



Decide with Confidence

BUSINESS SCOPE REPORT

PAREKH ALUMINEX LIMITED
D&B D-U-N-S[®] NUMBER: 91-853-6178



Decide with Confidence

Dun & Bradstreet Information Services India Pvt. Ltd.

ICC Chambers

Saki Vihar Road

Powai, Mumbai - 400072

Maharashtra

India

Tel: +91-22-28574190 / 92 / 94

Fax: +91-22-28572060

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Scope of the Report

- History and legal background
- Existing operations
- Management background
- Bankers
- Financial statements and analysis

Information Sources

- Annual reports
- Corporate communiqués
- Company website

Methodology

Financial information from the audited annual reports of the Company was studied and analyzed for a three year period.

Date: 12th October 2010



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SUMMARY

D&B D-U-N-S® NUMBER : 91-853-6178

COMPANY NAME : PAREKH ALUMINEX LIMITED

TRADESTYLE : PAL

ADDRESS : G - 11, Everest Building, 8th Floor
Tardeo, Mumbai Central
Mumbai - 400034
Maharashtra
India

TELEPHONE : (91) (22) (40844777)
(91) (22) (23521777)
(91) (22) (23522777)

FAX : (91) (22) (23523777)
(91) (22) (23524777)

WEB PAGE : www.parekhaluminex.com

EMAIL : contact@parekhaluminex.com

D&B RATING: 5A2 CONDITION: GOOD

REGISTRATION NUMBER : 80732

START DATE : 1st September 1994

CONTROL DATE : 14th February 1995

HISTORY : Clear

EMPLOYEES (TOTAL) : 432

IMPORTS : Yes

EXPORTS : Yes

SALES : INR 6,341,560 Thousand for the year ended 31st March 2010

TANGIBLE NETWORTH : INR 3,063,420 Thousand as on 31st March 2010

AUTHORIZED CAPITAL : INR 200,000 Thousand as on 31st March 2010

ISSUED CAPITAL : INR 129,400 Thousand as on 31st March 2010

PAID-UP CAPITAL : INR 129,400 Thousand as on 31st March 2010

LISTED : The Bombay Stock Exchange Limited
The National Stock Exchange of India Limited



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BUSINESS SCOPE REPORT

CHIEF EXECUTIVE

: Amitabh Arun Parekh
Chairman and Managing Director



LINE OF BUSINESS

The Company is engaged in the manufacturing of Aluminum Foil Containers (AFCs), Aluminum Foil Rolls (AFRs) and aluminum lids.

Standard Industrial Classification Code (SIC)

3353-0000

Produces aluminum sheet, plate and foil

3353-0102

Produces flat rolled shapes, aluminum

3353-9901

Produces foil, aluminum

3497-9902

Manufactures foil containers for bakery goods and frozen foods

RATING KEY

D&B’s Rating consists of 2 parts, the Financial Strength and the Composite Appraisal / Condition. Financial Strength is an indication of the tangible networth (that is, the shareholder’s funds less any intangible assets). The Composite Appraisal / Condition is linked to the level of risk and is an overall evaluation of credit worthiness. It takes into account the financial condition and several factors such as trade reference history, legal structure, management experience and any adverse listings.

D&B Indicative Risk Rating of 5A2 implies that the subject has a tangible networth between INR 645,950,000 and above as per latest available audited financial statements. Composite appraisal 2 indicates that the overall status of the subject is Good.

Risk Indicator	Level of Risk	Guide to Interpretation
1	Minimal risk	May proceed with transaction - offer extended terms if required
2	Low risk	May proceed with transaction
3	Slightly greater than average risk	May proceed with transaction but monitor closely
4	Significant level of risk	May take suitable assurance before extending credit - e.g. personal guarantees
-	Insufficient information to assign a Rating	No public information or D&B proprietary information available to indicate trading activity



CURRENT INVESTIGATION

The report has been prepared based on information provided by Mr. Prasad Vaikul, Finance Head during management discussion.



COMPANY PROFILE

Parekh Aluminex Limited (hereinafter referred to as 'the Company' or 'PAL') was incorporated on 1st September 1994 as a private limited company under the name Parekh Aluminex Private Limited by Mr. Arun Parekh and Mr. Amitabh Arun Parekh. Later on 14th February 1995, the Company got converted into a public limited company and consequently changed its name to the present name. The Company came up with an Initial Public Offering (IPO) on 27th January 1997.

The Company is engaged in the manufacturing of AFCs, AFRs and aluminum lids. PAL also undertakes job work for Hindalco Industries Limited, converting foil into containers (under 'Freshpakk' brand) and rolls (under 'Freshwrapp' brand) to be marketed directly by Hindalco.

Hindalco Industries Limited, the metals flagship company of the Aditya Birla Group is the world's largest aluminum rolling company and one of the biggest producers of primary aluminum in Asia.

PAL caters to the consumer food service industry and airline industry in India as well as in other countries, where it exports. The products find its application in packaging of food items in travel industry such as airlines, railways, fast food chains, restaurants, hotels, etc and also find their application in household uses.

The Company has two manufacturing facilities located in the Union Territory of Dadra and Nagar Haveli, India. During FY 2006, PAL acquired plant and machinery and customer base for AFCs from Des Trading (Singapore) Pte Ltd, Singapore. The plant and machinery have already been installed at the PAL's plant and is operational. The acquisition allowed the Company to access South-East Asian markets and airlines such as Etihad Airways, Thai Airways, Emirates Flight Catering, Gulf Airways, Air Astana, Singapore Airlines, Sri Lankan Airlines, Changi International Airport Services amongst others, have been added company's customer base.

During January 2009, one of the manufacturing units of the Company acquired Export Oriented Unit (EOU) status to meet the growing export demand. Moreover, the Company has been accredited with ISO 9001:2000 for quality management system and ISO 22000:2005 for food safety management system.

It also established Good Manufacturing Practices (GMP) and Hazard Analysis Critical Control Point (HACCP) in accordance with international standard which has been audited / certified by Intertek of Sweden.



