notification issued by the Securities & Exchange Board of India (SEBI).

All matters pertaining to both physical and electronic Share Registry are handled by the registrar and Share Transfer agent, M/s. CIL Securities Ltd, 214, Raghava Ratna Towers Chirag-Ali Lane, Abids, Hyderabad. The requests relating both transfers and demat, received at company's end will be sent to the Registrar & Transfer Agent for giving effect at regular intervals.

v) General Shareholder information

AGM:

Date, Time and Venue	:	25 th September, 2010. At 11.30 A.M at Hotel Inner Circle, Lane beside Saboo Motrs , Raj Bhavan Road, Hyderabad.
Financial Year	:	April,2009 to March,2010
Date of Book Closure	:	18 th September' 2010 to 25 th September' 2010 (Both days inclusive)
Dividend Payment Date	:	The Dividend Warrant will be posted on or after 25 th September, 2010.
Listing on Stock Exchanges	:	The Stock Exchange, Mumbai
Stock Code	:	BSE - 530111 HSE - RAJPAC\$
Demat ISIN Number for NSDL & CDSL	:	INE 639C01013
Share Registrar & Transfer Agent :		CIL Securities Ltd. 214, Ragahvaratna Towers, Chirag Ali Lane, Hyderabad – 500 001

vi) Share Price Data

The Company's yearly high and low quotations of shares traded on the Stock Exchange, Mumbai are as follows:

Month	High	Low	Month	High	Low
April,2009	11.44	08.63	October,2009	16.05	12.50
May,2009	13.00	08.88	November,2009	16.10	13.01
June,2009	14.40	11.50	December,2009	21.00	13.00
July,2009	15.01	12.00	January,2010	21.50	16.50
August,2009	15.30	13.00	February,2010	24.75	16.60
September,2009	15.40	13.00	March,2010	21.00	16.00

vii) Disribution of share holding as on 31st March, 2010:

Shares Held	No. of Share Holders	% of Share Holders	No of Share Held	% of Share Holding
Up to 5000	2100	95.67	895437	22.56
5001 - 10000	36	1.64	269718	6.79
10001 - 20000	20	0.91	288370	7.26
20001 - 30000	12	0.55	304941	7.69
30001 - 40000	09	0.41	308065	7.76
40001 - 50000	02	0.09	97187	2.45
50001 - 100000	10	0.46	763886	19.24
100000 above	6	0.27	1042146	26.25
TOTAL	2195	100.00	3969750	100.00
Physical Mode	826	41.51	1856301	46.76
Electronic Mode	1369	58.49	2113449	53.24
TOTAL	2195	100.00	3969750	100.00

Sl.No.	Category	No. of Shares	% of Holding
A.	Promoter's holding	1657596	41.76
B.	<u>Non-Promoter's Holding</u>		
	Institutional Investors	70994	1.79
	Private Corporate Bodies	609428	15.35
	Non-resident Indians	17494	0.44
	Indian Public	1614238	40.66
		3969750	100.00

viii) Dematerialization of Shares:

The Company holds 21,13,449 shares representing 53.24 %of the total Equity shares of the Company in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on 31st March' 2010.

Plant Location

The Company's plant is located at: Survey No. 715, Kondamadugu, Bibinagar, Dist. Nalgonda, Andhra Pradesh, India.

Address for Correspondence

The share holders' correspondence should be addressed to:

Raj packaging Industries Limited,
6-3-1090/C-4, opp: Kapadia Lane Raj Bhavan
Road, Hyderabad – 500 082 Andhra Pradesh.

DECLARATION REGARDING CODE OF CONDUCT

To the Shareholders

I hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company

Place : HYDERABAD

PREM KANKARIA

Date : 31st May, 2010

MANAGING DIRECTOR

CEO/CFO CERTIFICATION

To
The Board of Directors,
Raj Packaging Industries Ltd.

I have reviewed the financial statements, read with the cash flow statement of Raj Packaging Industries Ltd. for the year ended 31st March 2010 and that to the best of our knowledge and belief, we state that:

- A. (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) These statements present a true and fair view of the company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and 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 steps taken or proposed to be taken for rectifying these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee;
- (i) Significant changes, if any, in the internal control over financial reporting during the year
- (ii) Significant changes, if any in accounting policies made during the 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.

Place : HYDERABAD

PREM KANKARIA

Date : 31st May, 2010

MANAGING DIRECTOR

AUDITORS' REPORT

TO
THE MEMBERS
RAJ PACKAGING INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **RAJ PACKAGING INDUSTRIES LIMITED** as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as the "Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes 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 *subject to what is stated in paragraph 4(e) below*;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable *subject to what is stated in paragraph 4(e) below*;
 - (e) *In accordance with the practice being followed by the Company, no provision has been made in respect of estimated total liability for future payment of Gratuity and*

Leave Encashment, the amount whereof is presently not determined. The accounting method of providing Gratuity and Leave Encashment liability as and when due is not in accordance with the accounting method prescribed in Accounting Standard 15 - "Employee Benefits" issued by the Institute of Chartered Accountants of India (refer note no. 6 of Schedule 18);

- (f) On the basis of written representations received from directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to what is stated in paragraph 4(e) above, the effect of which could not be determined* and read together with note no. 5 regarding non-deposit of due amount of Rs. 48,111 with Investor Education and Protection Fund as per the provisions of Section 205C of the Act in Schedule 18 of Significant Accounting Policies and Notes to Accounts and other notes appearing elsewhere in the said accounts, 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:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For C P RANKA & CO.
Chartered Accountants

C P Ranka
Partner

Membership No. 106823
Registration No. 119375W

Place : Secunderabad
Date : 31st May, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2010.

