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Nilkamal Plastics Limited

ANNUAL REPORT 2004-2005



Nilkamal Plastics Limited

Nineteenth Annual
Report 2004-2005

Board of Directors (In alphabetical order)

Shri D.B. Engineer	-	Director
Shri Hamid A. Moochhala	-	Director
Shri Hiten V. Parekh	-	Executive Director
Shri K.R. Ramamoorthy	-	Director
Shri Mahendra V. Doshi	-	Director
Shri Manish V. Parekh	-	Whole-time Director
Shri Mujib Mundewadi*	-	Nominee of ICICI Ltd.
Shri Nayan S. Parekh	-	Whole-time Director
Shri R.P. Goyal	-	Director
Shri Rajesh G. Kapadia	-	Director
Shri Sharad V. Parekh	-	Managing Director
Shri Vamanrai V. Parekh	-	Chairman

*Ceased w.e.f. 7th May, 2004

Sr. Vice-President (Finance and Accounts)

Shri Paresh Mehta

Company Secretary

Shri Manoj Gagvani

Bankers

State Bank of India
Corporation Bank

Auditors

M/s. Nanubhai Desai & Co.
M/s. Vora & Associates

Registrar and Transfer agents

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

Registered Office and Vasona Factory

Survey No. 354/2 and 354/3
Near Rakholi Bridge,
Silvassa Khanvel Road, Village Vasona,
U.T. of D and NH,
Silvassa.

Barjora Factory

Plot No. 1498/2613, WBIDC,
Barjora Mejia Road,
P.S.: Barjora,
District : Bankura,
West Bengal.

Noida Factory

Plot No. 26, B/C Sector No. 31
Surajpur - Kasna Road
Greater Noida 203 207 (U.P.)

Pondicherry Factory

21/6, Olaivaikkal Village
Koodapakam Villianoor Road
Villianoor Taluk, Pondicherry 605 110.

Sinnar Factory

STICE, Plot No. 971/1A
Sinnar Shirdi Road, Sinnar-422 103
Dist. Nashik, Maharashtra.

Corporate Office

Nilkamal House, Plot No. 77-78,
Road No. 13-14, MIDC,
Andheri (E), Mumbai - 400 093.

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NOTICE

NOTICE is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of the Members of NILKAMAL PLASTICS LIMITED will be held at Survey No. 354/2 and 354/3, Near Rakholi Bridge, Silvassa-Khanvel Road, Vasona, Union Territory of Dadra and Nagar Haveli on **Saturday, 10th September, 2005 at 2.00 p.m.** to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Profit and Loss Account of the Company for the year ended 31st March, 2005 and Balance Sheet as at that date and the Reports of the Directors' and the Auditors' thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2005.
3. To appoint a Director in place of Shri Hiten V.Parekh, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri Manish V.Parekh, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint a Director in place of Shri Mahendra V.Doshi, who retires by rotation and being eligible, offers himself for re-election.

SPECIAL BUSINESS:

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

"RESOLVED THAT subject to the provisions of Section 224,225 and other applicable provisions, if any, of the Companies Act,1956, M/s Vora and Associates, Chartered Accounts be and are hereby appointed as Statutory Auditors of the Company and M/s Dalal & Shah, Chartered Accountants be and are hereby also appointed as Statutory Auditors of the Company in place of M/s Nanubhai Desai & Co., the retiring auditors who have expressed their unwillingness to be re-appointed as Statutory Auditors, AND THAT both the aforesaid Statutory Auditors to jointly hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company and to jointly examine and audit the accounts of the Company for the Financial Year 2005-06, on such remuneration as may be decided by the Board of Directors, in consultation with the Auditors for performance of their duties."
7. To consider and if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof, for the time being in force) consent of the Company be and it is hereby accorded to the re-appointment of Shri Sharad V.Parekh, as the Managing Director of the Company for a period of five years with effect from 13th July, 2005 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Sharad V.Parekh, a draft whereof is placed at this meeting and initialled by a Director for the purpose of identification, which is hereby sanctioned with specific liberty to the Board of Directors (which shall be deemed to include its duly constituted and empowered Committee thereof) to alter and vary any of the terms and conditions of the said agreement and/or the remuneration within the limits permissible under Schedule XIII of the Companies Act, 1956 as may be amended from time to time and that may be agreed to between the said Shri Sharad V.Parekh and the Board of Directors."
8. To consider and if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof, for the time being in force) consent of the Company be and it is hereby accorded to the re-appointment of Shri Hiten V.Parekh, as the Executive Director of the Company for a period of five years with effect from 13th July, 2005 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Hiten V.Parekh, a draft whereof is placed at this meeting and initialled by a Director for the purpose of identification, which is hereby sanctioned with specific liberty to the Board of Directors (which shall be deemed to include its duly constituted and empowered Committee thereof) to alter and vary any of the terms and conditions of the

