



Nilkamal Limited **ANNUAL REPORT 2006-2007**

Board of Directors (In alphabetical order)

Shri D.B. Engineer	- Director
Shri Hamid A. Moochhala	- Director (upto 25-09-2006)
Shri Hiten V. Parekh	- Executive Director
Shri K. R. Ramamoorthy	- Director
Shri Mahendra V. Doshi	- Director
Shri Manish V. Parekh	- Whole-time Director
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

Financial Controller

Mr. Paresh B. Mehta

Company Secretary

Mr. Manoj Gagvani

Bankers

State Bank of India
Corporation Bank
Citi Bank N.A.

Auditors

M/s. Dalal & Shah
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 & 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 **21st ANNUAL GENERAL MEETING** of the Members of **NILKAMAL LIMITED** will be held at Survey No. 354/2 & 354/3, Near Rakholi Bridge, Silvassa-Khanvel Road, Vasona, Union Territory of Dadra & Nagar Haveli on Saturday, the **18th day of August, 2007 at 11.30 am** 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, 2007 and Balance Sheet as at that date, and the Reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2007.
3. To appoint a Director in place of Shri K. R. Ramamoorthy, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a Director in place Shri Dadi B. Engineer, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint a Director in place of Shri Rajesh Kapadia, who retires by rotation and being eligible, offers himself for re-election
6. To appoint Statutory Auditors and fix their remuneration for the financial year 2007-08.

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 Register of Members and the Share Transfer Books of the Company will remain closed from 11th August, 2007 to 18th August, 2007 (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 18th August, 2007.
3. 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.
4. Pursuant to provision of section 205A of the Companies Act, 1956, dividend remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly all unclaimed and unpaid dividends for the financial year 1999-2000 (interim) have been transferred to "Investor Education and Protection Fund" established by the Central Government, in terms of Section 205C of the Companies Act, 1956. Members, who have not yet encashed their dividend warrant(s) for the financial years 2001-2002 onwards, are requested to write 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 accordingly. **It may be noted that once such unclaimed dividends are transferred on expiry on seven years, to the Investor Education and Protection Fund as state herein no claim shall lie in respect thereof.**
5. 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.
6. 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 Management to keep the information ready.

7. All intimation regarding change of address, merging of folios, request for making nominations, from shareholders holding shares in physical form and request for revalidation of dividend warrant 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.
8. Members/ Proxies should bring the attendance slips filled in for attending the meeting.