On the basis of our examination of the books and records of the Company carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we state that:

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The assets have been physically verified by the management in accordance with the phased programme of verification adopted by the Company, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no discrepancy between the book records and physical inventory was noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no substantial part of the fixed assets has been disposed off by the Company during the year.
- (ii) (a) The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material in relation to the operations of the Company and have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, paragraphs iii(b), iii(c) and iii(d) of the said Order are not applicable.
- (b) The Company has taken unsecured loans from two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balances of such loans were Rs. 10,00,000 and Rs. 5,43,866, respectively.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which such loans have been taken by the Company are, prima facie, not prejudicial to the interest of the Company.
- (d) The Company is regular in repayment of principal amount and interest thereon as stipulated.
- (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, for the purchase of inventory and fixed assets and for the 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 system.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register required to be maintained under Section 301 of the Act.
- (vi) The Company has not accepted any deposits from public during the year within the meaning of Section 58A and 58AA of the Act and rules framed thereunder.
- (vii) *The Company does not have an internal audit system.*
- (viii) In our opinion and as explained by the Management, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of the product dealt by the Company. Accordingly, paragraph 4(v) of the Order is not applicable.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income

Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty, Cess which have not been deposited on account of any dispute except dues on account of the following:

Name of the Statute	Period to which the amount relates	Amount (Rs.)	Forum where the dispute is pending
Sales Tax	2003-04& 2004-05	2,74,527	Joint/ Additional Commissioner (CT) (Legal) Hyderabad.

- (x) The Company does not have any accumulated losses as at 31st March, 2010 and has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to the chit fund and nidhi / mutual benefit fund / societies.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, and in our opinion, the term loan was applied for the purpose for which it was obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the cash flow statement and balance sheet of the Company, in our opinion, the funds raised on short-term basis have, prima facie, not been used for long term investment.
- (xviii) During the year or in the recent past, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xix) The Company has not issued any debentures during the year or in the recent past.
- (xx) The Company has not raised any money by way of public issue during the year or in the recent past.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management

For **C P RANKA & CO.**
 Chartered Accountants

Place : Secunderabad
 Date : 31st May, 2010

C P Ranka
 Partner
 Membership No. : 106823
 Firm Registration No. 119375W

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To
The Members of
Raj Packaging Industries Limited
Hyderabad.

We have examined the compliance of conditions of Corporate Governance procedures implemented by **Raj Packaging Industries Limited**, for the year ended 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of 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, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further state 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 **C P RANKA & CO.**
Chartered Accountants

Place : Secunderabad
Date : 31st May, 2010

C P Ranka
Partner
Membership No. 106823
Firm Registration No. 119375W

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Schedule	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
A. Share Capital	1	39,697,500	39,697,500
B. Reserves & Surplus	2	21,498,918	17,018,919
		61,196,418	56,716,419
2. LOAN FUNDS			
A. Secured Loans	3	75,888,247	22,579,940
B. Unsecured Loans	4	3,399,118	775,071
		79,287,365	23,355,011
Deferred Tax Liability		8,576,938	7,845,770
TOTAL		149,060,721	87,917,200
APPLICATION OF FUNDS			
1. FIXED ASSETS			
A. Gross Block	5	140,132,438	75,271,676
B. Less : Accumulated Depreciation		47,706,566	43,547,184
C. Net Block		92,425,872	31,724,492
3. INVESTMENTS			
	6	618,541	1,530,785
4. CURRENT ASSETS, LOANS & ADVANCES			
A. Inventories	7	19,587,325	13,954,351
B. Sundry Debtors		45,850,722	40,895,180
C. Cash & Bank Balances		2,217,855	1,687,275
D. Interest Accrued on Deposits		157,300	172,060
E. Loans & Advances		8,539,574	10,097,911
		76,352,776	66,806,777
LESS: CURRENT LIABILITIES & PROVISIONS			
A. Current Liabilities	8	15,692,058	6,460,608
B. Provisions		4,644,409	5,684,246
		20,336,467	12,144,854
NET CURRENT ASSETS		56,016,309	54,661,923
TOTAL		149,060,721	87,917,200
Significant Accounting Policies and Notes to Accounts	18		

Schedules referred to above form an integral part of the financial statements.

As per our attached report of even date

For and on behalf of the Board

For C.P.Ranka & Co.
Chartered Accountants

Ramesh Chandra Singhi
Director

Suresh Chandra Bapna
Director

C.P.Ranka
Partner

Prem Kankaria
Mananging Director

Place : HYDERABAD

Date : 31st May, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

PARTICULARS	Schedule	For the Year ended	For the Year ended
		31.03.2010 (Rs.)	31.03.2009 (Rs.)
INCOME			
Sales	9	213,292,396	229,389,182
Less: Excise Duty		16,123,784	25,341,617
		197,168,612	204,047,565
Other Income	10	1,501,804	1,087,061
Increase / (Decrease) in Stock	11	2,718,291	(1,331,424)
TOTAL		201,388,707	203,803,202
EXPENDITURE			
Cost of Materials	12	148,237,035	152,319,907
Manufacturing Expenses	13	14,888,630	14,629,862
Personnel Expenses	14	5,448,782	4,597,660
Sales & Distribution Expenses	15	10,232,411	11,103,868
Interest and Finance Charges	16	5,388,841	3,350,048
Other Expenses	17	2,073,578	1,998,484
Depreciation		4,159,382	3,580,722
TOTAL		190,428,659	191,580,551
Profit before Tax		10,960,048	12,222,651
Provision for Tax			
- Current Tax (MAT)		1,859,561	4,891,600
- Deferred Tax		731,168	(601,956)
- Fringe Benefit Tax		-	43,579
MAT Credit Entitlement		(755,089)	-
Net Profit after Tax		9,124,408	7,889,428
Balance brought forward from previous year		15,182,948	11,937,929
PROFIT AVAILABLE FOR APPROPRIATION		24,307,356	19,827,357
APPROPRIATIONS			
Proposed Dividend on Equity Shares		3,969,750	3,969,750
Corporate Dividend Tax		674,659	674,659
Surplus carried to Balance Sheet		19,662,947	15,182,948
TOTAL		24,307,356	19,827,357
Basic and Diluted EPS (Face Value of Rs.10/- each)		2.30	1.99
Significant Accounting Policies and Notes to Accounts	18		