FINANCIAL SNAPSHOT

Comparative Figures (INR in Thousand)			
	FY 2008	FY 2009	FY 2010
Sales	2,986,160	4,212,600	6,341,560
Net Profit after Tax	261,190	381,400	455,510
Current Assets	1,641,770	2,330,600	3,160,840
Current Liabilities	837,070	1,402,090	2,310,620
Working Capital	804,700	928,510	850,220
Other Tangible Assets	1,931,100	2,965,100	4,908,250
Non-Current Liabilities	420,250	1,238,620	2,695,050
Tangible Networth	2,315,550	2,654,990	3,063,420
Total Borrowings	824,720	2,086,320	4,059,400
Inventory	570,190	868,260	1,095,250
Cash and Bank	65,740	87,900	321,890
Accounts Receivable	676,260	886,370	1,287,810
Fixed Assets	1,931,100	2,965,100	4,908,250
Accounts Payable	93,250	198,030	121,370

KEY RATIOS			
	FY 2008	FY 2009	FY 2010
Gross Profit Margin (%)	18.70	19.29	19.70
Operating Profit Margin (%)	13.00	13.41	13.21
Return on Sales (%)	8.75	9.05	7.18
Return on Networth (%)	11.28	14.37	14.87
Return on Capital Employed (%)	12.43	12.14	11.98
Total Debt Equity Ratio (Times)	0.36	0.79	1.33
Interest Coverage Ratio (Times)	4.10	4.09	3.18

Refer Annexure II for detail

**PROVISIONAL FINANCIAL PERFORMANCE**

Financial Performance (Unaudited) for the quarter ended 30th June 2010:

(INR in Thousand)

For the Period Ended	30th June 2010	30th June 2009
Number of months	3	3
Net Sales	2,105,000	1,260,050
Other Income	3,500	2,700
Net Profit after Tax	156,250	98,300

Net sales increased by 67.06% on account of increase in newer products, product applications and increase in demand from Tier II cities.

Source: BSE website



OPERATIONS

The Company is engaged in the manufacturing of AFCs, AFRs and aluminum lids. PAL manufactures these products with various sizes, shapes and thickness. The Company's products are used in packaging food items in households and in the travel industry such as airlines, railways, fast food chains, restaurants, hotels, etc and also find their application in household uses.

The Company has two manufacturing facilities located in the Union Territory of Dadra and Nagar Haveli, India.

PRODUCTS

The Company manufactures the following products:

- ❖ Aluminum Foil Containers (AFCs): AFCs are utensil like casseroles, pans, dishes, trays, packing material made of aluminum foil. PAL manufactures AFCs in various shapes and sizes. AFCs can be customized on the basis of choice of temper, gauge, forms and rim style.
- ❖ Aluminum Foil Rolls (AFRs): The Company manufactures AFRs and sells in the market under the brand name 'ME' and 'PAL'.
- ❖ Aluminum Lids: The Company also manufactures various lids/covers for the AFCs like poly laminated lids, foil laminated lids, transparent lids, dome lids, aluminum foil covers.

PAL also undertakes job work for Hindalco Industries Limited, converting foil into containers (under 'Freshpakk' brand) and rolls (under 'Freshwrapp' brand) to be marketed directly by Hindalco.

SALES

The Company caters to both domestic and overseas market. In domestic and international market company mainly caters to –

- ✓ Institutional buyers like Indian Railway etc.
- ✓ Railway Contractors & direct customers like Monginis etc.
- ✓ Distributors who in turn supply to fast food chains, Restaurants, Hotels, Take-aways etc.

Company gets contract from railways and airlines through tenders. Major customers of the Company includes Air India Limited, Jet Airways (India) Limited, Kingfisher Airlines Limited, Indian Railway Catering and Tourism Corporation Limited, Emirates Airlines, Singapore Airlines, Thai Airways etc.

**Geographic bifurcation of sales**

(INR in Thousand)

Particulars	2008		2009		2010	
	% of total sales	Amount	% of total sales	Amount	% of total sales	Amount
India	82.85	2,473,920	76.22	3,210,940	84.64	5,367,370
United Kingdom	9.60	286,760	9.37	394,730	5.93	375,770
United States of America	-	-	10.15	427,680	7.42	470,380
Others	7.55	225,480	4.26	179,250	2.01	128,040
Total	100.00	2,986,160	100.00	4,212,600	100.00	6,341,560

The Company derived major portion of its sales from the domestic market during the period under study. As informed, Company earns 73% of its revenue from aluminium foil containers, 23% from aluminium foil rolls and balance from aluminium lids.

PURCHASES

The Company procures its raw material requirements from both domestic as well as overseas markets. In FY 2010, the Company procured 10.77% from the domestic market. For Institutional business in domestic and international market Company is required to enter into contract ranging from 1 year to 1½ years for domestic buyers and 3 months for international buyers. In that period Company is bound with the rate contract. To ensure any fluctuations in the price should not affect their margins the Company as a business policy right from day it enters into contract with these institutional customers it gets in to back-to-back arrangement with the raw-material suppliers who in turn hedge the metal at the LME. As informed, with regard to its distributorship business and business to direct customer the Company is able to pass on its raw material prices to customer.

As informed, it has more than 150 moulds.

MARKETING STRATEGY

The Company generally enters into long term supply contract with the Institutional Buyers and rate contract with Government and Semi Government organizations. It participates in various events and exhibitions for International order thus expanding its global reach in the International markets. It also uses market research and customer feedbacks to design and develop new variety of AFCs.



COMPETITORS

PAL faces competition from domestic as well as global players. Local competitors are from the unorganized sector whereas internationally, there are many manufacturers of foil container like Pactiv Corporation, Handi-foil Corporation, Ecko Products Group, Penny Plate Inc., CM Packaging Inc., Nicholl Food Packaging, etc.

The Company has competitive advantage of largest market share in organized market of aluminium foil containers which constitutes around 80%.

The Company has invested in an expansion project worth INR 2,400,000 Thousand for catering to the export market and local retail market. The expansion was funded by debt of Rs.150 crores and internal accruals / promoters' contribution of Rs.90 crores. The mega expansion project has started operation in March 2010 with all the machines and moulds envisaged installed at the factory. Post expansion, the installed capacities of the Company has increased three fold as given below.

Aluminium Foil Containers – 4,000 million pieces
Aluminium Foil Rolls – 75 million pieces
Aluminium Foil Lids – 1,200 million pieces

As informed, full fledged impact of the expansion will be reflected in the sales for FY2012 when the Company expects to cross sales of Rs.1000 crores.

As informed, the expansion had been planned to cater potentially huge export market and meeting the demands of ever expanding local retail market.

The Company plans to enter into retail market with its own branded products.

STRATEGIC ALLIANCE/TIE-UPS

PAL entered into an agreement with Hindalco Industries Limited for converting foils into containers and rolls. The tie up enables the Company to get raw materials at preferential rates.