said agreement and/or the remuneration within the limits permissible under Schedule XIII of the Companies Act, 1956 as may be amended from time to time and that may be agreed to between the said Shri Hiten V.Parekh and the Board of Directors."

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

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof, for the time being in force) consent of the Company be and it is hereby accorded to the re-appointment of Shri Manish V.Parekh, as the Whole Time Director of the Company for a period of five years with effect from 1st April, 2005 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Manish V.Parekh, a draft whereof is placed at this meeting and initialled by a Director for the purpose of identification, which is hereby sanctioned with specific liberty to the Board of Directors (which shall be deemed to include its duly constituted and empowered Committee thereof) to alter and vary any of the terms and conditions of the said agreement and/or the remuneration within the limits permissible under Schedule XIII of the Companies Act, 1956 as may be amended from time to time and that may be agreed to between the said Shri Manish V.Parekh and the Board of Directors."

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

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof, for the time being in force) consent of the Company be and it is hereby accorded to the re-appointment of Shri Nayan S. Parekh, as the Whole Time Director of the Company for a period of five years with effect from 1st April, 2005 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Nayan S. Parekh, a draft whereof is placed at this meeting and initialled by a Director for the purpose of identification, which is hereby sanctioned with specific liberty to the Board of Directors (which shall be deemed to include its duly constituted and empowered Committee thereof) to alter and vary any of the terms and conditions of the said agreement and/or the remuneration within the limits permissible under Schedule XIII of the Companies Act, 1956 as may be amended from time to time, and that may be agreed to between the said Shri Nayan S. Parekh and the Board of Directors."

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory statement as required under Section 173(2) of the Companies Act, 1956 in respect of the businesses under Item Nos. 6,7,8,9 and 10 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 3rd September, 2005 to 10th September, 2005 (both days inclusive) for the purpose of determining eligibility of Members entitled to Dividend. The dividend on equity shares as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid after 10th September, 2005.
4. Shareholders holding shares in electronic form may kindly note that their Bank account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of/change in such Bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.
5. All unclaimed and unpaid dividends for the financial years 1995-96 and 1996-97 have been transferred to "Investor Education and Protection Fund" established by the Central Government, in terms of Section 205C of the Companies Act, 1956. The dividend(s) paid for the financial year 1997-98 and remaining unclaimed will be transferred to the "Investor Education and Protection

Fund" on or after 19th September, 2005. No claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment in respect of such claims shall be made.

Calender of Dividends Declared

Financial year ended	Date of Declaration of Dividend	Last date for claiming unpaid Dividend
31-3-1999 (Interim)	31-3-1999	30-3-2006
(Final)	25-9-1999	24-9-2006
31-3-2000	29-9-2000	28-9-2007
31-3-2001	-	-
31-3-2002	28-9-2002	27-9-2009
31-3-2003	6-9-2003	5-9-2010
31-3-2004	25-9-2004	24-9-2011

6. The Company has applied to the Central Government for exemption from attaching the accounts and reports of all its subsidiaries under section 212 of The Companies Act, 1956. Shareholders requiring the same may write to the Company.
7. Members desiring any information as regards the Accounts are requested to write to the Company atleast 10 days prior to the date of meeting so as to enable the Company to keep the information ready.
8. All intimation regarding change of address, merging of folios, request for making nominations, from Shareholders holding shares in physical form may be directed to the Company's Registrars and Transfer Agents, Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B. S. Marg, Bhandup (W), Mumbai 400078. All requests for revalidation of dividend warrants may be directed to the Company's corporate office.
9. Members/ Proxies should bring the attendance slips filled in for attending the meeting.