Schedules referred to above form an integral part of the financial statements.

As per our attached report of even date

For and on behalf of Board

For C.P.Ranka & Co.
Chartered Accountants

Ramesh Chandra Singhi
Director

Suresh Chandra Bapna
Director

C.P.Ranka
Partner

Prem Kankaria
Managing Director

Place : HYDERABAD

Date : 31st May, 2010

Schedules 1 to 18 are Attached to and forming part of Balance Sheet as at 31.03.2010 and Profit & Loss Account for the Year ended on that date.

SCHEDULES FORMING PART OF THE BALANCE SHEET

PARTICULARS	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
SCHEDULE 1 SHARE CAPITAL		
Authorised:		
50,00,000 Equity Shares of Rs.10/- each	50,000,000	50,000,000
Issued, Subscribed & paid Up:		
39,69,750 Equity Shares of Rs.10/- each	39,697,500	39,697,500
	39,697,500	39,697,500
SCHEDULE 2 RESERVES & SURPLUS		
General Reserve		
As per last Balance Sheet	335,971	335,971
Securities Premium Account		
As per last Balance Sheet	1,500,000	1,500,000
Surplus as per Profit & Loss Account	19,662,947	15,182,948
TOTAL	21,498,918	17,018,919
SCHEDULE 3 SECURED LOANS		
Term Loans from a Bank	40,103,244	2,000,661
(Secured by way of hypothecation of all fixed assets of the company and by way of equitable mortgage of the factory land & building situated in Nalgonda District and guaranteed by the Managing Director of the Company)		
Working Capital Loan from a Bank		
In Indian Currency	16,428,775	20,505,267
In Foreign Currency	19,356,228	-
(Secured by a way of hypothecation of all the current assets of the Company and by way of equitable mortgage of the factory land & building situated in Nalgonda District and hypothecation of plant & machinery of the Company and guaranteed by the Managing Director of the Company)		
Hire Purchase Loan from a Bank	-	74,012
(Secured by hypothecation of vehicle purchased thereagainst)		
TOTAL	75,888,247	22,579,940
SCHEDULE 4 UNSECURED LOANS		
Loans from Bodies Corporate	543,866	775,071
Loan from a Bank	2,855,252	-
TOTAL	3,399,118	775,071

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 5 : FIXED ASSETS

(Rupees)

S.NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at 01.04.09	Additions	As at 31.03.10	As at 01.04.09	For the Year	upto 31.03.10	As at 31.03.10	As at 31.03.09
1	LAND - FREEHOLD	144,660	-	144,660	-	-	-	144,660	144,660
2	BUILDING	6,380,384	7,389,476	13,769,860	2,434,449	246,989	2,681,438	11,088,422	3,945,935
3	PLANT & MACHINERY	63,770,373	55,391,693	119,162,066	37,976,013	3,532,108	41,508,121	77,653,945	25,794,360
	COMPUTERS & PERIPHERALS	236,721	58,077	294,798	136,527	38,371	174,898	119,900	100,194
4	ELECTRICAL INSTALLATIONS	1,529,313	2,021,516	3,550,829	940,019	78,369	1,018,388	2,532,441	589,294
5	FURNITURE & FIXTURES	977,929	-	977,929	801,753	60,348	862,101	115,828	176,176
	OFFICE EQUIPMENTS	51,965	-	51,965	32,738	2,468	35,206	16,759	19,227
6	VEHICLES	1,731,399	-	1,731,399	921,495	149,954	1,071,449	659,950	809,904
	MOTOR VEHICLES	448,932	-	448,932	304,190	50,774	354,964	93,968	144,742
	TOTAL	75,271,676	64,860,762	140,132,438	43,547,184	4,159,382	47,706,566	92,425,872	31,724,492
	Previous Year	73,798,719	1,472,957	75,271,676	39,966,462	3,580,722	43,547,184	31,724,492	