BRAND NAME

“ME” and “PAL”



PURCHASES

LOCAL : 10.77%
INTERNATIONAL : 89.23%

IMPORTS FROM:

People's Republic of China
Europe
Middle East
Bahrain
Brazil
South Africa
Italy
Turkey
Greece
United Kingdom

PURCHASING TERMS

LOCAL PURCHASE TERMS

Open Account : 15 to 20 days

IMPORT TERMS

Letter of Credit at Sight

SALES

LOCAL : 84.64%
INTERNATIONAL : 15.36%

EXPORTS TO:

United Kingdom : 38.57%
United States of America : 48.29%
Others : 13.14%

SELLING TERMS

LOCAL SALES TERMS

Open Account : 45 to 60 days

EXPORT TERMS

Letter of Credit : 90 to 120 days



CUSTOMERS

The Company maintains more than 100 customers.

MAJOR CUSTOMER TYPES

- ✓ Wholesalers
- ✓ Retailers
- ✓ Department Stores
- ✓ Buying agents
- ✓ Trading Firms
- ✓ Government Bodies
- ✓ Institutions
- ✓ Bakeries & Restaurants
- ✓ Caterers
- ✓ Distributors Chain

MAJOR CUSTOMER NAMES

Name of Customer	Country
Air India Limited	India
Jet Airways (India) Limited	India
Kingfisher Airlines Limited	India
Indian Railway Catering and Tourism Corporation Limited	India
Pantaloon Retail (India) Limited (Food Bazaar)	India
B. E. International (Danone Group) / Westmill Foods	United Kingdom
Genesis Limited	United Kingdom
J. K. Foods Limited / Hyperama PLC	United Kingdom
S.O.P. International Limited	United Kingdom
Perk Up Inc.	United States of America



FOREIGN EXCHANGE TRANSACTIONS

(INR in Thousand)

Particulars	FY 2008	FY 2009	FY 2010
Import on CIF Basis			
Raw Materials	399,050	919,590	536,950
Stores	-	131,560	135,350
Total Import on CIF Basis	399,050	1,051,150	672,300
FOB Value of Exports	465,560	939,750	923,590

**SUPPLIERS**

Name of Supplier	Country
Hindalco Industries Limited	India
Guangxi Alnan Aluminum Foil Company Limited	People's Republic of China
North China Aluminum Company Limited	People's Republic of China
Zhenjiang Dingsheng Aluminum Industries Corporation	People's Republic of China
Ningbo Ashburn Aluminum Foil Products Company Limited	People's Republic of China
Indian Aluminum Company Limited	India
Full Dot Limited	United Kingdom
Laminazione Sottile SPA	Italy
Kibar Dis Ticaret AS	Turkey
Symetal Foil Alu. Ind. SA	Greece
Hulamin Rolled Products	South Africa
Companhia Brasileira De Alumínio	Brazil
Gulf Aluminium Rolling Company	Bahrain

**EMPLOYEES**

Total Current Employees : 432

ACTUAL OUTPUT AND PRODUCTION CAPACITY**PRODUCT NAME : Casseroles/Trays/Containers/Dishes**
(Pieces in Millions)

Particulars	FY 2008	FY 2009	FY 2010
Installed Capacity	1,537	2,350	4,000
Actual Output	1,245	1,890	2,860
Capacity utilization (%)	81.00	80.43	71.50

PRODUCT NAME : Aluminum Foil Rolls
(Pieces in Millions)

Particulars	FY 2008	FY 2009	FY 2010
Installed Capacity	32.50	50	75
Actual Output	26.40	39	54
Capacity utilization (%)	81.23	78.00	72.00

PRODUCT NAME : Lids
(Pieces in Millions)

Particulars	FY 2008	FY 2009	FY 2010
Installed Capacity	587	885	1,200
Actual Output	499	660	867
Capacity utilization (%)	85.01	74.58	72.25

Source: Annual Reports



REGISTRATION DETAILS

LEGAL STRUCTURE	: Public Limited Company
INCORPORATED	: 1 st September 1994
REGISTRATION BODY	: Registrar of Companies
REGISTRATION NUMBER	: 80732 Maharashtra India
REGISTERED OFFICE	: 601, Auto Commerce Centre Kennedy Bridge, Nana Chowk Grant Road Mumbai - 400007 Maharashtra India
LAST ANNUAL GENERAL MEETING DATE	: 30 th September 2010
LAST FINANCIAL STATEMENT DATE	: 31 st March 2010

CAPITAL DETAILS

AUTHORIZED CAPITAL	: INR 200,000 Thousand as on 31 st March 2010
ISSUED CAPITAL	: INR 129,400 Thousand as on 31 st March 2010
PAID-UP CAPITAL	: INR 129,400 Thousand as on 31 st March 2010
ORDINARY SHARES*	: 12,940,000 Equity Shares at par value of INR 10 each

**Includes 63,100 equity shares issued for consideration otherwise than cash.*



CHANGE IN LEGAL NAME

ORIGINAL NAME : Parekh Aluminex Private Limited
CHANGED TO : Parekh Aluminex Limited
DATE OF CHANGE : 14th February 1995

CHANGES IN LEGAL STRUCTURE

DATE : 14th February 1995
CHANGE : Conversion from private limited company to public limited company
FORMER NAME : Parekh Aluminex Private Limited
FORMER LEGAL STRUCTURE : Private Limited Company
STARTED : 1st September 1994



STOCK EXCHANGES

The Company's shares are listed on the following Stock Exchanges:

- ✓ The Bombay Stock Exchange Limited
- ✓ The National Stock Exchange of India Limited

REGISTRAR AND SHARE TRANSFER AGENTS

TSR Darashaw Limited

6-10, Haji Moosa Patrawala Industrial Estate
20, Dr. E. Moses Road, Mahalaxmi
Mumbai - 400011
Maharashtra
India



SHAREHOLDING PATTERN

Particulars		Shares held	% Held
A	Shareholding of Promoter and Promoter Group:		
	Amitabh Arun Parekh	2,226,650	17.21
	Deepen Arun Parekh	1,379,400	10.66
	Arun Parekh	867,550	6.70
	Aaria Deepen Parekh	199,600	1.54
	Nipa Parekh	79,300	0.61
	Others	34,900	0.27
	Sub Total (A)	4,787,400	37.00
B	Public Shareholding:		
	Institutions		
	Financial Institutions / Banks	15,750	0.12
	Foreign Institutional Investors	1,579,500	12.21
	Non Institutions		
	Bodies Corporate	1,485,419	11.48
	Individual shareholders holding nominal share capital of up to INR 1 Lakh	1,405,234	10.86
	Individual shareholders holding nominal share capital in excess of INR 1 Lakh	3,666,697	28.34
	Sub Total (B)	8,152,600	63.00
	Total (A + B)	12,940,000	100.00

