



Nilkamal Plastics Ltd.

ANNUAL REPORT 2005-2006



At Nilkamal, we're always striving to achieve new heights. To explore uncharted territory. To reach for the stars.

*Whether it has been setting new benchmarks in the **moulded furniture business**, providing a one-stop-solution for **material handling**, or creating a new benchmark through **lifestyle retailing**, '@ home'. Each of our forays has been instrumental in providing an impetus for growth and a springboard for meeting our long-term objectives.*

**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 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 Rakholl 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 **TWENTIETH ANNUAL GENERAL MEETING** of the Members of NILKAMAL PLASTICS 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 Monday, **the 25th day of September, 2006 at 12.00 noon** 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, 2006 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, 2006.
3. To appoint a Director in place of Shri Nayan S. Parekh, who retires by rotation and being eligible, offers himself for re-election.
4. To consider and if thought fit to pass with or without modifications the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Shri Hamid A Moochhala, Director of the Company who retires by rotation and who does not seek re-appointment as a Director be and is hereby not re-appointed as a Director of the Company.
RESOLVED FURTHER THAT the vacancy so created on the Board of Directors of the Company be not filled."
5. To appoint a Director in place of Shri Rajendra P. Goyal, 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 2006-07.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modifications the following resolution as an **Special Resolution**:
"RESOLVED THAT in pursuance to the provisions of Section 21 and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government and/or Registrar of Companies, and subject to further consents and permissions as may be required, the name of the Company be changed from 'Nilkamal Plastics Limited' to 'Nilkamal Limited' and accordingly the name 'Nilkamal Plastics Limited' wherever it occurs in the Memorandum of Association and Articles of Association of the Company be substituted by the name 'Nilkamal Limited'.
RESOLVED FURTHER THAT the Board of Directors (which shall be deemed to include its Committee constituted thereof to exercise its powers including the powers conferred by this resolution) be and is hereby authorised to do all such acts, deeds, matters and things as may be required and take all necessary steps in this regard in order to comply with all the legal and procedural requirements that may be required from time to time and further to authorise any Officer(s) of the Company as the Board may in their absolute discretion deem appropriate to do all/any of the aforesaid acts and other deeds or things, as may be necessary to give effect to this resolution."

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 business under Item No. 7 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 19th September, 2006 to 25th September, 2006 (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 on or after 26th September, 2006.
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 year 1997-98 and 1998-99 (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. The unclaimed dividend(s) for the financial year 1998-99 (Final) will be transferred to the "Investor Education and Protection Fund", established by the Central Government, in terms of Section 205C of the Companies Act, 1956, on or after 3rd November, 2006. Members, who have not yet encashed their dividend warrant(s) for the financial years 1998-99 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. No claims shall lie against the Company or the said Fund for such unclaimed dividends for the period of seven years from the date they became due for payment and no payment shall be made in respect of any such claims.

Financial Year ended	Date of Declaration of Dividend	Last Date for claiming Dividend
31-3-1999 (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
31-3-2005	10-9-2005	9-9-2012

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 Management 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 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.
9. Members/ Proxies should bring the attendance slips filled in for attending the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

Item No. 7

The Company was incorporated in the year 1985 to undertake the business of manufacturing of injection moulded plastics articles under the name of Creamer Plastics Private Limited. Subsequently the Company was converted into a Public Limited company by virtue of which the word 'Private' was removed from its name with effect 6th August, 1990. Thereafter the name of the Company was changed to 'Nilkamal Plastics Limited' with effect from 23rd August, 1990. Since then the Company has been doing the business of injection moulded plastic articles. As on this date the Company's name is associated with the words 'Plastics'. With exposure of the Company to various businesses not concerning plastics, it is considered and recommended by the Board of Directors of the Company to remove the word plastics from its name to be amended as 'Nilkamal Limited'. The Shareholders are aware of new business activities unrelated to plastics, as has been authorised by them at a duly convened Annual General Meeting. One of such business is of the readymade furniture under its brand '@home' which has already commenced. The other activities which the Company is already venturing is in the areas of real estate development, and such other avenues which the Company may explore from time to time.

With the aforesaid, it is recommended and placed before the body of Shareholders by way of resolution under item 7 of this notice, for approval at the ensuing Annual General Meeting.

The name as recommended i.e 'Nilkamal Limited' is made available for adoption by the Registrar of Companies, Ahmedabad a copy of which is 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.

None of the Directors of the Company are concerned or interested in the resolution at item no. 7 of the notice.

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

MANOJ GAGVANI
Company Secretary

Place : Mumbai
Date : 30th June, 2006

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 Nayan S. Parekh	Shri Rajendra Prakash Goyal
Date of birth	8-3-1972	1-12-1923
Date of appointment	1-4-2000	7-1-1991
Qualifications	B.S. Plastics Engineering U.S.A	M.Com, C.A.I.I.B.
Expertise in specific area	Whole Time Director	Banking and Finance
Directorship in other public Limited Companies	---	1. Kajaria Ceramics Ltd. 2. Mark Exhaust Ltd. 3. Plus Paper Food Pac Ltd.
Membership of Committees in other Public Limited	---	Audit Committee 1. Kajaria Ceramics Ltd. 2. Mark Exhaust Ltd. 3. Plus Paper Food Pac Ltd. Remuneration Committee 1. Plus Paper Food Pac Ltd.
Number of Shares Held	477113	100

DIRECTORS REPORT**REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS FOR THE YEAR ENDED 31ST MARCH, 2006.**

Dear Members,

Your Directors are pleased to present their **TWENTIETH ANNUAL REPORT** of the Company together with the Audited Accounts for the year ended 31st March, 2006.

FINANCIAL HIGHLIGHTS:

(Rs.in Lacs)

	2005-2006	2004-2005
Gross Turnover and Other Income	40,012.28	35,684.69
Turnover, net of Excise and Other Income	36,594.21	32,381.33
Profit before Depreciation and Tax	2,633.67	2,858.89
Less: Depreciation on Fixed Assets	1,671.46	1,596.21
Profit before Tax	962.21	1,262.68
Less: Provision for Taxes	258.11	23.57
Profit after Tax	784.62	1,295.76
Amount Available for Appropriations	2,774.43	2,974.80
Less: Appropriations:		
i) Proposed Final Dividend	257.24	257.24
ii) Total Tax on Dividend	36.08	36.08
iii) Transfer to General Reserves	500.00	691.68
Leaving a Balance to be carried forward	1,981.11	1,989.81
Earnings Per Share Rs.	9.15	15.11
Cash Earnings Per Share Rs.	28.65	33.73
Book Value per Share Rs.	147.86	142.13

DIVIDEND

Your Directors are also pleased to announce a Dividend of Rs. 3/- per equity share which has been recommended for consideration at the ensuing Annual General Meeting of the Company. The requisite amount of Rs 293.32 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. 500 Lacs to the General Reserve Account out of the profits available.

YEAR IN RETROSPECT

The year under consideration was robust for the entire Indian economy. Overall industrial growth was commendable. Your Company too experienced the same, which is depicted, from the accounts laid resulting into healthy growth in volumes. The consumers amenable approach to absorb the burden of increase in raw-materials prices, eased the pressure of volatile raw-material costs which were at its peak as a reason of international crude prices.

This year however, was a challenging year for the Company as well as for the Industry. Plastic Injection moulding industry always has been adversely affected by the, unorganised players catering mainly the local markets. Rationalisation of tax structure, shift in consumer preferences from low priced goods to qualitative and branded products were some of the major happenings which not only streamlined the overall industry, but gave a boost to the Company's products enhancing its brand image. For its moulded furniture business, the Company also took steps to widen its market presence by exploring the demand from rural consumers, which in itself has a huge potential. Several new geographical destinations were added to the network, which hitherto remained to be untouched. Launch of new products such as moulded cabinets, sofa-sets and a range of chairs, developed by in-house design department had a good response from the consumer fraternity.

Material handling business, particularly Crates, too did well during the year. Reliance on cola manufacturers has significantly reduced. Lower demands from them has been set-off by introduction of newer applications across different industries. With overall growth in manufacturing segment, crates business too did well. Your Company

focuses on being a one-stop-shop in material handling business as a solution provider to varied requirements. A step towards this is, that the Company has entered into a joint venture in collaboration with a German company named Bito Lagertechnik Bittmann, GmbH, to manufacture high rise storage and material handling systems of metal. This is seen not only as expanding the area of business but also a shift from being purely in the plastics business. Your Director's are separately under respective heads dealing in this report about their action plans to diversify the business areas of the Company.

Net Sales for the year were Rs. 362.36 Crores as against 321.33 Crores in the previous year. Operating margins after tax were at Rs. 704.10 Lacs as compared to Rs. 1289.27 Lacs in the preceding year.

CAPITAL EXPENDITURE

Your Company has incurred Capital Expenditure of Rs. 1511 Lacs during the year under review as compared to Rs. 1445 lacs in the preceding financial year.

SUBSIDIARIES

Performance of the Sri Lankan subsidiary during the year under consideration was applaudable. It achieved the landmark figure of SLR 100.00 Crores turnover for the year. During year under consideration, the subsidiary company under went buy back of equity capital amounting to Rs. 263.02 Lacs. Your Company has also received dividend and technical/management fees from the said subsidiary which aggregates to Rs 147.51 Lacs. The said amounts form part of other income of the financials laid for your approval.

The subsidiary at Bangladesh has posted a higher turnover during the year, but continued to have pressure on margins. Despite increase in turnover the operating margins were in the negative. The Company infused by equity participation in aggregate a sum of Rs.196.87 Lacs. Accumulated losses of the subsidiary as on the date of closure of accounts, amounts to Rs. 446.09 Lacs. The Management expresses its concern over the same, but simultaneously with the experience of the Indian market and that of Sri Lankan operations the steps taken by the Company and its plans indicate improvement in the operations of the subsidiary.

EXPORTS

Company's Exports during the year were Rs. 473.07 Lacs as compared to Rs. 315.88 Lacs in the previous year.

PROSPECTS

The Company has post completion of the year under consideration, entered into a joint venture with a German company viz. Bito Lagertechnik Bittmann, GMBH (BITO), to manufacture material handling systems made of metal. BITO is in the business of manufacturing various material handling products and systems with its presence mainly in Europe. BITO would provide technical and product related information, whereas the Company would use its market information and the wide spread network. Manufacturing facilities for products under the joint venture are intended to be set-up at Jammu. Operations under the venture are expected to commence in the last quarter of current fiscal. Total capital outlay on these account is estimated to be around Rs. 37.50 Crores. Your Board carries a very optimistic view on this venture.

Your Company has explored into the business of real estate development, and has undertaken medium sized project within the region of suburban Mumbai. The Company would view the same vigilantly and from the experience of it would decide the further course.