SCHEDULES FORMING PART OF THE BALANCE SHEET

PARTICULARS	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE 6		
INVESTMENTS		
Current Investments		
In fully Paid-Up Equity Shares (Quoted):		
NIL Shares (1900) of Nagarjuna Fertilizers & Chemicals Limited of Rs.10/- each	-	46,322
NIL Shares (7300) of TATA Tele of Rs.10/- each	-	178,122
100 Shares (1600) of NTPC of Rs. 10/- each	20,779	332,456
500 Shares (1700) of ITC Ltd of Rs. 1/- each	94,209	320,311
450 Shares (750) of Hindalco Industries of Rs. 1/- each	65,536	109,226
2200 Shares (2200) of Gujarat Ambuja Cements of Rs.2/- each	321,777	321,777
NIL Shares (1000) of Andhra Bank of Rs. 10/- each	-	106,331
400 Shares (400) of Ispat India of Rs. 10/- each	16,240	16,240
TOTAL (A)	518,541	1,430,785
Mutual Fund		
10000 Units of SBI Infra Fund	100,000	100,000
TOTAL (B)	100,000	100,000
(Market Value of Quoted shares are Rs 6,08,430/- as on 31.03.2010 Previous Year Rs.11,04,315)		
GRAND TOTAL (A+B)	618,541	1,530,785
SCHEDULE 7		
CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS		
A. INVENTORIES		
(As taken, valued and certified by the Management)		
Raw Material	13,378,869	10,409,866
Finished Goods	4,586,390	1,868,099
Packing Materials	166,498	173,570
Printing Inks & Chemicals	836,568	762,816
Printing Cylinders	619,000	740,000
TOTAL (A)	19,587,325	13,954,351
B. SUNDRY DEBTORS		
(Unsecured and considered good)		
a. Outstanding for a period exceeding six months	4,030,384	4,669,710
b. Others Debts	42,507,206	36,912,338
	46,537,590	41,582,048
Less. Provision for Bad & Doubtful Debts	686,868	686,868
TOTAL (B)	45,850,722	40,895,180

SCHEDULES FORMING PART OF THE BALANCE SHEET

PARTICULARS	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
C. CASH & BANK BALANCES		
Cash in hand	24,340	12,601
Balance with Scheduled banks in:		
- Current Accounts	56,248	55,358
- Margin Money Accounts	1,667,590	1,355,400
- Other Deposit Accounts	469,677	263,916
TOTAL (C)	2,217,855	1,687,275
D. Interest Accrued on Deposits	157,300	172,060
TOTAL (D)	157,300	172,060
E. LOANS & ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received		
- Advance on Capital Account	-	6,701,498
- Other Advances	3,230,321	1,924,722
Balance with Central Excise & Sales Tax Authorities	3,368,091	426,949
Deposits	1,144,742	1,044,742
Advance Income Tax/Fringe Benefit Tax (Net of Provisions Rs. 18,59,561)	41,331	-
MAT Credit Entitlement	755,089	-
TOTAL (E)	8,539,574	10,097,911
GRAND TOTAL (A+B+C+D+E)	76,352,776	66,806,777
SCHEDULE 8		
CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
SUNDRY CREDITORS		
Dues of Micro, Small and Medium Enterprises+		
Dues of Other Creditors	12,707,811	3,607,097
Advances from Customers	293,583	413,377
Other Liabilities	2,282,823	2,196,756
Investors' Education and Protection Fund*		
Unpaid Dividend	407,841	243,378
TOTAL (A)	15,692,058	6,460,608
B. PROVISIONS		
Proposed Dividend	3,969,750	3,969,750
Corporate Dividend Tax	674,659	674,659
Provision for Income Tax (Net of Advance Tax (Previous Year Rs 38,00,000)	-	1,035,894
Provision for FBT (Net of Advance Tax (Previous Year Rs 38,000)	-	3,943
TOTAL (B)	4,644,409	5,684,246
GRAND TOTAL (A+B)	20,336,467	12,144,854
* Refer Note No. 5 in Schedule 18		

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

PARTICULARS	For the year ended 31.03.2010 (Rs)	For the year ended 31.03.2009 (Rs)
SCHEDULE 9		
SALES		
Sales - Domestic		
Sales (Net of Returns)	188,558,758	193,481,340
Excise Duty	16,123,784	25,341,617
Sales Tax	8,609,854	8,312,707
	213,292,396	227,135,664
Sales - Exports (Against CT-1)		
Sales	-	2,253,518
TOTAL	213,292,396	229,389,182
SCHEDULE 10		
OTHER INCOME		
Interest (Tax Deducted at Source Rs 19,074/- (Previous Year Rs.31,526))	207,174	151,659
Dividend Income	18,236	19,657
Profit on Sale of Investments	81,551	-
Sales Tax Subsidy	1,194,843	895,840
Miscellaneous Receipts	-	19,905
TOTAL	1,501,804	1,087,061
SCHEDULE 11		
INCREASE/(DECREASE) IN STOCK		
Closing stock of finished goods	4,586,390	1,868,099
Less:		
Opening stock of Finished goods	1,868,099	3,199,523
TOTAL	2,718,291	(1,331,424)
SCHEDULE 12		
COST OF MATERIALS		
Opening Stock	10,409,866	11,333,168
Add : Purchases	151,206,038	151,396,605
	161,615,904	162,729,773
Less: Closing Stock	13,378,869	10,409,866
Raw Materials Consumed	148,237,035	152,319,907
TOTAL	148,237,035	152,319,907
SCHEDULE 13		
MANUFACTURING EXPENSES		
Packing Material Consumed	1,349,989	1,911,461
Inks & Chemicals Consumed	5,308,282	5,283,408
Stores & Spares Consumed	258,661	685,023
Power & Fuel	6,264,732	5,594,280
Repairs & Maintenance		
- Plant & Machinery	1,350,491	483,125
- Others	46,072	65,930
Printing Cylinders Charges	353,648	682,441
Job Work Charges	-	20,520
Excise Duty on Stock	(43,245)	(96,326)
TOTAL	14,888,630	14,629,862

