

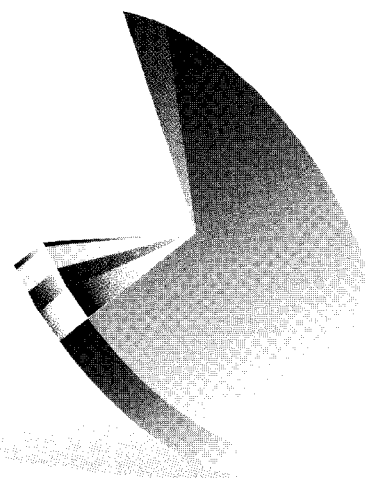
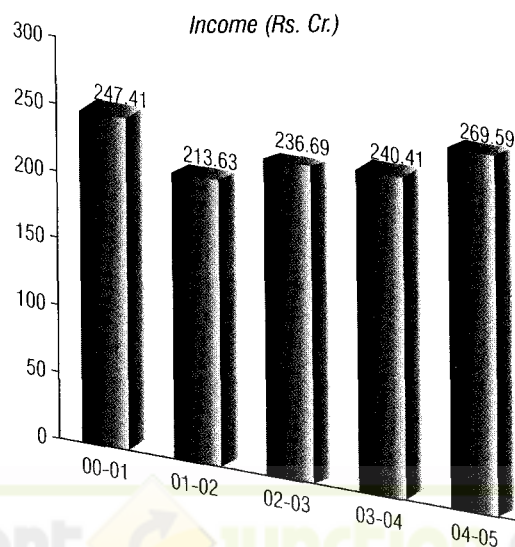
**40<sup>th</sup>**

***A n n u a l R e p o r t***

***2004 - 2005***



**Blow Plast Ltd.**



Cost of Sales	- 62.37%
Employees remuneration	- 3.91%
Other Expenses	- 28.16%
Depreciation	- 0.36%
Taxes	- 1.61%
Dividend (including dividend tax)	- 1.36%
Retained Earnings	- 2.23%

*Distribution of Income*

## A n n u a l R e p o r t

2004-2005

**DIRECTORS**

MR. DILIP G. PIRAMAL *Chairman*  
 MR. B. C. DALAL  
 MR. G. L. MIRCHANDANI  
 MR. M. J. TIBREWALA  
 MR. SUDHIR JATIA *Managing Director*  
 MR. K. C. GUPTA *Director (Finance)*

**COMPANY SECRETARY**

MR. MILIND D. PURANIK

**AUDITORS**

M/S. M. L. BHUWANIA & CO.  
*Chartered Accountants*

M/S. SURESH SURANA & ASSOCIATES  
*Chartered Accountants*

**BANKERS**

Canara Bank  
 Syndicate Bank  
 State Bank of India  
 Bank of India  
 Allahabad Bank

**REGISTERED OFFICE**

88-C, Old Prabhadevi Road,  
 Mumbai - 400 025.

**REGISTRARS & SHARE TRANSFER AGENTS**

Intime Spectrum Registry Ltd.  
 C-13, Pannalal Silk Mills Compound,  
 L.B.S. Marg, Bhandup (W),  
 Mumbai 400 078.

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**40th Annual General Meeting**

Date - 9<sup>th</sup> August, 2005  
 Day - Tuesday  
 Time - 3.00 p.m.  
 Place - Auditorium of The Synthetic  
 & Art Silk Mills' Research  
 Association (SASMIRA),  
 Dr. Annie Besant Road,  
 Worli, Mumbai - 400 025

MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF ANNUAL REPORT TO THE ANNUAL GENERAL MEETING.