Total number of Shareholders : 6,793

Shareholding as on : 30th June 2010

Source: BSE Website

**AUDITORS**

C. V. Pabari & Co.
A-206, Winsway Complex
Old Police Lane, Andheri (East)
Mumbai - 400069
Maharashtra
India

CORPORATE DIRECTORS

Name of Directors	Current Title
Amitabh Arun Parekh	Chairman and Managing Director
Rajendra Gothi	Whole-time Director
Devanshu Pravinbhai Desai	Director
Vikram Mordani	Additional Director
Kiran Parikh	Additional Director

Refer Annexure I for details

EXECUTIVES

Name of Executives	Current Title
Vallabh Rathi	General Manager - Finance
Ankur Parikh	General Manager - Plant
Girish Aapte	Production Manager
Prasad Vaikul	Manager - Finance
Prashant Parikh	Domestic Sales Manager
S. S. Paramshetty	Accounts Manager - Factory
Deepen Parekh	Head - Exports and Imports
Keshav Daga	Exports Executive
Stalin Nadar	Exports Executive
Kiran Kothari	Engineer
Jigar Shah	Engineer
Rajesh Solanke	Engineer
Heta Pradip Mehta	Company Secretary

**BANK**

NAME Indian Overseas Bank

BANKER'S REPORT

The Company deals with Indian Overseas Bank since April 2004.

The Company enjoys the following credit facilities from the bank as on 14th May 2010.

(INR in Thousands)

Nature of Facility	Amount Sanctioned	Amount Outstanding
Term Loans	5,91,500	5,52,554
Fund Based	11,25,000	3,24,971
Non-Fund Based	4,20,000	4,18,394
Total	21,36,500	12,95,919

INSURANCE

The Company has taken insurance coverage on its assets from Universal Sompo General Insurance Company Limited.

**HEAD OFFICE LOCATION DETAILS**

SIZE OF PREMISE : 6,000 Square Feet
TYPE OF OCCUPATION : Rented
PREMISES USED AS : Administrative Office

BRANCHES

Duns No.	Address	Location Type	Type of Occupation	Size of Premises
91-858-9383	Survey No. 207, Plot No. 4, Near Dadra Check Post, Village Dadra – 396191, Dadra and Nagar Haveli, India	Factory	Owned	25,000 Square Feet
91-858-9388	Survey No. 204/1, Plot No. 2, Near Dadra Check Post, Village Dadra – 396191, Dadra and Nagar Haveli, India	Factory	Owned	300,000 Square Feet
67-756-6819	Unit 4 and 5, 9 th Floor, Everest Building, Tardeo, Mumbai Central, Mumbai – 400034, Maharashtra, India	Administrative Office	Rented	4,000 Square Feet



REGISTRATION

- ✓ Permanent Account Number : AAACP4696C
- ✓ State Sales Tax Registration Number (GST) : DNH/ST/3264
- ✓ Central Sales Tax Registration Number (CST) : DNH/CST/3194
- ✓ Importer Exporter Code : 0395023963
- ✓ Value Added Tax Number : 26000003264

ISO CERTIFICATION

The Company has been awarded ISO 22000:2005 certification by Intertek Semko Certification for food safety management system for manufacturing of aluminium foil containers, dishes, casseroles, aluminium foil rolls and foil cut sheet (lids) vide certificate number 220819 issued on 18th February 2009 and valid up to 17th February 2012.

MEMBERSHIPS / CERTIFICATES

- ✓ The Company is having membership with EEPC (Engineering Export Promotion Council)
- ✓ Certificate of Conformity from Intertek for Good Manufacturing Practices (GMP) in the HACCP - International Code of Practice General Principles of Food Hygiene CAC / RCP 1 - 1969, Rev. 4 - 2003 vide confirmation number CONFGMP08001 valid up to 21st December 2011.
- ✓ Certificate of Conformity from Intertek for HACCP - International Code of Practice General Principles of Food Hygiene CAC / RCP 1 - 1969, Rev. 4 - 2003 vide confirmation number CONFHACCP08002 valid upto 21st December 2011.
- ✓ The Company is accredited with certificates of “One Star Export House” and Gold Card Exporter by Banks”.



AWARDS / ACHIEVEMENTS

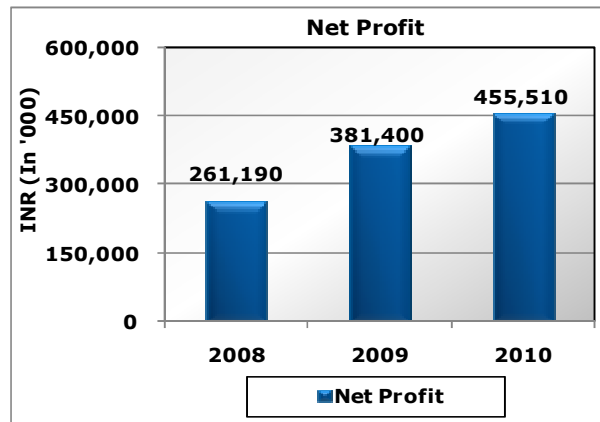
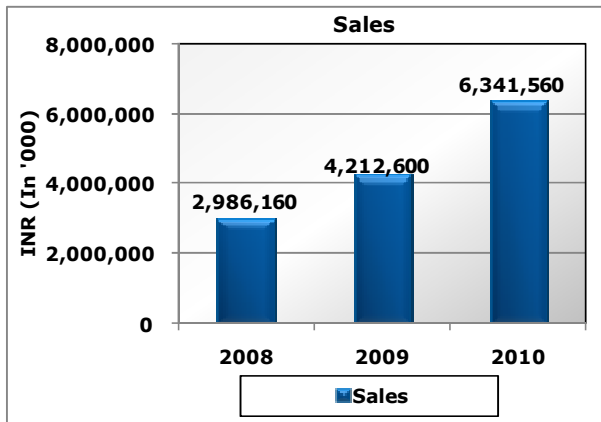
The Company has received the following awards:

- ✓ The Company has received Certificate of Recognition from Industry 2.0 magazine for its superior financial performance during 2007-08 and was ranked 110th in Industry 2.0's third annual report on manufacturing SMBs on 24th March 2009.
- ✓ The Company is recognized as "Best 200 under a billion companies" in Forbes (International Business Magazine).