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

PARTICULARS	For the year ended 31.03.2010 (Rs)	For the year ended 31.03.2009 (Rs)
SCHEDULE 14		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	2,836,099	2,511,678
Managerial Remuneration	2,129,374	1,617,460
Contribution to Provident and Other Funds	216,749	218,647
Workmen & Staff Welfare Expenses	266,560	249,875
TOTAL	5,448,782	4,597,660
SCHEDULE 15		
SELLING & DISTRIBUTION EXPENSES		
Sales Promotion & Advertisement Expenses	103,247	103,222
Freight & Forwarding Expenses	950,923	1,097,020
Discounts, Rebate & rejections	193,217	441,584
Bad & Doubtful Debts written off	-	1,149,335
Sales Tax Paid	8,609,854	8,312,707
CST Paid 2005-06	9,134	-
APGST 2003-04 & 2004-05	366,036	-
TOTAL	10,232,411	11,103,868
SCHEDULE 16		
INTEREST & FINANCE CHARGES		
Interest on:		
a. Term Loans	1,034,702	321,435
b. Cash Credit	3,455,088	2,180,410
c. Others	95,313	286,146
Bank Charges	803,738	562,057
TOTAL	5,388,841	3,350,048
SCHEDULE 17		
OTHER EXPENSES		
Auditors' Remuneration	50,000	37,500
Directors' Sitting Fee	150,000	200,000
Insurance	161,456	185,686
Printing & Stationery	87,542	71,725
Office Rent	180,000	180,000
Rates & Taxes	169,719	50,059
Telephone, Postage & Telegram	180,388	179,760
Travelling Expenses	244,286	322,821
Vehicle Maintenance	344,941	356,736
Miscellaneous Expenses	505,246	414,197
TOTAL	2,073,578	1,998,484

SCHEDULE 18**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON AND FOR THE YAER ENDED 31ST MARCH, 2010****A. SIGNIFICANT ACCOUNTING POLICIES****1) GENERAL**

- a) The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accounting principles of a going concern and the Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI"), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use. b) The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements are made relying on these estimates. Any revision to accounting estimates is recognized prospectively.

2) FIXED ASSETS

- a) All fixed assets are stated at cost net of CENVAT / Value Added Tax less accumulated depreciation and impairment loss, if any. Expenditure during construction period in respect of new project/ expansion is allocated to the respective fixed assets on their being ready for commercial use.
- b) In accordance with AS 28 on 'Impairment of Assets' issued by The Institute of Chartered Accountants of India, where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the Profit & Loss Accounts whenever the carrying amount of such assets exceeds its recoverable amount.

3) INVESTMENTS

Investments are either classified as current or long-term based on the management's intention at the time of purchase. Long-term investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments. Current investments are carried at the lower of the cost and fair value and provision is made to recognize any decline in the carrying value.

4) INVENTORIES

Inventories are valued at lower of cost and estimated net realizable value except scrap which is valued at net realizable value. Cost is determined on "First-in-First Out" basis.

The cost in case of finished goods and semi-finished goods includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

5) REVENUE RECOGNITION

Revenue is recognized when the property and all the significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration. Local sales are inclusive of excise duty and sales tax.

Dividend income on investments is accounted for when the right to receive the payment is established.

6) BORROWING COST

Borrowing Costs directly attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such asset upto the date when such asset is ready for its intended use. Other borrowing costs are charged to Profit & Loss Account.

7) DEPRECIATION

Depreciation is provided on "Straight Line Method" at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 read with relevant circulars issued from time to time by the Department of Company Affairs.

Individual assets costing less than Rs. 5,000 are depreciated in full in the year of acquisition.

Depreciation on additions / deletions of assets during the year is provided on pro-rata basis.

8) EMPLOYEE BENEFITS

a) Provident Fund : Provident Fund is a defined contribution scheme and contributions are charged to the Profit and Loss Account as incurred.

b) Gratuity : Gratuity is a defined benefit retirement plan and being accounted for on cash basis.

c) Liability for leave encashment is accounted for on cash basis.

9) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at the rate of exchange in force at the date of transactions. Gain and losses resulting from settlement of such transactions and from the transaction of monetary assets and liabilities denominated in foreign currencies are recognised in Profit and Loss Account. Premium in respect of forward foreign exchange contract is recognised over the life of the contracts.

10) TAXATION

Income tax expenses comprise current tax and fringe benefit tax (i.e., amount of tax for the year determined in accordance with the income tax law) and deferred tax charges or credit (reflecting the tax effects of timing differences between accounting income and taxable income of the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax on assets are recognized and carried forward only if there is a virtual / reasonable certainty of realization of such assets in near future and are reviewed for their appropriateness of their respective carrying value at each balance sheet date.

Tax credit is recognized in respect of Minimum Alternate Tax (MAT) paid in terms of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal tax within the statutory time frame and the same is reviewed at each Balance Sheet date.

11) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities are disclosed in the notes to accounts and are determined based on the management perception that these liabilities are not likely to materialise. Contingent assets are not recognised or disclosed in the financial statements.