Your Company has already commenced operations for six retails stores under its brand '@home' in the business of lifestyle furniture, furnishings, décor items and accessories. It has plans to spread the same across the country in a phased manner. Each store of the Company has impressed the target consumer for its distinctive features. Company has plans to further widen the scope of business as a complete home solution provider. Your Company views this business as an opportunity to reap the benefits of out its corporate structure. The Company has plans to come out with further three such stores which would be operational during the second/third quarter of the current fiscal. This industry lacks strong brand image from the existing players, for which it would be your Company's endeavour to strengthen its '@home' brand resulting to a long term sustainable business model. To achieve this, and based on the learning, no stone would be left unturned for ramping up the number of stores across the country.

Plastic business is also expected to grow by further strengthening the brand image, introduction of new products with varied applications. Structured approach of the Company backed with a vast experience would certainly reap better performance in the future.

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 Vora & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting.

M/s . Dalal & Shah , Chartered Accountants and Vora & Associates, Chartered Accountants are entitled for re-appointment as statutory auditors. Both M/s. Vora & Associates and M/s Dalal & Shah 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 Nayan S. Parekh, Shri Hamid A. Moochhala and Shri Rajendra P. Goyal, Directors of the Company retire by rotation at the ensuing Annual General Meeting. Shri Hamid Moochhala has expressed his unwillingness to be re-appointed at the ensuing Annual General Meeting and accordingly shall not be re-appointed as the Director of the Company. Shri Nayan S. Parekh and Shri Rajendra P. Goyal being eligible, have offered themselves for re-election. The Board of Directors put on record the efforts and contribution of Shri Hamid Moochhala for almost about fifteen years. His association with the Company for such a large period and the guidance provided by him from time to time has been remarkable.

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

Certificates from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements 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, 2006 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 the Financial Institutions, Bankers, State Government Authorities, Local Authorities, and its Employees during the year.

For and on behalf of the Board

Place : Mumbai
Date : 30th June, 2006

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:

The Company monitors all areas at its plants and offices to conserve energy and requisite efforts are taken to conserve energy at all its levels. Energy saving devices are installed at all the plants and offices for reducing consumption of energy.

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

The Company endeavours to reduce consumption of energy at all levels and constantly takes steps by investing into upgradation of machines and process in its manufacturing activity.

- (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.

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

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. Company has applied for a patent, which when granted would be first of its type in the industry. This also, for some of its products results into import replacement.

3. Future Plan of Action.

Company launches new and novel products in the market as a result of on-going research and development carried out by the Company.

4. Expenditure on R & D.

(Rs. in Lacs)

a) Capital	Nil
b) Recurring	18.23
c) Total	18.23
d) Total R & D as a percentage of Total Turnover	0.05

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

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)

	2005-06	2004-05
Foreign Exchange Earned	499.82	711.32
Foreign Exchange Used	1338.37	928.18

For and on behalf of the Board

Place : Mumbai
Date : 30th June, 2006

VAMANRAI V. PAREKH
Chairman

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies

1.	Name of the Subsidiary	Nilkamal Eswaran Plastics Private Limited	Nilkamal Eswaran Marketing Private Limited	Nilkamal Padma Plastics Private Limited
2.	Financial Year of the Subsidiary Company ended on	31st March, 2006	31st March, 2006	31st March, 2006
3.	Number of shares held by Nilkamal Plastics Limited with its nominees in the subsidiary at the end of the financial year of the subsidiary company.	15,20,000 equity shares of SLR 10 each fully paid-up	Being a wholly owned subsidiary of Nilkamal Eswaran Plastics (Pvt) Ltd., Nilkamal Plastics Limited holds 76% of the equity share capital through its subsidiary.	96,25,000 Equity Shares of Taka 10 each fully paid up.
4	Holding Company's Interest	76%	76%	96.25%
5	The net aggregate amount of the subsidiary company's Profit/(Loss) so far it concerns the members of the holding Company. a. Not dealt with in the holding Company Accounts – 1. For the Financial year ended 31st March, 2006 2. For the previous financial years of the subsidiary company since it became the holding Company's subsidiary b. Dealt with in the holding Company Accounts – 1. For the Financial year ended 31st March, 2006 2. For the previous financial years of the subsidiary company since it became the holding Company's subsidiary.	SLR 2,96,24,062 SLR 2,55,06,170 SLR 60,80,000 NIL	SLR 14,01,784 (Loss) SLR 5,22,148 (Loss) NIL NIL	BDT 3,45,75,345 (Loss) BDT 2,67,14,496 (Loss) NIL NIL

For and on behalf of the Board

Vamanrai V. Parekh
Chairman

Sharad V. Parekh
Managing Director

Place : Mumbai
Date : 30th June, 2006

Paresh Mehta
Finance Controller

Manoj Gagvani
Company Secretary

Particulars of Employees as per Section 217(2A) of the Companies Act, 1956 for the year ended 31st March, 2006.

Name	Designation	Qualification	Total Working Experience (Yrs.)	Date of commencement of employment	Remuneration (Rs)	Age years	Previous Employment held
Shri Sharad V. Parekh	Managing Director	Inter Commerce	39	14-6-1990	37,50,000	62	-
Shri Hiten V.Parekh	Executive Director	B.Com, Diploma in Quality System and Management	20	9-12-1985	36,41,500	43	-
Shri Manish V. Parekh	Wholetime Director	B.Com.	11	1-10-1999	38,78,999	37	-
Shri Nayan S. Parekh	Wholetime Director	B.S. Plastic Engineering U.S.A.	10	1-4-2000	27,34,000	34	-

Notes:

1. The conditions of employment of the above mentioned employees are contractual for the period of five years.
2. All the employees are related interse to Shri Vamanrai V.Parekh Director of the Company.

For and on behalf of the Board

Place : Mumbai
Date : 30th June, 2006

Vamanrai V. Parekh
Chairman

CORPORATE GOVERNANCE REPORT

The Company believes in upholding high standards of corporate governance at all levels. The fundamental objective of the Company is to adhere to consciousness and openness in the business activities, develop capabilities and identify opportunities that serve to enhance rights and interest of all its investors. Having an immense exposure to professionalism and business ethics, the Company has been successful on each and every front to maintain a balance between the management and the stakeholders.

CONSTITUTION OF BARD

Total strength of the Board of Directors consists of 11 members; Seven amongst them being Non-Executive Directors and Six Independent Directors with a Non-executive Chairman. The Non-Executive Directors are eminent professionals, drawn from amongst persons with experience in business and industry, finance, law, and public enterprises.

Membership and Chairmanship of all the Directors who are on various committees, the composition of the Board and the number of outside Directorships and Committee position as held by each of the Directors as on 31st March, 2006 is as follows:

Name of Director	Category	No. of other Directorship in Public Limited Companies*	Committee membership in other Companies#	Chairmanship in committees in which they are members#
D.B.Engineer	Independent, Non-executive	12	7	2
Hamid A. Moochhala	Independent, Non-executive	—	—	—
Hiten V. Parekh	Promoter, Executive	—	—	—
K. R. Ramamoorthy	Independent, Non-executive	5	4	1
Mahendra V. Doshi	Independent, Non-executive	5	1	—
Manish V. Parekh	Executive, Non-independent	—	—	—
Nayan S. Parekh	Executive, Non-independent	—	—	—
R. P. Goyal	Independent, Non-executive	3	3	3
Rajesh Kapadia	Independent, Non-executive	9	7	5
Sharad V. Parekh	Promoter, Executive	—	—	—
Vamanrai V. Parekh	Promoter, Non Executive	—	—	—

* Excluding Directorship in foreign companies, private limited companies and companies under section 25 of the Companies Act, 1956.

Audit Committee and Shareholders' Grievance Committee are only included.

Attendance of Directors at Board Meetings and the Last Annual General Meeting.

There were seven Board Meetings of the Company held during the financial year 2005-2006, on the following dates: 25th May 2005, 30th June 2005, 30th July 2005, 19th October 2005, 29th October 2005, 27th January 2006 and 10th March, 2006.

The attendance of Directors at the Board Meetings and at the last Annual General Meeting are as under:

Name of the Director	Attendance	
	Board Meetings	AGM held on 10-9-2005
Vamanrai V. Parekh	7	Yes
Sharad V. Parekh	7	Yes
Hiten V. Parekh	2	Yes
Manish V. Parekh	4	Yes
Nayan S. Parekh	7	Yes
R.P. Goyal	6	No
Mahendra V. Doshi	7	No
Hamid A. Moochhala	6	No
K.R. Ramamoorthy	5	Yes
Dadi.B. Engineer	6	No
Rajesh G.Kapadia	2	No

Audit Committee

The Company has constituted an Audit Committee as required under section 292A of the Companies Act, 1956 and in accordance to provisions of Clause 49 of the listing agreements with the Stock Exchanges. The scope of

activities and powers of the Audit Committee includes the areas prescribed under section 292A of the Companies Act, 1956 and under Clause 49 of the Listing Agreement.

The composition and attendance of the Audit Committee Members at the respective meetings is as under:

Name of Director	Category	25 th May, 2005	30 th June, 2005	29 th October, 2005	27 th January 2006
Hamid Moochhala	Independent, Non-Executive	Present	Absent	Present	Present
K.R.Ramamoorthy	Independent, Non- Executive Chairman	Present	Present	Present	Present
Mahendra V.Doshi	Independent, Non-Executive	Present	Present	Present	Present
Vamanrai V.Parekh	Promoter, Non-Executive	Present	Present	Present	Present

The Chairman of the Audit Committee, Shri K. R. Ramamoorthy, was present at the last Annual General Meeting held on 10th September, 2005.

The Company Secretary acts as the Secretary to the Committee.

The Managing Director and Whole Time Directors were invited to attend the Audit Committee meetings held during the year 2005-2006. Senior Executives representing Finance, Accounts and Internal Audit functions were also invited to attend and participate at the Audit Committee Meetings. Representatives of Statutory Auditors and Internal Auditors also attended the Audit Committee meetings.

The terms of reference of the Audit Committee are broadly as under:

- a) to oversee the Company's financial reporting process and disclosure of financial information to reflect a true and fair position of the Company ;
- b) to review the adequacy of internal audit function and discussion with internal auditors of any significant findings and follow-up thereon ;
- c) to review with the management, performance of Statutory Auditors and Internal Auditors, the adequacy of internal control systems.
- d) to recommend to the Board, appointment, and replacement or removal of external auditors, fixation of audit fees and approval for payment of other services ;
- e) to review with the management and external auditors, the quarterly and annual financial statements before submission to the Board ;
- f) to discuss with statutory auditors before commencement of their audit, nature and scope of audit as well as have post audit discussion to ascertain any area of concern ;

Remuneration of Directors

The Company pays remuneration to its Managing Director, Executive Director and two Whole Time Directors by way of salary, perquisites and allowances (a fixed component) within the range as approved by the Shareholders.

The Non-Executive Directors are paid remuneration by way of sitting fees for attending the meetings of the Board of Directors and Audit Committee.

Remuneration of Directors for the Financial Year 2005-2006.