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

Place : Mumbai
Date : June 28, 2007

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 K. R. Ramamoorthy	Shri Rajesh Kapadia	Shri Dadi B. Engineer
Date of birth	08-07-1940	02-11-1956	02-05-1933
Date of appointment	21-10-2003	29-1-2004	21-10-2003
Qualifications	B.A., B.L., F.C.S	B.Com(Hons), F.C.A	Advocate and Attorney
Expertise in specific area	Banking and Finance	Taxation, Joint Venture & Collaborations and Civil Areas of Law.	Indirect Taxation, Corporate
Directorship in other public Limited Companies	<ol style="list-style-type: none"> 1. ING Vysya Bank Ltd. 2. Clearing Corporation of India Ltd. 3. Subros Limited 4. Amrit Banaspati Ltd. 5. GMR Infrastructure Ltd. 	<ol style="list-style-type: none"> 1. Asianet Satellite Communications Ltd. 2. Exide Industries Ltd. 3. Goldiam International Ltd. 4. H & R Johnson (India) Ltd. 5. Prism Cement Ltd. 6. Bhoruka Power Corporation Ltd. 7. Innovassynth Technologies India Ltd 8. Diagold Design Ltd. 9. Foodworld Supermarkets Ltd. 10. ING Vysya Life Insurance Company Ltd. 	<ol style="list-style-type: none"> 1. Atlas Copco Limited 2. Bayer Diagnostics (India) Limited 3. Forvol International Services Limited 4. Fiora Services Limited 5. Foods & Inns Limited 6. Forbes Gokak Limited 7. Prudential ICICI Asset Management Company Limited 8. PCS Industries Limited 9. Tata Tea Limited 10. Welspun India Limited 11. Zuari Industries Limited
Membership of Committees in other Public Limited Companies	<ol style="list-style-type: none"> 1. Clearing Corporation of India Ltd <ul style="list-style-type: none"> - Audit Committee 2. ING Vysya Bank Ltd. <ul style="list-style-type: none"> - Audit Committee 3. Subros Limited <ul style="list-style-type: none"> - Audit Committee 4. GMR Infrastructure Ltd. <ul style="list-style-type: none"> - Audit Committee - Remuneration Committee 	<ol style="list-style-type: none"> 1. Prism Cement Ltd <ul style="list-style-type: none"> - Audit Committee - Shareholders'/Investors' Grievance Committee - Remuneration Committee - Share Transfer Committee 2. Exide Industries Ltd. <ul style="list-style-type: none"> - Audit Committee - Remuneration Committee 3. H & R Johnson (India) Ltd. <ul style="list-style-type: none"> - Audit Committee 4. Goldiam International Ltd. <ul style="list-style-type: none"> - Audit Committee 5. Asianet Satellite Communications Ltd. <ul style="list-style-type: none"> - Audit Committee - Remuneration Committee 6. Bhoruka Power Corporation Ltd. <ul style="list-style-type: none"> - Audit Committee 	<ol style="list-style-type: none"> 1. Tata Tea Ltd. <ul style="list-style-type: none"> - Shareholders'/Investors' Grievance Committee - Remuneration Committee 2. Zuari Industries Ltd. <ul style="list-style-type: none"> - Audit Committee - Shareholders' /Investors Grievance Committee and Share Transfer Committee 3. Atlas Copco Ltd. <ul style="list-style-type: none"> - Shareholders' Investors' Grievance Committee - Audit Committee - Remuneration Committee 4. Forbes Gokak Ltd. <ul style="list-style-type: none"> - Audit Committee 5. Bayer Diagnostics India Ltd <ul style="list-style-type: none"> - Audit Committee
Number of Shares Held	NIL	NIL	NIL

DIRECTORS REPORT**REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS FOR THE YEAR ENDED 31ST MARCH, 2007.**

Dear Members,

Your Directors have pleasure to present this **21st ANNUAL REPORT** of the Company together with the Audited Accounts for the financial year ended 31st March, 2007.

FINANCIAL HIGHLIGHTS:

(Rs.in Lacs)

	2006-2007	2005-2006
Gross Turnover and Other Income	49,937.67	40,012.28
Turnover, net of Excise and Other Income	46,197.29	36,594.21
Profit before Depreciation and Tax	2,278.41	2,633.67
Less: Depreciation on Fixed Assets	1,538.72	1,671.46
Profit before Tax	739.69	962.21
Less: Provision for Taxes	44.87	177.59
Profit after Tax	694.82	784.62
Amount Available for Appropriations	2,675.93	2,774.43
Less: Appropriations:		
i) Proposed Final Dividend	257.24	257.24
ii) Total Tax on Dividend	43.72	36.08
iii) Transfer to General Reserves	200.00	500.00
Leaving a Balance to be carried forward	2,174.97	1,981.11
Earnings Per Share Rs.	8.10	9.15
Cash Earnings Per Share Rs.	26.05	28.64
Book Value per Share Rs.	152.45	147.86

DIVIDEND

Your Directors are pleased to recommend a Dividend of Rs. 3/- per equity share which is subject to consideration and approval of the Shareholders at the ensuing Annual General Meeting of the Company. The requisite amount of Rs 300.96 Lacs (including distribution tax, surcharge 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. 200 Lacs to the General Reserve Account out of the profits available.