Blow Plast Ltd. 1

www.reportjunction.com

# F I N A N C I A L H I G H L I G H T S

YEARS ENDED	31st March 1996	31st March 1997	31st March 1998	31st March 1999
<b>A. SUMMARISED BALANCE SHEET</b>				
<b>Assets Employed :</b>				
Fixed Assets (Net)	264,079	255,004	190,907	189,600
Investments	297,873	434,810	631,507	733,069
Net Current Assets	352,297	392,148	340,662	344,561
	<u>914,249</u>	<u>1,081,962</u>	<u>1,163,076</u>	<u>1,267,230</u>
<b>Financed By :</b>				
Shareholders' Funds	661,041	673,770	671,556	697,102
Loan Funds	253,208	408,192	491,520	570,128
Deferred Tax Liability (Net)	—	—	—	—
	<u>914,249</u>	<u>1,081,962</u>	<u>1,163,076</u>	<u>1,267,230</u>
<b>B. SUMMARISED OPERATIONS</b>				
Sales	2,539,505	2,582,991	2,509,546	2,657,030
Gross Profit after interest	146,275	135,149	124,938	135,550
Depreciation	24,806	31,882	22,468	22,875
Profit before Tax	121,469	103,267	102,470	112,675
Extra Ordinary Item	—	—	—	3,083
Taxation	1,000	47,000	34,600	34,000
Profit after Tax	120,469	56,267	67,870	75,592
Dividends (including dividend tax)	24,500	44,000	44,000	44,400
Retained Earnings	95,969	12,267	23,870	31,192
<b>C. KEY RATIOS/PERCENTAGES</b>				
Profit before Tax/Sales %	4.78	4.00	4.08	4.12
Profit after Tax/Shareholders' Funds %	18.22	8.35	10.11	10.84
Earnings per Equity Share (Rs.)	**17.21	*3.52	4.24	4.72
Net Worth per Equity Share %	826.3	421.1	419.7	435.6
Sales : Fixed Assets (Net)	10:1	10:1	13:1	14:1
Current Ratio	2:1	2:1	1.7:1	1.8:1
Dividend %	35	25	25	25
<b>D. BONUS/RIGHTS ISSUES</b>				
		1:1		
		(Bonus)		

\* Based on increased capital after Bonus Issue.

\*\* Pro-rata based on weighted Average Capital.

31st March 2000	31st March 2001	31st March 2002	31st March 2003	31st March 2004	Rupees '000 31st March 2005
163,258	147,217	126,796	116,100	94,980	86,323
719,258	463,333	463,333	427,114	427,110	426,196
318,378	347,947	221,323	156,375	293,227	431,362
<u>1,200,894</u>	<u>958,497</u>	<u>811,452</u>	<u>699,589</u>	<u>815,317</u>	<u>943,881</u>
705,553	527,525	519,595	416,214	492,955	558,341
495,341	430,972	270,305	267,199	312,394	374,921
—	—	21,552	16,176	9,968	10,619
<u>1,200,894</u>	<u>958,497</u>	<u>811,452</u>	<u>699,589</u>	<u>815,317</u>	<u>943,881</u>
2,432,642	2,372,884	2,096,438	2,334,672	2,366,582	2,650,031
120,591	67,079	48,388	71,506	147,241	151,407
23,257	18,032	16,104	15,644	11,845	9,781
97,334	49,047	32,284	55,862	135,396	141,626
6,834	207,228	4,144	4,426	11,539	1,400
30,000	17,700	3,839	13,623	12,792	44,151
60,500	(175,881)	24,301	37,813	111,065	96,075
44,400	—	16,000	27,075	36,100	36,570
16,100	—	12,518	10,618	75,492	60,146
3.72	—	1.34	2.39	5.72	5.34
8.57	—	4.68	9.08	22.53	17.21
3.78	—	1.52	2.36	6.94	6.00
440.9	329.7	324.7	260.1	308.1	349.0
15:1	16:1	17:1	20:1	25:1	31:1
1.9:1	2.2:1	1.7:1	1.5:1	2.6:1	4.4:1
25	—	10	15	20	20



# D I R E C T O R S ' R E P O R T

Your Directors present their 40<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2005.

	Year Ended 31.03.2005	Year Ended 31.03.2004
Sales, Income from Operations & Other Income	269.59	240.41
Gross Profit	15.14	14.72
Depreciation	0.98	1.18
Profit before tax & extraordinary items	14.16	13.54
Extraordinary items	0.14	1.15
Tax Provision	4.35	1.90
Add / (Less ) : Deferred Tax	(0.06)	0.62
Profit after tax	9.61	11.11
Add Prior year adjustment	0.06	0.05
Profit brought forward from previous year	8.60	2.05
Profit available for appropriation	18.27	13.21

## OVERALL PERFORMANCE AND OUTLOOK

The turnover for the year under review at Rs. 269.59 crores was higher by 12.13% as compared to previous year (Rs. 240.41 crores). The Net Profit after Tax of Rs. 9.61 crores was lower by 13.50% (previous year Rs. 11.11 crores). This was mainly due to higher Tax provision and pressure on margins.

Detailed analysis of the operations of the company are included in the Management Discussion and Analysis forming part of the Annual Report.

The company looks to the year ahead with confidence.

Reserves of the Company now stand at Rs. 39.83 crores.

## DIVIDEND

Your Directors are pleased to recommend for your consideration a dividend of 20% (previous year 20%).

## DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year under review.
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the Directors have prepared the accounts for the financial year ending 31<sup>st</sup> March, 2005 on a 'going concern' basis.

## CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis, Corporate



## **DIRECTORS' REPORT (Contd.)**

Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance, are made a part of the Annual Report.

### **INSURANCE**

All the assets of your Company, including Buildings and Equipments etc. have been adequately insured.

### **DEPOSITORY**

As the members are aware, your company's shares are tradable compulsorily in electronic form and your company has established connectivity with both the depositories, i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the company's shares on either of the Depositories as aforesaid.

### **PUBLIC DEPOSITS**

The company has not received instructions from 76 depositors for repayment of deposits amounting to Rs. 12,05,000/- as at 31<sup>st</sup> March, 2005. Since then 30 deposits totaling Rs. 3,65,000/- have been either repaid or renewed.

### **DIRECTORS**

Mr. Dilip G. Piramal and Mr. M. J. Tibrewala, Directors retire by rotation and being eligible offer themselves for re-appointment. Dr. Gita Piramal has resigned from the Board w.e.f. 18<sup>th</sup> April, 2005. The Directors place on record their appreciation of the services rendered by Dr. Gita Piramal.

### **AUDITORS**

M/s. M. L. Bhuwania & Co., Chartered Accountants and M/s. Suresh Surana & Associates, Chartered Accountants the Auditors of the company retire at the ensuing Annual General Meeting and have expressed their willingness to continue if so appointed.

### **CONSERVATION OF ENERGY, ETC.**

Additional information as required in terms of the provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed herewith and forms part of this report (Annexure A).

### **PARTICULARS OF EMPLOYEES & EMPLOYEE STOCK OPTION SCHEME**

Particulars required under Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are annexed to and form part of this report. (Annexure B).

Pursuant to the approval of the shareholders at the last Annual General Meeting, your company has, during the year under review implemented the Employee Stock Option Scheme 2004. The disclosures as required under the SEBI Guidelines on Employee Stock Option Scheme are given in (Annexure C).

### **ACKNOWLEDGEMENT**

Your Directors record their gratitude to the Financial Institutions, Banks and other Government departments for their assistance and co-operation during the year. Your Directors also wish to place on record their appreciation of the dedicated services of the employees of the company.

On behalf of the Board of Directors

**DILIP G. PIRAMAL**  
Chairman

Mumbai

24<sup>th</sup> May, 2005



**A N N E X U R E ( A )****DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.****A) CONSERVATION OF ENERGY**

- Energy conservation measures taken :The company is predominantly a marketing and investment company and hence its energy consumption is relatively low.
- Additional investments and proposals, if any, being implemented for reduction of consumption of energy:Please refer to the explanation provided in (a) above.
- Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : Not applicable
- Total energy consumption and energy consumption per unit of production : Form 'A' of the annexure to the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, is not applicable.

**B) TECHNOLOGY ABSORPTION**

Not applicable

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

Total foreign exchange used and earned during the year :

	Amount (Rupees in lacs)
Used	34.83
Earned	Nil

On behalf of the Board of Directors

Mumbai  
24<sup>th</sup> May, 2005**DILIP G. PIRAMAL**  
Chairman**A N N E X U R E ( B )****STATEMENT REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 REFERRED TO IN THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2005 & FORMING PART THEREOF.**

Sr No.	Name of the Employee	Designation	Date of Joining	Age	Qualification	Experience In Years	Remuneration (Rs.)	Last/Other Employment held & Designation
1	Mr. Gupta K. C.	Director (Finance)	01.09.1996	53	B.Com., AICWA, DMA	33	2,632,205	DGP Windsor India Ltd. - Vice President (Finance)
*2	Mr. Jaipuria Videh Kumar	Vice President - Sales	16.06.2004	40	M.B.A. (Marketing)	17	1,990,526	Britannia Industries Ltd. - Head, Fresh Foods Division
3	Mr. Jaitia Sudhir	Managing Director	07.06.2003	36	B.Com.	16	4,250,705	Universal Luggage Manufacturing Company Limited - Managing Director
4	Mr. Kataria Sunil	Vice President - Marketing	10.03.2004	37	M.B.A. (Marketing)	15	2,856,933	ITSPL - Director, Marketing

**Notes:**

- \* Against Sr.No. indicates that the employee was in service only for a part of the year.
- Remuneration includes Salary, Bonus, Company's Contribution to Provident Fund, Superannuation fund, Leave Travel Assistance, Reimbursement of Medical expenses, House rent & other allowances, monetary value of rent free accommodation and other perquisites as per Income Tax Rules.
- Appointments of Mr. Gupta K.C. and Mr. Jaitia Sudhir are contractual.
- The above employees are not related to any of the Directors of the Company.

