



HITECH PLAST LIMITED

16TH ANNUAL REPORT

2006 - 2007

BOARD OF DIRECTORS:

Ashwin S. Dani Chairman
Homi K. Bilpodiwala
Ashwin R. Nagarwadia
Abhay A. Vakil
Rajnikant B. Desai
Rameshchandra S. Gandhi
Harish N. Motiwalla
Ranjan M. Kapur
Anand S. Bhatt
Jalaj A. Dani
Hasit A. Dani
Malav A. Dani Alternate to R. B. Desai w.e.f. 30.01.2007
Ashok K. Goyal Managing Director (CEO)

AUDIT COMMITTEE:

Rameshchandra S. Gandhi Chairman
Homi K. Bilpodiwala
Harish N. Motiwalla

COMMITTEE OF DIRECTORS:

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

REMUNERATION COMMITTEE:

Rameshchandra S. Gandhi Chairman
Homi K. Bilpodiwala
Harish N. Motiwalla

INVESTOR'S GRIEVANCE & SHARE TRANSFER COMMITTEE:

Ashwin S. Dani Chairman
Abhay A. Vakil
Ashok K. Goyal

MANAGEMENT TEAM:

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

SHARE TRANSFER SUB-COMMITTEE:

Ashok K. Goyal Chairman
Jalaj A. Dani
Hasit A. Dani

REGISTRAR & TRANSFER AGENTS:

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
LBS Rd., Bhandup (W),
Mumbai – 400 078.
email : isrl@intimespectrum.com

SUBSIDIARY COMPANIES:

Clear Plastics Limited
Mipak Polymers Limited

STATUTORY AUDITORS:

Shah & Co., Chartered Accountants, Mumbai

INTERNAL AUDITORS:

Shashank Patki & Associates, Pune
Deepak Shah & Co., Mumbai

REGISTERED OFFICE

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

BANKERS & TERM LENDERS:

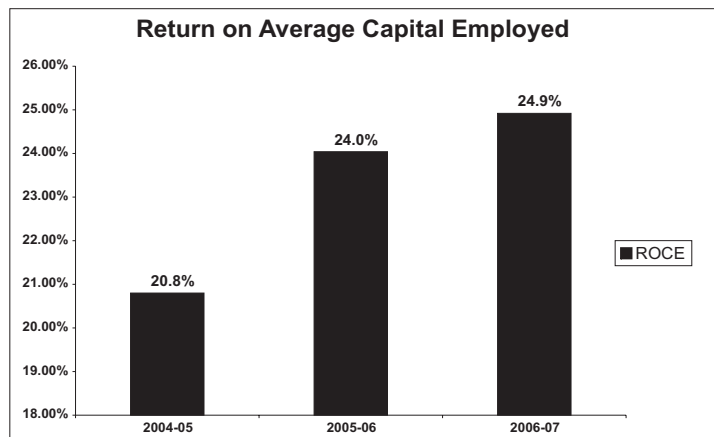
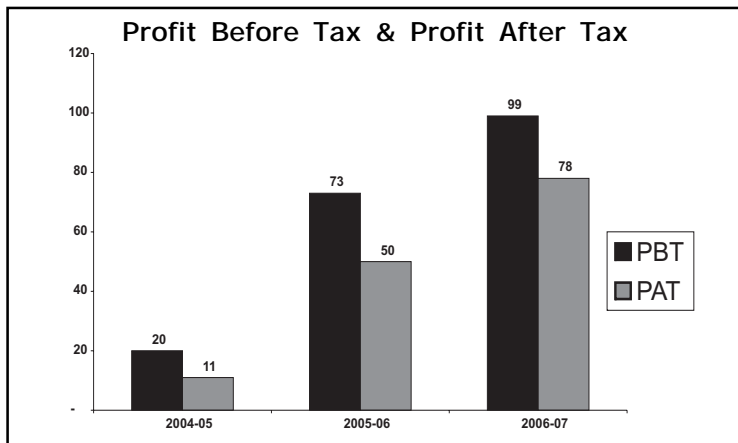
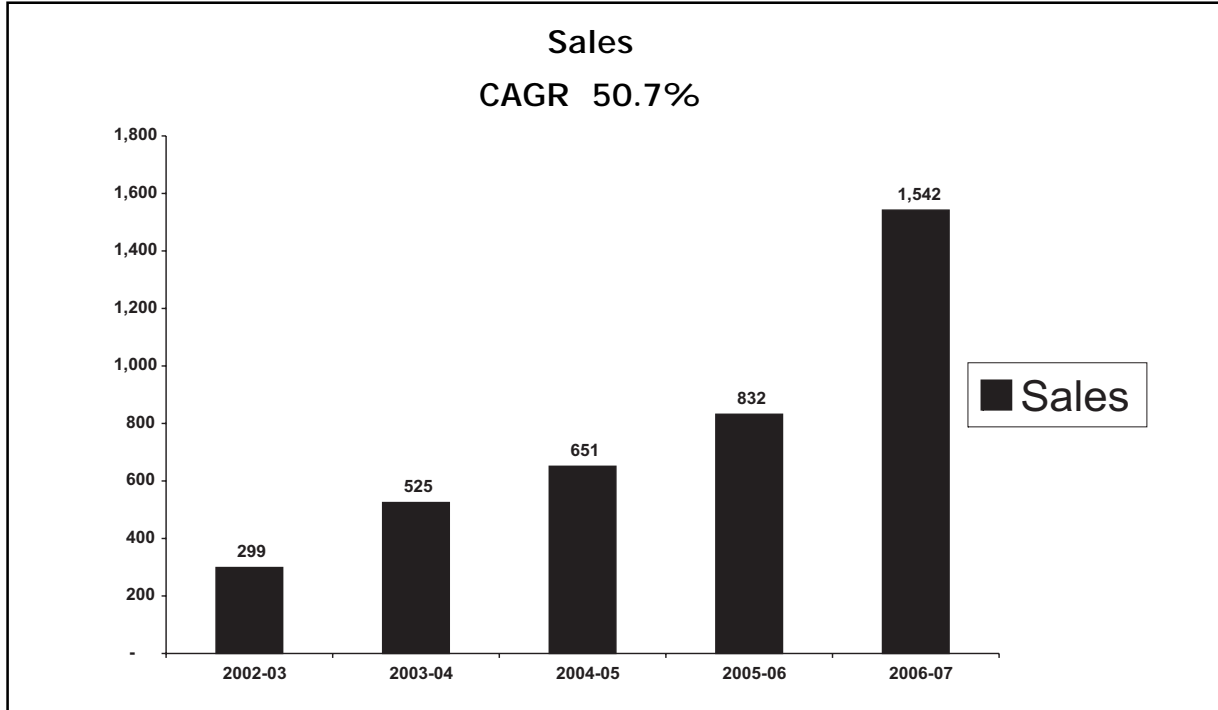
State Bank of India
Kotak Mahindra Bank Limited

WEBSITE

www.hitechplast.co.in
www.clearplastics.co.in
www.mipak.co.in

HITECH PLAST GROUP (Including Subsidiaries)

(Rs. in Million)



Hitech Plast Limited

FIVE YEAR REVIEW - HITECH PLAST LIMITED - STANDALONE

(Rs. in thousand except for per share data, number of employees and ratio)

Results for the Accounting Year	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
REVENUE ACCOUNT					
Gross Sales	1,100,223	774,588	451,920	350,705	242,783
Net Sales and Operating Income	933,550	646,488	375,820	290,856	198,955
Growth Rate (%)	44.40	72.02	29.21	46.19	22.23
Materials Consumed	559,828	333,363	168,238	110,486	70,471
% to Net Sales	59.97	51.57	44.77	37.99	35.42
Overheads	231,525	181,522	133,791	123,564	95,659
% to Net Sales	24.80	28.08	35.60	42.48	48.08
Operating Profit (PBIDT)	153,345	135,939	84,938	76,466	36,400
Interest Charges	38,796	23,841	10,743	13,225	10,183
Depreciation	33,514	35,513	39,396	34,800	14,021
Profit Before Tax	81,035	76,585	34,799	28,441	12,196
% to Net Sales	8.68	11.85	9.26	9.78	6.13
Profit after Tax	66,836	50,731	24,500	16,524	10,939
Prior period items	(402)	-	97	-	-
Profit after Tax and Prior period items	66,434	50,731	24,597	16,524	10,939
CAPITAL ACCOUNT					
Share Capital	131,757	118,970	118,970	160,970	132,000
Reserves and Surplus	177,705	58,981	11,600	11,600	11,600
Deferred Tax Liability / Asset	1,838	(802)	2,602	8,400	25,031
Loan Funds	287,728	213,089	165,774	108,176	98,246
Fixed Assets	131,347	146,980	90,535	101,508	67,549
Investments	249,396	82,147	95,040	45,035	9,853
Net Current Assets	214,609	162,715	102,720	95,759	92,284
Debt - Equity Ratio	0.94	1.19	1.35	0.81	1.38
Market Capitalisation	891,336	654,335	374,755	173,696	58,500
PER SHARE DATA					
Earning Per Share (Rs.)	5.16	4.05	2.06	2.62	0.80
Dividend (#)	0.80	0.80	Nil	Nil	Nil
Book Value (Rs.)	23.35	15.03	10.30	7.74	3.27
OTHER INFORMATION					
Number of Employees	171	285	266	225	109

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

Management Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS:

Your Directors are pleased to present the Management Discussion and Analysis Report for the year ended March 31, 2007.

In line with the accepted good corporate practices, your Company has been reporting consolidated results – taking into account the results of its subsidiaries. This discussion, therefore, covers the consolidated financial results of 2006-07 in respect of your Company with its subsidiaries, namely Clear Plastics Limited and Mipak Polymers Limited. During the year, your Company has invested Rs. 109 Million, equivalent to 60% of the paid up equity share capital of Mipak Polymer Limited (Mipak). Mipak has thus become the subsidiary of your Company pursuant to Section 4 of the Companies Act, 1956. Mipak manufactures products using injection stretch blow moulding (ISBM) and extrusion blow moulding technology, catering to pesticides industry and host of major FMCG customers.

The Indian economy in 2006-07 achieved GDP growth of 9.4 per cent against 9 per cent in the previous year. Indian economy has swelled to trillion dollars – making it only the 12th nation to reach this milestone. A sectoral decomposition shows that manufacturing registered a growth of 12.3 per cent in 2006-07 as against 9.1 per cent in the previous year. The underlying feature of the growth story is that manufacturing witnessed sustained double-digit growth, at levels almost similar to services. Agricultural growth decelerated to 2.7 percent, a development chiefly due to a higher base effect.

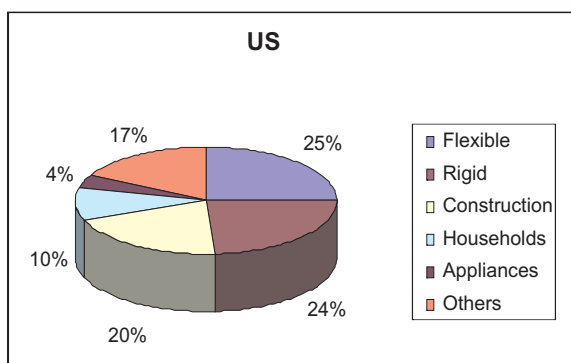
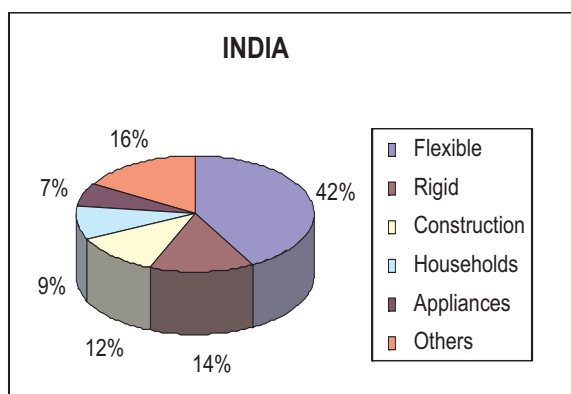
As a progressive organization, your Company has benefited from the overall economic growth in the country and did fairly well during the year as reflected in its financial statements.

INDUSTRY AND MARKET:

Plastic Packaging (including flexible and rigid packaging) conveys the image of high quality, precision, freshness and convenience. It is most cost effective than any other packaging material and is the largest single market for plastic resin consumption (packaging uses more than 40% of all plastic produced). Currently, plastic dominates the food packaging market and 50% of all food packaging is made from plastics. Unstable resin prices (increase being as high as 70% in some case) have not slowed growth or stopped consumers from demanding the benefits of plastic packaging. Various plastic materials for packaging include Polyethylene, Polypropylene and PET.

The various markets where plastics find use are packaging, construction, appliances, households, automobiles and others. The shares of these applications in India vis-à-vis market like US are as follows:

It may be observed that rigid packaging share is 24% in US while in India it is 14%. Most of the rigid packaging demand (over 70%) in India is for drums, bottles and containers used for storage/packing of lube oils, chemicals and other liquids. [Source: ICRA Report on Indian Plastic Industry, June 2005]



Your Company's business is broadly to cater to diverse industry segments, viz. paints, personal care, pesticides, health care, confectionary, lube oil industry and retail household products. These industry segments have business dynamics that are by and large different and independent of each other although some of them have common factors that impact the businesses. The most common factor affecting these industry segments is economic condition of the country. Similarly, the aggregation of all the factors affecting these various industry segments may broadly cover almost all the factors that may affect the polymer business industrial sector as a whole. The polymer business is broadly based on changing dynamics of the user industry. The industrial growth which contributes to the growth of the economy is a prime driver for the growth in the polymer business. Additionally, changing preferences and cost of packaging are other factors that affect growth.

PAINT INDUSTRY:

It is estimated that the market for all paints produced by all big and small companies will be Rs 115 billion. The Indian paint industry has registered a volume CAGR of ~ 12% over past five years. While the industry has traditionally witnessed cyclical growth, it has been closely linked to GDP. Industry has registered an average 1.2x to 2x of GDP growth in the economy. It is expected that demand for paints will accelerate on the back of (a) continued buoyancy in housing demand; (b) rising disposable incomes; and (c) demand pull from the auto and industrial segments.

PERSONAL CARE INDUSTRY:

Your Company manufactures for Personal Care products such as hair care, skin care and gel. It is estimated that there are

Management Discussion and Analysis (Contd.)

more than 1.6 million households in India that earn more than Rs 40 lacs per annum. This number is growing at about 14% per year and likely to cross 3 million households by 2010. The average size of the family has dropped down from 5.6 to 5.4 per family, resulting increasing per capita consumption. Growing number of educated and employed women and media proliferation has all lead to growing consumerism. Working women have increased from 22% in 1991 to 26% in 2001 – resulting change in purchasing habits. Working women propensity for spending is also higher compared to those of housewives.

PESTICIDES INDUSTRY:

Your Company manufactures bottles for storing pesticides products for companies like Cheminova, El Dupont, PI Industries, Northern Minerals, Monsanto, Excel Crop-care, etc.

HEALTH CARE INDUSTRY:

Your Company manufactures packaging for Health care products such as Vicks flats, mouth wash, dental care, calcium tablets, nose drops, health drinks and mosquito repellent.

CONFECTIONARY INDUSTRY:

Your Company manufactures PET jars for storing confectionary products for FMCG majors like ITC, Cadbury, RBL and a number of small companies.

LUBE INDUSTRY:

Your Company manufactures bottles and jars for lube and oil industry for majors like Castrol and a host of small companies.

RETAIL HOUSEHOLD PRODUCTS:

The composition of the Indian population is shifting and the median age of the Indian consumer is among the youngest in the world. Larger working population would mean higher purchasing power driving consumption. In the last 4-5 years, Indian markets have witnessed a strong shift towards branded products as Indian consumers have started feeling that branded goods offer better quality and greater value for money. This increase in the awareness of branded goods and increased exposure to international consumerism trends and fast changing lifestyles can result in higher consumption of retail household products. Some of the products fall in this category and supplies by your Company would include jars for packing tea, rice, detergent for woolen clothes and floor cleaner.

OPPORTUNITIES AND STRENGTHS:

Your Company believes that its strength lies in its product portfolio, which is unique selling proposition (USP) for its customers, often innovative and caters to growing segments of Indian economy. This allows it to improve and maintain its position in the markets in which it is established. Your Company's consolidated technology platform (under one-roof) allows it to develop new products and improve existing products based on customers' evolving requirements. While remaining focused on products made out of polymers, your Company has built a consolidated technology platform of three technologies in polymer processing viz., injection moulding, blow moulding and injection stretch blow moulding. Your Company's knowledge of these technologies enables it in

developing innovative products and producing them in a cost efficient manner.

RISKS AND CONCERNS:

Your Company is dependent on vendors for the supply of raw materials required for our various products. Any volatility or fluctuation in the demand and/or supply of any and/or all such raw materials may impact the purchase price of the raw materials. Continuous increase in the cost of the raw materials may have an adverse effect on the business and results of operations, if your Company is unable to factor such increase in selling price and pass it on to the customers.

Second, technology by its very nature is dynamic and your Company may have to keep pace with the changing technological environment. The materials used for the business have changed over time consequent to technological changes. Government regulations from time to time may also impact the use of certain raw materials in preparation of polymer products. Any such failure could have a bearing on the ability to compete efficiently, the cost competitiveness, ability to develop new products and consequential quality of the products, could also impact the sales and the profitability.

Your Company has taken adequate insurance policies to cover its plant and machinery and other assets. The management periodically reviews the adequacy of insurance cover.

AUDIT AND INTERNAL CONTROLS:

Your Company has well-established processes and clearly defined roles and responsibilities for people at various levels. This, coupled with internal information systems ensures proper information flow for the decision-making process.

The internal auditors carry out extensive audit on all operations periodically. The audit reports are presented on a quarterly basis to the audit committee for review and observation. The Company has an Audit Committee consisting of Independent Directors of the Company. The Committee meets once in a quarter and critically reviews the audit reports. The suggestions given by the Committee are implemented from time to time and action-taken report is presented to the Board on a periodical basis for review and information. These procedures ensure that all transactions are properly reported and classified in the financial records.

HUMAN RESOURCES:

HRD team continues to be the important division of your Company. It provides continuous feedstock for the Company by way of quality and timely manpower for achieving the desired growth rates. Your Company has an effective HRD team, which performs the functions in an effective manner. Your Company out-sourced training needs, which focuses on training the employees on various technologies and building a knowledge base for the Company. Apart from technical skills, the HRD team also focuses on imparting various soft skills to the employees.

Your Company does salary review on annual basis. Efforts are made continuously to enhance the value of relationship with its employees by creating a healthy and friendly work environment with a win-win situation for the employees and the Company at large. With continued efforts of employee welfare, your Company is optimistic of reaping the best results from its human assets in the years to come. As at 31st March 2007, the Company had 865 Employees.

Management Discussion and Analysis (Contd.)

Health, Safety and Environment:

Your Company attaches great importance to health and safety of its employees and its neighbourhood. Towards this end, regular safety audits are being conducted by internal teams. Safety and environmental impact standards are periodically reviewed and upgraded based on these audits. The Company is committed to ensure a clean environment and make efforts to ensure that not only its premises but also the neighbourhood is not affected adversely by its operations.