YEAR IN RETROSPECT

The year under review was indeed a challenging year for the Company. Persistent efforts have been made by the Company to maintain higher sales volume. Net Sales were Rs. 46,072.68 Lacs as against Rs. 36,236.08 Lacs in the previous year. Operational figures were affected due to steep increase in raw material prices and volatile market scenario. Net profit after tax was Rs. 694.82 Lacs as compared to Rs. 784.62 Lacs in the previous year.

The Company has endeavoured to bring out unique moulded furniture, material handling crates and mark its presence in the market thereby maintaining a leadership position. The Company is heading to be a one-stop-shop for material handling business.

The Company has already commenced operations for its seven retail stores of lifestyle furniture, furnishings, décor items and accessories under its trademark '@home' at various locations across India. The eighth '@home' store has been opened at Vashi (Mumbai) in the first quarter. The retail business has achieved a turnover of Rs. 2,582 Lacs as compared to last year of Rs. 484 Lacs; resulting into the growth of 433%. During this year the retail business has made a loss (before charge of interest) of Rs. 700 Lacs as compared to last year of Rs. 615 Lacs.

CAPITAL EXPENDITURE

Your Company has incurred Capital Expenditure (including advances & capital work in progress) of Rs. 2,658.94 Lacs during the year under review as compared to Rs. 1,511 Lacs in the preceding financial year.

The Company is setting up a plant at Jammu at an estimated cost of Rs. 2,000 Lacs for the manufacture of moulded plastic articles. The project is currently under progress and the Company has expended a sum of Rs. 767 Lacs towards the same.

SUBSIDIARIES & JOINT VENTURE

Total net income of Sri Lanka subsidiary was SLR 9,307 Lacs as compared to SLR 9,132.75 Lacs in the previous financial year, thereby resulting into increase by 3%. There has been a decline in the Net profit from SLR 369.61 Lacs in previous year to SLR 190 Lacs in the current year. Reasons for such decrease in profitability was due to increase in input cost, volume de-growth due to increase competition and political instability, increase in interest cost and effective devaluation of SLR by 11% during the year.

The Bangladesh subsidiary performance was under pressure during the year under review. The reason for continued adverse performance was increase in input cost and continuous business disruption because of political instability. Accumulated losses has increased from BDT 765.64 Lacs to BDT 1,107.38 Lacs During the year the company has made further investment of Rs. 228 Lacs towards equity contribution in the said subsidiary.

With the experience of Indian and Sri Lankan market, introduction of various new products, expected stability of raw material prices and acceptability of increase in end product price by the market will enable to revive the performance of the subsidiaries in near future.

Nilkamal Bhoomi Developers Pvt. Ltd has acquired property at Mumbai for real estate development, which is expected to be completed within a period of eighteen months.

The business of Indo German joint venture company viz. Nilkamal Bito Storage Systems Private Limited is on move and manufacturing unit adhering German standards has been set up at Jammu, India. The trial run production for the said subsidiary has commenced during April, 2007 and expected to stabilise its operations shortly.

EXPORTS

Company's Exports during the year were Rs. 664.38 Lacs as compared to Rs. 473.07 Lacs in the previous year.

PROSPECTS

For its retail business, the Company has plans to start nine such '**@home**' stores across India during this year. The plastics business is also likely to increase during current year.

The consolidation of group entities Nilkamal Crates and Bins Private Limited and Stackwell Marketing Services Private Limited with the Company is also expected to be completed during this year. By such consolidation the Company seeks to enhance shareholders value.

The Company has signed Business Transfer Agreement (BTA) to acquire for a total consideration of Rs. 2,500 Lacs, the Material handling business of Prince Containers Pvt. Ltd. and Prince Multiplast Pvt. Ltd. They were one of the prominent players in the material handling business. This acquisition will help the company to further consolidate its position in the plastic processing Industry.

With such developments and new business avenues, the Company foresees a better performance during the current financial year.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits covered under Section 58A of the Companies Act, 1956 from the Members or the Public during the year.