B. NOTES TO ACCOUNTS

1. Additions to fixed assets include a sum of Rs.7,99,530/- capitalized during the year on account of interest paid upto the period when respective assets were ready for its intended use.
2. In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which those are stated in the Balance Sheet. The provision for depreciation and for all the known liabilities is adequate and not in excess of what is required.
3. Accounts of certain debtors, creditors, loans and advances and unsecured loans given are subject to confirmation and reconciliation, if any. However, in the opinion of management, there would not be any material impact on the financial statements.
4. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.
5. A sum of Rs.48,111 (Previous Year Rs.43,460) on account of unclaimed dividend has not been deposited in the Investor Education and Protection Fund as required under Section 205C of the Companies Act, 1956. However, the process for the remittance of the same has already been initiated.
6. In accordance with the practice being followed by the Company, no provision has been made in respect of estimated total liability for future payment of Gratuity and Leave Encashment and the same is being accounted for as and when paid which is not in accordance with the accounting method prescribed in Accounting Standard 15 - "Employee Benefits" issued by the Institute of Chartered Accountants of India. However, in the opinion of management, it will not have any material financial impact on the results of the company.
7. In terms of Accounting Standard 17, the Company operates materially only in one business Segment viz., Plastic Films and has its production facilities and all other assets located in India.
8. Deferred Tax Liability/(Asset) for the year and at the year end comprise timing differences on account of:

(Rupees)

Particulars	Up to 31.03.2009	Current Year	Total as on 31.03.2010
Depreciation	76,78,064	7,46,414	84,24,478
Others	1,67,706	(15,246)	1,52,460
Total	78,45,770	7,31,168	85,76,938

9. Earnings per share:

(Rupees)

Particulars		2009-10	2008-09
Numerator :			
Net Profit as disclosed in Profit & Loss Account (Rs.)		91,24,408	78,89,428
Net Profit attributable to the Equity Shareholders (Rs.)		91,24,408	78,89,428
Denominator:			
Weighted average No. Of Equity Shares	Nos.	39,69,750	39,69,750
Basic and diluted Earnings Per Share (face value of Rs.10 each)	Rs.	2.30	1.99

10. Disclosure in respect of related parties pursuant to Accounting Standard 18:

 (A) **List of related parties:**

Related parties with whom company entered into transactions during the year:

 i) **Companies in which directors are interested:**

Kankaria Leasing & Finance Private Limited

Chaitanya Securities Private Limited

 ii) **Key Management Personnel**

Shri Prem Kankaria, Managing Director

Relative of Key Management Personnel

Shri Rajendra Kankaria, Brother

 (B) **During the year following transactions were carried out with related parties in the ordinary course of business and at arms length:**

(Rupees)

S.No.	Nature of Transactions	Key Management Personnel	Companies in which directors are interested	Total
1.	Interest			
	Kankaria Leasing & Finance Private Limited	--	60,840 (96,951)	60,840 (96,951)
	Chetanya Securities Private Limited	--	2,595 (1,75,531)	2,595 (1,75,531)
2.	Managerial Remuneration	21,29,374 (16,17,460)	--	--
3.	Unsecured Loan taken			
	Chetanya Securities Private Limited	--	-- (13,00,000)	-- (13,00,000)
	Kankaria Leasing & Finance Private Limited	--	10,00,000 (—)	10,00,000 (—)
4.	Unsecured Loan repaid			
	Chetanya Securities Private Limited	--	51,755 (24,60,000)	51,755 (24,60,000)
	Kankaria Leasing & Finance Private Limited	--	12,00,000 (—)	12,00,000 (—)
5.	Outstanding Balances as on 31.03.10			
	Kankaria Leasing & Finance Private Limited	—	5,43,866 (7,23,316)	5,43,866 (7,23,316)
	Chetanya Securities Private Limited		(—) (51,755)	(—) (51,755)

Notes:

- No amounts in respect of related parties have been written off / written back during the year.
 - Figures in bracket represent previous year's figures.
 - Related parties are as identified by the management and relied upon by the auditors.
11. a) Foreign exchange difference (net) debited to Profit and Loss Account Rs.5,96,910/- (Previous Year credited Rs. 13,39,881/-).
- b) The Company uses Forward Exchange Contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company does not enter into any such instruments for trading or speculative purposes.

The following are the contracts entered into by the Company and outstanding at the year-end:

	31.03.2010	31.03.2009
Forward Exchange Contracts:		
No. of Contracts	1	-
Type	Sell	-
US \$ Equivalent	4,25,000	-
INR Equivalent	19,356,228	-

- c. The year end foreign currency exposures that have not been hedged are given below :
 Amounts payable in foreign currency on account of the following :

	2009-10			2008-09		
	Currency	FC Amount	Rupee Equivalent	Currency	FC Amount	Rupee Equivalent
Purchase of Goods/ Services	USD	68,500	30,92,090	USD	57,412	29,95,184
Purchase of Fixed Assets	EURO	28,500	17,26,815	-	-	-

12. Additional information pursuant to the provisions of Schedule VI of the Companies Act, 1956

- A) Installed Capacity:** (As certified by the Management and relied upon by the Auditors being a technical matter)

Description of the Item	Qty	Year ended 31.03.2010	Year ended 31.03.2009
Licensed/Registered Capacity	In MT	4560	2400
Installed Capacity	In MT	4560	2400
Actual Production of Finished Goods	In MT	2040	2054

B) Sales of Finished Goods:

(MT/Rupees)

Particulars	For the year ended 31.03.2010		For the year ended 31.03.2009	
	Qty	Rs.	Qty	Rs.
Co-Extruded				
Multi-layer Plastic Film*	2051	19,71,68,612	2054	20,40,47,565

*Including sale of Raw Material 5.00 MT (Previous Year Nil)

C) Opening and Closing Stock of Finished Goods:

(MT/Rupees)

Co-Extruded Multi-layer Plastic Film*	For the year ended 31.03.2010		For the year ended 31.03.2009	
	Qty	Rs.	Qty	Rs.
Opening Stock	33.17	18,68,099	38.42	31,99,523
Closing Stock	53.40	45,86,390	33.17	18,68,099

* Including Semi Finished Goods

D) Raw Materials consumed
(MT/Rupees)