Analysis of Operating Performance:

(Rs. in '000, except earning per share)

Sr. No.		2006-07	2005-06
1.	Net Sales/ Income from Operations	1,542,483	831,575
2.	Total Operating Income	1,571,699	835,992
3.	Total Operating Expenses	1,325,247	678,281
4.	Operating Profit	246,452	157,711
5.	Operating Profit (%)	16.0%	19.0%
6.	Profit after Tax	73,550	50,300
7.	Profit after Tax to Net Sales (%)	4.8%	6.0%
8.	E.P.S. (Rs.)	6.0	4.0
9.	Average Capital Employed	622,360	447,570
10.	ROCE (%)	24.9%	24.0%
11.	Debt : Equity	1.9	2.1

Cash Flow Analysis:

(Rs. in '000)

Sr. No.	SOURCES OF CASH	2006-07	2005-06
1.	Operating Profit (after adding back goodwill amortisation)	246,420	161,347
2.	Issue of Capital (Net of Expenses)	106,788	50,000
3.	Loans	165,234	(34,772)
	Total	518,442	176,575
	UTILISATION OF CASH		
1.	Purchase of Fixed Assets	184,513	104,568
2.	Tax payments	33,458	23,448
3.	Interest	53,330	29,224
4.	Redemption of Preference Shares	—	25,100
5.	Dividend	14,118	2,576
6.	Purchase of Preference Shares	53,226	—
7.	Purchase of Mipak Shares	56,346	—
8.	Changes in Working Capital	118,896	(6,082)
	Total	513,887	178,834
	Change in Cash and Cash Equivalents	4,555	(2,259)

OUTLOOK:

Your Company foresees a growing potential of the products for FMCG industry with evolving newer applications and substitution of traditional materials like metal and glass. Your Company is expanding the capacities at the existing units and setting up new units across the country, which will minimise costs and shrink the response time to address demands leading to significant growth.

CAUTIONARY STATEMENT:

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

Consolidated Financials

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2007

	Schedules	As At 31.03.2007 (Rs.in '000)	As At 31.03.2006 (Rs.in '000)
FUNDS EMPLOYED			
SHAREHOLDERS' FUNDS			
Share Capital	A	131,757	118,970
Reserves & Surplus	B	<u>167,656</u>	<u>56,418</u>
		299,413	175,388
LOANS			
Secured Loans	C	385,110	147,711
Unsecured Loans		<u>106,604</u>	<u>141,646</u>
		491,714	289,357
DEFERRED TAX LIABILITY		6,822	-
MINORITY INTEREST		48,298	50,000
TOTAL		<u><u>846,247</u></u>	<u><u>514,745</u></u>
APPLICATION OF FUNDS			
GOODWILL (On Consolidation)		71,699	28,068
FIXED ASSETS			
Gross Block	D	803,514	583,340
Less : Depreciation		<u>455,883</u>	<u>330,827</u>
Net Block		347,631	252,513
Capital Work in Progress		<u>46,887</u>	<u>6,395</u>
		394,518	258,908
INVESTMENTS	E	1,250	1,250
DEFERRED TAX ASSETS		-	211
CURRENTS ASSETS, LOANS AND ADVANCES			
Interest accrued	F	475	375
Inventories		141,814	101,206
Sundry debtors		256,140	141,207
Cash and Bank Balances		18,873	14,318
Loans and Advances		<u>136,258</u>	<u>89,122</u>
		553,560	346,228
Less : CURRENT LIABILITIES AND PROVISIONS	G	<u>174,780</u>	<u>130,862</u>
NET CURRENT ASSETS		378,780	215,366
PROFIT AND LOSS ACCOUNT			
TOTAL		<u><u>846,247</u></u>	<u><u>514,745</u></u>
Accounting Policies	P		
Notes on Accounts	Q		

As per our Report of even date

For **Shah & Co.**
Chartered Accountants

H. N. Shah
Partner
Membership No. 8152

Place : Mumbai
Date : 28th July, 2007

On behalf of the Board of Directors

Ashwin S. Dani
Chairman

Ramesh S. Gandhi
Director &
Chairman of Audit Committee

Place : Mumbai
Date : 28th July, 2007

Ashok K. Goyal
Managing Director

Bhupendra P. Dusara
Chief Financial Officer &
Company Secretary

Consolidated Financials (Contd.)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007

	Schedules	For the Year Ended 31.03.2007 (Rs.in '000)	For the Year Ended 31.03.2006 (Rs.in '000)
INCOME			
Sales :			
Domestic		1,772,002	975,925
Export		<u>1,251</u>	<u>1,612</u>
Gross sales		1,773,253	977,537
Less : Excise Duty Paid		<u>230,770</u>	<u>145,962</u>
Net Sales		1,542,483	831,575
Other Income	H	29,216	4,417
Variation in Stocks	I	<u>(54)</u>	<u>9,587</u>
TOTAL		<u>1,571,645</u>	<u>845,579</u>
EXPENDITURE			
Materials Consumed	J	923,931	444,695
Manufacturing Expenses	K	181,493	105,311
Employees' remuneration and benefits	L	107,736	70,293
Administrative and Selling Expenses	M	112,033	63,933
Amortisation of Goodwill on consolidation		-	3,636
TOTAL		<u>1,325,193</u>	<u>687,868</u>
GROSS PROFIT BEFORE INTEREST, DEPRECIATION & TAX		246,452	157,711
Less: Interest and Financing Charges	N	<u>56,295</u>	<u>31,082</u>
PROFIT BEFORE DEPRECIATION AND TAX		190,157	126,629
Less: Depreciation (Refer Note No. 5 of Schedule - 'Q')		<u>91,306</u>	<u>53,749</u>
PROFIT BEFORE TAX		98,851	72,880
Less: Provision for Tax		19,247	22,516
Provision for Deferred Tax (Refer Note No. 9 of Schedule - 'Q')		66	(903)
Provision for Fringe Benefit Tax		<u>1,284</u>	<u>967</u>
PROFIT FOR THE YEAR		78,254	50,300
Prior period adjustment		<u>(32)</u>	<u>-</u>
NET PROFIT		78,222	50,300
Less : Minority Interest		<u>4,704</u>	<u>-</u>
Balance		73,518	50,300
Previous year balance brought forward		(10,942)	(31,697)
Reversal of capital reserve on Consolidation		-	7,090
Adjustment on account of Consolidation		(3,226)	2,722
Tax provision of Earlier Year		<u>(402)</u>	<u>-</u>
Amount Available for Appropriations		<u>58,948</u>	<u>28,415</u>
APPROPRIATIONS			
Proposed Dividend on Equity shares		10,541	10,541
Tax on Dividend		1,791	1,478
Proposed Dividend on Preference Shares		-	1,963
Tax on Dividend		-	275
Transfer to Capital Redemption Reserve		-	25,100
Balance carried to Balance Sheet		<u>46,616</u>	<u>(10,942)</u>
		<u>58,948</u>	<u>28,415</u>
Earning Per Share [Refer Note No. 13 of Schedule - 'Q']			
Basic & Diluted EPS (in Rs.)		6.04	4.02

As per our Report of even date

For **Shah & Co.**
Chartered Accountants

H. N. Shah
Partner
Membership No. 8152

Place : Mumbai
Date : 28th July, 2007

On behalf of the Board of Directors

Ashwin S. Dani
Chairman

Ramesh S. Gandhi
Director &
Chairman of Audit Committee

Place : Mumbai
Date : 28th July, 2007

Ashok K. Goyal
Managing Director

Bhupendra P. Dusara
Chief Financial Officer &
Company Secretary

Consolidated Financials (Contd.)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007 [PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT]

	Year 2006-2007 (Rs.in '000)	Year 2005-2006 (Rs.in '000)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extra-ordinary Item	98,851	72,880
Adjustments for :		
Depreciation	91,306	53,749
Loss/(Profit) on Sale of Assets	(12,321)	(270)
Interest Expenses	56,295	31,082
Prior Period Adjustment	(32)	-
Interest income	(801)	(351)
Goodwill amortised	-	3,636
Operating Profit before working capital changes	233,298	160,726
Adjustments for :		
Trade Receivables	(92,479)	9,655
Other Receivables	(20,936)	33,120
Inventories	(29,133)	(28,314)
Trade Payables	23,652	(8,379)
Cash Generated from Operations	114,402	166,808
FBT and Income Tax Paid	(33,458)	(23,448)
Net Cash Flow from Operations	80,944	143,360
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(192,972)	(104,965)
Sale of Fixed Assets	20,780	667
Interest Received	702	166
Purchase of Preference Shares	(53,226)	-
Purchase of Mipak Polymer's Shares	(56,346)	-
Net Cash used in Investing Activities	(281,062)	(104,132)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Preference Share Capital	-	(25,100)
Proceeds from issue of Preference Shares	-	50,000
Proceeds from Issue of Shares to Minority	34,380	-
Proceeds from issue of Share Capital/Share Premium	75,558	-
Share Issue Expenses	(3,150)	-
Proceeds from Long Term Borrowings	140,065	138,244
Repayment of Long Term Borrowings	(62,334)	(170,828)
Proceeds from/(Repayment of) Cash Credit	89,924	445
Repayment of Short Term Borrowings	(2,421)	(2,633)
Dividend Paid	(14,118)	(2,576)
Interest Paid	(53,231)	(29,039)
Net Cash used in Financing Activities	204,673	(41,487)
Net (Decrease)/ Increase in Cash and Cash Equivalents	4,555	(2,259)
Cash and Cash Equivalents at the beginning of the year	14,318	16,577
Cash and Cash Equivalents at the end of the year (Refer Note)	18,873	14,318

Note: Cash and Cash Equivalents at the end of the period include
Term Deposits with Banks of Rs. 11,227 thousand (Previous Year - Rs. 7,565 thousand)

As per our Report of even date

On behalf of the Board of Directors

For **Shah & Co.**
Chartered Accountants

Ashwin S. Dani
Chairman

Ashok K. Goyal
Managing Director

H. N. Shah
Partner
Membership No. 8152

Ramesh S. Gandhi
Director &
Chairman of Audit Committee

Bhupendra P. Dusara
Chief Financial Officer &
Company Secretary

Place : Mumbai
Date : 28th July, 2007

Place : Mumbai
Date : 28th July, 2007

Consolidated Financials (Contd.)

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As At 31.03.2007 (Rs.in '000)	As At 31.03.2006 (Rs.in '000)
SCHEDULE "A": SHARE CAPITAL		
AUTHORISED:		
20,000,000 Equity Shares of Rs 10/- each (Previous year 15,800,000)	200,000	158,000
5,500,000 Preference Shares of Rs.10/- each (Previous year 3,200,000)	55,000	32,000
- Optionally Convertible Cumulative Redeemable Preference Shares of Rs.10/- each (Previous year 1,000,000)	-	10,000
TOTAL	<u>255,000</u>	<u>200,000</u>
ISSUED, SUBSCRIBED AND FULLY PAID UP:		
13,175,700 Equity Shares of Rs.10/- each fully paid (Previous year 11,896,995) [Out of above 2,896,995 Equity Shares of Rs 10/- each issued as fully paid, pursuant to the Scheme of Amalgamation of Plastic & Precision Machinefabrik Limited, without payment received in cash; and 1,278,705 Equity Shares of Rs. 10/- each fully paid issued on 01/06/2006 on preferential basis at a premium of Rs. 53/- per share.]	131,757	118,970
-9% Cumulative Redeemable Preference Shares of Rs. 10/- each (on account of amalgamation of Multitech Plast Containers Limited)	-	25,100
Less : Redeemed during the year	-	25,100
TOTAL	<u>131,757</u>	<u>118,970</u>
SCHEDULE "B" : RESERVES & SURPLUS		
Capital Subsidy	2,500	2,500
Capital Reserve	3,698	3,698
Capital Redemption Reserve	41,120	41,120
Share Premium		
Opening Balance	9,100	9,100
Add : Premium on equity shares issued during the year	<u>67,772</u>	-
	76,872	9,100
Less : Share issue expenses	<u>3,150</u>	-
	73,722	9,100
Add : Transfer from Profit and Loss Account	<u>46,616</u>	-
TOTAL	<u>120,338</u>	<u>9,100</u>
	<u>167,656</u>	<u>56,418</u>
SCHEDULE "C" : SECURED AND UNSECURED LOANS		
SECURED LOANS:		
Term Loans from Bank	222,145	61,922
(Payable within 1 year Rs. 53,248,268/-, Previous year Rs. 30,661,821/-)		
Term Loans from Bank - FCNRB	13,017	25,765
(Payable within 1 year Rs. 11,686,000/-, Previous year Rs. 12,200,000/-)		
Bank Cash Credit	<u>149,948</u>	<u>60,024</u>
	385,110	147,711
UNSECURED LOANS:		
Loans and deposits from Corporate Bodies	50,148	99,734
(Payable within 1 year Rs. 1,500,000/-, Previous year Rs. 2,500,000/-)		
Fixed Deposits		
- Maturity on or before 1 Year	12,285	14,706
- Maturity after 1 Year	<u>32,589</u>	<u>22,402</u>
	44,874	37,108
Sales Tax - Deferral Loan	<u>11,582</u>	<u>4,804</u>
	106,604	141,646
TOTAL	<u>491,714</u>	<u>289,357</u>

[Term Loans from the Bank is secured by mortgage of the Company's immovable properties and by way of hypothecation of all movable properties, subject to prior charge in favour of the Company's Banker. (Also secured by personal guarantee of some of the Directors). Cash Credit is secured by hypothecation of inventories and book debts alongwith the second charge on the fixed assets of the Company and also secured by personal guarantee of some of the Directors.]

Consolidated Financials (Contd.)

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS : (Continued)

SCHEDULE "D" : FIXED ASSETS

(Rs.in '000)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01.04.2006	Additions on Consolidation	Additions during the Year	Deductions during the Year	Total as at 31.03.2007	As at 31.03.2006	Additions on Consolidation	Additions / Amortization during the Year	Deductions during the Year	Total as at 31.03.2007	As at 31.03.2007	As at 31.03.2006
Tangible Assets :												
Freehold Land	17,387	1,063	-	-	18,450	-	-	-	-	-	18,450	17,387
Leasehold Land	1,450	3,738	2,349	-	7,537	15	-	103	-	118	7,419	1,435
Building	112,631	46,288	7,442	8,636	157,725	44,950	2,523	14,241	2,189	59,525	98,200	67,681
Mould	69,952	23,614	11,672	997	104,241	53,782	16,060	12,669	2	82,509	21,732	16,170
Plant & Machinery	340,863	49,383	73,247	2,325	461,168	206,519	17,101	58,425	1,741	280,304	180,864	134,344
Furniture	8,982	793	1,215	-	10,990	4,951	169	1,112	-	6,232	4,758	4,031
Office Equipment	11,325	6,020	2,364	8	19,701	7,533	2,416	1,966	-	11,915	7,786	3,792
Vehicle	10,490	2,203	1,897	1,280	13,310	5,649	268	2,028	855	7,090	6,220	4,841
Intangible Assets :												
Technical Know-how	5,000	-	-	-	5,000	5,000	-	-	-	5,000	-	-
Computer Software	2,247	-	-	-	2,247	1,796	-	150	-	1,946	301	451
Goodwill on Amalgamation	2,893	-	-	-	2,893	579	-	579	-	1,158	1,735	2,314
Patent	120	-	132	-	252	53	-	33	-	86	166	67
TOTAL	583,340	133,102	100,318	13,246	803,514	330,827	38,537	91,306	4,787	455,883	347,631	252,513
Previous Year	479,107	-	115,717	11,484	583,340	280,183	-	53,749	3,105	330,827	252,513	-

Note : Refer Note No. 5 in Schedule "Q"

As At
31.03.2007
(Rs.in '000)

As At
31.03.2006
(Rs.in '000)

SCHEDULE "E": INVESTMENTS

(Refer Note No. 5 of Schedule 'P')

Long Term - unquoted (at cost) : Trade

12,500 Equity Shares of Rs. 100/- each, fully paid-up in Ho-Plast Pvt. Ltd.
Aggregate amount of unquoted investments

1,250

1,250

SCHEDULE "F": CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS :

i. Interest accrued but not received	475	375
ii. Inventories:(lower of cost and market value) (as taken, valued and certified by Management)		
a. Materials Stock:		
- Packing Materials	4,801	3,034
- Raw Materials	80,620	52,487
	<u>85,421</u>	<u>55,521</u>
b. Finished Goods	29,884	24,063
c. Work-in-Progress	25,675	19,333
d. Consumables, Stores & Spares	834	2,289
	<u>141,814</u>	<u>101,206</u>
iii. Sundry Debtors (Unsecured)		
a. Outstanding for more than six months (considered good)	20,940	10,647
(considered doubtful)	1,522	965
	<u>22,462</u>	<u>11,612</u>
Less : Provision for doubtful debts	1,522	965
	<u>20,940</u>	<u>10,647</u>
b. Other Debts (considered good)	235,200	130,560
	<u>256,140</u>	<u>141,207</u>
iv. Cash and Bank Balances:		
a. Cash in hand	675	171
b. With Scheduled Banks	6,971	6,582
c. Term Deposits	11,227	7,565
	<u>18,873</u>	<u>14,318</u>

LOANS AND ADVANCES : (Unsecured, considered good)

a. Loans to Staff	639	176
b. Balances with Customs, Central Excise etc.	16,564	12,200
c. Sundry deposits	17,597	12,310
d. Advances recoverable in cash or kind	28,205	14,836
e. Advance Payments of Taxes (TDS & Advance Tax)	73,253	49,600
	<u>136,258</u>	<u>89,122</u>

TOTAL

553,560

346,228

Consolidated Financials (Contd.)

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS : (Continued)

	As At 31.03.2007 (Rs.in '000)	As At 31.03.2006 (Rs.in '000)
SCHEDULE "G": CURRENT LIABILITIES AND PROVISIONS		
LIABILITIES :		
Sundry Creditors		
SSI	3,200	7,370
Others	<u>60,720</u>	<u>26,173</u>
	63,920	33,543
Other Liabilities	29,123	26,267
Investor Education & Protection Fund *		
Unpaid / Unclaimed dividend	140	-
PROVISIONS :		
Proposed dividend on Equity Shares (Including Tax on Dividend)	12,332	12,019
Proposed dividend on Preference Shares (Including Tax on Dividend)	-	2,238
Provision for Taxation	58,696	47,569
Provision for Gratuity	6,274	4,752
Provision for Unutilised Privilege Leave	2,932	1,274
Other Provisions	<u>1,363</u>	<u>3,200</u>
TOTAL	<u><u>174,780</u></u>	<u><u>130,862</u></u>

* There is no amount due and outstanding to be paid to the Investor Education and Protection Fund as at 31st March 2007.

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Year 2006-2007 (Rs.in '000)	Year 2005-2006 (Rs.in '000)
SCHEDULE "H" : OTHER INCOME		
Interest Received (Gross)	801	351
(Tax deducted Rs. 536,625/-, Previous Year Rs. 83,646/-)		
Miscellaneous Income	2,084	751
Gain on commutation of Sales Tax Deferral Loan	2,515	-
Sales Tax set off received	99	-
Sale of Scrap	412	730
Processing charges towards jobwork	4,732	-
Recovery of Provision for Doubtful Debt	900	1,115
Income from Wind Power Generator	2,024	-
Designing charges	45	801
(Tax deducted Rs. Nil, Previous Year - Rs. 15,621/-)		
Profit on sale of assets (Net)	12,321	270
Sale of Stock on Demerger (Refer Note No. 6 of Schedule - 'Q')	2,596	-
Provision no longer payable	687	399
TOTAL	<u><u>29,216</u></u>	<u><u>4,417</u></u>

SCHEDULE "I" : VARIATION IN STOCKS

STOCK-IN-TRADE (at close)		
Finished Goods	29,884	24,063
Work-in-progress	<u>25,675</u>	<u>19,333</u>
	55,559	43,396
STOCK-IN-TRADE (at commencement)		
Finished Goods	24,515	14,854
Work-in-progress	<u>29,887</u>	<u>17,930</u>
	54,402	32,784
	1,157	10,612
Increase / (Decrease) in Excise Duty on Finished Goods	<u>(1,211)</u>	<u>(1,025)</u>
TOTAL	<u><u>(54)</u></u>	<u><u>9,587</u></u>

Consolidated Financials (Contd.)