Name of Director	Salary & perquisites (Rs.)#	Sitting fees (Rs.)*	Commission (Rs.)	Total (Rs.)	No. of Shares held as on 31-3-2006
D.B. Engineer	Nil	48,000	Nil	48,000	Nil
Hamid A. Moochhala	Nil	63,000	Nil	63,000	2050
Hiten V. Parekh	36,41,500	Nil	Nil	36,41,500	2,13,489
K.R. Ramamoorthy	Nil	60,000	Nil	60,000	Nil
Mahendra V. Doshi	Nil	76,000	Nil	76,000	29,800
Manish V. Parekh	38,78,999	Nil	Nil	38,78,999	2,16,150
Nayan S. Parekh	27,34,000	Nil	Nil	27,34,000	4,77,113
R.P. Goyal	Nil	48,000	Nil	48,000	100
Rajesh G.Kapadia	Nil	16,000	Nil	16,000	Nil
Sharad V. Parekh	37,50,000	Nil	Nil	37,50,000	5,31,004
Vamanrai V. Parekh	Nil	76,000	Nil	76,000	9,68,102

includes payments in terms of contract appointing each such Director.

* includes sitting fees paid for attending Committee Meetings

CODE OF CONDUCT: As per the provisions of Clause 49 of the Listing Agreement, the Company has framed a code of conduct for the Board Members and Senior Management which was approved and adopted by the Board of Directors at their meeting held on 29th October, 2005. The Code of Conduct has been posted on the website of the Company (www.nilkamalplastics.com). The Code has been circulated to all members of the Board and Senior Management of the Company. A declaration signed by the Managing Director is given below.

I hereby confirm that the Company has obtained from the Members of the Board and Senior Management affirming compliance by them with the Code of Conduct.

Shareholders'/ Investors Grievance Committee

The Board has constituted Shareholders'/Investors Grievance Committee which looks into redressal of shareholders and investors grievances. The following are the members of the Committee:

Name	Designation	Category
Vamanrai V. Parekh	Chairman	Non-executive
Sharad V. Parekh	Director	Executive
Hiten V. Parekh	Director	Executive

The Company Secretary, is the Compliance Officer to this Committee.

Report on complaints received from the Investors during the period 1st April, 2005 to 31st March, 2006.

Opening Balance	No. of complaints/letters received during the Year	No. of complaints/ letters attended	Closing Balance
Nil	9	9	Nil

The Company has assigned its share transfer and dematerialisation work to Intime Spectrum Registry Limited, Registrar and Transfer Agents. As on 31st March, 2006 there were seven dematerialisation requests and six share transfer applications pending for approval with the Registrars, which were approved and dealt with by 15-04-2006.

GENERAL BODY MEETINGS

The location and time of the Annual General Meetings held during the last 3 years are as follows:

Annual General Meeting (AGM)	Date	Time	Venue
19 th AGM	10-9-2005	2.00 p.m.	Survey No. .354/2 & 354/3, Near Rakholi Bridge, Silvassa Khanvel Road, Vasona, Union Territory of Dadra & Nagar Haveli
18 th AGM	25-9-2004	2.00 p.m.	Survey No. .354/2 & 354/3, Near Rakholi Bridge, Silvassa Khanvel Road, Vasona, Union Territory of Dadra & Nagar Haveli
17 th AGM	6-9-2003	2.00 p.m.	Survey No. .354/2 & 354/3, Near Rakholi Bridge, Silvassa Khanvel Road, Vasona, Union Territory of Dadra & Nagar Haveli

SPECIAL RESOLUTIONS PASSED IN PREVIOUS THREE ANNUAL GENERAL MEETINGS (AGMs)

Date of AGM	Details of Special Resolution
10-9-2005	No special resolutions passed
25-9-2004	Alteration of object clause of Memorandum of Association (<i>through postal ballot</i>)
6-9-2003	No special resolutions passed

POSTAL BALLOTS

No special resolutions were put to vote through postal ballot in the last Annual General Meeting. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

DISCLOSURES

- a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc, that may have potential conflict with the interests of the Company at large.**

Besides the related party transactions mentioned elsewhere in this Report, there were no other related party transactions which were materially significant to have a potential conflict with the interest of the Company at large.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

There has been no non-compliance by the Company nor were any penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets during the last three years.

MEANS OF COMMUNICATION:

The financial results of each quarter are placed before the Board of Directors and the same are published in Financial Express (English) & Samkaleen/Daman Ganga Times (Gujarati). The financial results are also displayed on Company's web-site www.nilkamalplastics.com.

GENERAL SHAREHOLDER INFORMATION**ANNUAL GENERAL MEETING**

Date & Time	:	25th September, 2006
Venue	:	Survey No. 354/2 & 354/3, Near Rakholi Bridge, Silvassa Khanvel Road, Village Vasona, Union Territory of Dadra & Nagar Haveli
Financial Calendar	:	For Quarter ending June 30, 2006 – Before end of July, 2006 For Quarter ending September 30, 2006 – Before end of October, 2006 For Quarter ending December 31 st , 2006 – Before end of January, 2007 For Quarter/Year ending March 31 st , 2007 – Before end of June, 2007 Annual General Meeting for year ending March 31 st , 2007 – before end of September, 2007
Date of Book Closure	:	From 19th September, 2006 to 25th September, 2006 (both days inclusive)
Dividend Payment Date	:	A Final dividend of Rs 3/- per share has been recommended by the Board of Directors, which is subject to approval from the Shareholders at the ensuing Annual General Meeting, which if approved will be paid on or after 26th September, 2006.
Listing on Stock Exchanges	:	The Company's equity shares are listed on the following two Stock Exchanges in India.

Name of the Stock Exchange

1. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001
2. National Stock Exchange of India Ltd. Exchange Plaza,
5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400051

Stock Code

523385

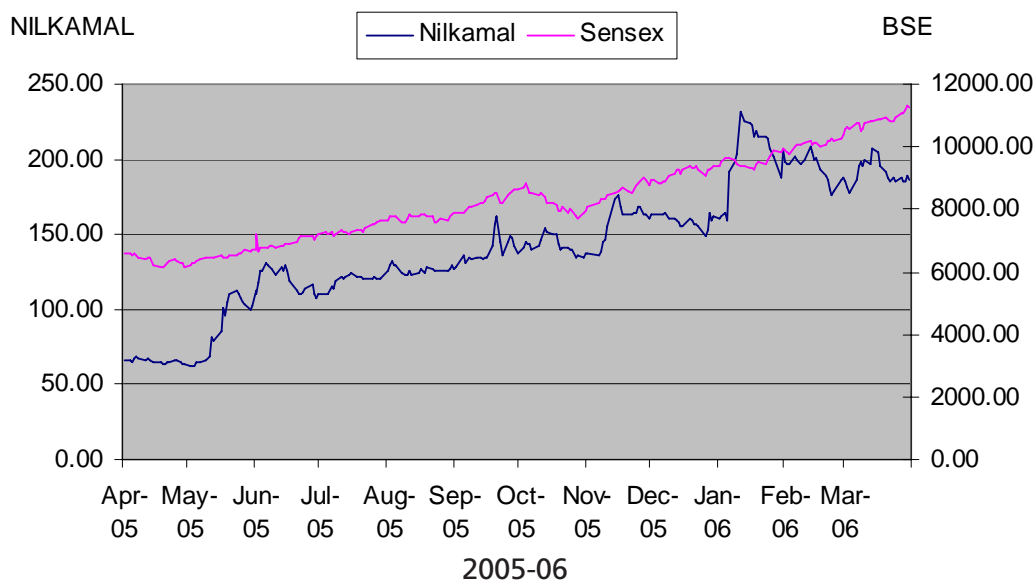
NILKAMPLST

Demat ISIN in NSDL and CDSL for Equity Shares: INE310A01015

The Company has paid the Annual Listing fees to each of the above Stock Exchanges, for the financial year 2006-2007.

Market Price Data

The Stock Exchange, Mumbai			National Stock Exchange of India Ltd.		
Month	High	Low	Month	High	Low
April, 2005	71.10	62.50	April, 2005	72.95	63.00
May, 2005	118.00	52.00	May, 2005	117.65	62.05
June, 2005	135.80	104.75	June, 2005	135.50	104.50
July, 2005	127.20	107.50	July, 2005	127.80	107.10
August, 2005	135.00	121.00	August, 2005	135.00	121.00
September, 2005	172.35	125.00	September, 2005	173.00	125.00
October, 2005	163.00	130.00	October, 2005	160.75	134.95
November, 2005	184.40	135.00	November, 2005	178.00	135.00
December, 2005	186.00	148.00	December, 2005	180.00	135.10
January, 2006	240.00	155.50	January, 2006	240.00	159.00
February, 2006	219.00	172.10	February, 2006	219.40	171.00
March, 2006	217.15	176.05	March, 2006	214.00	174.55

Performance in comparison to broad-based indices such as BSE Sensex Share Price Movement**Registrar and Transfer Agents****Intime Spectrum Shares Registry Limited**

C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (W), Mumbai 400 078.
Tel: 022-25963838

Share Transfer System

The Share Transfer Agents Intime Spectrum Registry Limited receives applications for transfer of shares in physical form. They are processed and after effecting transfer (subject that the documents are complete and validly executed) the relevant share certificates are sent to the Transferee(s) therein within the prescribed time limit.

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2006

Slab of Shareholding (Rs.)	No of Shareholders	% of Shareholders	Amount in Rs.	% of Shareholding
0-5000	6618	90.25	9209230	10.74
5001 to 10000	362	4.94	2910560	3.39
10001 to 20000	175	2.39	2693830	3.14
20001 to 30000	48	0.65	1220870	1.42
30001 to 40000	28	0.38	1024140	1.20
40001 to 50000	24	0.33	1139400	1.33
50001 to 100000	41	0.56	2946640	3.44
100001 and above	37	0.50	64602330	75.34
Total	7333	100	85747000	100

Categories of Shareholders as per Clause 35 of the Listing Agreement

Category	No. of Shareholders	Voting Strength%	No. of shares
Promoters	21	57.17	4902161
Mutual Funds & UTI	3	0.88	75700
Banks, Financial Institutions, Insurance Companies	2	0.01	1100
FII	4	10.96	940005
Bodies Corporate	293	3.88	332668
Individuals	6971	26.73	2292227
NRIs & OCB	39	0.37	30839
Total	7333	100	85747000

Dematerialisation of shares and liquidity:

95.33 % of the Company's Share Capital is dematerialised as on 31-03-2006. The Company's shares are regularly traded on the Bombay Stock Exchange Limited and the National Stock Exchange of India Ltd.

Plant Locations:

Vasona Unit	Survey No. 354/2 & 354/3, Near Rakoli Bridge, Silvassa- Khanvel Road, Vasona, Union Territory of Dadra & Nagar Haveli
Noida Unit	Plot No. 26 B & C, Sector 31, Surajpur Kasna Road, Behind HPCL LPG Bottling Plant, Dist. Gautam Buddha Nagar, Greater Noida, U.P. 203207.
Pondicherry Unit	26/6, Pit-Olaivaikkal, Villanoor-Pathakkannu Road, Vazhudavoor Post, Villanoor Taluk, Pondicherry 605502.
Barjora Unit	Plot No. 2613, WBIDC Industrial Complex, Barjora-Mehjia Road, PO & PS, Barjora 722202.
Sinnar Unit	Sinnar Taluka Industrial Co-op Estate, Plot No. 971-1A, Sinnar-Shirdi Road, Sinnar 422103. Dist. Nashik.
Registered Office	Survey No. 354/2 & 354/3, Near Rakoli Bridge, Silvassa- Khanvel Road, Vasoan, Union Territory of Dadra & Nagar Haveli
Corporate Office	77/78, Nilkamal House, 13/14 Road, MIDC, Andheri (East), Mumbai 400093.