On behalf of the Board of Directors

Mumbai  
24th May, 2005**Dilip G. Piramal**  
Chairman



# A N N E X U R E

## INFORMATION REQUIRED TO BE DISCLOSED UNDER SEBI (ESOS & ESPS) GUIDELINES, 1999

a)	Options granted	8,00,000		
b)	The price formula	The price at a discount of 25% of the average price of Company's shares on the Stock Exchange, Mumbai for the three months preceeding the date of grant of option or at a price of Rs. 30/- per equity share, whichever is lower i.e. Rs. 30/- per share.		
c)	Options vested	Nil		
d)	Options exercised	Nil		
e)	The total number of shares arising as a result of exercise of option	Not applicable		
f)	Options lapsed	Not applicable		
g)	Variation of terms of options	Not applicable		
h)	Money realized by exercise of option	Nil		
i)	Total number of options in force	8,00,000		
j)	Employee-wise details of options granted to			
	i) Senior Managerial personnel Mr. Sudhir Jatia	8,00,000		
	ii) Any employee who receives a grant in any one year of options amounting to 5% or more of the option granted during that year Mr. Sudhir Jatia	8,00,000		
	iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant Mr. Sudhir Jatia	8,00,000		
k)	Diluted Earnings Per Share (EPS) (as on 31 <sup>st</sup> March, 2005) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20.	Rs. 5.96		
l)	Method of calculation of Employees compensation cost	The company has calculated the employee compensation cost using the intrinsic value of the stock options.		
	Difference between the employee compensation cost so computed at			
	i) above and the employee compensation cost that shall have been recognized if it has used the fair value of the options.	Nil		
	ii) The impact of this difference on profits and on EPS of the company.	Nil		
m)	Weighted-average exercise price and fair value of options granted			
	Options Granted on	Weighted average exercise price (in Rs.)	Weighted average fair value (in Rs.)	Closing market price at BSE on date of grant (in Rs.)
	25.11.2004	30/-	N. A.	48.80
n)	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted-average information :	N. A.		
	1) Risk-free interest rate			
	2) Expected life			
	3) Expected volatility			
	4) Expected dividends, and			
	5) The price of the underlying share in market at the time of option granted			



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### A. INDUSTRY STRUCTURE AND DEVELOPMENT

The structure of the luggage market in the country during the year has remained almost the same as previous year. Four large players continue to dominate the organized sector market. A few other players have entered the market through the franchise route last year. This however, has not made any significant impact on the overall structure of the luggage market.

Luggage from the unorganized sector continues to dominate the lower and middle segment of the market. On a rough estimate nearly two-third of this market is serviced by the un-organised sector. However there has been an improvement in the quality standards of this sector in both hard & soft segments.

There has been a continuing shift from hard luggage to soft luggage in the industry - this trend is visible across all price segments. Soft luggage market is growing rapidly while the hard luggage market has been stagnating.

The main players in the luggage market have started focusing on the ambience of the Retail luggage market. Besides Franchise route, and big shopping Malls, the emphasis is also on the traditional dealer outlets to upgrade their retail shops. The coming year should see the retail channel gaining importance at the cost of traditional dealers especially at the premium end of this industry.

### B. OPPORTUNITIES AND THREATS

Increased travel, both on business and pleasure, offers single biggest opportunity for growth in luggage industry. Besides, the fast changing aesthetic standards and diverse travel needs for different size and kind of luggage present immediate growth opportunities. Casual bags for youth and increasing laptop ownership are other opportunities for growth. Your Company has already taken steps to cater to the needs of this market segments through its Personal Products initiative and the focus on the same will continue.

The increase in purchasing power of the upper middle classes has led to luggage segment gradually moving into lifestyle domain. This presents a big opportunity at the premium and super premium end of the market as consumers will be willing to pay extra for the enhanced imagery. Your company has initiated steps to address this emerging trend.

The threat is mainly from the unorganised sector particularly in the low and mid price segment. Unorganised sector has gained strength due to improved quality and cost advantage. Besides, imports from Far East and availability of cheap Chinese products are other major threats. However, this also presents a huge opportunity as this has led to increased penetration of soft luggage in small towns. Your company has taken steps to cater to this segment in required manner in the coming year.

### C. SEGMENT/PRODUCT WISE PERFORMANCE

The Company has only one business segment of marketing and distribution of luggage and accessories. The turnover for the year at Rs. 269.59 crores was higher as compared to Rs. 240.41 crores achieved last year.