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS : (Continued)

	Year 2006-2007 (Rs.in '000)	Year 2005-2006 (Rs.in '000)
SCHEDULE "J" : MATERIALS CONSUMED		
Materials Consumed:		
Opening Stock	69,362	37,688
Add : Purchases	941,044	462,863
	<u>1,010,406</u>	<u>500,551</u>
Less : Sales	1,051	-
	<u>1,009,355</u>	<u>500,551</u>
Less : Closing Stock	85,424	56,686
	<u>923,931</u>	<u>443,865</u>
Printing Material Consumed	-	830
TOTAL	<u><u>923,931</u></u>	<u><u>444,695</u></u>
SCHEDULE "K" : MANUFACTURING EXPENSES		
Processing Charges	40,705	22,566
Water, Power and Fuel	78,261	44,978
Excise duty paid	177	-
Mould Rent	462	1,026
Material Handling Charges	26,862	12,073
Stores & Spares Consumed	15,208	13,774
Repairs & Maintenance -		
- to Building	1,936	1,195
- to Plant and Machinery	9,986	7,279
- Other Assets	7,896	2,420
	<u>19,818</u>	<u>10,894</u>
TOTAL	<u><u>181,493</u></u>	<u><u>105,311</u></u>
SCHEDULE "L" : EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages, allowances and other benefits	90,353	58,180
Staff Welfare Expenses	7,905	6,495
Contribution to Provident Fund	6,662	4,024
Gratuity	2,816	1,594
TOTAL	<u><u>107,736</u></u>	<u><u>70,293</u></u>
SCHEDULE "M" : ADMINISTRATIVE AND SELLING EXPENSES		
Freight and Transport Charges	42,051	24,120
Rent	6,714	4,619
Rates and Taxes	5,254	2,338
Insurance	3,843	2,546
Security Charges	3,686	2,245
Printing and Stationery	2,240	1,589
Postage and Telephone	5,273	3,218
Travelling and Conveyance Expenses	8,597	6,436
Miscellaneous Expenses	27,481	15,649
Directors' Meeting Fees	434	261
Auditors' Remuneration & Service Charges	928	662
Commission to Non Executive Directors	310	250
Bad Debts	6,187	-
Less : Provision for Doubtful Debts	<u>965</u>	-
	<u>5,222</u>	-
TOTAL	<u><u>112,033</u></u>	<u><u>63,933</u></u>
SCHEDULE "N" : INTEREST AND FINANCING CHARGES		
Interest on Term Loans (Net)	18,283	6,843
Interest on Cash Credit	12,057	6,283
Other Financing Charges	21,942	16,544
Bank Charges	4,013	1,412
TOTAL	<u><u>56,295</u></u>	<u><u>31,082</u></u>

Consolidated Financials (Contd.)

SCHEDULE "P"

Significant Accounting Policies to the Consolidated Balance Sheet and Profit and Loss Account

1. Basis for preparation of financial statements:

The financial statements are prepared in accordance with the accounting principles generally accepted ('GAAP') in India under the historical cost convention on accrual basis.

GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI") and the provisions of the Companies Act, 1956. 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 the accounting policy hitherto in use.

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employees retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

2. Fixed Assets:

The fixed assets are accounted at the cost of acquisition, which includes taxes, duties (net of cenvat, wherever applicable) and other identifiable direct expenses incurred to bring the assets to their present location and condition less accumulated depreciation. Interest on borrowed funds attributable up to the period assets are put to use is included in the cost of qualifying assets.

3. Depreciation:

Depreciation is provided on all assets under written down value method at the rates specified under Schedule XIV to the Companies Act, 1956. Expenditure on computer software is amortised over a period of three years. Goodwill on amalgamation is amortised over a period of five years.

4. Inventory:

(a) Inventories are valued at lower of cost and net realisable value. Damaged, unserviceable and inert stocks are suitably depreciated.

(b) In case of raw and packing materials, stores, spares and consumables the cost includes duties and taxes other than credits under CENVAT and is arrived at on weighted average basis.

(c) The Finished Goods and Work-in-progress cost includes the cost of raw material, packing materials and appropriate share of fixed and variable production overheads and excise duty as applicable on the finished goods.

5. Investments:

Long-term investments are stated at cost less permanent diminution, if any, in the value of investments.

6. Foreign Exchange:

Revenue transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Transactions outstanding at the year-end are converted at exchange rates prevailing at the year-end and the profit/loss so determined and also the realised exchange gains/losses are recognised in the Profit and Loss Account. Gains/Losses in respect of foreign currency transactions, if any, are dealt with in accounts.

7. Retirement Benefits:

Company's contribution to provident fund is charged to Profit and Loss Account on accrual basis. Liability for Gratuity and Leave encashment benefits are charged to Profit and Loss account on the basis of actuarial valuation.

8. Lease Accounting:

In respect of operating leases, lease rentals are accounted on accrual basis in accordance with the respective Lease Agreements.

9. Taxes on Income:

Provision for current tax is computed as per 'Total Income' returnable basis under the Income Tax Act, 1961, taking into account available deductions and exemptions. Deferred tax is recognised for all timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Provision for fringe benefit tax (FBT) is computed as per the provision of the Income Tax Act, 1961.

10. Proposed Dividend:

Dividend proposed by the Board of Directors is provided for in the accounts, pending approval at the Annual General Meeting.

11. Goodwill :

Goodwill arising on the acquisition of a Subsidiary represents the excess of cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversible in a subsequent period.

Consolidated Financials (Contd.)

SCHEDULE "Q"

Notes on Accounts to Consolidated Balance Sheet as at 31st March, 2007 and Profit and Loss Account for the Year ended on that date

	Year 2006-2007 (Rs.in '000)	Year 2005-2006 (Rs.in '000)
1. Estimated amount of contracts to be executed on capital account and not provided for	36,272	-
2. Contingent liabilities not provided for:		
(a) Bank Guarantees issued on behalf of the Company	6,209	3,330
(b) Bills Discounted	112,058	102,312
(c) Arrears of Dividend on Preference Shares	3,135	260
3. Name of the Subsidiary	<u>% of Voting power</u>	<u>Financial Year</u>
Clear Plastics Limited	100%	31st March 2007
Mipak Polymers Limited	60%	31st March 2007
4. Principles of Consolidation:		
a. The consolidated financial statements are based on audited financial statement of subsidiaries.		
b. The financial statements of the parent company and its subsidiary have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. All significant intra group balances and transactions have been eliminated in consolidation.		
c. Goodwill is tested for impairment every year.		
d. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and over events in similar transactions and are presented to the extent possible, in the same manner as the parent company's financial statement.		
e. Minority Interest in the net income and net assets of the consolidated financial statements are computed and shown separately.		
5. One of the subsidiaries namely Mipak Polymers Limited has changed the method of charging depreciation on fixed assets in 2006-07 from straight-line method to written down value method as per rates specified in Schedule XIV of the Companies Act, 1956. As a result, depreciation charged in the current year is higher by Rs. 13,346 thousand (Previous Year - NIL) and to that extent the aggregate profits, the fixed assets as well as reserves are lower.		
6. The Company had sold its Plastic & Precision Machinefabrik (PPMF) unit / division having its manufacturing facilities at Sarigam (Gujarat) on a going concern basis at book value to Clear Plastics Limited (CPL), a wholly owned subsidiary of the Company, with effect from 1st October 2006, for a consideration of Rs 34,580 thousand, as a result of which the previous year's figures are not comparable with that of the current year.		
7. Mipak Polymers Ltd., subsidiary of the Company, had purchased units / divisions having its manufacturing facilities at Umargaon (Gujarat) and Daman on a going concern basis, as per slump sale agreement with effect from 1 st April 2006, for a total consideration of Rs 108,500 thousand.		

(Rs. in '000)

Fixed Assets (including Capital Work in Progress)	52,999
Other Receivables	26,654
Inventories	9,657
Trade Receivables	29,335
Cash and Cash Equivalents	8,740
Secured Loans	(4,103)
Deferred Tax Liability	(894)
Other Current Liabilities	(13,888)
Total Consideration	1,08,500
Satisfied by:	
Cash & Cash Equivalents	8,740
Net Cash Outflow	99,760

Consolidated Financials (Contd.)

8. From 1st April, 2006, the Company acquired 60% stake in Mipak Polymers Limited.

(Rs. in '000)	
Fixed Assets (including Capital Work in Progress)	42,405
Inventories	11,474
Trade Receivables	22,453
Loans and Advances	2,547
Cash and Cash Equivalents	1,106
Secured Loans	(11,186)
Unsecured Loans	(25,936)
Deferred Tax Liability	(6,073)
Other Current Liabilities	(8,755)
Preference Share Capital	(5,000)
Total Consideration	23,035
60% stake	13,821
Satisfied by:	
Cash & Cash Equivalents	1,106
Net Cash Outflow	56,346
Goodwill on consolidation	43,631

The Goodwill arising on acquisition of Mipak Polymers Limited has been recognised in the consolidated financial statements using proportionate consolidation method.

9. The Deferred Tax Asset/(Liability) comprises of tax effect of timing differences, carried forward business losses and unabsorbed depreciation as shown below:

	31.03.2007 (Rs. in '000)	31.03.2006 (Rs. in '000)
A. Deferred Tax Assets		
1. Carried forward business losses and Unabsorbed Depreciation	-	3,108
2. Expenses allowable for tax purposes on payment basis	<u>3,129</u>	<u>2,658</u>
	3,129	5,766
B. Deferred Tax Liability		
Excess of Book Value over WDV under Income Tax Act, 1961	2,984	5,555
Transfer on Amalgamation	<u>6,967</u>	-
Deferred Tax Asset / (Liability)	<u>(6,822)</u>	<u>211</u>
Deferred Tax Benefit / (Expenses) for the year	<u>(66)</u>	<u>902</u>

10. The amount due to Small Scale Industrial undertakings (SSIs) is furnished under the relevant head, on the basis of information available with the Company regarding small scale industry status of the suppliers. There are no amounts outstanding to such suppliers which are due for more than 30 days beyond the agreed credit period. Auditors have relied upon this.

The Company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosures relating to amount unpaid as at the end of the year together with interest paid/payable as required under the said Act have not been furnished and provision for interest, if any, on delayed payments, is not ascertainable at this stage.

Consolidated Financials (Contd.)

11. Related Party Disclosures, as required by AS-18, 'Related Party Disclosures' are given below:

1. Relationship:

<p>(i) Companies over which the Directors have controlling interest</p> <p>Dani Capital and Investments Company Private Limited Dani Enterprises Private Limited Dani Finance and Investments Company Private Limited Dani Holding and Trading Company Private Limited Dani Securities Limited Dani Trading and Investments Limited Geetanjali Trading and Investments Limited Gujarat Organics Limited Rangmeet Investments Limited Coatings Specialities (India) Limited Rangkala Investments – Div. of Gujarat Organics Ltd., Asian Paints Limited</p>	<p>(ii) Directors</p> <p>Mr. Ashwin S. Dani Mr. Ashok K. Goyal Mr. Jalaj A. Dani Mr. Hasit A. Dani Mr. Harshad B. Desai Mr. Malav A. Dani (Alternate to Mr. R. B. Desai)</p>
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2. Related Party Transactions for the Year 2006-2007 and 2005-2006:

(Rs. in '000)

Particulars	2006-2007		2005-2006	
	Companies over which Directors have controlling interest	Directors of the Company	Companies over which Directors have controlling interest	Directors of the Company
	(i)	(ii)	(i)	(ii)
Sales	616,615		361,567	
Services rendered				
- Conversion Charges	941		38,555	
- Other Income			630	
Services received				
- Others	6,000		6,000	
Sundry Debtors	31,272		30,407	
Inter Corporate Deposits Received	63,500		20,000	
Inter Corporate Deposits Repaid	114,451			
Redemption of Preference Shares			25,100	
Issue of Preference Shares			50,000	
Interest Paid	3,374		6,427	
Other Payables				
Sitting Fees		177		109
Remuneration paid		6,397		3,311
Payable – ICDs / Loans	46,260		97,211	

12. The specified disclosures for Operating Leases as required by Accounting Standard 19 – "Lease" issued by the Institute of Chartered Accountants of India are given below:

(Rs. in '000)

	Particulars	31.03.2007	31.03.2006
a)	Disclosures in respect of agreement for Cars taken on lease:		
1	Lease payments recognised in the Profit and Loss Account for the year	808	-
2	Future minimum lease payments under non-cancellable operating lease		
	I Not later than one year	941	-
	II Later than one year but not more than five years	2,005	-
	III Later than five years	-	-
3	Significant leasing arrangements		
	I Under the agreement, cars are taken on operating lease basis	-	-
	II The agreement is for a period of forty eight months	-	-

Consolidated Financials (Contd.)

13. Earning Per Share, as required by Accounting Standard -20, 'Earning Per Share' is given below:

Particulars	Unit	2006-2007	2005-2006
Basic & Diluted Earning Per Share			
Amount used as the numerator			
Profit After Taxation	Rs. in '000	78,254	50,300
Less: Pref. Dividend	Rs. in '000	-	2,498
		78,254	47,802
Weighted Average number of Equity Shares used as the denominator	Nos.	12,961,999	11,896,995
Nominal value of Equity Shares	Rs. in '000	129,620	118,970
Basic & Diluted EPS	Rs.	6.04	4.02

14. Since the Company's business activity falls within a single primary business segment, viz., "Plastic Containers" the above results applies to the same for the purpose of Accounting Standard 17 (AS-17) on segment reporting. The capital employed in the reportable segment was Rs. 791,127 thousand as on 31st March 2007 (Rs. 453,592 thousand as on 31st March 2006).

15. Pursuant to the Accounting Standard (AS-29) - Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31st March, 2007 is as follows :

(Rs. in '000)

	Provision for Leave Entitlements/Encashment *		Provision for Bad and Doubtful Debts	
	2006-2007	2005-2006	2006-2007	2005-2006
Opening Balance	1,274	743	965	2,805
Additions	2,171	853	1,522	336
Utilisations	513	322	896	-
Reversals	-	-	69	2,176
Closing Balance	2,932	1,274	1,522	965

* Provision is done on actuarial valuation.

16. Hitherto, the Company had been reporting sales net of excise duty expense incurred on production of finished goods. Pursuant to draft Accounting Standard Interpretation (ASI) 14 (Revised) "Disclosure of Revenue from Sales Transactions" issued by the Institute of Chartered Accountants of India, the excise duty expense has now been bifurcated into two components: excise duty expense relating to sales is reduced from Gross Sales and the balance amount relating to the difference between the closing stock and opening stock of finished goods is disclosed separately as part of 'Increase / (Decrease) in WIP & Finished Goods' in Schedule 'I'. The same has no impact on the profits of the Company.

17. Previous year's figures have been regrouped wherever necessary.

As per our Report of even date

For **Shah & Co.**
Chartered Accountants

H. N. Shah
Partner
Membership No. 8152

Place : Mumbai
Date : 28th July, 2007

On behalf of the Board of Directors

Ashwin S. Dani
Chairman

Ramesh S. Gandhi
Director &
Chairman of Audit Committee

Place : Mumbai
Date : 28th July, 2007

Ashok K. Goyal
Managing Director

Bhupendra P. Dusara
Chief Financial Officer &
Company Secretary

Consolidated Financials (Contd.)

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF HITECH PLAST LIMITED GROUP ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HITECH PLAST LIMITED AND ITS SUBSIDIARIES.

We have audited the attached Consolidated Balance Sheet of Hitech Plast Ltd., ('the Company') and its subsidiaries (collectively called 'the Group') as at 31st March 2007, the Consolidated Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of the separate financial statements and other financial information regarding its subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with and identified financial reporting framework and are free of material misstatements. 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 management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21) - Consolidated

Financial Statements, (AS-23) Accounting for Investments in Associates in Consolidated Financial Statements and (AS-27) Financial reporting of interests in Joint Ventures issued by the Institute of Chartered Accountants of India.

Based on our audit of financial statements of the Company and its subsidiaries, included in the consolidated financial statements read with Notes 3 and 4 of schedule Q and to the best of our information and according to explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2007;
- (b) In the case of consolidated Profit and Loss Account, of the profit for the Group ended on that date;
- and
- (c) In the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For Shah & Co.,
Chartered Accountants

H. N. Shah
Partner

Place : Mumbai
Date : 28th July, 2007

Membership No. 8152

Directors' Report

DIRECTORS' REPORT

Dear Members,
HITECH PLAST LIMITED

Your Directors have pleasure in presenting the Sixteenth Annual Report of your Company and the Audited Accounts for the year ended March 31, 2007.

FINANCIAL RESULTS

[Rs. in '000]

	HITECH PLAST LIMITED			HITECH PLAST CONSOLIDATED		
	2006-07	2005-06	Growth % *	2006-07	2005-06	Growth % **
GROSS SALES	1,100,223	774,588		1,773,253	977,537	
Sales (Net of Excise)	933,550	646,488	44.4	1,542,483	831,575	85.5
Other Income	8,697	3,567		29,216	4,417	
Increase/(decrease) in stock	2,451	769		(54)	9,587	
Total Income	944,698	650,824	45.2	1,571,645	845,579	85.9
Total Expenditure	791,353	514,885		1,325,193	687,868	
Operating Profit	153,345	135,939	12.8	246,452	157,711	56.3
Interest and Financing Charges	38,796	23,841		56,295	31,082	
Depreciation	33,514	35,513		91,306	53,749	
Profit Before Tax	81,035	76,585	5.8	98,851	72,880	35.6
Less: Provision for Tax	16,100	22,516		19,247	22,516	
Provision for Deferred Tax	(2,639)	2,524		66	(903)	
Provision for Fringe Benefit Tax	738	814		1,284	967	
Net Profit After Tax	66,836	50,731	31.7	78,254	50,300	55.6
Minority Interest	-	-		4,704	-	
Net Profit after Minority Interest	66,836	50,731	31.7	73,550	50,300	46.2
Previous year balance b/forward	22,281	(5,447)		(10,942)	(31,697)	
P & L Balance on Amalgamation	-	16,354		-	-	
Reversal of capital reserve on consolidation	-	-		-	7,090	
Adjustment on Consolidation	-	-		(3,226)	2,722	
Tax provision of earlier year	(402)	-		(434)	-	
DISPOSABLE PROFIT	88,715	61,638		58,948	28,415	
Appropriations						
Proposed Dividend on Equity Shares	10,541	10,541		10,541	10,541	
Tax on Equity Dividend	1,791	1,478		1,791	1,478	
Proposed Div. on Preference Shares	-	1,963		-	1,963	
Tax on Preference Dividend	-	275		-	275	
Capital Redemption Reserve	-	25,100		-	25,100	
Balance carried to Balance Sheet	76,383	22,281		46,616	(10,942)	

* The Plastic & Precision Machinefabrik (PPMF) Unit/Division of the Company was sold on a going concern basis to Clear Plastics Limited (CPL), a wholly owned subsidiary of the Company, with effect from 1st October 2006. Hence, the figures of the current year ended 31st March 2007 are not comparable with the corresponding figures of the previous year ended 31st March 2006.