Address for Correspondence:

Investors can communicate at the following addresses:-

- Mr. Manoj Gagvani – Company Secretary**
Nilkamal Plastics Limited
77/78, Nilkamal House, Road No. 13/14, MIDC,
Andheri-East, Mumbai 400 093
E-mail:- investor@nilkamalplastics.com
Tel:- 022-28618888 Fax:- 022-28361923
- Intime Spectrum Registry Limited**
C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (W), Mumbai 400 078.
Tel: 022-25963838

Non-Mandatory Requirements.

1. The Board:
 - a. An office for the use of the Chairman is made available whenever required.
 - b. At present the Company has no policy fixing the tenure of Independent Directors.
2. Remuneration Committee:

There is no remuneration Committee formed to determine remuneration of Directors. The remuneration to the Executive Directors is fixed in terms of the resolution passed by the Shareholders.
3. Shareholder Rights

At present the Company does not send half yearly financial results including summary of significant events for that period to the Shareholders.
4. Audit Qualifications

There are no qualification in the Auditors Report on the financial statements to the Shareholders of the Company.
5. Training of Board Members

There is no formal policy at present to train the Board members of the Company as they are highly experienced and professional persons.
6. Mechanism for evaluating non executive Board Members

At present the Company does not have any such mechanism.
7. Whistle Blower Policy

The Company does not have any formal whistle blower policy.

DECLARATION FOR COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT

I confirm that the Company has in respect of the Financial Year ended 31st March, 2006 received from Senior Management Personnel and the Members of the Board, a Declaration of Compliance with the Company's Code of Conduct as applicable to them.

Sd/-

Sharad V. Parekh
Managing Director

Place : Mumbai
Date : 30th June, 2006.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Nilkamal Plastics Limited

We have reviewed the records concerning the Company's compliance of the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges of India, for the financial year ended 31st March, 2006.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Management, we state that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the said Listing Agreements.

We state that no investor grievances is pending for a period exceeding one month against the Company as per the records maintained by the Investors/Shareholders Grievance Committee.

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

For DALAL & SHAH
Chartered Accountants

Kuntal Dave
Partner
Membership No.48513

Place : Mumbai
Date : June 30, 2006.

For VORA & ASSOCIATES
Chartered Accountants

Bharat Chovatia
Partner
Membership No.31756

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE AND DEVELOPMENT**

The Company operates in two segments viz. Manufacturing of Injection Moulded Plastic Articles and Retailing in life style Home furniture, furnishings, home decor and accessories.

Plastics Business :

This business for the Company comprises of Injection Moulded Plastic furniture and material handling crates. The Injection Moulded Plastics furniture alone accounts for sales revenues of around Rs. 1,000 Crores annually. The Company positions itself as an undisputed market leader with about 28% share of the pie. Plastic furniture manufacturers include organized as well as unorganized players with a consumer base of middle and low income segments.

The injection moulded crates market too is of a large size having varied applications. It has over a period replaced the traditional mode of storage and its transportation. In the past, Cola manufacturers accounted as major consumers for this Industry. But with spreading over the applications to various other end users such as automobile, agriculture, dairy, fishing etc. the industry has reduced its dependence on the Cola manufacturers.

The performance of plastic injection moulding business depends on the pricing of raw materials. Raw materials alone account for over 65% of the cost of products.

The industry since the last year has been experiencing overall turn around due to various factors such as uniformity in trade tax structure, change in consumer preferences to qualitative and choice for established branded products.

Both, furniture and crates business performed well during the year. In the plastic furniture business the driving force for the Company's performance was deepening the market reach and exposing to rural market. Many new geographical destinations were added to the Company's marketing network. Apart this, the Company persistently introduced new product range which too received a good acceptance from the customers and trade fraternity. In the Crates business even, the Company had a pleasing experience. Introduction of newer products and widening the application has been the fundamental *mantra* for the Crates business.

Lifestyle Furniture, Furnishings and Accessories :

Changing aspirations of Indian population backed with robust economic growth, higher disposable income and propensity to spend is driving the Indian retail market towards organized formats. Global studies of the spending pattern show that after grocery and apparel the people opt to spend is in the organized market of furniture, furnishings and home décor. The Indian scenario is something different to this where people till date, had a very little option to spend on lifestyle furniture. The traditional make to order concept of home furniture counts for almost 95% of the total size of the Indian market whereas an approximately 5% is represented by organized sector. The market size for these products is estimated to be around Rs. 6,000 Crores p.a with a projected compounded growth of 30% p.a. in the coming five years.

The Company is an early organised entrant in the business of ready made lifestyle furniture. It would be the Company's endeavor to change the thinking pattern of a common Indian who has always been carrying an impression that the ready-made furniture lacks durability and user friendliness. In the past, we have been spending a lot of time, money and efforts to make home furniture. The in-depth study done by the Company with a strong team of professionals over a period of more than two years reveal and depict the available product/service profile vis-à-vis the consumer expectations. Having gained the knowledge of all attributing factors, the Company has equipped itself with detailed strategy and action plan to encash the available opportunity to its advantage. The Company has plans to set up a chain of exclusive home solution stores across the country, in pursuance to which it has already come up with six such stores, with 5000 odd Stock Keeping Units (SKU's) matching with the International format under the brand '@home'. Further three such stores, being on the cards, would become operational by end of third quarter of the current fiscal.

OPPORTUNITIES, THREATS, RISKS, CONCERNS AND OUTLOOK

Having strengthened its roots in the plastic industry the Company foresees tremendous opportunity in its injection moulding business. In the plastic furniture, the unorganised players are bound to subdue and with shrinkage of organised players coupled with competitive strength in terms of product profile, marketing network, deepening of the market would certainly lead to a healthy volume and value growth. With a wide range of product line having multiple applications across the spectrum of varied industries, agriculture and other utilities, the Company eyes at evolving as a one-stop material handling solution provider in the national as well as international market.

The retail business of lifestyle furniture is in its infant stage. The Company is positioned in all respects to grab a big chunk of the explosive growth potential of this business. Desire of big sized business houses and some new entrants chasing to procure the best of the retail space resulting into spiraling increase in the lease costs with a challenge of establishing a brand, execution of developing business model at lightening speed with

minimal errors are some of the key concerns for the Industry like any sunrise industry which ultimately would reward the achiever.

As discussed in the foregoing paras, the inherent opportunities of the business are tremendous. The Company is confident about having the required resources and skills to achieve the desired results.

FINANCIAL PERFORMANCE:

Description	Year ended 31/3/2006	Year ended 31/3/2005
Gross Turnover and Other Income	40,012.28	35,684.69
Turnover, net of Excise and Other Income	36,594.21	32,381.33
Earning Before Interest/Depreciation/Tax and extra ordinary item	3,244.87	3,414.83
Depreciation	1,671.46	1,596.21
Interest	611.20	555.94
Profit Before Tax	962.21	1262.68
Extra Ordinary Item-Impairment of Assets	—	49.30
Provision for Taxation (including Deferred Tax)	258.11	23.57
Prior Period Adjustment	—	0.86
Profit After Tax	705.08	1,289.27
Increase in Fixed Assets	1,511.12	1,444.54
Repayment of Term Loans	544.13	923.58
EPS (Rs.)	9.15	15.11
Cash EPS (Rs.)	28.65	33.73

SUBSIDIARY PERFORMANCE

The Company is pleased to put on record that the Sri Lankan subsidiary has achieved the milestone turnover of SLR 100.00 Crores capturing the market share of more than 65% and performing extremely well in all financial parameters. It has undergone one more buy-back of equity capital resulting into an inflow of Rs. 262.00 lakhs for the Company. The subsidiary has also paid by way of dividend and technical/management fees a sum aggregating to Rs. 146.00 lacs to the Company.

As discussed in the last year's Report the financial performance of Bangladesh subsidiary for the year was not satisfactory. Reasons attributable to this are volatility in raw-material prices, too many players in the initial phase of development of the market coupled with unethical practices followed by some of them. Poor infrastructure for channelising the products also accounted towards the same. However operational performance for the subsidiary has improved by more than fifty percent over the last year. Since inception, the Company has infused by way of equity participation a sum of over Rs. 7.00 Crores in the subsidiary. Accumulated losses of the subsidiary amount to Rs. 4.46 Crores.

In spite the aforesaid, considering the targeted customer base, the vast experience in India and also that at Sri Lanka it would not be difficult to make a turnaround of the subsidiary's performance. It is pertinent to mention here that the in-depth knowledge of the customer, market and its evolution, and the manufacturing capabilities gained over a period of time would aid in establishing the market leadership thereto.

JOINT VENTURE

As a step ahead in achieving to be a one-stop material handling solution provider company, the Company has entered into joint venture arrangement with a Germany based leader in material handling storage systems made of metal viz., BITO LAGERTCHNIK BITTMANN, GMBH. to put manufacturing facilities at Jammu. The total project cost is envisaged at Rs. 37.50 Crores.

Also, as on this report, the Company is in process of entering into executions for acquiring land for commercial development in the suburban area of Mumbai. It would be undertaken as a joint venture with a Mumbai based reputed developer.

CAPITAL EXPENDITURE

The Company has spent Rs.15.11 crores on capital expenditure of which Rs. 6.60 crores was on plant and machinery including dies and moulds and Rs. 6.51 crores for showroom interior decorations and furniture. The funding of the same has been brought through the secured loans as well as internal accruals. The debt/equity ratio is at a comfortable 0.59:1

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems and checks to ensure that all assets are safeguarded and protected against all losses. Regular internal audit is being carried by professional firms across all plants, depots and offices. Reports of the internal auditors are regularly placed and reviewed by the Audit Committee in light of the management response to audit observations. The Committee also meets the Statutory Auditors to ascertain their views on adequacy of internal controls and their observations on financial reports.

HUMAN RESOURCES MANAGEMENT AND INDUSTRIAL RELATIONS

The Company aims to recruit and retain professionals and provide them with congenial working environment. A detailed performance management system is in place at all levels.

Industrial relations remained cordial at all locations and there was no significant labour issue during the year. The Company enjoys healthy and productive relationship with its employees. Training and education of employees across departments is an ongoing process in the Company.

During the period under review, total standalone manpower increased to 786 from 667 in the current Financial Year.

CAUTIONARY STATEMENT

The Management Discussions and Analysis Statement made above are on the basis of available data as well as certain assumptions as to the economic conditions, various factors affecting Raw material Prices, Selling Prices, Trend of Consumer Demand and preferences, Governing and applicable laws and other economical and political factors. The Management cannot guarantee the accuracy of the assumptions and projected performance of the Company in future. It is therefore, cautioned that the actual results may differ from those expressed and implied therein.