Particulars	Year ended 31.03.2010			Year ended 31.03.2009		
	MT	Rs.	% of	MT	Rs.	% of
Raw Material (Imported)	1196.13	8,37,09,913	56.47	806.73	6,33,52,512	41.59
Raw Material (Indigenous)*	865.29	6,45,27,122	43.53	1240.23	8,89,67,395	58.41
Total	2061.42	14,82,37,035	100.00	2046.96	15,23,19,907	100.00

* Includes sale of Raw Material 5.00 Mts. (Previous Year Nil)

E) Value of Imports on CIF basis in respect of:
Rupees)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Raw Materials	8,63,29,659	6,25,87,119
Capital Goods	4,09,86,054	-
Stores	19,544	19,607

F) Expenditure in Foreign Currency
Rupees)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Interest (FCNRB-DL)	29,354	-

13. Remuneration to Managing Director:
Rupees)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Salaries	20,50,000	15,00,000
Perquisites*	79,374	1,17,460
Total	21,29,374	16,17,460

* evaluated as per Income Tax Rules, wherever applicable

14. Auditors' Remuneration :
Rupees)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Statutory Auditors' Remuneration :		
Audit Fees	30,000	25,000
Tax Audit Fees	15,000	8,000
Taxation / Other Services	5,000	5,000
Service Tax	5,150	3,863
Total	55,150	41,363

16. Previous year's figures have been regrouped and rearranged wherever necessary so as to confirm it with the current year's presentation.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

Particulars	2009-10 Rs.	2008-09 Rs
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extraordinary items	10,960,048	12,222,651
Adjustment for :		
Depreciation	4,159,382	3,580,722
Interest	(207,174)	(151,659)
Dividend Income	(18,236)	(19,657)
Profit on sale of Investment	(81,551)	-
Interest paid	5,388,841	3,350,048
Operating Profit before Working capital changes	20,201,310	18,982,105
Adjustments for :		
Trade and other receivables	(2,586,025)	(4,649,834)
Inventories	(5,632,974)	2,127,395
Trade and other Payables	9,231,450	(3,149,902)
Cash generated from operations	21,213,761	13,309,764
Direct Taxes Paid inclusive of FBT	2,940,728	4,699,369
Cash Flow before extra ordinary items	18,273,033	8,610,395
NET CASH FLOW FROM OPERATING ACTIVITIES	18,273,033	8,610,395
B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (net)	(64,860,762)	(1,472,957)
Sale/(Purchase) of Investments	993,795	(24,000)
Interest Received	207,174	151,659
Dividend Received	18,236	19,657
NET CASH USED IN INVESTING ACTIVITIES	(63,641,557)	(1,325,641)
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Short Term Borrowings (Net)	2,624,047	(1,037,732)
Proceeds from Long Term Borrowings (Net)	53,308,307	2,343,619
Dividends paid	(3,969,750)	(3,969,750)
Corporate Dividend Tax paid	(674,659)	(674,659)
Interest paid	(5,388,841)	(3,350,048)
NET CASH USED IN FINANCING ACTIVITIES	45,899,104	(6,688,570)
Net Increase in cash and cash equivalents	530,580	596,184
Cash and Cash equivalents as at 01.04.2009	1,687,275	1,091,091
Cash and Cash equivalents as at 31.03.2010	2,217,855	1,687,275

- The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3 - Cash Flow Statement, issued by the Institute of Chartered Accountants of India.
- Previous year's figures have been regrouped wherever necessary.

Signatures to SCHEDULES 1 TO 18 to Balance Sheet as at 31st March 2010 and Profit & Loss Account for the year ended on that date.

As per our attached report of even date **For and on behalf of the Board**

For C.P.Ranka & Co.
Chartered Accountants

Ramesh Chandra Singhi
Director

Suresh Chandra Bapna
Director

C.P.Ranka
Partner

Prem Kankaria
Managing Director

Place : HYDERABAD
Date : 31st May, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. Registration Details

Registration No.	7	5	5	0
State Code	0	1		
Balance Sheet Date	31	03	2010	

II. Capital raised during the year (Amount in Rs.Thousands)

Public Issue	N	I	L
Rights Issue	N	I	L
Bonus Issue	N	I	L
Private Placement	N	I	L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	1	4	9	0	6	0	.	7	Total Assets	1	4	9	0	6	0	.	7
Source of Funds									Reserves & Surplus								
Paid - up Capital	3	9	6	9	7	.	5	0	Unsecured Loans	2	1	4	9	8	.	9	2
Secured Loans	7	5	8	8	.	2	5	Investments			6	1	8	.	5	4	
Application of Funds									Misc. Expenditure								
Net Fixed Assets	9	2	4	2	5	.	8	7									
Net Current Assets	5	6	0	1	6	.	3	1									
Accumulated Losses	N	I	L														

IV. Performance of Company (Amount In Rs.Thousands)

Turnover (Total Income)	2	0	1	3	8	8	.	7	1	Total Expenditure	1	9	0	4	2	8	.	6	6
+ / (-) Profit / (Loss) before tax		1	0	9	6	0	.	0	5	+ / (-) Profit / (Loss) after tax		9	1	2	4	.	4	1	
Earning per Share (In Rs.)	2	.	3	0					Dividend Recommended Rate %	1	0	%							

V. Generic Names of Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC CODE)	3	9	2	0	1	0	1	2			
Product Description	C	O	-	E	X	T	R	U	D	E	D
	M	U	L	T	I	L	A	Y	E	R	
	P	L	A	S	T	I	C	F	I	L	M

for and on behalf of the board

Ramesh Chandra Singhi
 Director

Suresh Chandra Bapna
 Director

Prem Kankaria
 Mananging Director

ELECTRONIC CLEARING SERVICE (ECS) FOR PAYMENT OF DIVIDEND

To the Shareholders

The Company is planning to introduce Electronic Clearing Service (ECS) for payment of dividend. This would facilitate shareholders to obtain the dividend electronically and the payment would consequently be faster and loss of dividend instrument in postal transit would be eliminated.