** The consolidated figures of the current year ended 31st March 2007 are also not comparable with the corresponding figures of the previous year ended 31st March 2006, since the current year includes the operation of Mipak Polymers Limited, acquired with effect from 1st April 2006.

OPERATIONS

Total sales turnover of your Company increased to Rs. 933,550 thousand from Rs. 646,488 thousand in the previous year. The operating profit increased to Rs. 153,345 thousand as compared to Rs. 135,939 thousand for the previous year. The profit after tax increased to Rs 66,836 thousand as compared to Rs. 50,731 thousand for the previous year.

The year saw major upheavals on the polymers front - major raw materials for your Company, with both availability being sporadic, restricted and prices jumping substantially.

Directors' Report (Contd.)

REORGANISATION

Your Company, in May 2006, acquired 60% stake of equity shares in Mipak Group, one of the pioneers in the organised rigid plastic packaging industry, for Rs. 57,301 thousand. During the year, your Company also subscribed to right issue of equity shares of Mipak Polymers Limited, for an amount of Rs. 51,722 thousand.

Your Company sold its Plastic & Precision Machinefabrik (PPMF) Unit, having its manufacturing facilities at Sarigam (Gujarat), on a going concern basis to Clear Plastics Limited (CPL), a wholly owned subsidiary of the Company, with effect from 1st October 2006.

The detailed analysis on the performance of the Company is discussed in Management Discussion and Analysis, attached hereto.

CONSOLIDATED FINANCIAL STATEMENTS

Under the mandatory requirements, as contemplated by Section 219 of the Companies Act, 1956, a consolidated position of your Company including subsidiaries, at a glance, is being provided with the Annual Report of your Company, treating these as abridged accounts. As stipulated by Clause 32 of the Listing Agreement, Consolidated Financial Statements are prepared by your Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India. The audited Consolidated Financial Statements form part of the Annual Report. This will help save cost in connection with printing and mailing of the Annual Report. Members desirous of receiving the full Annual Report of the subsidiaries will be provided the same on receipt of a written request from them.

DIVIDEND ON EQUITY SHARES

In view of the Company's profitable performance, the Directors are pleased to recommend for approval of the shareholders, a Dividend of 8% (Rs.0.80 per share) (Previous year Rs. 0.80 per share) on equity shares of the Company for the year ended 31st March 2007.

CORPORATE GOVERNANCE

Your Company has been practising the principles of good corporate governance over the years. The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

Your Company has been in compliance with all the conditions of Corporate Governance as stipulated in Clause 49 of the

Listing Agreement with the Stock Exchange, and a certificate from the auditors to this effect is enclosed as a part of the Corporate Governance Report annexed hereto.

RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors, based on the representation received from the management, confirm that:

- a) in preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for that year;
- c) they 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 the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts for the year ended 31st March 2007 on a going concern basis.

PRIVATE EQUITY ISSUE

Your Company allotted, on 1st June 2006, 1,278,705 Equity Shares of Rs.10/- each, at a price of Rs.63/- (including premium of Rs.53/- per share). This increased the Equity Share Capital to Rs. 131,757 thousand and Share Premium increased to Rs. 73,721 thousand.

LIQUIDITY

Your Company believes that the cash management is adequate to meet its capital expenditure and working capital requirements for the near future.

FIXED DEPOSITS

Your Company continued accepting fixed deposits from shareholders, friends, relatives of directors and business associates and it stood at Rs 41,054 thousand against Rs. 28,118 thousand at the end of previous fiscal year.

SUBSIDIARY COMPANIES

Your Company's wholly owned subsidiary Clear Plastics Limited reported Profit Before Tax of Rs. 4,184 thousand for the financial year ended 31st March 2007 as compared to loss of Rs.68 thousand for the previous year.

Directors' Report (Contd.)

Your Company's other subsidiary Mipak Polymers Limited reported Profit before tax of Rs. 13,632 thousand for the financial year ended 31st March 2007. Mipak Polymers Limited became a subsidiary of your Company during the year.

During the year, no adjustments to the extent of above profit/loss have been made in the books of your Company. The Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956, is given at the end of Notes to the Accounts.

DIRECTORS

During the year, Mr. Malav A. Dani was appointed as an Alternate Director to Mr. R. B. Desai with effect from 30th January, 2007.

In accordance with the requirement of the Companies Act, 1956 and as per Article 104 of the Articles of Association, Mr. Ashwin Dani, Mr. Abhay Vakil, Mr. Harish Motiwalla and Mr. Rameshchandra Gandhi are liable to retire and eligible for re-appointment.

REGISTERED OFFICE

Your Company's Registered office has been shifted from Sanaswadi, Distt. Pune to Mumbai, pursuant to the resolution passed by the Shareholders, by Postal Ballot on 28th November 2006 and the confirmation by the Regional Director, Western Region, Ministry of Company Affairs, Mumbai.

AUDITORS

M/s. Shah & Co., Chartered Accountants, the present Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them as the Statutory Auditors of the Company until the conclusion of the next Annual General Meeting. M/s. Shah & Co., have under Section 224 (1) of the Companies Act, 1956, furnished the certificate of their eligibility for re-appointment.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are set out in the Annexure.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, names and other particulars of the employees are required to be set out in the annexure to this report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and Annual Accounts of the Company sent to the shareholders do not contain the said Annexure. Any shareholder desirous of obtaining a copy of the said annexure may write to the Chief Financial Officer & Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENTS

Your Directors wish to thank the Company's customers, vendors, investors and bankers for their continued support during the year. Your Directors place on record their appreciation of the contribution made by employees at all levels under the leadership of the Managing Director, who, through their competence, hard work, solidarity, cooperation and support, have enabled the Company to achieve consistent growth and look forward to continued support of all these partners in progress.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 28th July, 2007

Ashwin S. Dani
Chairman

Mission Statement

To be best at satisfying customers needs with innovative and tailored packaging products. This will be achieved through integrating individual creativity and talent into the process of collective action of our employees.

Directors' Report (Contd.)

ANNEXURE TO THE DIRECTORS' REPORT

FORM A

Disclosure of particulars with respect to Conservation of Energy:

A. Particulars with respect to conservation of energy:

ELECTRICITY	2006-07	2005-06
a. Purchased -		
Units ('000 Kwh)	8,281	7,071
Total Amount (Rs. in '000)	31,263	24,149
Rate/Unit (Rs.)	3.78	3.42
b. Own Generation		
Through Diesel Generator -		
Units ('000 Kwh)	357	478
Units per ltr. of diesel oil	2.84	2.92
Cost/Unit (Rs.)	12.79	10.80

B. Consumption per unit of Production:

The Company manufactures wide variety of products. These products pass through various processes/ operations before reaching the final stage. It is, therefore, not feasible to work out consumption per unit of production.

FORM B

Disclosure of particulars with respect to Technology Absorption:

Research and Development (R & D):

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

The R&D function of your Company is carrying out the following activities to support the business goals of your Company:

- Development of new products and processes related to newer applications;
- Identification of alternate and newer grade of polymers enabling product development, cost benefits, flexibility and crisis management.

2 Benefits derived as a result of the above R & D:

Development of new products meeting the customers' needs for various applications.

3 Future plan of action:

Your Company considers the development of technical capabilities to sustain its competitive position to be of primary importance. In order to better service the customers, the Company will be strengthening its technical capabilities.

4 Expenditure on R & D during the year is as follows:

	(Rs. in '000)	
	2006-07	2005-06
(a) Capital	—	—
(b) Recurring	4,098	2,259
Total	4,098	2,259
Total R & D expenditure as a % of turnover	0.44%	0.60%

Technology absorption, adaptation and innovation:

All improved moulds for different sizes were indigenously developed, resulting in cutting down one stage of production process.

Foreign Exchange earning and outgo:

Details of earnings and expenditure in foreign currency have been given separately under Note No. 9 in Schedule 'Q' Notes to Accounts.

For and on behalf of the Board

Place : Mumbai
Date : 28th July, 2007

Ashwin S. Dani
Chairman

Corporate Governance Report

CORPORATE GOVERNANCE

Corporate Governance Philosophy:

Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed. This includes its corporate and other structure, its culture, policies and the manner in which it deals with various stakeholders.

Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of Corporate Governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors and enhance the trust and confidence of the stakeholders.

Our Corporate Governance philosophy is based on the following principles:

- 1) satisfy the spirit of the law and not just the letter of the law. Corporate Governance standards should go beyond the law.
- 2) be transparent and maintain high degree of disclosure levels. When in doubt, disclose.
- 3) communicate externally in a truthful manner about how the Company is run internally.
- 4) our simple and transparent corporate structure driven solely by business needs.

At Hitech Plast, we are striving towards excellence through adoption of best governance and disclosure practices.

Your Company has complied with all the regulations stipulated by Securities Exchange Board of India (SEBI) in the Listing Agreement. This chapter, along with chapters on Management Discussion and Analysis and Additional Shareholders' Information, constitutes compliance with Clause 49 of the Listing Agreement by your Company.

A. Board composition

The current policy is to have an optimum combination of executive, non-executive and promoter directors. The Board of Directors of your Company comprise of 12 (twelve) members, 1 (one) of whom is the managing director, 3 (three) promoters directors (including non-executive chairman), 1 (one) non-executive director and 5 (five) independent directors and 2 (two) non-resident independent directors. Since your Company has a non-executive chairman, the boards' composition meets with the stipulated requirement of at least one-third of the Board comprising independent directors. All the Directors, except the managing director, are liable to retire by rotation and one third of the Directors who are liable to retire by rotation, are eligible for re-election.

Number of Board Meetings:

Your Company's Board of Directors met 7 times during the financial year ended 31st March 2007, on the following days:

Date(s) on which the meeting(s) were held:	
22nd April 2006	30th November 2006
27th May 2006	30th January 2007
29th July 2006	28th March 2007
20th October 2006	

The time gap between any two Board Meetings does not exceed four months in accordance with Clause 49 of the Listing Agreement. The calendar of Board Meetings to be held in the succeeding year is determined in advance to review and declare the quarterly and the annual results of the Company. However, additional meetings are held as and when necessitated.

Corporate Governance Report (Contd.)

Table 1 gives the composition of the Company's Board, the number of outside directorships held by each of the directors and number of meetings attended by them:

TABLE 1

Composition, nature of Directorship, the number of meetings attended and Directorship in other companies of the Board of Directors as on 31st March 2007

Name of the Director	Category	Nature of Directorship	Date of joining the Board	Attendance		Directorships in other companies #	Membership and Chairmanship of the Committee of the Board of other companies ##	
				At the Board Meetings	At the last AGM		Committee Member	Committee Chairman
Shri Ashwin Dani DIN 00009126	PD	Chairman	30.09.1992	7	No	6	2	3
Shri Homi Bilpodiwala DIN 00032030	NED (1)	Director	09.07.1993	7	No	5	1	1
Shri Ashwin Nagarwadia DIN 00466681	NED (2)	Director	09.07.1993	-	No	3	-	-
Shri Abhay Vakil DIN 00009151	NED	Director	09.07.1993	4	No	4	2	1
Shri Anand Bhatt DIN 00053851	NED (1)	Director	23.09.2006	2	No	3	-	-
Shri R. B. Desai DIN 015774324	NED (2)	Director	12.09.1994	-	No	-	-	-
Shri R S. Gandhi DIN 00199192	NED (1)	Director	23.09.2005	7	No	11	-	3
Shri Ranjan Kapur DIN 00035113	NED (1)	Director	23.09.2006	3	No	4	3	-
Shri Harish Motiwalla DIN 00029835	NED (1)	Director	23.09.2005	6	No	4	1	3
Shri Jalaj Dani DIN 000019080	PD	Director	12.09.1994	7	YES	6	1	-
Shri Hasit Dani DIN 00009577	PD	Director	22.07.2000	7	No	4	1	-
Shri Malav Dani DIN 01184336	AD	Alternate Director	30.01.2007	2	No	1	-	-
Shri Ashok K. Goyal DIN 00007920	MD	Managing Director	20.07.2002 (*)	7	YES	2	-	-

PD – Promoter Director, NED - Non-Executive Director, NED (1) - Non-Executive Director - Independent, NED (2) – Non-Executive Director – Independent – Non-Resident, AD – Alternate Director to Shri R. B. Desai, MD – Managing Director

* - The Managing Director is appointed under a service contract which is renewable after five years of appointment, as governed by the agreement entered into with the Company.

- Excludes Directorship in Hitech Plast Limited, Alternate Directorships and Directorship of Foreign Companies and Private Companies. As per the disclosure(s) received from the Directors, the Directors do not hold directorships in more than 15 companies.

- For the purpose of considering the limit of the Committee Membership and Chairmanships of a Director, the Audit Committee and the Shareholders' Grievance Committee of public listed companies alone has been considered. As per disclosure(s) received from the Directors, the Directors do not hold Membership in more than 10 committees and chairmanships in more than 5 committees.

Corporate Governance Report (Contd.)

B. Board Procedures:

The Board of your Company meets at regular intervals, with sufficient notice of the issues and the agenda to be discussed and backed by necessary information and material to enable the Directors to discharge their fiduciary responsibilities in an efficient manner. All the deliberations and the decisions taken at every meeting of the Board of Directors are appropriately recorded and minuted. The draft minutes of each meeting is circulated to the members of the Board for their approval and then finalized.

The Board has unfettered and a complete access to any information within the Company, and to any employee of the Company.

The information regularly supplied to the board includes:

- (a) Annual operating plans and budgets, capital budgets, updates;
- (b) Quarterly results of the company;
- (c) Minutes of meetings of audit, investors' grievance and share transfer committees, as well as abstracts of circular resolutions passed;
- (d) General notices of interest;
- (e) Information on recruitment and remuneration of senior officers just below the board level including appointment or removal of CFO and Company Secretary;
- (f) Important litigations, show cause, demand, prosecution and penalty notices;
- (g) Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems;
- (h) Any materially relevant default in financial obligations to and by the company or substantial non-payment for goods sold by the company;
- (i) Any issue which involves possible public or product liability claims of a substantial nature;
- (j) Details of any joint venture or collaboration agreement;
- (k) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- (l) Significant development on the human resources front;
- (m) Sale of material nature of investments, subsidiaries and assets, which are not in the normal course of business;
- (n) Details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement; and
- (o) Details of non-compliance of any regulatory, statutory nature or listing requirements and shareholder services such as delays in share transfer.

C. Committees of the Board:

Currently, the Board has three committees, as required by Clause 49, namely – (a) the Audit Committee; (b) the Remuneration Committee (c) the Shareholders'/Investors' Grievance Committee. The roles and responsibilities assigned to these Committees are covered under the terms of reference approved by the Board and are subject to review by the Board from time to time. The minutes of the meetings of all the Committees are placed before the Board for their discussions and noting. The details as to the composition, terms of reference, number of meetings and related attendance, etc. of these Committees are provided below:

1. Audit Committee:

Composition and terms of reference:

Your Company has an independent Audit Committee. The composition, procedures, power, role and functions of the Audit Committee comply with the requirements of Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreement. The prime objective of the Audit Committee, inter-alia, is to liaise with the management and also with the internal and statutory auditors, reviewing the adequacy of internal controls and compliance with significant policies and procedures and reporting key issues to the Board. Audit Committee of the Company also reviews the financial statements including investments and the list of significant material transactions by the unlisted subsidiary companies from time to time.

The Audit Committee of your Company comprises of 3 (three) Independent Directors. The members of the Audit Committee as on 31st March 2007 are Mr. Rameshchandra Gandhi (Chairman), Mr. Homi Bilpodiwala and Mr. Harish Motiwalla, all of whom are financially literate in terms of Clause 49 of the Listing Agreement.

Date(s) on which the meeting(s) were held during the financial year 2006-2007	
27th May 2006	30th November 2006
29th July 2006	30th January 2007

Attendance details of the members during the financial year 2006-2007:			
Name	Meeting Details		
	Held during the year	Attended	% of total
Mr. Rameshchandra Gandhi (Chairman)	4	4	100%
Mr. Homi Bilpodiwala	4	4	100%
Mr. Harish Motiwalla	4	4	100%

Corporate Governance Report (Contd.)

The terms of reference of the Audit Committee, inter-alia, includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Committee invites the Managing Director, the Statutory Auditors and the Internal Auditors to attend the Audit Committee Meeting(s). Chief Financial Officer & Company Secretary acts as Secretary to the Committee.

2. Remuneration Committee:

Composition and terms of reference:

The Board has constituted a Remuneration Committee which determines and recommends to the Board, the remuneration payable to the Managing Director of the Company.

Details as to the composition of the Remuneration Committee, date(s) on which the meetings were held and the attendance details of the members of the Committee during the financial year ended 31st March 2007:

Date(s) on which the meeting(s) were held during the financial year 2006-2007:	
29th July 2006	28th March 2007

Attendance details of the members during the financial year 2006-2007:			
Name	Meeting Details		
	Held during the year	Attended	% of total
Mr. Rameshchandra Gandhi (Chairman)	2	2	100%
Mr. Homi Bilpodiwala	2	2	100%
Mr. Harish Motiwalla	2	2	100%

The terms of reference of the Remuneration Committee is to review and recommend to the Board, the salaries, commission, other benefits, service agreements and employment conditions of the Managing Director.

3. Shareholders/Investors' Grievance Committee:

In terms of Clause 49 of the Listing Agreement, the Board has constituted the Shareholders/Investors' Grievance Committee, under the Chairmanship of a Non-Executive Chairman of the Board to specifically look into the redressal of the shareholders' complaints.

Corporate Governance Report (Contd.)

Details as to the composition of the Committee, dates on which the meetings were held and the attendance details of the members of the Committee during the financial year ended 31st March 2007:

Date(s) on which the meeting(s) were held during the financial year 2006-2007:	
20th July 2006	30th January 2007
20th October 2006	30th March 2007

Attendance details of the members during the financial year 2006-2007:			
Name	Meeting Details		
	Held during the year	Attended	% of total
Mr. Ashwin Dani (Chairman)	4	4	100%
Mr. Abhay A. Vakil	4	4	100%
Mr. Ashok K. Goyal	4	4	100%

The terms of reference of the Committee include the following:

- To redress the shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividend and to affix the common seal of the Company on share certificates;
- To recommend measures for all overall improvement in the quality of services to the investors.

Mr. Rahul S. Bhandari, Assistant Company Secretary was the Compliance Officer of the Company as per the Listing Agreement up to 31st March 2007 and with effect from 2nd April 2007, Mr. Bhupendra P. Dusara, CFO & Company Secretary of the Company was appointed as the Compliance Officer of the Company as per the Listing Agreement.

Details pertaining to the number of complaints received and resolved and status thereof during the financial year ended 31st March 2007:

Nature of Complaints	Received	Replied
Non receipt of share certificate	9	9
Non receipt of dividend warrant	4	4
Non receipt of demat credit	7	7
Non receipt of rejected Demat Requisition Form	1	1
Non receipt of exchange certificate	1	1
Non receipt of Endorsement stickers	1	1
Non receipt of Annual Report	1	1
Total	24	24

All the complaints as at the end of the financial year 31st March 2007 stand resolved and no complaints are pending for redressal.