By order of the Board
For **Nilkamal Plastics Limited**

Place : Mumbai
Date : June 30, 2005

Manoj Gagvani
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.**Item No. 6**

M/s Nanubhai Desai & Co. and M/s Vora & Associates, Chartered Accountants were re-appointed as Joint Statutory Auditors of the Company at the 18th Annual General Meeting of the Company, to hold office till the conclusion of this Annual General Meeting.

M/s Nanubhai Desai & Co. have expressed their unwillingness to be re-appointed as Statutory Auditors of the Company. In view of the same it has been proposed to appoint M/s Dalal & Shah, Chartered Accountants, as joint statutory auditors at this Annual General Meeting to hold office as such till the conclusion of next Annual General Meeting.

The Company has received a special notice from a Shareholder in terms of provisions of The Companies Act, 1956, signifying the intention to propose the appointment of M/s Dalal & Shah as Statutory Auditors from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting. M/s Dalal & Shah and M/s. Vora & Associates, have expressed their willingness to act as Auditors of the Company, if appointed, they being eligible and further the said appointment would be in pursuance to Section 224(1B) of the Companies Act, 1956. The Board of Directors recommend the resolution at item no 6 of the notice for approval of the Shareholders and to authorise the Board to determine the remuneration payable to the Statutory Auditors.

Item No. 7 and 8

Shri Sharad V. Parekh and Shri Hiten V. Parekh were appointed as Managing Director and Executive Director respectively, at the 14th Annual General Meeting held on 29th September, 2000. Their respective terms as such were for a period of five years valid upto 13th July, 2005.

The Board of Directors at their meeting held on 30th June, 2005 re-appointed Shri Sharad V. Parekh and Shri Hiten V. Parekh as the Managing Director and Executive Director respectively for a period of five years with effect from 13th July, 2005 subject to approval of the General Body of Shareholders and therefore recommends the resolution(s) for approval. Both of them are eligible for such re-appointment under Part I of Schedule XIII to the Companies Act, 1956.

The draft agreements between the Company and the said Shri Sharad V. Parekh, Managing Director and Shri Hiten V. Parekh, Executive Director contain the following principle terms and conditions:

1. SALARY (Basic):

Shri Sharad V. Parekh Rs. 2,25,000/- per month in the scale of Rs. 2,25,000/- to Rs. 3,37,500/-.

Shri Hiten V. Parekh Rs. 2,20,000/- per month in the scale of Rs. 2,20,000/- to Rs. 3,30,000/-.

(The annual increments will be decided by the Board or a committee thereof each year within the above mentioned scale which will be merit based and take into account the Company's performance.)

2. PERQUISITES :

In addition to above, Shri Sharad V. Parekh and Shri Hiten V. Parekh shall be individually entitled to the following perquisites :

- (a) House Rent Allowance per month at the rate of 50% of Basic Salary.
- (b) Re-imbursement of Medical expenses incurred for self and family, subject to maximum of one month basic salary in a year, which can be accumulated upto three years.
- (c) Leave Travel Concession for self and family once in year subject to maximum of one month basic salary.
- (d) Leave on full pay and allowances as per the Rules of the Company. Encashment of the accumulated unavailed leave at the end of the tenure will not be included in the computation of ceiling on perquisites.
- (e) Fees of clubs subject to maximum of two clubs, which will not include admission and life membership fees.
- (f) Personal Accident Insurance Premium not to exceed Rs. 4,000/- per year.
- (g) Company's contribution towards Provident Fund as per the Rules of the Company, but not exceeding such percentage of Salary as laid down under the Income Tax Act, 1961.
- (h) Gratuity as per the Rules of the Company, which shall not exceed half months salary for each completed year of service.