FINANCIAL ANALYSIS

➤ **Sales and Net Profit**



The Company is engaged in the manufacturing of AFCs, AFRs and aluminum lids.

SALES

Geographic bifurcation of sales

(INR in Thousand)

Particulars	2008		2009		2010	
	% of total sales	Amount	% of total sales	Amount	% of total sales	Amount
India	82.85	2,473,920	76.22	3,210,940	84.64	5,367,370
United Kingdom	9.60	286,760	9.37	394,730	5.93	375,770
United States of America	-	-	10.15	427,680	7.42	470,380
Others	7.55	225,480	4.26	179,250	2.01	128,040
Total	100.00	2,986,160	100.00	4,212,600	100.00	6,341,560

The Company derived majority of its sales from domestic market during FY 2008 and FY 2009.

Sales increased in FY 2009 on account of increase in domestic sales by 29.79% and exports by 95.55%. Exports increased due to sales in United States of America which formed 10.15% of total sales in FY 2009. Sales from United Kingdom also increased by 37.65% in FY 2009.

During FY 2009, the Company captured new market in Greece, the United States of America and South Africa. The Company also participated in international trade fairs in Dubai, United Arab Emirates and Chicago, the United States of America as well as Germany and Australia. The Company has converted one of its units in to 100% Export Oriented Unit (EOU) to increase its production to meet exports.



Sales increased by 50.54% in FY 2010 on account of increase in newer products, product applications and increase in demand from Tier II cities.

NET PROFIT

In spite of increase in below expenses, net profit of the Company further increased by 46.02% in FY 2009 as compared to FY 2008:

- ✓ Increase in other administrative and general expenses by 33.89% in absolute terms.
- ✓ Increase in selling and distribution expenses by 26.08% in FY 2009 on account of increase in sales promotion expenses.
- ✓ Increase in depreciation by 59.75% in absolute terms on account of increase in factory buildings and plant and equipment.
- ✓ Increase in interest expenses by 47.62% in FY 2009 as compared to FY 2008 on account of increase in long term debt.

Net profit increased in FY 2009 mainly on account of:

- ✓ Increase in sales by 41.07% in FY 2009 as compared to FY 2008.
- ✓ Increase in gross profit margin from 18.70% in FY 2008 to 19.29% in FY 2009 mainly on account of decline in cost of material and finished goods consumed from 76.90% in FY 2009 to 75.78% in FY 2009.
- ✓ Sharp increase in other non operating income from INR 1,900 Thousand in FY 2008 to INR 10,660 Thousand in FY 2009.

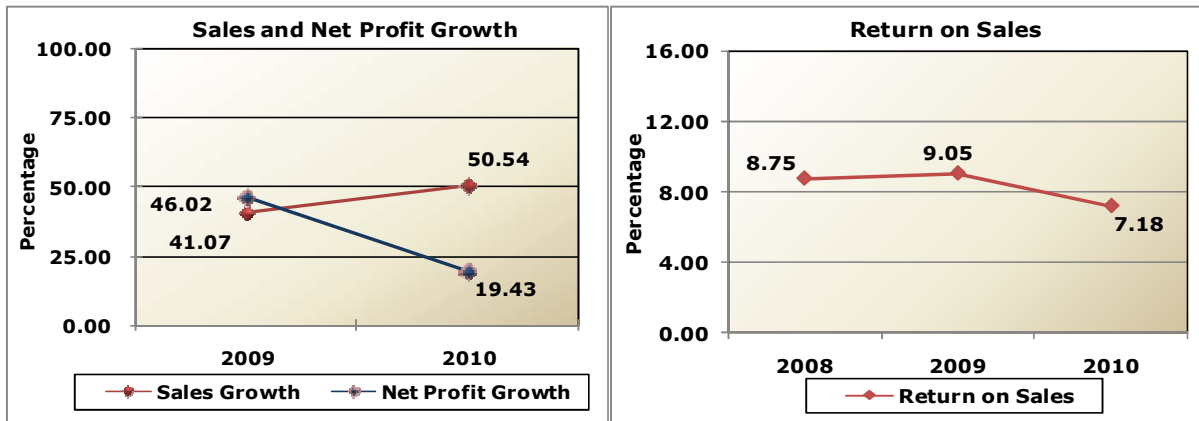
In spite of increase in below expenses, net profit of the Company further increased by 19.43% in FY 2010 as compared to FY 2009:

- ✓ Increase in general and administration expenses by 71.83% in absolute terms.
- ✓ Increase in professional and legal fees by 68.19% in absolute terms.
- ✓ Sharp increase in directors' remuneration and fees by 334.24% in absolute terms.
- ✓ Increase in selling and distribution expenses by 55.03% in absolute terms.
- ✓ Increase in depreciation by 66.23% in absolute terms on account of increase in land and plant and machinery.
- ✓ Increase in interest expenditure by 90.69% in absolute terms due to increased borrowing of the Company.



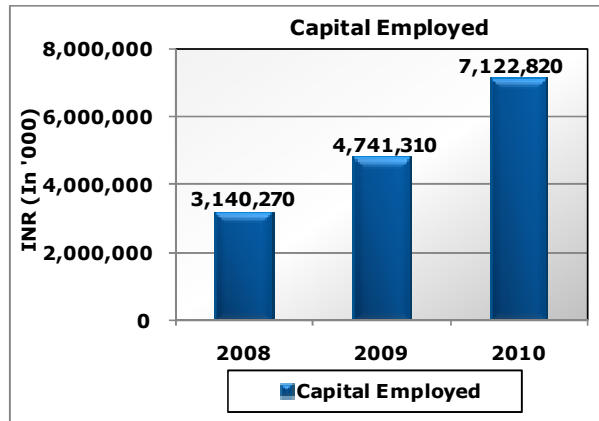
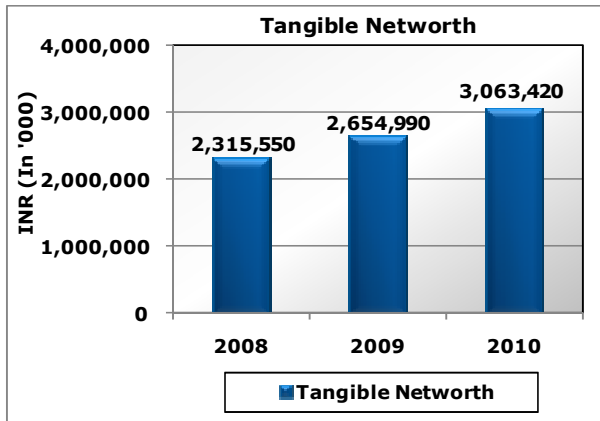
Net profit of the Company increased in FY 2010 mainly on account of:

- ✓ Increase in sales of the Company by 50.54%.
- ✓ Marginal improvement in gross profit margin from 19.29% in FY 20098 to 19.70% in FY 2010 mainly on account of decline in cost of material and finished goods consumed from 75.78% in FY 2009 to 75.33% in FY 2010.
- ✓ Increase in other non operating income from INR 10,660 Thousand in FY 2009 to INR 15,710 Thousand in FY 2010.