Directors with materially significant, pecuniary or business relationship with the Company:

The transactions with related parties are furnished under Schedule 'Q' of the Notes to the Accounts as stipulated under Accounting Standard 18 (AS-18). There are no transactions of material nature with the promoter Directors or their relatives etc., which may have a potential conflict with the interest of the Company. The Register of Contracts required to be maintained under Section 301 of the Companies Act, 1956, containing the contracts in which the Directors are concerned and interested is placed at the meeting of Board of Directors of the Company for their approval, noting and signing on a periodical basis.

Details of the remuneration paid/payable to the Directors of the Company are as follows:

Managing Director:

The remuneration payable to the Managing Director of the Company is recommended by the Remuneration Committee to the Board. The criteria adopted by the Committee to determine the remuneration of the Managing Director is the performance of the Company and the industry benchmarks. The Company has entered into agreements with the Managing Director of the Company, which is approved by the Board of Directors as well as the shareholders of the Company, detailing the terms of the employment and his remuneration. The agreement with the Managing Director is for a period of five years and renewable thereafter, on mutually acceptable terms and conditions. The Managing Director was re-appointed on 20th July 2002. By entering into a supplemental agreement, effective 1st October, 2006, the Company started payment of remuneration to Mr. Ashok K. Goyal. The Company terminated the said contract with Mr. Ashok K. Goyal on 1st April, 2007 to enter into a new contract with effect from 2nd April, 2007, subject to the sanction of the Members at the Annual General Meeting, so as to vary the payment of remuneration amount

Corporate Governance Report (Contd.)

depending upon the performance of the Company. In accordance with the terms of the agreement, his appointment can be terminated by giving six months notice in writing. His remuneration structure comprises of salary, house rent allowance, discretionary allowance, commission, perquisites, etc. No severance is payable to the Director on termination of employment. No sitting fees for attending the Board or Committee(s) thereof shall be paid to the Managing Director.

Non-Executive Directors:

The contribution of the Independent Directors of the Company is critical for ensuring appropriate directions with regards to vision, strategy, policies, monitoring, supervision, accountability to shareholders and other stakeholders, and to achieving greater levels of performance on a sustained basis as well as adherence to the best practices of corporate governance. The criterion for determining the commission payable to the Non-promoter, Non-executive, Non-resident, Independent Directors includes evaluating their performance in terms of the contribution made by them in leading the Company to achieve its objectives as well as their commitment towards attending the meetings and thereby enhancing the decision-making process of the Board.

The commission paid/payable to the non-promoter, non-executive, non-resident, Independent Directors of the Company is within the limits set under Section 309 of the Companies Act, 1956 and the limits approved by the shareholders at their meeting held on 23rd September 2005. The commission payable is determined as a percentage to the profits (as determined under Section 349 and 350 of the Companies Act, 1956) of the Company.

Apart from commission the Non-Executive Directors are also paid sitting fees of Rs 5,000/- (Rupees five thousand only) per meeting, for attending the meetings of the Board of Directors and Audit Committees and Rs. 2,000/- (Rupees two thousand only) for Remuneration Committee. The Company has not granted any Stock Options to any of its Directors.

Remuneration paid to the Directors							(Figures in Rs.)
Name of the Director	Salary	H.R.A	Discretionary Allowance	Perquisites *	Sitting Fees	Commission	Total
Ashok K. Goyal	840,000	135,000	150,000	100,800	—	400,000	1,625,800
Ashwin Dani	—	—	—	—	35,000	—	35,000
Homi Bilpodiwala	—	—	—	—	59,000	60,000	119,000
Ashwin Nagarwadia	—	—	—	—	—	—	—
Abhay Vakil	—	—	—	—	20,000	—	20,000
Anand Bhatt	—	—	—	—	10,000	30,000	40,000
R. B. Desai	—	—	—	—	—	—	—
Rameshchandra Gandhi	—	—	—	—	59,000	130,000	189,000
Ranjan Kapur	—	—	—	—	15,000	30,000	45,000
Harish Motiwalla	—	—	—	—	54,000	60,000	114,000
Jalaj Dani	—	—	—	—	35,000	—	35,000
Hasit Dani	—	—	—	—	35,000	—	35,000
Malav Dani	—	—	—	—	10,000	—	10,000

* Perquisites include Company's contribution to provident fund.

Shareholding of the Executive and Non-Executive/Independent Directors of the Company as on 31st March 2007:			
Name of the Director	Nature of Directorship	Number of Shares held	Percentage of the paid-up capital
Ashok K. Goyal	Managing Director	84,000	0.637
Ashwin Dani	Non-Executive Chairman – Promoter Director	150,095	1.139
Homi Bilpodiwala	Non-Executive / Independent	Nil	Nil
Ashwin Nagarwadia	Non-Executive/ Independent/ Non-Resident	5,000	0.037
Abhay Vakil	Non-Executive/ Non-Independent	Nil	Nil
Anand Bhatt	Non-Executive/ Independent	Nil	Nil
R. B. Desai	Non-Executive/ Independent/ Non-Resident	Nil	Nil
Rameshchandra Gandhi	Non-Executive / Independent	5,000	0.037
Ranjan Kapur	Non-Executive / Independent	Nil	Nil
Harish Motiwalla	Non-Executive / Independent	5,300	0.040
Jalaj Dani	Non-Executive/ Promoter Director	25,100	0.190
Hasit Dani	Non-Executive/ Promoter Director	30,000	0.227
Malav Dani	Non-Executive/ Promoter Director	30,000	0.227
TOTAL		334,495	2.534

Corporate Governance Report (Contd.)

D. Subsidiary Companies:

Clause 49 (III) of the Listing Agreement requires at least one independent director on the Board of Directors of the holding company to be a director on Board of Directors of a material non-listed Indian subsidiary company, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year. Accordingly, Mr. Rameshchandra Gandhi, an independent director of the Company is on the Board of Clear Plastics Limited and Mipak Polymers Limited. The copies of the minutes of the meetings of the unlisted subsidiary companies are placed before the Board of the Company on a periodical basis.

E. CEO/CFO Certification:

As required by Clause 49(V) of the Listing Agreement, the CEO/CFO Certificate signed by Mr. Ashok Goyal, Managing Director and Mr. Bhupendra Dusara, Chief Financial Officer & Company Secretary was placed before the Board of Directors at their meeting held on 26th May 2007.

General Body Meetings:

Venue and the time of the last three Annual General Meetings of the Company				
Year	Location	Meeting Date	Time	No. of Special Resolutions set out at the the AGMs.
2005-06	Gut Nos. 939 & 940, Village: Sanaswadi Tal. Shirur, Dist Pune Maharashtra 412 208	23rd September, 2006	11.30 a.m.	2
2004-05	Gut Nos. 939 & 940, Village: Sanaswadi Tal. Shirur, Dist Pune Maharashtra 412 208	23rd September, 2005	11.30 a.m.	1
2003-04	Gut Nos. 939 & 940, Village: Sanaswadi Tal. Shirur, Dist Pune Maharashtra 412 208	26th June, 2004	11.30 a.m.	2

All special resolutions set out in the respective notices for the last three AGMs were passed by the shareholders at their respective meetings with requisite majority.

During the year, resolutions for sale of PPMF unit and shifting of the Registered Office to Mumbai were passed through postal ballot pursuant to Section 192A of the Companies Act, 1956.

The particulars of postal ballot voting held, for sale of PPMF unit, as an Ordinary Resolution, are as follows:

Sr. No.	Particulars	No. of Ballot Forms	% to the total Ballot Forms	No. of shares	% of total valid votes
1	Postal Ballot forms in favour of Resolution	206	96.71	8,864,581	99.99
2	Postal Ballot Forms against the Resolution	7	3.29	850	0.01
	Total	213	100.00	8,865,431	100.00

The particulars of postal ballot voting held, for shift of Registered Office from Sanaswadi to Mumbai, as a Special Resolution, are as follows:

Sr. No.	Particulars	No. of Ballot Forms	% to the total Ballot Forms	No. of shares	% of total valid votes
1	Postal Ballot forms in favour of Resolution	204	98.55	8,864,053	99.99
2	Postal Ballot Forms against the Resolution	3	1.45	300	0.01
	Total	207	100.00	8,864,353	100.00

Corporate Governance Report (Contd.)

Mr. H. N. Shah was appointed as the scrutinizer for conducting the postal ballot who had submitted his report dated 28th November 2006, to Mr. Ashwin Dani, Chairman of the Company. He had then declared the resolution as passed with requisite majority on 28th November 2006.

There is no business at the ensuing AGM requiring implementation of the postal ballot under the applicable rules.

Disclosures:

- Disclosures on materially significant related party transactions:
The Company has not entered into any transaction of a material nature with the Promoters, Directors or the Management, private companies in which they are interested or relative etc. that may have potential conflict with the interest of the Company at large. All transactions were carried out on an arms length basis and were not prejudicial to the interest of the Company.
- Disclosures of non-compliance(s) by the Company:
The Company has complied with all the requirements of the Stock Exchange or Securities Exchange Board of India on matters related to capital markets as applicable from time to time. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.
- Disclosures of Accounting Treatment:
The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.
- Details of compliances with mandatory and non-mandatory requirements of Clause 49 of the Listing Agreement:
The Company has complied with all the mandatory requirements of the revised Clause 49 of the Listing Agreement. Following is the status of the compliance with the non-mandatory requirements of the Clause 49 of the Listing Agreement:
 - o The Company has constituted a Remuneration Committee. The Remuneration Committee determines the remuneration payable to the Managing Director of the Company.
 - o During the year under review, there was no audit qualification on the Company's financial statements.
- Code of Conduct for the Board of Directors and senior management personnel:
The Board of Directors at their meeting held on 31st January 2005, had adopted a Code of Conduct for all the Board Members and senior management personnel of the Company in consonance with the requirement under Clause 49 (I)(D) of the Listing Agreement. The Code of Conduct has been posted on the website of the Company. All the Board members and the senior management personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31st March 2007. The declaration to this effect signed by Mr. Ashok K. Goyal, Managing Director of the Company forms part of the report.
- Code of Conduct for Prevention of Insider Trading:
The Company has adopted a Code of Conduct for Prevention of Insider Trading, in accordance with the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. Mr. Rahul Bhandari, the Assistant Company Secretary was the Compliance Officer up to 31st March 2007 and with effect from 2nd April 2007, Mr. Bhupendra P. Dusara, CFO and Company Secretary of the Company was appointed as the Compliance Officer of the Company. All the Directors, senior management personnel (Management Team) and such other designated employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company, are covered under the said code. The Directors, their relatives, senior management personnel, designated employees etc. are restricted from purchasing, selling and dealing in shares while possession of unpublished price sensitive information about the Company as well as during certain periods known as 'Quiet Period'.
- Management Discussion and Analysis:
This report has detailed section on Management Discussion and Analysis forming part of the Directors' Report.

Means of Communication:

The quarterly results of the Company are taken on record by the Board of Directors and submitted to the Stock Exchange in terms of the requirements of Clause 41 of the Listing Agreement and are published in the editions of Free Press Journal and Navshakti. The results of the Company are also put up on the Company's website: www.hitechplast.co.in. Also, the Annual General Meeting(s) conducted by the Company enable face to face communication by the Board of Directors with the shareholders of the Company. At present, half-yearly results are not sent to each household of shareholders and no presentations have been made to institutional investors or to the analysts. All important information pertaining to the Company is also mentioned in the Annual Report of the Company containing inter-alia Audited Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and the Corporate Governance Section which is circulated to the members. The Annual Report, quarterly results, shareholding pattern etc. are posted on the web site: www.sebidifar.nic.in, pursuant to Clause 51 of the Listing Agreement and are also intimated to the Stock Exchange which in turn display the same on its website.

Disclosures regarding re-appointment of Directors:

As per the Companies Act, 1956, at least two-thirds of the Board should consist of retiring Directors. Of these, one-third of the retiring Directors are required to retire every year. All the Directors, excepting the Managing Director, are liable to retire by rotation.

Corporate Governance Report (Contd.)

Following are the details of the Directors retiring by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV) of the Listing Agreement:

Mr. Ashwin Dani

Name of the Director	Mr. Ashwin Dani
Date of Birth	24.10.1942
Qualification	B. Sc. (Hons.), B. Sc. (Tech.), M.S.
Date of joining the Board	30.09.1992

Mr. Ashwin Dani is a Director and the promoter of the Company. He graduated in the Technology of Pigments, Paints and Varnishes from the University of Mumbai, followed by a Master's Degree in Polymer Science from the University of Akron, Akron, Ohio, U.S.A. In 1968, he joined Asian Paints Limited and presently he is the Vice-Chairman & Managing Director. During his career span of over 39 years, Mr. Ashwin Dani has vast experience in the fields of polymers, paints and plastic business.

Name of the other companies in which he holds Directorship and the Chairmanship or Membership of the Committee of the Board (excluding Hitech Plast Limited) are as follows:

Sr. No.	Directorship/Trustees/Membership in other companies/Fund/Council	Chairmanship(s) and Membership(s) on the Committee(s) of the Board of Directors of companies
1	Asian Paints Limited	Member of the Share Transfer Committee
2	Sun Pharmaceutical Industries Limited	
3	SBI Funds Management Private Limited	
4	Asian Paints Industrial Coatings Limited	Chairman of the Audit Committee
5	Asian Paints (Queensland) Private Limited	
6	Asian PPG Industries Limited	Member of the Audit Committee
7	Gujarat Organics Limited	Chairman of the Share Transfer Committee
8	Resins and Plastics Limited	Chairman of the Share Transfer Committee
9	Geetanjali Trading & Investments Limited	
10	Central Board of Trustee (EPF)	
11	National Productivity Council	

Details as to his shareholding in the Company either in his own name or in the name of others and having beneficial interest in the shares held by others as on 31st March, 2007 are as follows:

Category	Number of shares	Percentage of paid-up capital
Own name	150,095	1.1392
Held in the name of other persons/companies and having beneficial interest in such shares	6,210,195	47.1337
Total	6,360,290	48.2729

Mr. Abhay Vakil

Name of the Director	Mr. Abhay Vakil
Date of Birth	29.10.1950
Qualification	B. Sc. B. S.
Date of joining the Board	09.07.1993

Mr. Abhay Vakil is a director of the Company, since 1993. He holds a Bachelors degree in Science and has over 27 years of Industrial Experience. Presently he is the Managing Director of Asian Paints Limited.

Corporate Governance Report (Contd.)

Name of the other companies in which he holds Directorship and the Chairmanship or Membership of the Committee of the Board (excluding Hitech Plast Limited) are as follows:

Sr. No.	Directorship in other companies	Chairmanship(s) and Membership(s) on the Committee(s) of the Board of Directors of companies
1	Asian Paints Limited	Chairman of the Share Transfer Committee & Member of Investors' Grievance Committee
2	Vikatmev Containers Limited	
3	Asian Paints Industrial Coatings Limited	Member of the Audit Committee
4	Asian Paints (SI) Limited	
5	Kalica Paper Industries Private Limited	
6	Asteroids Trading and Investments Private Limited	
7	Nehal Trading and Investments Private Limited	
8	Unnati Trading and Investments Private Limited	
9	Jalaj Trading and Investments Private Limited	

Mr. Abhay Vakil does not own any shares of the Company in his own name or in the name of others and having beneficial interest.

Mr. Harish Motiwalla

Name of the Director	Mr. Harish Motiwalla
Date of Birth	24.03.1945
Qualification	B. Com., LL.B., F.C.A., D.I.S.A(ICA)
Date of joining the Board	23.09.2005

Mr. Harish Motiwalla is a director of the Company since 2005. He is a practising Chartered Accountant and has a vast expertise in the field of accounts, finance and corporate governance.

Name of the other companies in which he holds Directorship and the Chairmanship or Membership of the Committee of the Board (excluding Hitech Plast Limited) are as follows:

Sr. No.	Directorship/Trustees/Membership in other companies/Fund/Council	Chairmanship(s) and Membership(s) on the Committee(s) of the Board of Directors of companies
1	Excel Industries Limited	Chairman of the Audit Committee Chairman of the Remuneration Committee
2	Bobcards Limited	Chairman of the Audit Committee Member of Business Development Committee
3	LIC Matual Fund Asset Management Company Ltd.	Member of the Audit Committee
4	Lalit Polymers & Electronics Ltd.	

Details as to his shareholding in the Company either in his own name or in the name of others and having beneficial interest in the shares held by others as on 31st March, 2007 are as follows:

Category	Number of shares	Percentage of paid-up capital
Own name	5,300	0.040
Held in the name of other persons/companies and having beneficial interest in such shares	-	-
Total	5,300	0.040

Mr. Rameshchandra Gandhi

Name of the Director	Mr. Rameshchandra Gandhi
Date of Birth	18.06.1929
Qualification	A.C.A., F.C.S., M.B.A. (Columbia)
Date of joining the Board	23.09.2005

Mr. Rameshchandra Gandhi is a director of the Company since 2005. Before that he was an Alternate Director to Mr. Rajnikant Desai, since year 2000. He is a Chartered Accountant by profession and also holds membership of the Institute of Company Secretaries of India and a Masters degree in Business Administration from University of Columbia. He has vast expertise in the field of corporate laws, accounts and corporate governance as he was Finance Director for 10 years and Company Secretary for 19 years of The Bombay Burmah Trading Corporation Limited.

Corporate Governance Report (Contd.)

Name of the other companies in which he holds Directorship and the Chairmanship or Membership of the Committee of the Board (excluding Hitech Plast Limited) are as follows:

Sr. No.	Directorship in other companies	Chairmanship(s) and Membership(s) on the Committee(s) of the Board of Directors of companies
1	Botanium Limited	
2	Clear Plastics Limited	Chairman of the Audit Committee & Chairman of the Remuneration Committee
3	Damascus Investments & Trading Co. Limited	
4	Harvard Plantations Limited	
5	Kalabakan Investments Co. Limited	
6	Leila Lands Sendraian Berhad, Malaysia	
7	Macrofil Investments Limited	
8	Naira Holdings Limited, BVI	
9	Naperol Investments Limited	
10	N. W. Exports Limited	
11	Perman Projects Supports Limited	
12	Placid Plantations Limited	
13	Mipak Polymers Limited	Chairman of the Remuneration Committee

Details as to his shareholding in the Company either in his own name or in the name of others and having beneficial interest in the shares held by others as on 31st March, 2007 are as follows:

Category	Number of shares	Percentage of paid-up capital
Own name	5,000	0.0379
Held in the name of other persons/companies and having beneficial interest in such shares	-	-
Total	5,000	0.0379

CERTIFICATE BY THE STATUTORY AUDITORS AS TO COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE:

The certificate given by the Statutory Auditors of the Company as to the compliance with the condition of Corporate Governance pursuant to Clause 49(VII) (I) of the Listing Agreement is annexed to the Corporate Governance report and forms part of the report.

GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting		
Date	:	Saturday, 22nd September 2007
Venue	:	Indian Merchants' Chamber, 2nd Floor, Kilachand Conference Room, IMC Building, Churchgate, Mumbai – 400 020
Time	:	11.00 a.m.
Financial Calendar:		
Financial year :	:	1st April to 31st March.
For the year ended 31st March, 2007 results were announced on:		
29th July 2006	:	First Quarter
30th November 2006	:	Half yearly
30th January 2007	:	Third Quarter
26th May 2007	:	Fourth Quarter and Annual
For the financial year ending on 31st March, 2008 results will be announced tentatively:		
28th July 2007	:	First Quarter
On or around 31st October 2007	:	Half yearly
On or around 31st January 2008	:	Third Quarter
On or around 30th June 2008	:	Fourth Quarter and Annual
Book Closure Date:	:	11th September 2007 to 22nd September, 2007 (both days inclusive)

Dividend Payment Date:

A final dividend of Rs.0.80 (8 per cent) per share has been recommended on 26th May 2007 and subject to the approval of the shareholders at the AGM, will be paid on and from 24th September 2007.