- (i) Provision of chauffeur driven car provided and maintained by the Company and telephone at the residence (including long distance official calls), which will not be considered as a perquisite. However, personal long distance calls and use of car for private purposes shall be billed by the Company
- (j) Other benefits of loans and other schemes in accordance with the rules and regulations as applicable from time to time.

For the purpose of calculating the above ceilings, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual costs.

Explanation : For the purpose of these Agreements, 'family' includes spouse, dependent children and dependent parents of the concerned Appointee.

3. MINIMUM REMUNERATION :

Notwithstanding anything to the contrary herein contained in the event of absence or inadequacy of profits of the Company in any financial year, Shri Sharad V.Parekh and Shri Hiten V.Parekh shall be individually paid by way of salary, perquisites and allowances as set out herein above.

4. REIMBURSEMENT OF ENTERTAINMENT EXPENSES :

Shri Sharad V.Parekh and Shri Hiten V.Parekh will be individually entitled to reimbursement of entertainment expenses actually and properly incurred by them for business of the Company which will not be treated as an item of their remuneration in terms of Section 198 of the Companies Act, 1956.

The draft of the Agreements to be executed between Shri Sharad V.Parekh / Shri Hiten V.Parekh and the Company as approved by the Board of Directors are available for inspection by the members at the registered office of the Company between 2.00 p.m. to 4.00 p.m. on all working days, and will also be available at the Meeting.

This may also be treated as an abstract of the terms of contract/agreement between the Company and Shri Sharad V.Parekh, Shri Hiten V.Parekh, respectively pursuant to Section 302 of the Companies Act, 1956.

Shri Sharad V.Parekh and Shri Hiten V.Parekh are interested in the resolutions at the said items of notice as it pertains to remuneration payable to each of them. Further, Shri Vamanrai V.Parekh, Shri Manish V.Parekh and Shri Nayan S.Parekh are interested in the resolutions at the said items, being related inter se. Except the aforesaid, none of the other Directors of the Company is in any way concerned or interested in the resolutions set above.

Item No. 9 and 10

Shri Manish V.Parekh and Shri Nayan S. Parekh were appointed as Whole Time Directors at the 14th Annual General Meeting held on 29th September,2000. Their respective terms were for a period of five years and expires on 31st March,2005.

The Board of Directors at their meeting held on 29th January, 2005 re- appointed Shri Manish V. Parekh and Shri Nayan S. Parekh as the Wholetime Directors designated as 'Director-Marketing (Furniture Division)' and 'Director- Marketing (Material Handling Systems) respectively for a further period of five years with effect from 1st April, 2005, subject to approval of the General Body of Shareholders and therefore recommends the resolutions for approval. Both of them are eligible for such re-appointment under Part I of Schedule XIII to the Companies Act, 1956.

The draft agreements between the Company and the said Shri Manish V. Parekh, Whole-time Director and Shri Nayan S. Parekh, Whole-time Director contain the following principle terms and conditions:

1. SALARY (Basic) :

Shri Manish V. Parekh Rs. 1,75,000/- per month in the scale of Rs. 1,75,000/- to 2,62,500/-.

Shri Nayan S.Parekh Rs. 1,25,000/- per month in the scale of Rs. 1,25,000/- to Rs. 1,87,500/-.

(The annual increments will be decided by the Board or a committee thereof each year within the above mentioned scale which will be merit based and take into account the Company's performance.)

2. PERQUISITES :

In addition to the above, they shall be individually entitled to the following perquisites:

Nilkamal Plastics Limited**Notice**

- a) House Rent Allowance per month at the rate of 50% of Basic Salary.
- b) Reimbursement of Medical expenses incurred for self and family, subject to maximum of one month basic salary in a year.
- c) Leave Travel Concession for self and family once in a year subject to maximum of one month basic salary in a year.
- d) Leave on full pay and allowances as per the Rules of the Company. Encashment of the accumulated unavailed leave at the end of the tenure which however will not be included in the computation of ceiling on perquisites.
- e) Fees of clubs subject to maximum of two clubs, which will not include admission and life membership fees.
- f) Personal Accident Insurance premium not to exceed Rs. 4,000/- per year.
- g) Company's contribution towards Provident Fund as per the Rules of the Company, but not exceeding such percentage of salary as laid down under the Income Tax Act, 1961.
- h) Gratuity as per the Rules of the Company, which shall not exceed half a month's salary for each completed year of service.
- i) Provision of chauffeur driven car provided and maintained by the Company and Telephone at the residence (including long distance official calls), which will not be considered as a perquisite. However, personal long distance calls and use of the car for private purposes shall be billed by the Company.
- j) Other benefits of loans and other schemes in accordance with law and the rules and regulations as applicable from time to time.