RATIOS

Financial Performance %	2001-02	2002-03	2003-04	2004-05	2005-06
Domestic turnover / Total Income	98.76	99.49	99.32	99.23	97.90
Export / Total Income	1.00	1.16	1.25	1.10	1.12
Other Income / Total Income	1.26	0.51	0.62	0.77	0.98
Raw Material cost / Total Income	52.53	59.76	67.86	73.68	73.93
Overheads / Total Income	16.63	14.08	14.62	15.77	17.20
Advertisements and Sales Promotion / Total Sales	2.87	2.3	2.16	.77	1.23
Interest / Total Income	4.52	2.49	1.87	1.72	1.67
Pre-interest Profit / Total Income	14.51	11.94	12.65	10.55	8.87
Post-Interest Profit / Total Income	9.98	9.45	10.78	8.67	6.88
Depreciation / Total Income	5.61	5.25	5.42	4.93	4.57
Net Profit / Total Income	3.43	3.77	4.89	4.00	2.14
Cash Profit / Total Income	9.67	3.60	10.31	8.93	6.71
ROCE (Return on Capital Employed)	12.80	11.23	11.63	9.39	7.42
RONW (return on net worth)	10.41	11.76	14.39	10.94	6.06
BALANCE SHEET RATIO					
Deb – Equity	0.97	0.75	0.69	0.64	0.60
Debtors – Turnover (Days)	60	43	46	59	51
Inventory – Turnover (Days)	41	49	51	49	41
Current Ratio	4.48	3.93	4.65	3.94	3.83
Quick Ratio	3.15	2.55	2.92	2.58	2.62
Depreciation / Gross Block %	9.65	9.19	9.32	8.16	8.07
Asset Turnover (Total revenue / Total Assets)	1.55	1.70	1.56	1.54	1.47
PER SHARE DATA – Rs.					
EPS	11.37	13.24	18.17	15.11	9.15
CEPS	29.98	31.67	38.16	33.73	28.65
Book Value	107.25	117.88	132.67	142.13	147.86

To,
THE MEMBERS OF
NILKAMAL PLASTICS LIMITED

We have audited the attached Balance Sheet of NILKAMAL PLASTICS LIMITED, as at 31st March, 2006, the annexed Profit and Loss Account for the year ended on that date, and also the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

- 1) We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the accounting standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2006, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
4. In our opinion and to the best of our information and explanations given and Management representations made to us, the said financial statements, and read together with the notes thereon, present a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
For DALAL & SHAH
Chartered Accountants

For and on behalf of
For VORA & ASSOCIATES
Chartered Accountants

Kuntal Dave
Partner
Membership No. 48513

Bharat B. Chovatia
Partner
Membership No. 31756

Place : Mumbai
Date : June 30, 2006

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NILKAMAL PLASTICS LIMITED FOR THE YEAR ENDED 31st MARCH, 2006

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:-

- i (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets;
- (b) There is a regular programme of physical verification, which in our opinion, is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies were noticed in respect of assets physically verified during the year;
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern;
- ii (a) Inventories have been physically verified during the year by the management, except for inventories lying with outside parties, which have, in most of the cases, been confirmed by them;
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of the Company;
- iii (a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956;
- (b) According to the information and explanations given to us, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956;
- iv. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls;
- v (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations made to us, we are of the opinion that, the particulars of contracts or arrangements in which directors were interested as contemplated under Section 297 and sub-section (6) of Section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered;
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time;
- vi. The Company has, during the year, not accepted any deposits from the public;
- vii. On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the coverage of internal audit functions carried out by firms of Chartered Accountants appointed by the management, is commensurate with the size of the Company and the nature of its business;
- viii. According to the information and explanations given to us, the Central Government has not prescribed for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956;
- ix. (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Excise Duty, Service Tax, Customs Duty, Cess and other statutory dues, as applicable, with the appropriate authorities in India;
- (b) On the basis of our examination of the documents and records of the Company, there were no disputed dues in respect of Income tax, Wealth tax, Service Tax, Customs duty and Cess. However, the following disputed dues have not been deposited with the appropriate authorities:

Nature of Dues	Rs in lacs	Forum where dispute is pending
Sales tax	12.50	Deputy Commissioner (Appeals)
Excise duty	12.52	Deputy Commissioner of Central Excise
	45.26	Central Excise and Service Tax Appellate Tribunal.
	2.81	Commissioner of Central Excise (Appeals)

- x. The Company, neither has accumulated losses at the end of the financial year nor has incurred cash losses, both, in the financial year under report and the immediately preceding financial year;
- xi. In our opinion and according to the information and explanations given to us, we have to state that the Company has not defaulted in re-payment of dues to Banks. There were no dues to any Financial Institutions or Debenture holders;
- xii. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities;
- xiii. According to the information and explanations given to us, the Company has given guarantee for loans taken by its Subsidiary from a bank. In our opinion, the terms and conditions of the guarantees, is not prima facie prejudicial to the interest of the Company;
- xiv. According to the information and explanations given to us and the representations made by the Management, term loans obtained by the Company during the year have been applied for the purpose for which they were obtained;
- xv. According to the information and explanations given to us, and on an overall examination of the Financial Statements of the Company, we have to state that, prima-facie, short term funds have not been utilised during the year for long term investments;
- xvi. The Company has not made any preferential allotment of shares during the year;
- xvii. The Company has not raised any money by way of issue of debentures during the year;
- xviii. The Company has not raised any money by way of public issue during the year;
- xix. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year;

Looking to the nature of activities being carried on at present by the Company and also considering the nature of the matters referred to in the various clauses of the Companies (Auditors' Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004, clauses (iii) (b), (iii) (c), (iii) (d), (iii) (f), (iii) (g), (xiii) and (xiv) of paragraph 4 of the aforesaid Order, are, in our opinion, not applicable to the Company.

For and on behalf of
For DALAL & SHAH
Chartered Accountants

For and on behalf of
For VORA & ASSOCIATES
Chartered Accountants

Kuntal Dave
Partner
Membership No. 48513
Place : Mumbai
Date : June 30, 2006

Bharat B. Chovatia
Partner
Membership No. 31756

Balance Sheet

Nilkamal Plastics Limited

BALANCE SHEET AS AT 31ST MARCH, 2006

	SCHEDULE	AS AT 31.03.2006 Rs. in Lacs	AS AT 31.03.2005 Rs. in Lacs
I SOURCES OF FUNDS			
1. SHAREHOLDERS' FUND			
(a) Share Capital	A	857.47	857.47
(b) Reserves and Surplus	B	11,820.82	11,329.52
		12,678.29	12,186.99
2. LOAN FUNDS			
(a) Secured Loans	C	7,130.61	6,863.73
(b) Unsecured Loans	D	500.00	1,000.00
		7,630.61	7,863.73
3. DEFERRRED TAX LIABILITY (NET) [Refer Note 16]		792.67	894.56
TOTAL		21,101.57	20,945.28
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
(a) Gross Block	E	20,716.86	19,552.43
Less: Depreciation		11,500.80	10,065.75
Net Block		9,216.06	9,486.68
(b) Capital Work In Progress (including advances on capital account)		478.13	362.17
		9,694.19	9,848.85
2. INVESTMENTS	F	828.26	725.06
3. CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories		4,494.70	4,770.51
(b) Sundry Debtors		5,500.99	5,708.46
(c) Cash and Bank Balances		533.39	454.96
(d) Loans and Advances		3,786.27	2,961.43
		14,315.35	13,895.36
LESS:CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilites	H	3,335.32	3,182.09
(b) Provisions	I	400.91	341.90
		3,736.23	3,523.99
NET CURRENT ASSETS		1,0579.12	10,371.37
TOTAL		21,101.57	20,945.28
SIGNIFICANT ACCOUNTING POLICIES	P		
NOTES TO ACCOUNTS	Q		

AS PER OUR REPORT OF EVEN DATE

For and on behalf of

DALAL & SHAH

Chartered Accountants

Kuntal Dave

Partner

For and on behalf of

VORA & ASSOCIATES

Chartered Accountants

Bharat B. Chovatia

Partner

Place : Mumbai

Date: June 30, 2006

FOR AND ON BEHALF OF THE BOARD

Sharad V. Parekh
Managing Director

Hiten V. Parekh
Executive Director

Paresh B. Mehta
Financial controller

Manoj Gagvani
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2006

	SCHEDULE	Year Ended on 31.03.2006 Rs. in Lacs	Year Ended on 31.03.2005 Rs. in Lacs
I INCOME			
Gross Sales	J	39,654.15	35,436.28
Less : Excise Duty		3,418.07	3,303.36
NET SALES		36,236.08	32,132.92
Other Income	K	358.13	248.41
TOTAL		36,594.21	32,381.33
II EXPENDITURE			
Materials consumed / Cost of goods traded / Variation in stocks	L	27,054.68	23,858.49
Employees' Remuneration and Benefits	M	1,310.11	997.73
Operating and other expenses	N	4,984.55	4,110.28
Financial Expenses	O	611.20	555.94
Depreciation/Amortisation		1,671.46	1,596.21
TOTAL		35,632.00	31,118.65
Profit before Taxation		962.21	1,262.68
Extra Ordinary Item-Provision for Impairment of Assets written back		-	49.30
Add :- Prior Period Adjustment		-	0.86
Provision for taxation			
Current		310.00	195.00
Deferred		(101.89)	(171.43)
Fringe Benefit Tax		50.00	-
NET PROFIT AFTER TAX		704.10	1,289.27
Taxation for earlier years written back		80.52	6.49
NET PROFIT FOR THE YEAR		784.62	1,295.76
BALANCE OF PROFIT BROUGHT FORWARD		1,989.81	1,679.05
PROFIT AVAILABLE FOR APPROPRIATION		2,774.43	2,974.81
III APPROPRIATIONS			
Proposed Dividend		257.24	257.24
Tax on Proposed Dividend		36.08	36.08
Transfer to General Reserve		500.00	691.68
Balance carried to Balance Sheet		1,981.11	1,989.81
		2,774.43	2,974.81

Earning per Equity Share of Rs.10/- Each
[Refer Note 20]

BASIC AND DILUTED		9.15	15.11
SIGNIFICANT ACCOUNTING POLICIES	P		
NOTES TO ACCOUNTS	Q		

AS PER OUR REPORT OF EVEN DATE

For and on behalf of

DALAL & SHAH

Chartered Accountants

Kuntal Dave

Partner

For and on behalf of

VORA & ASSOCIATES

Chartered Accountants

Bharat B. Chovatia

Partner

Place : Mumbai

Date: June 30, 2006

FOR AND ON BEHALF OF THE BOARD

Sharad V. Parekh
Managing Director**Hiten V. Parekh**
Executive Director**Paresh B. Mehta**
Financial controller**Manoj Gagvani**
Company Secretary

Cash Flow Statement
Nilkamal Plastics Limited
Cash Flow Statement for the year ended 31st March, 2006