Corporate Governance Report (Contd.)

Listing:

The Company' share are listed on: **Bombay Stock Exchange Limited (BSE)**
Phiroze Jeejeebhoy Towers, 25th Floor,
Dalal Street, Mumbai 400 023.

The Company has paid the listing fees for the financial year 2006-2007 to the Stock Exchange on which Company's shares are listed. The Company has also paid custodial fees for the year 2006-2007 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allocated to the Company by NSDL and CDSL is INE120D01012.

Stock Exchange code assigned to the Company's share is as follows:

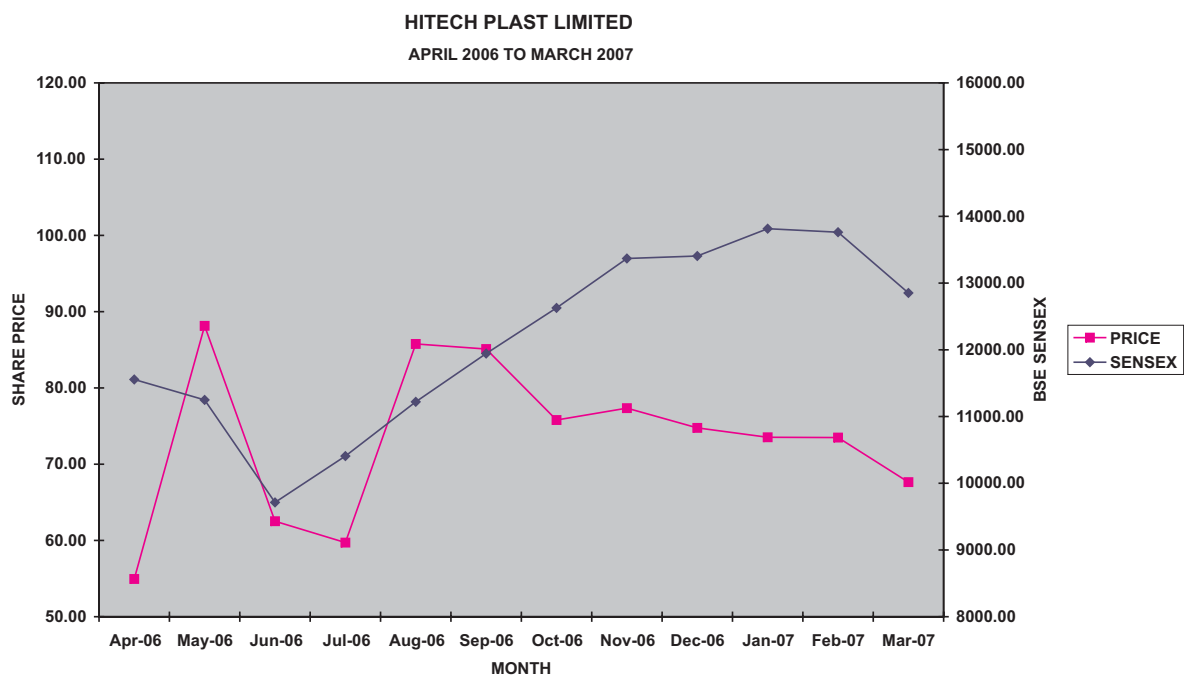
Stock Exchange Code:	
Name of the Stock Exchange	BSE
Scrip Code	526217

Stock Price Data:

The monthly high and low prices and volumes of your Company's shares at Bombay Stock Exchange Limited (BSE) for the year ended 31st March, 2007 are as follows:

High, Low and volumes of Hitech Plast shares for 2006-2007:					
Month	High (Rupees)	Low (Rupees)	Volume (No. of Shares)	Date on which it touched the high	Date on which it touched the low
April 2006	79.65	49.10	170,219	29.04.2006	10.04.2006
May	96.80	68.50	262,567	08.05.2006	31.05.2006
June	72.30	56.00	68,459	05.06.2006	20.06.2006
July	66.00	52.95	15,136	03.07.2006	21.07.2006
August	96.50	58.10	166,131	22.08.2006	01.08.2006
September	90.00	73.50	62,692	06.09.2006	27.09.2006
October	83.45	71.00	71,815	16.10.2006	31.10.2006
November	85.90	70.00	77,069	27.11.2006	02.11.2006
December	83.00	66.65	72,453	04.12.2006	13.12.2006
January 2007	78.25	70.25	45,900	29.01.2007	12.01.2007
February	79.00	64.00	90,238	01.02.2007	05.02.2007
March	73.60	53.00	64,051	07.03.2007	22.03.2007

Chart shows the comparison of your Company's share price movement on BSE vis-a-vis the movement of BSE Sensex for the year 2006-2007:



Corporate Governance Report (Contd.)

Distribution of Shareholder holdings:

The distribution pattern of shareholding of your Company as on 31st March 2007 by ownership and size classes, respectively, is as follows:

Distribution of shareholdings by ownership:			
	Category of Shareholder	Total No. of Shares	Percentage of total no. of shares
(A)	Shareholding of Promoter and Promoter Group		
1)	Indian		
	(a) Individuals/Hindu Undivided Family	309,095	2.346
	(b) Bodies Corporate	8,333,295	63.247
	Total Shareholding of Promoter and Promoter Group	8,642,390	65.593
(B)	Public Shareholding		
1)	Institutions		
	(a) Mutual Funds	1,100	0.008
	Sub-Total (B) (1)	1,100	0.008
2)	Non-Institutions		
	(a) Bodies Corporate	967,161	7.341
	(b) Individuals		
	(i) Individual shareholders holding nominal share capital up to Rs 1 Lakh	1,415,147	10.741
	(ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lakh	1,598,666	12.133
	(c) Individual (Non-Resident Individuals)	551,236	4.184
	Sub-Total (B) (2)	4,532,210	34.399
	Total Public shareholding (B)=(B)(1) + (B)(2)	4,533,310	34.407
	Total (A) + (B)	13,175,700	100.000

Distribution of shareholding of the Company by number of shares held as on 31st March, 2007				
	Shareholders		Number of Shares	% to Total
	Number	% to Total		
Upto 5000	5,383	92.285	683,799	5.190
5001 - 10000	139	2.383	118,880	0.902
10001 - 20000	86	1.474	134,017	1.017
20001 - 30000	42	0.720	108,931	0.827
30001 - 40000	23	0.394	82,016	0.622
40001 - 50000	54	0.926	263,315	1.998
50001 - 100000	39	0.669	300,865	2.284
100001 & above	67	1.149	11,483,877	87.160
Total	5,833	100.000	13,175,700	100.000

Details about the Company's dematerialised shares:			
Number of shares	% to total shares	Number of shareholders	% to total shareholders
3,272,184	24.83	1,910	32.74

Outstanding GDRs/ ADRs/Warrants/Convertible instruments and their impact on equity:

The Company does not have any outstanding GDRs/ ADRs/Warrants/Convertible instruments as on 31st March 2007.

Details of public funding obtained in the last three years:

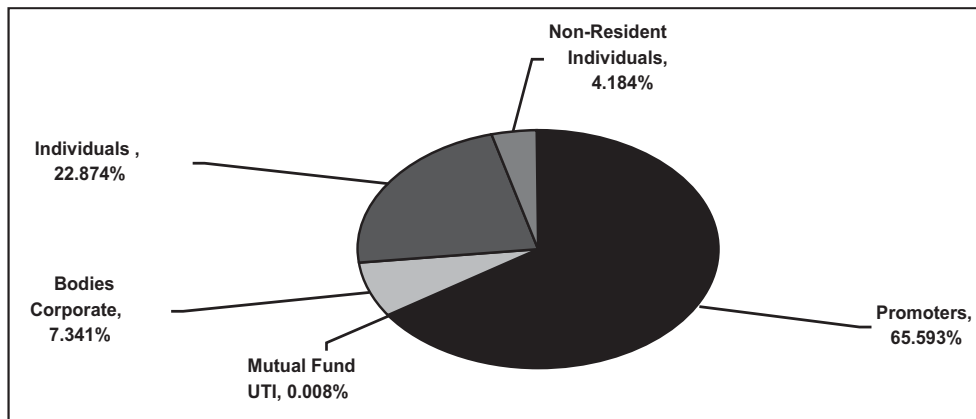
Your Company has not obtained any public funding in the last three years.

Other Information:

Corporate Identification Number (CIN No.) : U28992MH1991PLC168235

Corporate Governance Report (Contd.)

Distribution pattern of shareholdings as on 31st March 2007:



Registrar and Transfer Agent:

Intime Spectrum Registry Limited is the Registrar and Transfer Agent of the Company. Shareholders, beneficial owners and depository participants (DPs) are requested to send/deliver the documents/ correspondence relating to the Company's share transfer activity etc. to Intime Spectrum Registry Limited, the Registrar and Transfer Agent of the Company at the following address:

Intime Spectrum Registry Limited
Unit: Hitech Plast Limited
C-13, Pannalal Silk Mills Compound,
LBS Rd., Bhandup (W),
Mumbai – 400 078.
Tel. (022) 2596 3838
Fax: (022) 2596 2691
E-mail: isrl@intimespectrum.com

Share Transfer System:

Physical transfers of shares are processed by the Share Transfer Agent. Transfers of shares is effected and share certificates are sent to the transferees within 30 days from the date of receipt, provided the relevant documents are complete in all respects.

Members are requested to quote their e-mail address, telephone number and full address for prompt reply to their communication.

Website: www.hitechplast.co.in

The Company's website provides for the benefit of shareholders relevant information.

E-mail ID for Investor's Grievances:

Securities Exchange Board of India (SEBI) has recently amended the Listing Agreement by adding a new sub-clause (f) to the Clause 47 of the Listing Agreement, which mandates all listed companies to designate an e-mail address of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints by investors. Your Company has an exclusive e-mail id for registering complaints by the shareholders and quick redressal thereof.

The e-mail address for investor grievance is investor.help@hitechplast.co.in

Address for correspondence:

Registered Office:
HITECH PLAST LIMITED
C-130 Solaris, Building No. 1,
Opp. L&T Gate No. 6,
Powai, Mumbai 400 072.
Tel. +91 -(0) 22-4001 6500

Corporate Governance Report (Contd.)

Plant locations:

Company Plants located at:

UNIT I - SANASWADI	UNIT II – MASAT	UNIT III – Puducherry	UNIT IV – Sriperumbudur	UNIT V - Multitech
Gut Nos. 939 & 940 Village : Sanaswadi Tal. Shirur, Dist. Pune Maharashtra 412 208.	Silvassa Technopark Bldg, Behind Santogen Mills, Masat, Silvassa 396 230	RS No. 146/3/4/5 Ariyur Village, Villianur Commune, Puducherry 605 102.	F-16, SIPCOT Industrial Park, Kancheepuram Sriperumbudur, Tamil Nadu 602 106	Survey No. 374/1 Village Galonda, Silvassa Kelvani Road, Silvassa 396 230

Subsidiary company and its plants : CLEAR PLASTICS LIMITED

UNIT - NAROLI	UNIT – SARIGAM	UNIT - SARIGAM – PPMF	UNIT – HIMACHAL	UNIT – SITARGUNJ
709/3/1/1, Vadfalia, Bhilad Naroli Road, Naroli, Silvassa 396 235	4923 Plastic Zone Road No. 46A, Manda Village, GIDC Sarigam Gujarat 396 155	4615/16 Plastic Zone, Road No. 46, Manda Village, GIDC, Sariagam, Gujarat 396 155	Khasra No. 544/151, Village Dhana, Tehsil Nalagarh, Dist Solan, HP - 174 101	Plot No.63, Phase-2, Eldeco Industrial Park, Sitarganj, Uttaranchal.

Subsidiary company and its plants : MIPAK POLYMERS LIMITED

UNIT - MP	UNIT – UP	UNIT – PK	UNIT – MI	UNIT – DADRA
A-1/912-913, G.I.D.C., Umbergaon, Dist. Valsad, Gujarat – 396 171	A-1/914, G.I.D.C. Umbergaon, Dist. Valsad, Gujarat – 396 171	Plot No.G-10, O.I.D.C. Udyog Nagar Indl. Estate, Village Ringanwada, Daman – 396 210 (U.T. of D & N.H)	Plot No.B-7, O.I.D.C., Udyog Nagar Ind. Estate, Ringanwada, Daman – 396 210 (U.T. of D & N.H)	Survey No. 259/21/1, Demini Road, Arihant Indl. Estate, Dadra – 396 230 (U.T. of D & N.H)

Declaration of compliance with the Code of Conduct

I hereby confirm that the Company had adopted Code of Conduct for all the Board Members and Senior Management Personnel of the Company, in consonance with the requirement under Clause 49(I)(D) of the Listing Agreement. The Code of Conduct had been posted on the website of the Company. I further hereby confirm that the Company has obtained from all the Board Members and the Senior Management Personnel, an affirmation of compliance with the Code of Conduct, for the financial year ended 31st March 2007.

Place : Mumbai,
Date : 28th July 2007

Ashok K. Goyal
Managing Director

AUDITORS' REPORT ON CORPORATE GOVERNANCE TO THE MEMBERS OF HITECH PLAST LIMITED

We have examined the compliance of conditions of Corporate Governance by HITECH PLAST LIMITED for the year ended March 31, 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange, Mumbai (BSE).

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor's grievances remaining unattended / pending for more than 30 days as at March 31, 2007.

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

For Shah & Co.,
Chartered Accountants

Place : Mumbai
Date : 28th July, 2007

H. N. Shah
Partner
Membership No. 8152

Hitech Plast Limited

Auditors' report to the Members of Hitech Plast Limited

We have audited the attached Balance Sheet of Hitech Plast Limited as at 31st March 2007, the Profit and Loss Account of the Company and 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.

We conducted our audit in accordance with 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 misstatement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

Further to our comments in the Annexure referred to 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 purpose of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
- c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account.

- d) In our opinion the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in Section 211(3C) of Companies Act, 1956.
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, the Profit and Loss Account and the Cash Flow Statement, read together with the notes thereon, give the information required by the Companies Act, 1956, 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 on 31st March 2007;
 - (ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date;
and
 - (iii) In the case of Cash Flows Statement, of the cash flows for the year ended on that date.

For Shah & Co.,
Chartered Accountants

H. N. Shah
Partner

Place : Mumbai
Date : 26th May, 2007

Membership No. 8152

Hitech Plast Limited

Annexure referred in paragraph 3 of the Auditors' Report to the Members of Hitech Plast Limited for the year ended 31st March, 2007

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and location of the Fixed Assets.
- (b) There is a regular program of physical verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.
- (c) The Company has not disposed of substantial part of fixed assets during the year.
- 2 (a) Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of stocks followed by the management are adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
- 3 (a) The Company has not granted any loans during the year to the parties covered in the register maintained under section 301 of the Companies Act, 1956.
In view of clause 4 (iii)(a) of the Companies (Auditor's Report) Order, 2003, clause 4 (iii)(b, c & d) are not applicable to the Company.
- (b) The Company has accepted loans from 13 parties amounting to Rs. 4.62 crores and has total outstanding loans from 13 parties amounting to Rs. 4.62 crores from the parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (c) The rate of interest & other terms & conditions of loans taken by the Company are prima facie not prejudicial to the interest of the Company.
- (d) The Company is regular in paying principle amount and interest on the loans accepted by them.
- 4 In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, packing materials, plant and machinery, equipment and other assets and with regard to sale of goods and services. There is no major weakness in the internal control procedures.
- 5 (a) The particulars of all contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been properly entered in the register maintained under Section 301 of the Act.
- (b) In our opinion, and according to the information and explanations given to us, the contracts and arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market price.
- 6 In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- 7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 We are informed that the maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the Company's products.
- 9 (a) The Company is 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, Custom Duty, Excise Duty, cess and other statutory dues with the appropriate authorities.
- (b) There are no disputed dues to be deposited at various forums.
- 10 The Company has not incurred cash loss in the current year and in the immediately preceding financial year and there are no accumulated losses in the balance sheet as on 31/3/2007.
- 11 The Company has not defaulted during the year in repayment of dues to any financial institutions, banks or debenture holders.
- 12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 As the Company is not a chit fund, nidhi, mutual benefit fund or society the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- 14 As the Company is not dealing or trading in shares, securities, debentures and other investments, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- 15 The Company has not given any guarantees during the year.
- 16 The term loans obtained during the year are applied for the purpose for which it was obtained.
- 17 According to the information and explanations received the Company has not applied short term borrowings for long term use.
- 18 The Company has not made any preferential allotment of shares during the year to the parties and company covered under Section 301 of the companies Act.
- 19 The Company has not issued any debentures during the year.
- 20 The Company has not raised any money by way of public issue during the year.
- 21 As per the information and explanation given to us no material fraud on or by the Company has been noticed during the year.