For the purpose of calculating the above ceilings, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at the actual costs.

Explanation : The term 'family' includes spouse, dependant children and dependent parents of each of them.

3. **MINIMUM REMUNERATION :**

Notwithstanding anything to the contrary herein contained in the event of absence or inadequacy of Profits of the Company in any financial year, Shri Manish V.Parekh and Shri Nayan S.Parekh shall be individually paid by way of salary, perquisites, and allowances as set out herein above.

4. **REIMBURSEMENT OF ENTERTAINMENT EXPENSES :**

Shri Manish V.Parekh and Shri Nayan S.Parekh will be individually entitled to reimbursement of entertainment expenses actually and properly incurred by him for business of the Company which will not be treated as an item of their remuneration in terms of Section 198 of the Companies Act, 1956.

The draft of the Agreements to be executed between Shri Manish V.Parekh / Shri Nayan S.Parekh and the Company as approved by the Board of Directors are available for inspection by the members at the registered office of the Company between 2.00 p.m to 4.00 p.m on all working days

This may also be treated as an abstract of the terms of contract/agreement between the Company and Shri Manish V.Parekh , Shri Nayan S.Parekh, respectively pursuant to Section 302 of the Companies Act, 1956.

Shri Manish V.Parekh and Shri Nayan S. Parekh are interested in the resolutions at the said items of notice as it pertains to remuneration payable to each of them. Further, Shri Vamanrai V.Parekh, Shri Sharad V.Parekh and Shri Hiten V. Parekh are interested in the resolutions at the said items, being related inter se. Except the aforesaid, none of the other Directors of the Company is in any way concerned or interested in the resolutions set above.

By order of the Board
For **Nilkamal Plastics Limited**

Place : Mumbai
Date : June 30, 2005

Manoj Gagvani
Company Secretary

**DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THE FORTHCOMING
ANNUAL GENERAL MEETING**

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Shri Hiten V. Parekh	Shri Manish V. Parekh	Shri Mahendra V. Doshi	Shri Sharad V. Parekh	Shri Nayan S. Parekh
Date of birth	27-5-1963	4-12-1969	29-11-1949	6-5-1945	8-3-1972
Date of appointment	9-12-1985	1-4-2000	3-12-1990	14-6-1990	1-4-2000
Expertise in specific area	Industrialist with rich business experience in general	Industrialist with rich business experience in general	Merchant Banking	Industrialist with rich business experience in general	Industrialist with rich business experience in general
Qualifications	B.Com., Diploma in Quality System and Management	B.Com.	M.B.A (U.S.A)	Inter Commerce	B.S. Plastics Engineering, U.S.A
Directorship in other public Limited Companies	—	—	a. LKP Merchant Financing Ltd b. LKP Securities Ltd c. LKP Shares and Securities Ltd d. LKP Forex Ltd e. MKM Share and Stock Brokers Ltd	—	—
Membership of Committees in other Public Limited	—	—	a. LKP Merchant Financing Ltd - Audit Committee - Banking Operation Committee - Share Transfer Committee b. LKP Forex Ltd - Banking Operation Committee	—	—

Nilkamal Plastics Limited**Directors' Report****REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS FOR THE YEAR ENDED 31ST MARCH, 2005**

Dear Members,

Your Directors are pleased to present their NINETEENTH ANNUAL REPORT of the Company together with the Audited Accounts for the year ended 31st March, 2005.