	2005-2006		2004-2005	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit for the Year after tax		784.62		1,295.76
Adjustments for :				
Depreciation/Amortisation	1,671.46		1,596.21	
Provision for Doubtful Debts	-		0.55	
Bad Debts Written Off	-		2.52	
Provision for Wealth Tax	1.50		1.55	
Provision for Gratuity and Leave Salary	38.68		(6.21)	
Provision for Income Tax	258.11		23.57	
Impairment of Assets	-		(49.30)	
Taxation of earlier years written back	(80.52)		(6.49)	
(Profit)/Loss on sale of Fixed Assets	6.51		(2.16)	
Exchange fluctuation (gain/loss on translation of assets and liabilities)	(2.70)		(12.92)	
Premium on redemption of capital by subsidiary company	(169.41)		(208.21)	
Financial Expenses (including exchange fluctuation on borrowings)	611.20		555.94	
Dividend from Subsidiary company	(26.75)	2,308.08	-	1,895.05
Operating Profit before Working Capital changes		3,092.70		3,190.81
Adjustments for :				
Trade and Other Receivables	(59.92)		(1,594.10)	
Inventories	275.81		(365.40)	
Trade Payable and Other Liabilities	132.45		984.80	
Direct Taxes Paid (Net of Refund)	(61.66)		(149.50)	
		286.68		(1,124.20)
Net Cash from Operating Activities A		3,379.38		2,066.61
B. CASH FLOW FROM INVESTING ACTIVITIES				
Addition to Fixed Assets (including CWIP)	(1,617.37)		(1,458.68)	
Sale of Fixed Assets	77.99		77.17	
Advance for proposed Joint Venture Project	(497.00)		-	
Redemption of capital by subsidiary company	43.72		351.72	
Payments toward equity contributions	(196.87)		-	
Dividend received from subsidiary company	26.75		-	
Maturity of investment in NSC	0.06		-	
Net Cash used in Investing Activities B		(2,162.72)		(1,029.79)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Re-payment of Long Term Borrowings(net)	(543.29)		12.89	
Repayment of Unsecured Rupee Loan	(500.00)		(986.42)	
Proceeds from working capital loans(net)	782.73		981.94	
Interest Paid	(585.29)		(566.63)	
Dividend paid (including tax on dividend)	(292.88)		(290.20)	
Net Cash from Financing Activities C		(1,138.73)		(848.42)
Net Increase in Cash and Cash Equivalents (A + B + C)		77.93		188.40
Cash and Cash Equivalents as at 01.04.2005	336.00		147.60	
Cash and Cash Equivalents as at 31.03.2006	413.93		336.00	
		77.93		188.40
Reconciliation to Cash and Bank Balances given in Schedule G, is as follows :-				
Cash and Bank Balances		533.39		454.96
Less:				
Balances in Fixed Deposit accounts pledged with various - government authorities		11.35		10.85
In Margin Accounts		108.11		108.11
Cash and Cash Equivalents as at 31.03.2006		413.93		336.00

1. Previous year's figures have been regrouped / recast wherever necessary.

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For and on behalf of
DALAL & SHAH

Chartered Accountants

Kuntal Dave

Partner

For and on behalf of
VORA & ASSOCIATES

Chartered Accountants

Bharat B. Chovatia

Partner

Sharad V. Parekh
 Managing Director

Hiten V. Parekh
 Executive Director

Paresh B. Mehta
 Financial controller

Manoj Gagvani
 Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2006 Rs. in Lacs	As at 31.03.2005 Rs. in Lacs
SCHEDULE : 'A'		
SHARE CAPITAL		
AUTHORISED:		
90,00,000 Equity Shares of Rs.10/- each	900.00	900.00
30,00,000 Preference Shares of Rs.10/- each	300.00	300.00
	<u>1,200.00</u>	<u>1,200.00</u>
ISSUED, SUBSCRIBED AND PAID UP;		
85,74,700 Equity Shares of Rs.10/- each	857.47	857.47
TOTAL	<u>857.47</u>	<u>857.47</u>
SCHEDULE : 'B'		
RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last Account	1,085.16	1,085.16
SECURITIES PREMIUM ACCOUNT		
As per last Account	754.55	754.55
GENERAL RESERVE		
As per last Account	7,500.00	7,000.00
Less: Impairment Loss	-	191.68
Add: Transfer from Profit and Loss Account	500.00	691.68
	<u>8,000.00</u>	<u>7,500.00</u>
PROFIT AND LOSS ACCOUNT		
Surplus as per Annexed Account	1,981.11	1,989.81
TOTAL	<u>11,820.82</u>	<u>11,329.52</u>
SCHEDULE : 'C'		
SECURED LOANS		
(A) From Banks		
(i) Rupee Loan	5,428.14	4,611.43
(ii) Foreign Currency Loan	496.47	502.17
(B) Term Loans From Banks		
(i) Rupee Loan	412.75	875.13
(ii) Foreign Currency Loan	793.25	875.00
(under external commercial borrowings scheme)		
TOTAL	<u>7,130.61</u>	<u>6,863.73</u>

- NOTES :** (1) Loans from Banks are Secured by first charge by way of hypothecation of Stocks and Book debts and by way of Second charge on fixed assets and are Personally guaranteed by Promoter Directors.
- (2) Term Loans from banks are secured on pari passu basis by a first charge on fixed assets of the Company and Second charge on current assets of the Company and personally guaranteed by Promoter Director.
- (3) Loans repayable within one year Rs. 6.15 Crores (Previous year Rs.5.97 Crores).

SCHEDULE : 'D'**UNSECURED LOANS:**

From Banks :-

Rupee Loan -

	500.00	1,000.00
TOTAL	<u>500.00</u>	<u>1,000.00</u>

SCHEDULE 'E'
FIXED ASSETS

(Rs. in Lacs)

NAME OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2005	Additions During the Year	Dedu/Adj During the Year	As on 31.03.2006	As on 01.04.2005	Additions During the Year	Dedu/Adj During the Year	As on 31.03.2006	As on 31.03.2006	As on 31.03.2005
1 FREEHOLD LAND	103.46	-	-	103.46	-	-	-	-	103.46	103.46
2 LEASEHOLD LAND	100.91	-	-	100.91	8.86	1.11	-	9.97	90.94	92.05
3 BUILDINGS	4,513.52	129.07	14.03	4,628.56	800.80	145.04	1.16	944.68	3,683.88	3,712.72
4 PLANT & MACHINERY	13,350.29	659.73	261.39	13,748.63	8,660.82	1,369.06	208.17	9,821.71	3,926.92	4,689.47
5 FURNITURE, FIXTURES & OFFICE EQUIPMENTS	1,159.98	274.57	27.57	1,406.98	535.07	112.07	9.61	637.53	769.45	624.91
6 VEHICLES	324.27	71.54	43.71	352.10	60.20	33.18	17.47	75.91	276.19	264.07
7 INTERIORS AT SHOWROOM	-	376.22	-	376.22	-	11.00	-	11.00	365.22	-
GRAND TOTAL	19,552.43	1,511.13	346.70	20,716.86	10,065.75	1,671.46	236.41	11,500.80	9,216.06	9,486.68
PREVIOUS YEAR	18,383.15	1,444.54	275.26	19,552.43	8,502.07	1,843.54 **	279.86	10,065.75	9,486.68	

- a) Leasehold Land value includes Rs.0.01 Lacs (Previous Year Rs. 0.01 Lacs) paid by way of subscription of shares for membership of co-operative housing society.
- b) Addition during the year includes interest capitalised amounting to Rs.7.45 Lacs (Previous Year Rs. 7.79 Lacs).
- c) **includes provision for impairment amounting to Rs 247.33 Lacs

SCHEDULE : 'F'**INVESTMENTS**

(Long Term Unquoted unless otherwise stated)

Investments in Government Securities at cost
National Savings Certificate**0.04**

0.10

Investment in Subsidiary Companies:

[Refer Note 6]

15,20,000 (30,40,000) Equity Shares of SLR 10/- each
of Nilkamal Eswaran Plastics Pvt. Ltd., Sri Lanka.**93.62**

187.23

96,25,000 (66,61,141) Equity Shares of BDT 10/- each
of Nilkamal Padma Plastics Pvt. Ltd., Bangladesh.**730.30**

537.73

Share Application Money Pending Allotment

4.30

-

TOTAL**828.26****725.06****SCHEDULE : 'G'****INVENTORIES**

(As verified, valued and certified by the Management)

Stores and Spare parts

273.26

266.23

Stock in Trade

Raw Materials

1,147.88

1,446.82

Packing Materials

77.17

74.01

Semi-Finished Goods / Work in Process

347.45

412.12

Finished Goods and Traded Goods

2,648.94

2,571.33

TOTAL**4,494.70****4,770.51****SUNDRY DEBTORS [Refer Note 8]**

Unsecured

i) Outstanding for a period exceeding Six months

a) Considered Good

323.84

805.42

b) Considered Doubtful

223.76

224.82

547.60

1,030.24

ii) Other Debts (Considered Good)

5,177.15

4,903.04

5,724.75

5,933.28

Less: Provision for Doubtful Debts

223.76

224.82

TOTAL**5,500.99****5,708.46**

	As at 31.03.2006 Rs. in Lacs	As at 31.03.2005 Rs. in Lacs
CASH AND BANK BALANCES		
Cash on hand (including cheques on hand Rs.7.42 Lacs (Previous Year Rs.48.03 lacs)	37.00	79.35
Balance with Scheduled Banks		
i) On Current Accounts (Includes Book - Over Draft)	376.93	256.65
ii) On Fixed Deposit Accounts (Pledged with various government authorities)	11.35	10.85
iii) On Margin Accounts	108.11	108.11
TOTAL	533.39	454.96
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances Recoverable in Cash or in kind or for the value to be received [Refer Note 9]	2,534.61	2,043.57
Employee Loans	75.70	57.68
Balance with Excise Department	273.10	217.07
Taxes paid in Advance (Net of Provisions)	-	85.80
Deposits [Refer Note 7]	902.86	557.31
TOTAL	3,786.27	2,961.43
SCHEDULE : 'H'		
CURRENT LIABILITIES		
Sundry Creditors	1,106.02	900.08
Due to Small Scale Industrial undertakings [Refer Note 10]	146.39	14.88
Liability towards Investor Education and Protection Fund under Section 205 (C) of the Companies Act, 1956 (not due) on account of Unclaimed Dividend	16.03	15.59
Other Liabilities	2,058.07	2,248.65
Interest Accrued but not due on loans	8.81	2.89
TOTAL	3,335.32	3,182.09
SCHEDULE : 'I'		
PROVISIONS		
Proposed Dividend	257.24	257.24
Tax on Proposed Dividend	36.08	36.08
For Retirement Benefits	87.26	48.58
Provision for taxation (Net of Advance tax)	20.33	-
TOTAL	400.91	341.90
	Year ended on 31.03.2006 Rs. in Lacs	Year ended on 31.03.2005 Rs. in Lacs
SCHEDULE : 'J'		
SALES AND INCOME FROM OPERATIONS		
Local [Refer Note 12]	39,155.58	35,072.84
Exports	498.57	363.44
TOTAL	39,654.15	35,436.28
SCHEDULE : 'K'		
OTHER INCOME		
Dividend received from a subsidiary company	26.75	-
Management fees received from subsidiary companies	143.49	23.03
Premium on Redemption of Capital by subsidiary company	169.41	208.21
Miscellaneous Receipts	13.11	9.82
Claims Received	5.37	5.19
Surplus on Sale of Fixed Assets (Net)	-	2.16
TOTAL	358.13	248.41