➤ **Tangible Network and Capital Employed**



Tangible network includes equity capital, reserves and surplus less intangible assets, miscellaneous expenditure and accumulated losses, if any. It increased in FY 2009 and FY 2010 mainly on account of retention of around 90% of profits in business.

Capital employed comprises of tangible network and total debt. It increased in FY 2009 and FY 2010 on account of sharp increase in total debt of the Company. Total debt increased substantially in FY 2009 and FY 2010 on account of sharp increase in secured loans in the form of cash credit facility as well as term loans and increase in unsecured loans from directors and others.

Composition of Sources of Funds

(In Percentage)

Particulars	FY 2008	FY 2009	FY 2010
Tangible Network	73.74	56.00	43.01
Total Debt	26.26	44.00	56.99
Capital Employed	100.00	100.00	100.00

Composition of Borrowed Funds

(In Percentage)

Particulars	FY 2008	FY 2009	FY 2010
Long Term Loans	49.96	58.71	65.44
Short Term Loans	50.04	41.29	34.56
Total Debt	100.00	100.00	100.00

Short term loan consisted of cash credit facility availed by the Company. Long term loans consisted of secured term loans and unsecured loans from directors and others.



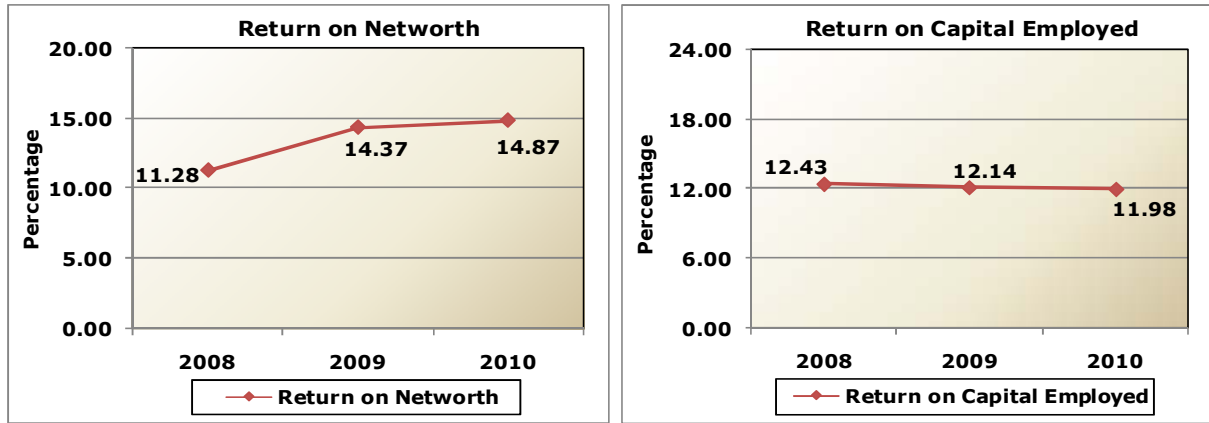
(In Percentage)

Particulars	FY 2008	FY 2009	FY 2010
Secured Loan	69.44	61.34	66.40
Unsecured Loan	30.56	38.66	33.60
Total Debt	100.00	100.00	100.00

Term Loans are secured by hypothecation of stocks, book debts, machinery, equitable mortgage of industrial land at Kurla and land and building at Maharashtra Industrial Development Corporation (MIDC), Mahape and two plots of land and buildings at Dadra.



➤ **Return on Networth and Return on Capital Employed**



Return on networth of the Company increased in FY 2009 and FY 2010 due to growth in net profit being higher than the increase in tangible network.

(In Percentage)

Particulars	FY 2009	FY 2010
Growth in Net Profit	46.02	19.43
Increase in Tangible Network	14.66	15.38

Return on capital employed declined marginally in FY 2009 and FY 2010 on account of increase in capital employed being greater than the growth in Earnings Before Interest and Tax (EBIT).

(In Percentage)

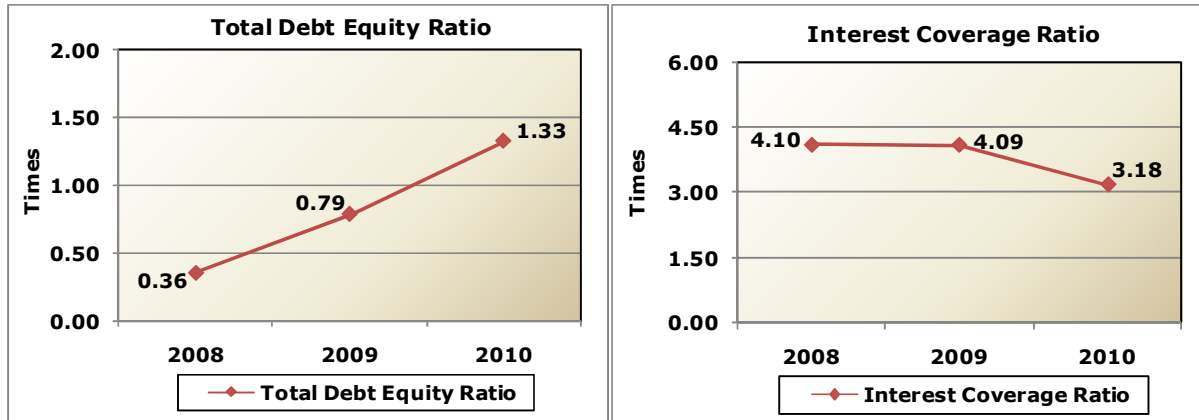
Particulars	FY 2009	FY 2010
Growth in EBIT	47.47	48.30
Increase in Capital Employed	50.98	50.23

Particulars	FY 2008	FY 2009	FY 2010
Interest Expenses (INR in Thousand)	95,200	140,530	267,970
Average Total Debt (INR in Thousand)	-	1,455,520	3,072,860
Average Cost of Borrowed Funds (%)	-	9.65	8.72
Return on Capital Employed (%)	12.43	12.14	11.98

Return on capital employed was more than the average cost of borrowed funds in FY 2009 and FY 2010.