FINANCIAL HIGHLIGHTS

		(Rs.in Lacs)
	2004-2005	2003-2004
Gross Turnover and Other Income	36,217.72	34,787.09
Turnover, net of Excise and Other Income	32,914.36	31,612.99
Profit before Depreciation and Tax	2,858.88	3,407.28
Less: Depreciation	1,596.21	1,714.07
Profit before Tax	1,262.68	1,693.21
Less: Provision for Taxes	23.57	146.98
Profit after Tax	1,295.76	1,558.27
Amount Available for Appropriations	2,974.80	2,969.24
Less: Appropriations:		
i) Proposed Dividend	257.24	257.24
ii) Total Tax on Dividend	36.07	32.96
iii) Transfer to General Reserves	691.68	1,000.00
Leaving a Balance to be carried forward	1,989.81	1,679.04
Earnings Per Share	Rs. 15.11	Rs. 18.17
Cash Earnings Per Share	Rs. 33.73	Rs. 38.16
Book Value per Share	Rs. 142.13	Rs. 132.67

DIVIDEND

Your Directors are pleased to maintain the rate of Dividend as that of the previous financial year. For the Financial Year 2004-05 a Dividend of Rs. 3/- per equity share has been recommended for consideration at the ensuing Annual General Meeting of the Company. The requisite amount of Rs 293.32 lacs (including Additional Income-tax and education cess) has been provided in the accounts for the purpose of Dividend.

RESERVES

Your Directors have proposed to carry a sum of Rs. 691.68 lacs to the General Reserve Account out of the profits for the year.

YEAR IN RETROSPECT

Despite having a challenging year, the Company has posted marginal increase in turnover for the last fiscal. Net Sales were Rs. 326.66 Crores as against 314.01 Crores in the previous year. Operational results of the Company are highly dependant on raw material prices. During the year, there has been a steep increase in raw material prices globally, which had an impact on the operations of the Company. Continuous upward flow of raw material prices was something unusual that the Company had to experience in the last year. Operating margins were affected due to which Profits after tax were at Rs. 1289.27 lacs as compared to Rs. 1546.23 lacs in the previous year.

The Company has taken steps to start new business of dealing in readymade furniture. Initially this business is planned to be operated as exclusive home stores for home furniture, furnishings and other home décor items and accessories. Company has applied for registration of a new brand name i.e. '@home' under which this business shall be done. Arrangements have been made to open such stores at four different locations in the western region. All these stores are expected to become fully operational by the third quarter of current fiscal.

IMPAIRMENT OF FIXED ASSETS

Due to the closure of Sinnar factory, the Company had in the accounts for the financial year ended 31st March, 2002 made a provision for impairment of assets lying thereat amounting to Rs. 90.00 lacs (net of deferred tax) as per the applicable Accounting Standard at that time. Due to restart of the Sinnar factory the said assets were put to use during the year under review and accordingly out of the aforesaid provision, the Company has written back the impairment amounting to Rs. 49.30 lacs (net of deferred tax of Rs. 28.45 lacs) after taking into consideration the amount of depreciation for the intervening period. The amount so written back has been accounted as Extra Ordinary Item in the Profit and Loss account attached to this Report. Simultaneously, in accordance to the Accounting Standard 28 Company has accounted impairment loss of Rs. 191.68 lacs (net of write back of deferred tax liability of Rs. 55.65 lacs) which has been adjusted out of the balance in the General Reserve account of the Company.

CAPITAL EXPENDITURE

Your Company has incurred Capital Expenditure of Rs.1,445 Lacs during the year under review as compared to Rs. 1,778 Lacs in the preceding financial year.

SUBSIDIARIES

The two subsidiary companies at Sri Lanka viz Nilkamal Eswaran Plastics Private Limited (NEPPL) and Nilkamal Eswaran Marketing Private Limited (NEMPL) have shown satisfactory performance during the year under review. During the year, there was a 50% reduction in Share Capital of NEPPL at a premium of SLR 20 per share having face value of SLR 10 each. By virtue of this, your Company has received a sum of Rs. 400.17 lacs of which Rs. 208.21 lacs forms part of Other Income shown in the Profit and Loss Account of the Company. For the Bangladesh subsidiary Nilkamal Padma Plastics Private Limited (NPPPL) the year under review was the first year of full