For Shah & Co.,
Chartered Accountants

H. N. Shah
Partner

Place : Mumbai
Date : 26th May, 2007

Membership No. 8152

Hitech Plast Limited

BALANCE SHEET AS AT 31st MARCH 2007

	Schedules	As At 31.03.2007 (Rs.in '000)	As At 31.03.2006 (Rs.in '000)
FUNDS EMPLOYED			
SHAREHOLDERS' FUNDS			
Share Capital	A	131,757	118,970
Reserves & Surplus	B	177,705	58,981
		<u>309,462</u>	<u>177,951</u>
LOANS			
Secured Loans	C	177,890	101,933
Unsecured Loans		109,838	111,156
		<u>287,728</u>	<u>213,089</u>
DEFERRED TAX LIABILITY		-	802
TOTAL		<u><u>597,190</u></u>	<u><u>391,842</u></u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	D	360,768	380,631
Less : Depreciation		234,089	238,046
Net Block		126,679	142,585
Capital Work in Progress		4,668	4,395
		<u>131,347</u>	<u>146,980</u>
INVESTMENTS	E	249,396	82,147
DEFERRED TAX ASSETS		1,838	-
CURRENT ASSETS, LOANS AND ADVANCES			
Interest accrued	F	1,982	221
Inventories		75,639	66,991
Sundry debtors		141,966	108,695
Cash and Bank Balances		9,899	11,158
Loans and Advances		105,956	85,092
		<u>335,442</u>	<u>272,157</u>
Less : CURRENT LIABILITIES AND PROVISIONS	G	120,833	109,442
NET CURRENT ASSETS		<u><u>214,609</u></u>	<u><u>162,715</u></u>
TOTAL		<u><u>597,190</u></u>	<u><u>391,842</u></u>
Accounting Policies	P		
Notes on Accounts	Q		

As per our Report of even date

For **Shah & Co.**
Chartered Accountants

H. N. Shah
Partner
Membership No. 8152

Place : Mumbai
Date : 26th May, 2007

On behalf of the Board of Directors

Ashwin S. Dani
Chairman

Ramesh S. Gandhi
Director &
Chairman of Audit Committee

Place : Mumbai
Date : 26th May, 2007

Ashok K. Goyal
Managing Director

Bhupendra P. Dusara
Chief Financial Officer &
Company Secretary

Hitech Plast Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007

	Schedules	For the Year Ended 31.03.2007 (Rs.in '000)	For the Year Ended 31.03.2006 (Rs.in '000)
INCOME			
Sales :			
Domestic		1,100,223	774,218
Export		-	370
Gross Sales		<u>1,100,223</u>	<u>774,588</u>
Less : Excise Duty Paid		166,673	128,100
Net Sales		<u>933,550</u>	<u>646,488</u>
Other Income	H	8,697	3,567
Variation in Stocks	I	2,451	769
TOTAL		<u>944,698</u>	<u>650,824</u>
EXPENDITURE			
Materials Consumed	J	559,828	333,363
Manufacturing Expenses	K	101,630	79,708
Employees' remuneration and benefits	L	52,221	46,468
Administrative and Selling Expenses	M	77,674	55,346
TOTAL		<u>791,353</u>	<u>514,885</u>
GROSS PROFIT BEFORE INTEREST, DEPRECIATION & TAX		153,345	135,939
Less: Interest and Financing Charges	N	38,796	23,841
PROFIT BEFORE DEPRECIATION AND TAX		<u>114,549</u>	<u>112,098</u>
Less : Depreciation		33,514	35,513
PROFIT BEFORE TAX		<u>81,035</u>	<u>76,585</u>
Less : Provision for Tax		16,100	22,516
Provision for Deferred Tax [Refer Note No. 12 of Schedule 'Q']		(2,639)	2,524
Provision for Fringe Benefit Tax		738	814
NET PROFIT		<u>66,836</u>	<u>50,731</u>
Previous year balance brought forward		22,281	(5,447)
Balance brought forward on account of Amalgamation		-	16,354
Tax provision of earlier year		(402)	-
Amount Available for Appropriations		<u>88,715</u>	<u>61,638</u>
APPROPRIATIONS			
Dividend :			
Proposed Dividend on Equity Shares		10,541	10,541
Tax on Dividend		1,791	1,478
Proposed Dividend on Preference Shares		-	1,963
Tax on Dividend		-	275
Transfer to Capital Redemption Reserve		-	25,100
Balance carried to Balance Sheet		<u>76,383</u>	<u>22,281</u>
		<u>88,715</u>	<u>61,638</u>
Earning Per Share [Refer Note No. 17 of Schedule 'Q']			
Basic & Diluted (in Rs.)		5.16	4.05

As per our Report of even date

For **Shah & Co.**
Chartered Accountants

H. N. Shah
Partner
Membership No. 8152

Place : Mumbai
Date : 26th May, 2007

On behalf of the Board of Directors

Ashwin S. Dani
Chairman

Ramesh S. Gandhi
Director &
Chairman of Audit Committee

Place : Mumbai
Date : 26th May, 2007

Ashok K. Goyal
Managing Director

Bhupendra P. Dusara
Chief Financial Officer &
Company Secretary

Hitech Plast Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2007 [PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT]

	Year 2006-2007 (Rs. in '000)	Year 2005-2006 (Rs. in '000)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and Extra-ordinary Item	81,035	76,585
Adjustments for :		
Depreciation	33,514	35,513
Loss/(Profit) on Sale of Assets	86	(31)
Interest Expense	38,796	23,841
Interest Income	<u>(2,450)</u>	<u>(477)</u>
Operating Profit before working capital changes	150,981	135,431
Adjustments for :		
Trade Receivables	(55,551)	11,773
Other Receivables	(12,513)	37,750
Inventories	(11,244)	(7,134)
Trade Payables	<u>18,460</u>	<u>(2,395)</u>
Cash Generated from Operations	<u>90,133</u>	<u>175,425</u>
Income Tax and FBT Paid	<u>(21,098)</u>	<u>(20,993)</u>
Net Cash Flow from Operations	<u>69,035</u>	<u>154,432</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(38,977)	(60,315)
Sale of Fixed Assets	1,178	80
Interest Received	690	361
Purchase of Investments	(167,250)	-
Demerger of PPMF Unit	34,580	-
Cash inflow on Amalgamation	-	1,464
Net Cash used in Investing Activities	<u>(169,779)</u>	<u>(58,410)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital/Share Premium	80,558	-
Share Issue Expenses	(3,150)	-
Redemption of Preference Share Capital	-	(25,100)
Proceeds from Long Term Borrowings	75,368	115,075
Repayment of Long Term Borrowings	(33,276)	(161,324)
Proceeds (Repayment of Cash Credit)	33,699	376
Repayment of Short Term Borrowings	(2,095)	(2,503)
Dividend & Tax on Dividend	(14,118)	(2,576)
Interest Paid	<u>(37,501)</u>	<u>(22,070)</u>
Net Cash used in Financing Activities	<u>99,485</u>	<u>(98,122)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	<u>(1,259)</u>	<u>(2,100)</u>
Cash and Cash Equivalents at the beginning of the year	11,158	13,258
Cash and Cash Equivalents at the end of the year	9,899	11,158

Note: Cash and Cash Equivalents at the end of the period include Term Deposits with Banks of Rs.6,622 thousand (Previous Year - Rs.5,795 thousand).

As per our Report of even date

On behalf of the Board of Directors

For **Shah & Co.**
Chartered Accountants

Ashwin S. Dani
Chairman

Ashok K. Goyal
Managing Director

H. N. Shah
Partner
Membership No. 8152

Ramesh S. Gandhi
Director &
Chairman of Audit Committee

Bhupendra P. Dusara
Chief Financial Officer &
Company Secretary

Place : Mumbai
Date : 26th May, 2007

Place : Mumbai
Date : 26th May, 2007

Hitech Plast Limited

SCHEDULES FORMING PART OF THE ACCOUNTS

	As At 31.03.2007 (Rs. in '000)	As At 31.03.2006 (Rs. in '000)
SCHEDULE "A": SHARE CAPITAL		
AUTHORISED:		
20,000,000 Equity Shares of Rs 10/- each (Previous Year 15,800,000)	200,000	158,000
- Preference Shares of Rs.10/- each (Previous Year 3,200,000)	-	32,000
- Optionally Convertible Cumulative Redeemable Preference Shares of Rs.10/- each (Previous Year 1,000,000)	-	10,000
TOTAL	200,000	200,000
ISSUED, SUBSCRIBED AND FULLY PAID UP:		
13,175,700 Equity Shares of Rs.10/- each fully paid (Previous Year 11,896,995) [Out of above 2,896,995 Equity Shares of Rs 10/- each issued as fully paid, pursuant to the Scheme of Amalgamation of Plastic & Precision Machinefabrik Limited, without payment received in cash; and 1,278,705 Equity Shares of Rs.10/- each fully paid issued on 01/06/2006 on preferential basis at a premium of Rs. 53/- per share.]	131,757	118,970
- 9% Cumulative Redeemable Preference Shares of Rs. 10/- each (on account of amalgamation of Multitech Plast Containers Limited) Less : Redeemed during the year	-	25,100
	-	25,100
	-	-
TOTAL	131,757	118,970
SCHEDULE "B" : RESERVES & SURPLUS		
Capital Subsidy	2,500	2,500
Capital Redemption Reserve	25,100	25,100
Share Premium		
Opening Balance	9,100	9,100
Add : Shares issued during the year	67,772	-
	76,872	9,100
Less : Share issue expenses	3,150	-
	73,722	9,100
Add : Transfer from Profit and Loss Account	76,383	22,281
	150,105	31,381
TOTAL	177,705	58,981
SCHEDULE "C" : SECURED AND UNSECURED LOANS		
SECURED LOANS:		
Term Loans from Bank	86,076	31,070
(Payable within 1 year Rs. 64,00,000/-, Previous year Rs. 11,400,000/-)		
Term Loans from Bank (FCNRB)	13,017	25,765
(Payable within 1 year Rs. 11,686,000/-, Previous year Rs. 12,200,000/-)		
Bank Cash Credit	78,797	45,098
	177,890	101,933
UNSECURED LOANS:		
Loans and deposits from Corporate Bodies (Payable within 1 year Rs. Nil, Previous year Rs. 1,000,000/-)	58,649	78,234
Fixed Deposits		
- Maturity on or before 1 Year	9,341	11,436
- Maturity after 1 Year	31,713	16,682
	41,054	28,118
Sales Tax - Deferral Loan	10,135	4,804
	109,838	111,156
TOTAL	287,728	213,089

[Term Loans from the Bank is secured by mortgage of the Company's immovable properties and by way of hypothecation of all movable properties, subject to prior charge in favour of the Company's Banker. (Also secured by personal guarantee of some of the Directors). Cash Credit is secured by hypothecation of inventories and book debts alongwith the second charge on the fixed assets of the Company and also secured by personal guarantee of some of the Directors.]

Hitech Plast Limited

SCHEDULES FORMING PART OF THE ACCOUNTS : (Continued)

SCHEDULE "D" : FIXED ASSETS

(Rs.in '000)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01.04.2006	Additions during the Year	Deductions during the Year	Deductions Sale of PPMF Unit	Total as at 31.03.2007	As at 31.03.2006	Additions / Amortization during the Year	Deductions during the Year	Deductions Sale of PPMF Unit	Total as at 31.03.2007	As at 31.03.2007	As at 31.03.2006
Tangible Assets :												
Freehold Land	9,131	-	-	750	8,381	-	-	-	-	-	8,381	9,131
Leasehold Land	1,450	-	-	-	1,450	14	15	-	-	29	1,421	1,436
Building	55,192	382	396	6,396	48,782	23,046	2,972	29	1,967	24,022	24,760	32,146
Mould	56,263	4,576	-	19,924	40,915	44,710	4,358	-	16,081	32,987	7,928	11,553
Plant & Machinery	225,386	30,780	2,193	26,080	227,893	149,498	22,967	1,720	15,959	154,786	73,107	75,888
Furniture	6,356	373	-	491	6,238	3,509	542	-	239	3,812	2,426	2,847
Office Equipment	8,065	1,781	-	451	9,395	5,336	913	-	244	6,005	3,390	2,729
Vehicle	8,648	812	1,280	606	7,574	4,558	1,018	856	376	4,344	3,230	4,090
Intangible Assets :												
Technical Know-how	5,000	-	-	-	5,000	5,000	-	-	-	5,000	-	-
Computer Software	2,247	-	-	-	2,247	1,796	150	-	-	1,946	301	451
Goodwill on amalgamation	2,893	-	-	-	2,893	579	579	-	-	1,158	1,735	2,314
TOTAL	380,631	38,704	3,869	54,698	360,768	238,046	33,514	2,605	34,866	234,089	126,679	142,585
Previous Year	317,332	72,651	9,352	-	380,631	203,773	35,513	1,240	-	238,046	142,585	-

SCHEDULE "E": INVESTMENTS

(Refer Note No. 5 of Schedule 'P')

Long Term - unquoted (at cost) : Trade

Shares in subsidiary companies

996,000 Equity Shares of Rs.10/- each fully paid-up in Clear Plastics Ltd. (P. Y. 996,000)	82,147	82,147
1,709,145 Equity Shares of Rs. 10/- each fully paid-up in Mipak Polymers Ltd. (P. Y. Nil)	109,023	-
5,000,000 5.75% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid-up in Clear Plastics Ltd. (P.Y. Nil)	53,226	-
500,000 12% Non Cumulative Redeemable Preference Shares of Rs.10/- each fully paid-up in Mipak Polymers Ltd. (P.Y. Nil)	5,000	-
Aggregate amount of unquoted investments	<u>249,396</u>	<u>82,147</u>

SCHEDULE "F": CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS :

i. Interest accrued but not received	1,982	221
ii. Inventories:(lower of cost and market value) (as taken, valued and certified by Management)		
a. Materials Stock:		
- Packing Materials	1,265	1,459
- Raw Materials	40,995	33,093
	<u>42,260</u>	<u>34,552</u>
b. Finished Goods	11,325	14,605
c. Work-in-Progress	21,223	15,567
d. Consumables Stores & Spares	831	2,267
	<u>75,639</u>	<u>66,991</u>
iii. Sundry Debtors (Unsecured)		
a. Outstanding for more than six months (considered good)	11,886	6,753
(considered doubtful)	-	965
	<u>11,886</u>	<u>7,718</u>
Less : Provision for doubtful debts	-	965
	<u>11,886</u>	<u>6,753</u>
b. Other debts (considered good)	130,080	101,942
	<u>141,966</u>	<u>108,695</u>
iv. Cash and Bank Balances:		
a. Cash on hand	120	118
b. With Scheduled Banks	3,158	5,246
c. Term Deposits	6,621	5,794
(Rs. 2,080 thousand deposited with Bank towards Bank Guarantee)	<u>9,899</u>	<u>11,158</u>

LOANS AND ADVANCES : (Unsecured, considered good)

a. Loans to Staff	59	51
b. Balances with Customs, Central Excise etc.	11,861	11,013
c. Sundry deposits	9,713	8,670
d. Advances recoverable in cash or kind	14,120	9,488
e. Loans to Subsidiary Companies	21,309	15,484
f. Advance Payments of Taxes (Tds & Advance Tax)	48,894	40,386
	<u>105,956</u>	<u>85,092</u>
TOTAL	<u>335,442</u>	<u>272,157</u>

Hitech Plast Limited

SCHEDULES FORMING PART OF THE ACCOUNTS : (Continued)

	As At 31.03.2007 (Rs. in '000)	As At 31.03.2006 (Rs. in '000)
SCHEDULE "G": CURRENT LIABILITIES AND PROVISIONS		
LIABILITIES		
Sundry Creditors		
SSI	340	3,763
Others	<u>41,908</u>	<u>21,892</u>
	42,248	25,655
Other Liabilities	14,822	21,581
Investor Education & Protection Fund *		
Unpaid/Unclaimed dividend	140	-
PROVISIONS :		
Proposed dividend on Equity Shares (Including Tax on Dividend)	12,332	12,019
Proposed dividend on Preference Shares (Including Tax on Dividend)	-	2,238
Provision for Taxation	46,849	42,200
Provision for Gratuity	2,434	2,228
Provision for Unutilised Privilege Leave	1,665	1,171
Other Provisions	<u>343</u>	<u>2,350</u>
TOTAL	<u><u>120,833</u></u>	<u><u>109,442</u></u>

* There is no amount due and outstanding to be paid to the Investor Education and Protection Fund as at 31st March 2007.

SCHEDULES TO PROFIT AND LOSS ACCOUNT:

	Year 2006-2007 (Rs. in '000)	Year 2005-2006 (Rs. in '000)
SCHEDULE "H" : OTHER INCOME		
Interest Received (Gross)	2,450	477
(Tax deducted at source Rs.501,251/-, Previous Year Rs.83,646/-)		
Miscellaneous Income	1,664	262
Gain on commutation of Sales Tax Deferral Loan	1,594	-
Sale of Scrap	393	481
Recovery of Provision for Doubtful Debts	-	1,115
Designing charges	-	801
(Tax deducted Rs.Nil, Previous Year - Rs. 15,621/-)		
Profit on sale of assets (Net)	-	31
Sale of stock on Demerger (Refer Note No.11 of Schedule - 'Q')	2,596	-
Provision no longer payable	<u>-</u>	<u>400</u>
TOTAL	<u><u>8,697</u></u>	<u><u>3,567</u></u>

SCHEDULE "I" : VARIATION IN STOCKS

STOCK-IN-TRADE (at close)		
Finished Goods	11,325	14,605
Work-in-progress	<u>21,223</u>	<u>15,567</u>
	32,548	30,172
STOCK-IN-TRADE (at commencement)		
Finished Goods	14,605	11,881
Work-in-progress	<u>15,567</u>	<u>17,206</u>
	30,172	29,087
	2,376	1,085
Increase/(Decrease) in Excise Duty on Finished Goods (Refer Note No.20 of Schedule - 'Q')	<u>75</u>	<u>(316)</u>
TOTAL	<u><u>2,451</u></u>	<u><u>769</u></u>

SCHEDULE "J" : MATERIALS CONSUMED

Materials Consumed:		
Opening Stock	35,696	28,350
Add : Purchases	<u>566,392</u>	<u>340,709</u>
	602,088	369,059
Less : Closing Stock	<u>42,260</u>	<u>35,696</u>
TOTAL	<u><u>559,828</u></u>	<u><u>333,363</u></u>

Hitech Plast Limited

SCHEDULES FORMING PART OF ACCOUNT : (Continued)

	Year 2006-2007 (Rs. in '000)	Year 2005-2006 (Rs. in '000)
SCHEDULE "K" : MANUFACTURING EXPENSES		
Processing Charges	31,400	22,115
Water, Power and Fuel	36,566	29,788
Mould Rent	462	1,026
Material Handling Charges	11,812	7,172
Stores & Spares Consumed	9,679	11,699
Repairs & Maintenance -		
- to Building	670	800
- to Plant and Machinery	5,091	5,009
- Other Assets	5,950	2,099
	<u>11,711</u>	<u>7,908</u>
TOTAL	<u><u>101,630</u></u>	<u><u>79,708</u></u>
SCHEDULE "L" : EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages, allowances and other benefits	43,470	38,805
Staff Welfare Expenses	4,466	4,550
Contribution to Provident Fund	2,819	2,508
Gratuity	1,466	605
TOTAL	<u><u>52,221</u></u>	<u><u>46,468</u></u>
SCHEDULE "M" : ADMINISTRATIVE AND SELLING EXPENSES		
Freight and Transport Charges	33,418	21,760
Rent	6,254	4,620
Rates and Taxes	2,754	1,720
Insurance	1,770	1,408
Security Charges	1,681	1,381
Printing and Stationery	1,176	1,207
Postage and Telephone	3,418	2,623
Travelling and Conveyance Expenses	5,124	5,124
Miscellaneous Expenses	18,601	14,518
Loss on Sale of Fixed Assets	86	-
Directors' Meeting Fees	332	227
Auditors' Remuneration & Service Charges	715	508
Commission to Non Executive Directors	310	250
Bad Debts	3,000	-
Less : Provision for Doubtful Debts	<u>965</u>	-
	<u>2,035</u>	-
TOTAL	<u><u>77,674</u></u>	<u><u>55,346</u></u>
SCHEDULE "N" : INTEREST AND FINANCING CHARGES		
Interest on Term Loans (Net)	10,926	4,208
Interest on Cash Credit	5,594	4,938
Other Financing Charges	19,525	13,826
Bank Charges	2,751	869
TOTAL	<u><u>38,796</u></u>	<u><u>23,841</u></u>

SCHEDULE "P" :

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOLLOWED IN THE COMPILATION OF THE ACCOUNTS:

1. Basis for preparation of financial statements:

The financial statements are prepared in accordance with the accounting principles generally accepted ('GAAP') in India under the historical cost convention on accrual basis.

GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI") and the provisions of the Companies Act, 1956. 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 the accounting policy hitherto in use.

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employees retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

2. Fixed Assets:

The fixed assets are accounted at the cost of acquisition, which includes taxes, duties (net of cenvat, wherever applicable) and other identifiable direct expenses incurred to bring the assets to their present location and condition less accumulated depreciation. Interest on borrowed funds attributable up to the period assets are put to use is included in the cost of qualifying assets.

3. Depreciation:

Depreciation is provided on all assets under written down value method at the rates specified under Schedule XIV to the Companies Act, 1956. Expenditure on computer software is amortised over a period of three years. Goodwill on amalgamation is amortised over a period of five years.

4. Inventory:

- (a) Inventories are valued at lower of cost and net realisable value. Damaged, unserviceable and inert stocks are suitably depreciated.
- (b) In case of raw and packing materials, stores, spares and consumables the cost includes duties and taxes other than credits under CENVAT and is arrived at on weighted average basis.
- (c) The Finished Goods and Work-in-progress cost includes the cost of raw material, packing materials and appropriate share of fixed and variable production overheads and excise duty as applicable on the finished goods.