Schedules forming part of the Accounts
Nilkamal Plastics Limited

	Year ended on 31.03.2006 Rs. in Lacs	Year ended on 31.03.2005 Rs. in Lacs
SCHEDULE : 'L'		
I RAW MATERIALS CONSUMED	16,127.77	13,275.79
II TRADING PURCHASES	10,939.85	10,939.64
III VARIATION IN THE STOCK OF FINISHED/ SEMI-FINISHED / WORK IN PROCESS / TRADED GOODS		
Opening Stock	2,983.45	2,626.51
Closing Stock	2,996.39	2,983.45
	(12.94)	(356.94)
TOTAL (I+II+III)	27,054.68	23,858.49
SCHEDULE : 'M'		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salary, Wages and Bonus	1,100.07	817.28
Contribution to Provident and Other funds	40.68	37.38
Workmen and Staff Welfare Expenses	169.36	143.07
TOTAL	1,310.11	997.73
SCHEDULE : 'N'		
OPERATING AND OTHER EXPENSES		
Stores and Spare Parts Consumed	253.19	222.42
Power and Fuel	908.93	877.05
Repairs :		
Building	19.16	14.77
Machinery	37.65	83.25
Others	71.33	38.79
Variation in Excise duty on stocks.	(145.64)	80.60
Labour Charges Paid (Net)	341.26	283.30
Rent	299.62	106.32
Rates and Taxes	17.44	5.16
Insurance	119.72	114.11
Postage and Telephone Expenses	190.16	176.70
Loss on sale of Fixed Assets (Net)	6.51	-
Packing Material Consumed	335.94	272.25
Travelling Expenses	252.23	207.97
Commission	112.35	106.41
Advertisements and Publicity Expenses	358.99	118.46
Selling Expenses	92.80	130.32
Computer Expenses	17.84	26.75
Carriage Outward	981.82	724.50
Sales Tax Paid	68.87	19.49
Land Lease Rent	1.60	4.20
Loss by Flood	6.54	-
Directors' Fees	3.87	1.55
Provision for Wealth Tax	1.50	1.55
Bad Debts written off	1.58	2.52
Provision/ Write back for Doubtful Debts	-	0.55
Payment to Auditors		
- Audit Fees	6.00	5.00
- In Other Capacity	0.90	0.90
Sundry Expenses	622.39	485.39
TOTAL	4,984.55	4,110.28
SCHEDULE : 'O'		
FINANCIAL EXPENSES		
INTEREST		
On Term Loans	45.26	85.60
Other Interest	531.90	470.44
	577.16	556.04
Less: Interest capitalised	7.45	7.79
Interest Received (TDS Rs. 4.26 Lacs, Previous year Rs. 6.74 Lacs)	39.41	48.85
	530.30	499.40
Bank Charges	80.90	56.54
TOTAL	611.20	555.94

SCHEDULE: P**SIGNIFICANT ACCOUNTING POLICIES****a) Basis of preparation of Financial Statements:**

The financial statements of the Company have been prepared under historical cost convention, on an accrual basis and comply with Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

b) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results /materialize are known.

c) Fixed Assets:

Fixed assets are recorded at cost of acquisition or construction net of Cenvat credit wherever eligible. Cost includes all expenses related to acquisition or construction, including attributable borrowing cost on qualifying assets.

Fixed assets, which are not in use or are held for disposal are stated at cost less accumulated depreciation or at net realizable value whichever is lower.

d) Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired.

e) Depreciation and Amortization:

- i) Depreciation on fixed assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except in the case of improvements to the leasehold assets, which are being depreciated on straight line basis over the total period of lease,(including the renewal periods).
- ii) Cost of Leasehold land is amortised over the period of lease.
- iii) Depreciation on additions / deletions is calculated on a pro-rata basis.
- iv) Individual low cost assets like mobile phones, telephone instruments, etc. are depreciated @ 100% in the year of purchase / acquisition.

f) Valuation of Inventories:

Inventories of Raw Materials, Packing Materials, Stores and Spares, Semi-finished goods and Finished goods (including Goods for trade) are valued 'at cost or net realizable value' whichever is lower. Cost comprises all cost of purchase, appropriate direct production overheads and other costs incurred in bringing the inventories to their present location and condition. The excise duty in respect of the closing inventory of finished goods is included as part of the finished goods.

g) Investments:

Long term investments are stated at cost less provision, if any, for permanent diminution in value.

h) Retirement Benefits:

Provision for payments of gratuity and leave entitlement benefits are made on the basis of an actuarial valuation carried out at the close of the year.

i) Foreign Currency Translations:

- i) Transactions in foreign currency are normally recorded at the exchange rates prevailing on the date of the transactions.
- ii) Foreign currency monetary assets and liabilities are translated at the appropriate exchange rates prevailing at the close of the year. Gains/losses on conversion/ translation are recognised in the Profit and Loss Account or adjusted to the value of fixed assets, as applicable.

j) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognised as an expense in the period in which they are incurred.

k) Recognition of Income and Expenditure:

- i) Sales are recognised on dispatch from the point of sale. Gross sales are inclusive of excise duty, VAT collected under remission scheme, but are net of trade discounts and sales returns.
- ii) Revenue/income and Cost/Expenditure are generally accounted on accrual as they are earned or incurred, except in case of significant uncertainties.
- iii) Benefit on account of entitlement to import duty-free raw materials under Advance License is estimated and accounted in the year of export as an adjustment to raw material consumption provided there is a reasonable degree of certainty with regard to its ultimate realization.
- iv) Liability for Excise duty and Customs duty payable on goods in bond at the year-end is provided for.
- v) In respect of operating leases, rentals are charged to Profit and Loss Account with reference to lease terms and conditions.
- vi) Dividend income is recognised when the right to receive the same is established.
- vii) Interest income is accrued over the period of loan / deposit / investment.
- viii) Product warranty expenses are determined / estimated and provided for on the basis of the past experience of the Company.

l) Taxation:

Income-Tax expense comprise of Current Tax, Deferred Tax and Fringe Benefit Tax. Provision for Current Tax & Fringe Benefit Tax is made on the assessable income / fringe benefits at the rate applicable to the relevant assessment year / period. The Deferred Tax Asset and Deferred Tax Liability is calculated by applying tax rate and tax laws that have been enacted substantively by the Balance Sheet date. Deferred tax assets are recognised only to the extent, there is reasonable certainty of its realization.

SCHEDULE: Q**NOTES TO THE ACCOUNTS:**

1. Contingent Liabilities not provided for in respect of: (Rs. in Lacs)

	31 March, 2006	31 March, 2005
i) Disputed Excise matters	93.09	132.90
ii) Sales Tax matters in appeal.	12.50	14.93
iii) Corporate Guarantee given on behalf of Subsidiary Company, Bangladesh Taka (BDT) 583.96 Lacs. . (Previous year (BDT) 686.79 Lacs)	361.02	469.66
iv) Un-expired letters of Credits.	176.56	20.95

The Excise and Sales Tax demands are being contested by the Company in appeals at various levels. The Company has been legally advised that it has a good case and the demand is not tenable.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance payment) Rs.184.09 Lacs (Previous year Rs.277.10 Lacs).
3. Remuneration to Directors: (A) Remuneration Rs.139.55 Lacs (Previous year Rs. 113.75 Lacs) and (B) Other Perquisites Rs. 0.50 Lacs (Previous year Rs.1.55 Lacs).
4. Net effect of changes in the foreign currency rates:
Loss / (Gain) on revenue items other than borrowing costs included in profit and loss account for the year Rs. 24.74 Lacs. {Previous year Rs.(12.92) Lacs}.
5. Disclosure relating to provisions in respect of Product Warranty is as follows:

	2005-06 (Rs.in Lacs)	2004-05(Rs.in Lacs)
Opening Balance	91.21	55.00
Additions	155.06	146.28
Utilisations	132.60	110.07
Closing Balance	113.67	91.21

6. Investment in Subsidiary Companies consists of

- a) 15,20,000 (Previous year 30,40,000) Equity shares of SLR 10/- each of Nilkamal Eswaran Plastics Pvt. Ltd., (NEPPL), Sri Lanka. During the year, NEPPL has made reduction in share capital on proportionate basis by making payment at the rate of SLR 40/- per share against the face value of Rs.10/- per share. This has resulted into an income under the head of Premium on Redemption of Share Capital by subsidiary Rs.169.41 Lacs (Previous year Rs.208.21 Lacs)

- b) 96,25,000 (Previous year 66,61,141) Equity shares of BDT 10/- each of Nilkamal Padma Plastics Pvt. Ltd, (NPPPL), Bangladesh. During the year further investment was done for Rs. 196.87 Lacs towards, the Equity shares of BDT 10/- each, out of which 29,63,859 Equity shares have been allotted.
7. Deposits include Security Deposit of Rs.406.09 Lacs (Previous year Rs. 400.84 Lacs), Maximum balance of Rs.406.09 Lacs (Previous year Rs.400.84 Lacs) paid to Companies/Firms in which the Directors of the Company are interested.
8. Sundry Debtors includes;
- a) Rs.8.55 Lacs (Previous year Rs.7.99 Lacs), Maximum balance Rs.12.62 Lacs at any time during the year (Previous year Rs. 17.75 Lacs) due from Nilkamal Eswaran Plastics Pvt. Ltd., Sri Lanka, a Subsidiary Company.
- b) Rs.40.18 Lacs (Previous year Rs.19.59 Lacs); Maximum balance Rs. 40.18 Lacs (Previous year Rs.23.26 Lacs) due from Nilkamal Padma Plastics Pvt. Ltd., Bangladesh, a Subsidiary Company.
- c) Rs.5.56 Lacs (Previous year Rs.0.75 Lacs), Maximum Rs.18.19 Lacs (Previous year Rs.53.35 Lacs), due from Nilkamal Crates & Bins, a firm in which directors are interested as partners.
- d) Rs.10.94 Lacs (Previous year Rs.71.87 Lacs), Maximum Rs.110.42 Lacs (Previous year Rs.153.81 Lacs) due from Stackwell Marketing Services Pvt. Ltd., a Company in which directors are interested.
9. Advances recoverable in cash or in kind include;
- a) Due from Nilkamal Eswaran Plastics Pvt. Ltd., SriLanka, a subsidiary company, Rs.384.78 Lacs (Previous year Rs. 46.40 Lacs) out of which Rs.120.76 Lacs is towards royalty etc. (Previous year 2.68 Lacs) and Rs.263.02 lacs (Previous year Rs. 43.72 Lacs) towards reduction of capital; Maximum balance due at any time during the year Rs.384.78 Lacs (Previous year Rs.46.49 Lacs).
- b) Due from Nilkamal Padma Plastics Pvt. Ltd., Bangladesh, a subsidiary company; expenditure recoverable of Rs.38.76 Lacs (Previous year Rs.44.48 Lacs); Maximum balance due at any time during the year Rs.49.39 Lacs. (Previous year Rs.44.48 Lacs).
- c) Rs.497.00 lacs paid towards proposed Joint Venture project.
10. Dues of SSI undertakings
- The names of small-scale industrial undertakings to whom any amount was payable and outstanding for more than 30 days.
- V S N Plastics Pvt. Ltd.
Mixwel Polymers
M Colour Concentrates
11. Additional information pursuant to paragraphs 3,4, and 4D of Schedule VI of the Companies Act, 1956.
- a) Details of Capacity, Product manufactured, Turnover, Opening Stock and Closing Stock of finished goods (excluding products of third party manufactured on labour job basis);