➤ **Total Debt Equity Ratio and Interest Coverage Ratio**



Total debt equity ratio is calculated as total debt divided by tangible network.

It increased in FY 2009 on account of substantial increase in total debt of the Company. It further increased in FY 2010 mainly on account of increase in total debt being higher than the increase in tangible network of the Company.

(In Percentage)

Particulars	FY 2009	FY 2010
Increase in Total Debt	152.97	94.57
Increase in Tangible Network	14.66	15.38

Interest coverage ratio indicates the adequacy of EBIT of the Company to cover its interest obligations.

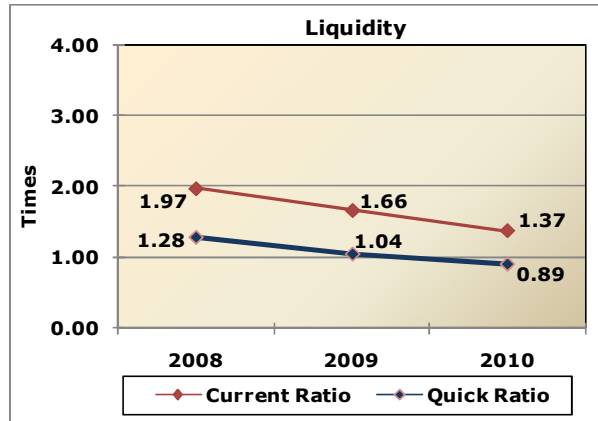
Interest coverage ratio remained almost the same in FY 2009 as compared to FY 2008. However, it declined in FY 2010 mainly on account of increase in interest expenses being higher than the growth in EBIT.

(In Percentage)

Particulars	FY 2009	FY 2010
Growth in EBIT	47.47	48.30
Increase in Interest Expenses	47.62	90.69



➤ Liquidity Ratios



Current ratio declined in FY 2009 and FY 2010 mainly on account of increase in current liabilities being more than the increase in current assets. Current liabilities increased in FY 2009 mainly on account of sharp increase in accounts payable and bank loans. Current liabilities further increased in FY 2010 mainly on account of sharp increase in sundry creditors for others and provision for income tax. Also cash credit facility availed from banks increased in FY 2010.

Quick ratio showed a trend similar to that of current ratio.

The break-up of current assets and current liabilities is as given below:

Composition of Current Assets

(In Percentage)

Particulars	FY 2008	FY 2009	FY 2010
Accounts Receivable	41.19	38.03	40.74
Inventory	34.73	37.25	34.65
Other Loans and Advances	18.66	12.47	11.66
Margin Deposit Account	0.96	8.10	2.45
Cash and Bank	4.00	3.77	10.18
Other Deposits	0.46	0.38	0.32
Total Current Assets	100.00	100.00	100.00



Composition of Current Liabilities

(In Percentage)

Particulars	FY 2008	FY 2009	FY 2010
Bank Loans	49.48	61.44	60.72
Other Payables/ Accruals	35.15	20.87	29.49
Accounts Payable	11.18	14.12	5.25
Provision for Income Tax	4.19	3.57	4.54
Total Current Liabilities	100.00	100.00	100.00



SWOT

STRENGTHS

➤ **Experienced and qualified management**

The Company is managed by qualified and experienced management. Their relevant experience facilitates in driving the business of the Company. It is currently led by Mr. Amitabh Parekh, Chairman and Managing Director having experience of more than 16 years in related field.

➤ **Diversified customer base and long standing relationship with customers**

The Company has diversified customer base in India and in international market. It caters to industries like Airlines, Indian Railways. Its customer base includes food chains, restaurant and households. Its reputed customer base includes Indian Railway Catering and Tourism Corporation Limited, Kingfisher Airlines, Indian Airlines, Air India, B.E International, Singapore Airlines. Such diversified customer base helps in reducing customer concentration risk.

➤ **Timely payment to suppliers**

It makes timely payment to its suppliers as indicated by its payable days. This will benefit Company in having regular and timely supplies from them.

WEAKNESS

➤ **High working capital requirements**

Payment days of Company are less than its collection days indicating Company makes payment to its suppliers earlier than its collection from customers. Moreover inventory turnover days were 71 in FY2010 thereby leading to high working capital requirements and working capital borrowings.

OPPORTUNITIES

➤ **Expected Demand Surge**

Growth in sectors like airline and railways will boost the demand for Company's product. As per CMIE the economy is expected to grow by more than 9% in 2010-11 as a result of which the demand for air travel is expected to rise significantly. Moreover with increasing awareness of health and hygiene the demand of this product will rise among general public. This will help the Company in its expansion plans to enter into retail markets with its own branded products.



➤ **Expansion in Foreign Market**

Export of Company constituted 15% of total revenue of Company. It currently caters to 30 countries including United States, United Kingdom, Africa, Germany and Europe etc. Company has huge potential to expand to these countries on basis of quality and low cost advantage factors. This will help the Company to increase its top line.

THREATS

➤ **Volatile Currency Fluctuation Risk**

The Company is currently catering to export markets any fluctuation in currency may pose a threat to Company.

➤ **Competition**

The Company faces competition in international market. In Indian market it has the advantage of being market leader in organized sector however entry of any new player may affect the top line of Company.