Under this method, the Company would issue payment instructions to the Clearing House of Reserve Bank of India through the bankers of the Company. The Clearing House would furnish to the service branches of the destination banks branch wise credit reports indicating the beneficiary details such as names of the branches where the accounts are maintained, the names of the beneficiaries, account type, account numbers and the respective amounts. The service branch would in turn pass on the advices to the concerned branches of their bank, which would credit the beneficiary's accounts on the appointed date. An advice of remittance would be sent by the Company to the shareholders opting for electronic transfer.

Considering the benefits derived in ECS for payment of dividend, shareholders are advised to avail this facility. Securities and Exchange Board of India and the Department of Company Affairs, Government of India, have made it mandatory on the part of the Companies to offer ECS facility, wherever the said facility is available.

Presently, ECS facility is available at Fifteen centers of the Reserve Bank of India viz., Ahmedabad, Bangalore, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Pune and Thiruvananthapuram. This facility is available only for payment upto a maximum amount of Rs.5 Lacs.

If shareholder holding shares in physical form wish to participate in this scheme, please fill in the ECS Mandate Form printed overleaf in legible and readable form in English preferably in capital letters, sign and return the same to the Registrar and Transfer Agents of the Company immediately. Please note that the information provided by you should be accurate and complete in all respects and duly certified by your bankers. In lieu of Bank certification, you may attach a cancelled cheque or a photocopy of a cheque for verification of the particulars provided by you in the ECS Mandate Form.

In case you require any clarification/assistance, please feel free to contact the Company.

Prem Kankaria
Managing Director

ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM

Shareholder's authorization to receive dividends through Electronic Credit Clearing Mechanism

1. Name of the first/sole shareholder : _____
2. Folio No./ Client ID No. : _____
3. Particulars of Bank account of first/sole shareholder : _____
 - a) Name of the Bank : _____
 - b) Branch, Address, Telephone No. of the Branch : _____
 - c) 9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank :
 - d) Account Number: (as appearing on the cheque book/passbook)
 - e) Account type : _____ (S.B. account/current account or cash credit) with codc 10/11/13
 - f) Ledger No./Ledger folio no. : _____ (If appearing on the cheque book/pass book)

(In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque, or photocopy of a cheque or the front page of the savings bank passbook issued by your bank, for verification of the above particulars). I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I will not hold Raj Packaging Industries Ltd., responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

Place: Date: _____ Signature of the Shareholder

Certified that the particulars furnished above are correct as per our records

Banks Stamp

Date: _____ Signature of Authorized Official of the Bank

Note:

1. Please fill in the attached Mandate Form and send it to:
 - i) The Depository Participant who is maintaining your Oemat account in case your shares are held in electronic form.
 - ii) The Address of our Registrar & Transfer Agent, CIL Securities Ltd., 214, Raghavaratna Towel'S, Chirag Ali Lane, Hyderabad - 500 001 in case your shares are held in physical form.
2. Kindly note that the information provided by you should be accurate and complete in all respects and duly certified by your bank. In lieu of the bank certificate, you may attach a blank cancelled cheque or photocopy of a cheque or the front page of the savings bank pass book issued to you by your bank. for verification of the above particulars.
3. In case of more than one folio please complete details on separate sheets
4. The information provided by you will be treated confidential and would be utilized only for the purpose of effecting the payments meant for you. You also have the right to withdraw from this mode of payment by providing the company with an advance notice of 3 weeks.

ATTENDANCE SLIP



RAJ PACKAGING INDUSTRIES LIMITED

6-3-1090/C-4, Opp. Kapadia Lane,
Raj Bhavan Road, Hyderabad - 500 082.

TO BE HANDED OVER AT THE ENTRANCE OF THE VENUE OF THE MEETING

DP. Id

Folio No.

Client Id

I hereby record my presence at the Twenty Third Annual General Meeting of the Company held at 11.30 A.M. on Saturday, the 25th September, 2010 at Hotel Inner Circle, Lane beside Saboo Motors, Rajbhavan Road, Hyderabad, A.P.

If Signed by Proxy, his name should be
written herein Block Letters

Member's/Proxy's Signature
(to be signed at the time of handing over
this slip)

PROXY FORM



RAJ PACKAGING INDUSTRIES LIMITED

6-3-1090/C-4, Opp. Kapadia Lane,
Raj Bhavan Road, Hyderabad - 500 082.

TO BE HANDED OVER AT THE ENTRANCE OF THE VENUE OF THE MEETING

DP. Id

Folio No.

Client Id

I/We _____

in this District of _____ being a Member / Members of RAJ PACKAGING
INDUSTRIES LIMITED hereby appoint _____ of _____

as my/our, Proxy to vote for me/us on my/our behalf at the Twenty Third Annual General Meeting of
the Company to be held at 11.30 A.M. on Saturday, the 25th September, 2010 at Hotel Inner Circle,
Lane beside Saboo Motors, Rajbhavan Road, Hyderabad, A.P. and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Signature _____

Re 1/-
Revenue
Stamp

Note : The Proxy form duly completed must be deposited at the Registered Office of the Company
not less than 48 hours before the time fixed for the commencement of the meeting, otherwise Proxy
wil not be allowed to attend the meeting.