AUDITORS AND AUDITORS' REPORT

The Joint Auditors M/s Dalal & Shah, Chartered Accountants and M/s. Vora & Associates, Chartered Accountants retire at the ensuing Annual General Meeting.

M/s Dalal & Shah and M/s. Vora & Associates, are entitled for re-appointment as statutory auditors. Both M/s Dalal & Shah and M/s. Vora & Associates, have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in pursuance to the provisions of Section 224(1B) of the Companies Act, 1956.

The notes to accounts referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

DIRECTORS

Shri K.R Ramamoorthy, Shri Dadi B. Engineer and Shri Rajesh Kapadia, Directors of the Company retire by rotation at the ensuing Annual General Meeting. The retiring Directors being eligible, have offered themselves for re-election.

Disclosures as required under provisions of the listing agreement forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

- I. That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same ;
- II. That 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 the Company at the end of the financial year and of the profit of the Company for that period;
- III. That they 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 they have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

A report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

A certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under the aforesaid clause 49 is annexed to this Report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard, AS-27 Financial Reporting of Interest in Joint Ventures, your Directors have pleasure in attaching the Consolidated Financial Statements which form part of the Annual Report and Accounts.

OTHER INFORMATION

The information required under the Clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and as amended and forming part of the Directors' Report for the year ended 31st March, 2007 is given in the Annexure to this Report.

Information as per the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended is annexed to this report.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation for the encouragement and co-operation received by the Company from its Bankers, State Government Authorities, Local Authorities, and its Employees during the year.

For and on behalf of the Board

Place : Mumbai
Date : June 28, 2007

Vamanrai V. Parekh
Chairman

ANNEXURE TO DIRECTORS' REPORT

Additional information given, as required under the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY.

- (a) Energy Conservation measures implemented in recent past:

In the previous year all the plants have completed installation of new generation modular cooling towers and invertors in the machine motors which has resulted in energy conservation.

- (b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy:

Orders have been placed for new machines with hire energy efficiency, which will reduce energy requirement per kg. of polymer processed.

- (c) Impact of Measures at (a) and (b):

The impact of the above will result in savings in terms of energy cost reducing the cost of production.

- (d) Total energy consumption and energy consumption per unit as per Form A:

The requirement for Disclosure under Form A is not applicable to the Company for the year under review.

B. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION.

Disclosure of particulars in Form B, with respect to Technology Absorption;

- a) RESEARCH AND DEVELOPMENT (R & D):

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

The Company implements and embarks on the policy to create and develop new and innovative designs for its products through its in-house design department. Modifications are made to the injection moulding machines to manufacture varied products.

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

This results into launch of new products regularly and retain the leadership position in the market.

3. Future Plan of Action.

The Company is in discussion with design institute to carry out joint projects of new product designs as per customer requirement.

4. Expenditure on R & D. – Not Significant.

- b) TECHNOLOGY ABSORPTION

1. Efforts, in brief, made towards technology absorption, adaptation, and innovation.

The Company relentlessly strives to adapt new technology at all its plants for carrying out manufacturing operations in a better manner. The machines and moulds used for manufacturing products are regularly upgraded to manufacture of novel products in line with the market trend and demand.

2. Benefits derived as a result of the above efforts.

This has resulted into several benefits such as cost reduction, productivity, development of new products, reducing customer complaints, enabling the Company to cater to different customer needs.

3. The Company has not imported any technology or process knowhow.

FOREIGN EXCHANGE EARNINGS AND OUTGO.

- 1) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;

Export of Company's products have gone up marginally. Company's efforts to endeavour export of its products on an ongoing basis is expected to yield reasonable export market for its products.

- 2) Total foreign Exchange used and earned

(Rs. in lacs)

	2006-2007	2005-06
Foreign Exchange Earned	779.22	1,049.82
Foreign Exchange Used	2,047.91	1,338.37

For and on behalf of the Board

Place : Mumbai
Date : June 28, 2007

Vamanrai V. Parekh
Chairman