**ANNEXURE I - CORPORATE DIRECTORS**

Name	: Amitabh Arun Parekh
Address	: 85, Navrang, Peddar Road Mumbai - 400026 Maharashtra India
Date of Birth	: 8 th March 1973
Directors Identification Number	: 00165334
Current Title	: Chairman and Managing Director
Started with Subject	: 1 st September 1994
Appointed to Present Position	: 1 st November 2000
Education	: Bachelor of Commerce from Sydenham College
Related Experience Since	: 1994
Active in daily operations	: Yes
Founder of the Subject	

Name	: Rajendra Gothi
Address	: SA-6, 186-G-1, Shrinagar Colony Varansi - 221001 Uttar Pradesh India
Date of Birth	: 8 th June 1961
Directors Identification Number	: 02211363
Current Title	: Whole-time Director
Started with Subject	: 1 st May 1995
Appointed to Present Position	: 30 th October 2009
Education	: Bachelor of Commerce
Related Experience Since	: 1995
Active in daily operations	: Yes



Name	: Devanshu Pravinbhai Desai
Address	: 42, Dharam Prem Nehru Road, Vile Parle (East) Mumbai - 400057 Maharashtra India
Date of Birth	: 26 th February 1963
Directors Identification Number	: 00493980
Current Title	: Director
Started with Subject	: 30 th June 2006
Appointed to Present Position	: 30 th June 2006
Education	: Bachelor of Commerce Bachelor of Law
Related Experience Since	: 1987
Active in daily operations	: No

Name	: Vikram Mordani
Address	: 21, Durga Prasad 10 th Road, Khar (West) Mumbai - 400052 Maharashtra India
Date of Birth	: 29 th March 1974
Directors Identification Number	: 00073476
Permanent Account Number	: AADPM1155D
Current Title	: Additional Director
Appointed to Present Position	: 29 th March 2010
Education	: Bachelor of Computer Science Master of Business Administration



Name	: Kiran Parikh
Address	: Moti Kansara Pole Visnagar - 384315 Gujarat India
Date of Birth	: 16 th December 1940
Permanent Account Number	: ACPPP7408L
Current Title	: Additional Director
Education	: Bachelor of Arts Diploma in Education



ANNEXURE II - FINANCIAL STATEMENTS

Fiscal Balance Sheet as on 31st March 2010 (INR in Thousand)			
Cash and Bank	321,890	Accounts Payable	121,370
Inventory	1,095,250	Bank Loans	1,402,910
Deposit-Short Term	10,110	Other Payables / Accruals	681,340
Accounts Receivable	1,287,810	Provision for Income Tax	105,000
Loans and Advances	368,470		
Margin Deposit	77,310		
Total Current Assets	3,160,840	Total Current Liabilities	2,310,620
Plant and Equipment	1,085,020	Loans Secured	1,292,380
Furniture, Fixtures and Fittings	5,600	Deferred Taxation	38,560
Office Equipments	6,160	Due to Directors/ Shareholders	1,364,110
Land and Building	416,450		
Transportation Vehicles	14,720	Total Non-Current Liabilities	2,695,050
Assets in Construction	3,378,870		
Computers	1,430	Capital	129,400
		Share Premium	1,601,450
		Retained Earnings	1,185,920
		General reserves	146,650
Total Fixed Assets	4,908,250	Total Equity	3,063,420
TOTAL ASSETS	8,069,090	TOTAL LIABILITIES AND EQUITY	8,069,090



Profit and Loss Account (INR in Thousand)			
For the year ended	31-Mar-08	31-Mar-09	31-Mar-10
Number of months	12	12	12
	Fiscal	Fiscal	Fiscal
Sales	2,986,160	4,212,600	6,341,560
Less: Cost of Sales	(2,427,810)	(3,399,850)	(5,092,510)
Gross Profit	558,350	812,750	1,249,050
General Operating Expenses	(75,270)	(96,550)	(159,700)
Depreciation	(94,790)	(151,430)	(251,720)
Net Operating Profit after Depreciation and before Interest	388,290	564,770	837,630
Other Non-Operating Income	1,900	10,660	15,710
Total Finance Expenses	(95,200)	(140,530)	(267,970)
Net Profit before Tax	294,990	434,900	585,370
Income Tax	(33,800)	(53,500)	(129,860)
Net Profit after Tax	261,190	381,400	455,510
Extraordinary Items - Income Tax	(1,470)	(4,110)	(1,660)
Net Profit after Tax and Extraordinary Items	259,720	377,290	453,850
Less: Dividends	(30,280)	(37,850)	(45,420)
Less: Transfer to Reserves	(25,500)	(37,500)	(45,600)
Plus Retained Earnings B/F	317,210	521,150	823,090
Retained Earnings C/F	521,150	823,090	1,185,920

Accounts are audited by C. V. Pabari & Co.

**Contingent Liabilities as on 31st March 2010**

Particulars	INR in Thousand
In respect of disputed liabilities in respect of Central Excise Tax (Under Appeal)	230
In respect of disputed liabilities in respect of Income Tax (Under Appeal)	7,310
Outstanding L.C. & Bank Guarantee	937,550

Auditor observations

- ✓ The Company has made deposit of the full amount with Central Excise & Service Tax Appellate Tribunal.
- ✓ According to the records of the Company and information and explanations obtained by the auditors of the Company, disputed Income tax demands aggregating to INR 7.31Million against which company has deposited INR 5.31Million but the matter is pending in Appeal with Commissioner of Appeal
- ✓ Outstanding L.C. & Bank Guarantee are issued to clients / suppliers by Bankers secured by counter guarantee of the Company with the full amount



KEY RATIOS			
	31-Mar-08	31-Mar-09	31-Mar-10
GROWTH TREND			
Sales Growth (%)	-	41.07	50.54
Net Profit Growth (%)	-	46.02	19.43
LIQUIDITY			
Quick Ratio (Times)	1.28	1.04	0.89
Current Ratio (Times)	1.97	1.66	1.37
SOLVENCY			
Interest Coverage Ratio (Times)	4.10	4.09	3.18
Current Liabilities to Inventory (%)	146.28	161.48	210.97
Current Liabilities to Networth (%)	36.02	52.81	75.43
LEVERAGE			
Total Debt Equity Ratio (Times)	0.36	0.79	1.33
Total Liabilities to Networth (%)	54.30	99.46	163.40
Fixed Assets to Networth (%)	83.40	111.68	160.22
EFFICIENCY			
Collection Period (Days)	83	77	74
Sales to Inventory (Times)	5.24	4.85	5.79
Assets to Sales (%)	119.65	125.71	127.24
Sales to Net Working Capital (Times)	3.70	4.54	7.46
Account Payable Days	14	21	9
PROFITABILITY			
Gross Profit Margin (%)	18.70	19.29	19.70
Operating Profit Margin (%)	13.00	13.41	13.21
Return on Sales (%)	8.75	9.05	7.18
Return on Assets (%)	7.31	7.20	5.65
Return on Networth (%)	11.28	14.37	14.87
Return on Capital Employed (%)	12.43	12.14	11.98



CURRENCY: All amounts in this report are in local currency unless otherwise stated.

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