5. Investments:

Long-term investments are stated at cost less permanent diminution, if any, in the value of investments.

6. Foreign Exchange:

Revenue transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Transactions outstanding at the year-end are converted at exchange rates prevailing at the year-end and the profit/loss so determined and also the realised exchange gains/losses are recognised in the Profit and Loss Account. Gain/Loss in respect of foreign currency transactions, if any, are dealt with in the accounts.

7. Retirement Benefits:

Company's contribution to provident fund is charged to Profit and Loss Account on accrual basis. Liability for Gratuity and Leave encashment benefits are charged to Profit and Loss account on the basis of actuarial valuation.

8. Lease Accounting:

In respect of operating leases, lease rentals are accounted on accrual basis in accordance with the respective Lease Agreements.

9. Taxes on Income:

Provision for current tax is computed as per 'Total Income' returnable basis under the Income Tax Act, 1961, taking into account available deductions and exemptions. Deferred tax is recognised for all timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Provision for fringe benefit tax (FBT) is computed as per the provision of the Income Tax Act, 1961.

10. Proposed Dividend:

Dividend proposed by the Board of Directors is provided for in the accounts, pending approval at the Annual General Meeting.

Hitech Plast Limited

SCHEDULE "Q": NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS:

	2006-2007 (Rs. in '000)		2005-2006 (Rs. in '000)		
1. Estimated amount of contracts to be executed on capital account and not provided for		5,850		-	
2. Contingent liabilities not provided for:					
(a) Bank Guarantees issued on behalf of the Company		2,080		2,080	
(b) Bills discounted		105,344		95,847	
3. Auditors' Remuneration: (exclusive of Service Tax and Education Cess)					
(a) Audit Fees		300		200	
(b) Tax Audit Fees		100		60	
(c) Out of Pocket Expenses		30		15	
(d) Fees for Other Services		245		233	
4. Production - Item : Containers					
Installed Capacity (in MT)		10,100.00		9,000.00	
Production (in MT)					
(a) In-house #		7,542.23		5,574.72	
(b) Contract Process		673.83		606.83	
Capacities are expressed in terms of triple shift working [# Including 9.887 MT on "Conversion basis" (Previous Year 746.963 MT)]					
5. Stock of Finished Goods & Turnover :					
Opening Stock	Quantity MT	124.56		114.27	
	Value Rs. thousand	14,605		11,881	
Closing Stock	Quantity MT	99.93		124.56	
(Excluding stock transfer on sale of PPMF)	Value Rs. thousand	11,325		14,605	
(Qty 2.734 MT, Value Rs. 451 thousand)					
Turnover	Quantity MT	7,720		5,913	
	Value Rs. thousand	933,550		646,488	
6. Materials Consumed:					
a. Plastic Resins & Master Batch	Quantity MT	7,831.17		5369.54	
	Value Rs. thousand	499,235		265,920	
b. Others (Lot)	Value Rs. thousand	60,593		67,443	
TOTAL	Value Rs. thousand	559,828		333,363	
7. CIF value of Direct Imports:					
a. Raw Materials		80,372		49,920	
b. Others		497		115	
8. Value of Imported and Indigenous raw materials and spares consumed and percentage of each to total consumption :					
		2006-2007		2005-2006	
	(Rs. in '000)	% to Total	(Rs. in '000)	% to Total	
a. Raw materials :					
Direct Imports	80,041	14.30	54,854	16.45	
Others	479,787	85.70	278,509	83.55	
TOTAL	559,828	100.00	333,363	100.00	
b. Stores and Spares :					
Direct Imports	504	5.21	140	1.20	
Others	9,175	94.79	11,559	98.80	
TOTAL	9,679	100.00	11,699	100.00	
9. Earning/Expenditure in Foreign Currency					
Earnings :					
F.O.B. Value of Exports		Nil		Nil	
Expenditure :					
Foreign Travel		171		58	
Net Dividend remitted in Foreign Currency					
i) Number of Non Resident Share holders		16		-	
ii) Number of Equity Share held		374,300		-	
iii) dividend Remitted		299		-	

Hitech Plast Limited

	2006-2007 (Rs. in '000)	2005-2006 (Rs. in '000)
10. Computation of the Profit for year ended 31st March, 2007 under Section 349 of the Companies Act, 1956.		
Net Profit as per Profit & Loss Account	66,836	50,731
Add: Provision for Taxation	16,100	22,516
Provision for Deferred tax	(2,639)	2,524
Provision for FBT	738	814
Less: (Profit) / Loss on sale of assets	86	(31)
Reversal of Provision for Doubtful Debt	-	(1,115)
	81,121	75,439
Add: Managerial remuneration / Sitting fees	2,567	477
Profit under Section 198 of the Companies Act, 1956	83,688	75,916
Commission to non promoter, non executive, independent, resident directors: Subject to ceiling of 1% of profit as computed above	836	759
Restricted to sum as determined by the Board of Directors	310	250
Remuneration to Managing Director: Subject to a ceiling of 5% of profit as computed above	4,184	3,796
Amount paid / payable by the Company to the Directors (including Managing Director) as remuneration for services rendered in any capacity:		
Director's Fees	332	227
Salary	1,390	-
Other perquisites and benefits in cash or in kind	135	-
Commission	710	250
Total	2,567	477

The above remuneration does not include contribution to gratuity fund and leave encashment as this contribution is a lump sum based on actuarial valuation.

11. The Company had sold its Plastic & Precision Machinefabrik (PPMF) unit / division having its manufacturing facilities at Sarigam (Gujarat) on a going concern basis at book value to Clear Plastics Limited (CPL), a wholly owned subsidiary of the Company, with effect from 1st October 2006, for a consideration of Rs 34,580 thousand, as a result of which the previous year's figures are not comparable with that of the current year.

12. The Deferred Tax Asset/(Liability) comprises of tax effect of timing differences, carried forward business losses and Unabsorbed depreciation as shown below:

	31.03.2007 (Rs. in '000)	31.03.2006 (Rs. in '000)
A. Deferred Tax Assets		
1. Expenses allowable for tax purposes on payment basis	1,393	1,650
2. Excess of Written Down Value under Income Tax over Net Block	2,661	-
B. Deferred Tax Liability		
Excess of Book Value over WDV under the Income Tax Act, 1961	-	2,452
Less : Transfer of Deferred Tax Liability	(2,217)	-
Deferred Tax Asset / (Liability)	1,837	(802)
Deferred Tax Benefit / (Expenses) for the year	2,639	(2,524)

Rs. 2,217 thousand representing deferred tax liability of erstwhile Plastic & Precision Machinefabrik Limited adjusted in 2005-06.

Deferred tax assets are created at future rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

13. The amount due to Small Scale Industrial undertakings (SSIs) is furnished under the relevant head, on the basis of information available with the Company regarding small scale industry status of the suppliers. There are no amounts outstanding to such suppliers which are due for more than 30 days beyond the agreed credit period. Auditors have relied upon this.

The Company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosures relating to amount unpaid as at the end of the year together with interest paid/payable as required under the said Act have not been furnished and provision for interest, if any, on delayed payments, is not ascertainable at this stage.

14. Related Party Disclosures, as required by AS-18, 'Related Party Disclosures' are given below:

1 Relationship:

- | | |
|---|---|
| <p>(i) Companies over which the Directors have controlling interest</p> <ul style="list-style-type: none"> Dani Capital and Investments Company Private Limited Dani Enterprises Private Limited Dani Finance and Investments Company Private Limited Dani Holding and Trading Company Private Limited Dani Securities Limited Dani Trading and Investments Limited Geetanjali Trading and Investments Limited Gujarat Organics Limited Rangmeet Investments Limited Coatings Specialities (India) Limited Rangkala Investments – Div of Gujarat Organics Ltd. Asian Paints Limited Asian Paints (Nepal) Pvt. Ltd. S.C. Dani Research Foundation Ltd. Nehal Trading and Investments Pvt. Ltd | <p>(ii) Subsidiaries of the Company</p> <ul style="list-style-type: none"> Clear Plastics Limited Mipak Polymers Limited <p>(iii) Directors</p> <ul style="list-style-type: none"> Mr. Ashwin S. Dani Mr. Ashok K. Goyal Mr. Jalaj A. Dani Mr. Hasit A. Dani Mr. Malav A. Dani (Alternate to Mr. R. B. Desai) |
|---|---|

Hitech Plast Limited

2. Related Party Transactions for the year 2006-2007 and 2005-2006 :

(Rs. in '000)

Particulars	2006-2007			2005-2006		
	Companies over which Director have controlling interest	Subsidiaries of the company	Directors of the company	Companies over which Directors have controlling interest	Subsidiaries of the company	Directors of the company
	(i)	(ii)	(iii)	(i)	(ii)	(iii)
Sales	584,589	348		338,225	424	
Services rendered						
- Conversion	941	352		38,555	635	
- Other Income	-			630		
Purchases of Fixed Assets		-			598	
Sales of Fixed Assets		365				
Purchases of Goods		145				
Services received	3,600	209		6,000	209	
Redemption of Pref. Shares	-			25,100		
Inter Corporate Deposits Received	46,200			15,000		
Sale of PPMF Unit		34,580				
Issue of Shares including premium	3,150					
Purchase of 5.75% Cumulative Redeemable Preference Shares	53,094					
Inter Corporate Deposits Repaid/Given	77,151				13,984	
Interest Paid	2,275			5,188		
Interest received		1,913			143	
Sitting Fees			105			75
Remuneration paid			1,925			-
Balance Payable at Year End – Loan	46,260			77,211		
Balance Receivable for Goods & Services	29,826	441		29,325	1,880	
Balance Payable for Goods & Services		598			708	
Loan Received during the year		20,000				
Loan Given during the year		15,826				
Balance Receivable – Loan		21,309			15,483	
Balance Payable – Loan		10,000				

15. The specified disclosures for Operating Leases as required by Accounting Standard 19 – “Lease” issued by the Institute of Chartered Accountants of India are given below:

(Rs. in '000)

Particulars	31.03.2007	31.03.2006
a) Disclosures in respect of agreement for Cars taken on lease:		
1 Lease payments recognised in the Profit and Loss Account for the year	808	-
2 Future minimum lease payments under non-cancellable operating lease		
I Not later than one year	941	-
II Later than one year but not more than five years	2,005	-
III Later than five years	-	-
3 Significant leasing arrangements		
I Under the agreement, cars are taken on operating lease basis	-	-
II The agreement is for a period of forty eight months	-	-

16. Disclosure of loans/advances and investments in its own shares, subsidiary and associate companies as required by Clause 32 of the Listing Agreement.

No.	Particulars	(Rs. in '000)
1	Loans and advances in the nature of loans to subsidiary Company by name and amount : Clear Plastics Limited – Loan Account (Interest Rate : 7% per annum)	21,309
2	Loans & advances in the nature of loans to associates by name and amount :	Nil
3	Loans & Advances in the nature of loans where there is: 1. no repayment schedule or repayment beyond seven years; or 2. no interest or interest below Section 372A of loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount	Nil Nil

Hitech Plast Limited

17. Earning Per Share, as required by Accounting Standard -20, 'Earning Per Share' is given below :

Particulars	Unit	2006-2007	2005-2006
Basic & Diluted Earning Per Share Amount used as the numerator			
Profit After Taxation (Before/After Exrta-ordinary and prior period items)	Rs. in '000	66,836	50,731
Less: Pref. Dividend & Dividend Tax	Rs. in '000	—	2,576
		66,836	48,155
Weighted Average number of Equity Shares used as the denominator	Nos.	12,961,999	11,896,995
Nominal value of Equity Shares	Rs. in '000	129,620	118,970
Basic & Diluted EPS	Rs.	5.16	4.05

18. Since the Company's business activity falls within a single primary business segment, viz., "Plastic Containers" the above results applies to the same for the purpose of Accounting Standard 17 (AS-17) on segment reporting. The capital employed in the reportable segment was Rs. 607,133 thousand as on 31st March 2007 (Rs. 391,842 thousand as on 31st March 2006).

19. Pursuant to the Accounting Standard (AS-29) - Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31st March, 2007 is as follows :

(Rs. in '000)

	Provision for Leave Entitlements/Encashment *		Provision for Bad and Doubtful Debts	
	2006-2007	2005-2006	2006-2007	2005-2006
Opening Balance	1,172	643	965	2,805
Additions	981	822	-	336
Utilisations	487	293	896	-
Reversals	-	-	69	2,176
Closing Balance	1,666	1,172	-	965

* Provision is done on actuarial valuation.

20. Hitherto, the Company had been reporting sales net of excise duty expense incurred on production of finished goods. Pursuant to draft Accounting Standard Interpretation (ASI) 14 (Revised) "Disclosure of Revenue from Sales Transactions" issued by the Institute of Chartered Accountants of India, the excise duty expense has now been bifurcated into two components: excise duty expense relating to sales is reduced from Gross Sales and the balance amount relating to the difference between the closing stock and opening stock of finished goods is disclosed separately as part of 'Increase / (Decrease) in WIP & Finished Goods' in Schedule 'I'. The same has no impact on the profits of the Company.

21. Previous year's figures have been regrouped wherever necessary.

As per our Report of even date

For **Shah & Co.**
Chartered Accountants

H. N. Shah
Partner
Membership No. 8152

Place : Mumbai
Date : 26th May, 2007

On behalf of the Board of Directors

Ashwin S. Dani
Chairman

Ramesh S. Gandhi
Director &
Chairman of Audit Committee

Place : Mumbai
Date : 26th May, 2007

Ashok K. Goyal
Managing Director

Bhupendra P. Dusara
Chief Financial Officer &
Company Secretary

Hitech Plast Limited

Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956

(Rs. in '000)

1	Name of the Subsidiary	Clear Plastics Limited	Mipak Polymers Limited
2	Financial Year of the Subsidiary	31st March, 2007	31st March, 2007
3	Shares of the subsidiary held by Hitech Plast Limited on the above date		
	a) Number of Shares and Face Value	- 996,000 Equity Shares of Rs.10/- each - 5,000,000 (5.75%) Cumulative Redeemable Preference Shares of Rs.10/- each (fully paid up)	- 1,709,145 Equity Shares of Rs.10/- each - 500,000 (12%) Non-Cumulative Redeemable Preference Shares of Rs.10/- each (fully paid up)
	b) Extent of Holding	100%	60%
4	Net aggregate amount of profit/ (loss) of the subsidiary so far as they concern the members of Hitech Plast Limited		
	a) Dealt with in the accounts of Hitech Plast Limited for the year ended 31st March, 2007	Nil	Nil
	b) Not dealt with in the accounts of Hitech Plast Limited for the year ended 31st March, 2007	(373)	7,056
5	Net aggregate amount of profit/(loss) for previous financial years of the subsidiary since it became a subsidiary so far as they concern the members of Hitech Plast Limited		
	a) Dealt with in the accounts of Hitech Plast Limited for the year ended 31st March, 2007	Nil	Nil
	b) Not dealt with in the accounts of Hitech Plast Limited for the year ended 31st March, 2007	(6,617)	7,056

On behalf of the Board of Directors

Ashwin S. Dani
Chairman

Ashok K. Goyal
Managing Director

Ramesh S. Gandhi
Director &
Chairman of Audit Committee

Bhupendra P. Dusara
Chief Financial Officer &
Company Secretary

Place : Mumbai
Date : 26th May, 2007

Hitech Plast Limited

PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

CIN No.

U	2	8	9	9	2	M	H	1	9	9	1	P	L	C	1	6	8	2	3	5
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 State Code

1	1
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Balance Sheet Date

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Date Month Year

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

Public Issue	Rights Issue																
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L			<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L		
			N	I	L												
			N	I	L												
Bonus Issue	Private Placement																
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L			<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>I</td><td>2</td><td>7</td><td>8</td><td>7</td></tr></table>				I	2	7	8	7
			N	I	L												
			I	2	7	8	7										
Share Issue pursuant to Amalgamation	Cancellation of Shares																
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L			<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L		
			N	I	L												
			N	I	L												

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

Total Liabilities	Total Assets																	
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>9</td><td>7</td><td>1</td><td>9</td><td>0</td></tr></table>			5	9	7	1	9	0	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>9</td><td>7</td><td>1</td><td>9</td><td>0</td></tr></table>			5	9	7	1	9	0	
		5	9	7	1	9	0											
		5	9	7	1	9	0											
Paid-Up Capital	Reserves & Surplus																	
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>3</td><td>1</td><td>7</td><td>5</td><td>7</td></tr></table>			1	3	1	7	5	7	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>7</td><td>7</td><td>7</td><td>0</td><td>5</td></tr></table>			1	7	7	7	0	5	
		1	3	1	7	5	7											
		1	7	7	7	0	5											
Secured Loans	Unsecured Loans																	
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>7</td><td>7</td><td>8</td><td>9</td><td>0</td></tr></table>			1	7	7	8	9	0	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>9</td><td>8</td><td>3</td><td>8</td></tr></table>			1	0	9	8	3	8	
		1	7	7	8	9	0											
		1	0	9	8	3	8											
Net Fixed Assets	Investments																	
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>3</td><td>1</td><td>3</td><td>4</td><td>7</td></tr></table>			1	3	1	3	4	7	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>4</td><td>9</td><td>3</td><td>9</td><td>6</td></tr></table>			2	4	9	3	9	6	
		1	3	1	3	4	7											
		2	4	9	3	9	6											
Net Current Assets	Misc. Expenditure																	
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>1</td><td>4</td><td>6</td><td>0</td><td>9</td></tr></table>			2	1	4	6	0	9	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L			
		2	1	4	6	0	9											
			N	I	L													
Accumulated Losses	Deferred Tax Asset / (Liability) (Net)																	
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L			<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>8</td><td>3</td><td>8</td></tr></table>						1	8	3	8
			N	I	L													
					1	8	3	8										

IV. Performance of the Company (Amount in Rs. thousand):

Turnover	Total Expenditure																
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td>1</td><td>1</td><td>0</td><td>0</td><td>2</td><td>2</td><td>3</td></tr></table>		1	1	0	0	2	2	3	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td>1</td><td>0</td><td>1</td><td>9</td><td>1</td><td>8</td><td>8</td></tr></table>		1	0	1	9	1	8	8
	1	1	0	0	2	2	3										
	1	0	1	9	1	8	8										
+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax																
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>✓</td><td> </td><td> </td><td>8</td><td>1</td><td>0</td><td>3</td><td>5</td></tr></table>	✓			8	1	0	3	5	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>✓</td><td> </td><td> </td><td>6</td><td>6</td><td>8</td><td>3</td><td>6</td></tr></table>	✓			6	6	8	3	6
✓			8	1	0	3	5										
✓			6	6	8	3	6										
Earning Per Share in Rs.	Dividend Rate %																
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>5</td><td>.</td><td>1</td><td>6</td></tr></table>				5	.	1	6	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>8</td><td>.</td><td>0</td><td>0</td></tr></table>				8	.	0	0		
			5	.	1	6											
			8	.	0	0											

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

Item Code No. (ITC Code)

3	9	2	3	9	0	0	0
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Product Description

P	L	A	S	T	I	C		C	O	N	T	A	I	N	E	R	S
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On behalf of the Board of Directors

Ashwin S. Dani
Chairman

Ashok K. Goyal
Managing Director

Ramesh S. Gandhi
Director &
Chairman of Audit Committee

Bhupendra P. Dusara
Chief Financial Officer &
Company Secretary

Place : Mumbai
Date : 26th May, 2007

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