Particulars	2005-2006		2004-2005					
	43996 TPA		43996 TPA					
	Injection Moulding Items		Injection Moulding Items					
	Opening Stock		Production		Turnover		Closing Stock	
	Quantity (pcs in Lacs)	Amount (Rs. in Lacs)	Quantity (pcs in Lacs)	Quantity* (pcs in Lacs)	Amount (Rs. in Lacs)	Quantity (pcs in Lacs)	Amount (Rs. in Lacs)	
2005 - 06	18.45	2133.60	168.67	175.90	27,365.90	11.22	1,572.41	
2004 - 05	14.38	1720.51	158.85	154.78	22,479.15	18.45	2,133.60	

* Including samples and Net of unsaleable Finished Goods regrinded.

Schedules forming part of the Accounts
Nilkamal Plastics Limited

b) Purchases for Resale :-

(Qty. & Amount (Rs.) in Lacs)

	Opening Stock		Purchase		Turnover		Closing Stock	
	Quantity	Amount	Quantity	Amount	Quantity*	Amount	Quantity	Amount
2005-06								
Injection Moulded Plastic Articles—pcs	1.94	335.23	46.36	7,573.16	45.99	8,755.19	2.31	473.89
Polymers (MT) & Others	0.87	102.50	48.76	2,623.87	48.07	3,019.88	1.56	68.28
Readymade Home furniture, Furnishing, Accessories & Others—pcs	-	-	1.42	742.82	0.42	484.83	1.00	534.36
2004-05								
Injection Moulded Plastic Articles—pcs	2.20	348.64	50.92	7,505.95	51.18	9,060.85	1.94	335.23
Polymers (MT) & Others	2.32	114.12	66.04	3,433.69	67.49	3,872.72	0.87	102.50

* including samples

c) Sale of Scrap Rs.28.35 Lacs (Previous Year Rs.23.56 Lacs)

d) Details of Raw Material Consumed:-

Particulars	2005-2006		2004-2005	
	QTY (tonnes)	VALUE (Rs. in Lacs)	QTY (tonnes)	VALUE (Rs. in Lacs)
Polyethylene	10,804	5,712.88	12,061	5,650.27
Polypropylene	18,597	10,084.14	14,173	7,053.60
Others		330.75		571.92
TOTAL		16,127.77		13,275.79

e) Details of Imported and Indigenous Raw Material Consumed:-

Particulars	2005-2006		2004-2005	
	Value (Rs. in Lacs)	%	Value (Rs. in Lacs)	%
Imported	109.24	1	161.13	1
Indigenous	16,018.53	99	13,114.66	99
TOTAL	16,127.77	100	13,275.79	100

f) Earnings in Foreign Exchange :-

(i) FOB Value of exports made during the year Rs.473.07 Lacs (Previous year Rs.315.88 Lacs).

(ii) Dividend received from a foreign subsidiary Company Rs.26.75 Lacs (Previous year Rs.Nil).

(iii) Technical and management fees, Royalty and reduction in capital by subsidiary Rs.406.51 Lacs (Previous year Rs.351.72 Lacs).

g) CIF Value of Imports:-

Particulars	2005-2006 Rs. in Lacs	2004-2005 Rs. in Lacs
Capital Goods	463.66	360.01
Raw Material	218.97	178.19
Traded Goods	583.13	188.93
Stores, Spares & Others	0.22	14.48
TOTAL	1,265.98	741.61

h) Expenditure in Foreign Currency:-

Particulars	2005-2006 Rs. in Lacs	2004-2005 Rs. in Lacs
Travelling Expenses	22.85	25.48
Interest Paid on Foreign Currency Loan (including Foreign Currency Denominated)	38.83	153.67
Others	10.71	7.42
TOTAL	72.39	186.57

i) Investment in a foreign subsidiary Rs. 196.87 Lacs (Previous year Rs. Nil).

12. Sales are net of cash discounts Rs. 112.50 Lacs (Previous year Rs. 107.99 Lacs)

13. Disclosure in respect of derivative instruments:-

a) Derivative instruments outstanding as on 31.03.2006:

(In Lacs)
As at 31.03.2006

Particulars	Currency	Forward	Swap
Loan taken - Principal	USD	11.17	-
Loan taken - interest rate	USD	-	2.12

b) All derivative and financial instruments acquired by the Company are for hedging purposes only.

c) Foreign currency exposure that are not hedged by derivative instruments as on 31st March, 2006:

Particulars	Currency	In Lacs
Receivables	USD	12.44
	EURO	0.59
Payables	USD	1.24
Loan taken	USD	17.78

Note: Previous year figures are not included as the above disclosure has become mandatory in respect of accounting periods ending on or after 31st March, 2006.

14. APPENDIX: AGGREGATED RELATED PARTY DISCLOSURES

(Rs. in Lacs)

	Subsidiary	Key Management Personnel (Managing Director Whole time Director Manager and other Managerial personnel)	Enterprises owned or significantly influenced by key management personnel or their relatives	Total	Subsidiary	Key Management Personnel (Managing Director Whole time Director Manager and other Managerial personnel)	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
	2005-06	2005-06	2005-06	2005-06	2004-05	2004-05	2004-05	2004-05
Sales	78.10	-	949.86	1027.96	90.71	-	578.73	669.44
Purchases of raw materials, intermediaries and finished goods	-	-	60.40	60.40	-	-	23.93	23.93
Purchases Others	-	-	16.01	16.01	-	-	14.48	14.48
Paid for services & labour charges	-	-	21.12	21.12	-	-	0.85	0.85
Received for services & labour charges	-	-	24.87	24.87	-	-	22.54	22.54
Purchase of fixed assets	-	-	0.13	0.13	-	-	4.90	4.90
Sales of fixed assets	40.71	-	1.62	42.33	-	-	9.17	9.17
Rent paid	-	-	39.46	39.46	-	-	28.74	28.74
Rent recovered	-	-	0.66	0.66	-	-	0.66	0.66
Deposit paid	-	-	5.25	5.25	-	-	4.50	4.50
Dividend received from subsidiary	26.75	-	-	26.75	-	-	-	-
Royalty	120.76	-	-	120.76	-	-	-	-
Equity contribution	196.87	-	-	196.87	-	-	-	-
Amount received on account of capital reduction	263.02	-	-	263.02	395.44	-	-	395.44
Management fees received	22.73	-	-	22.73	23.03	-	-	23.03
Balance Outstanding at the year end [Receivable / (Payable)]	209.27	-	(15.10)	194.17	74.74	-	72.62	147.36

NOTES

1 Names of related parties and description of relationship

- i Subsidiaries Nilkamal Eswaran Plastics Pvt Ltd
Nilkamal Eswaran Marketing Pvt.Ltd
Nilkamal Padma Plastics Pvt. Ltd
- ii Key Management Personnel Shri Vamanrai V. Parekh
Shri Sharad V. Parekh
Shri Hiten V. Parekh
Shri Manish V. Parekh
Shri Nayan S. Parekh
- iii Enterprise owned or significantly influenced by key Management personnel or their relatives Nilkamal Crates & Containers
Nilkamal Plastics & Allied Industries
Nilkamal Crates & Bins
Stackwell Marketing Services Pvt. Ltd.
Realm Exports Pvt. Ltd.

Note:

Following individuals and entities taken together with persons and entities shown above under 'Related Party Transactions' disclosure will constitute to form a 'Group'.

Mrs. Nalini V. Parekh, Mrs. Maya S. Parekh, Mrs. Smriti H. Parekh, Mrs. Manju M. Parekh, Mrs. Purvi N. Parekh, Mrs. Rajul M Gandhi, Miss Priyanka H. Parekh, Master Mihir H. Parekh, Master Eashan M. Parekh, Mrs. Nirajana D. Parekh, Mrs. Shashikala M. Parekh, Mr. Manoj K. Gandhi, Vamanrai V. Parekh (HUF), Sharad V. Parekh (HUF), Hiten V. Parekh (HUF), Manish V. Parekh (HUF), A. M. Engineering Private Limited, Stack Plast Pvt. Ltd, Parekh Plasto Industries Pvt. Ltd., Nilkamal Industrial Plastics Private Limited, Shrimant Holding Pvt. Ltd., Heirloom Finance Pvt. Ltd, and Nilkamal Builders Pvt. Ltd.

Remuneration paid to directors is disclosed elsewhere in the notes to the Accounts.

15. Nilkamal brand used by Nilkamal Plastics Limited, is owned by Nilkamal Crates & Containers for which no payment of royalty is made by Nilkamal Plastics Limited to Nilkamal Crates and Containers.

16. Deferred Tax Asset / Liabilities:

The Company has been recognising in the financial statements the deferred tax assets/liabilities, in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. During the year Company has credited the Profit and Loss account with the deferred tax assets of Rs 101.89 Lacs (previous year Rs.171.43 Lacs).

Major components of deferred tax assets and liabilities arising on account of timing differences are:

(Rs. in Lacs)

	2005-06		2004-05	
	Assets	Liabilities	Assets	Liabilities
Depreciation	-	867.67	-	963.56
Provision for Doubtful Debts	41.70	-	41.70	-
Others	33.30	-	27.30	-
TOTAL	75.00	867.67	69.00	963.56

17. Other Interest includes Rs. Nil (Previous year Rs.90.00 Lacs) towards charges for termination of Loan Agreement.

18. Operating Lease in respect of Property taken on Lease:

(Rs. in Lacs)

	2005-06	2004-05
A. Lease payments recognised in the Profit and Loss Account	155.07	4.40
B. Future minimum Lease Payments under non cancelable agreements.		
i) Not later than one year	410.67	-
ii) Later than one year but not later than 5 years	1,771.64	-
iii) Later than 5 years	6,613.25	-

The agreements are executed for the period of 36 to 216 months with a non cancellable period from 0 to 36 months and having a renewable clause

19. The Company is engaged in two business segments:

1. Plastics.
2. Readymade Furnitures.

Segment-wise Revenue, Results and Other Information

A. BUSINESS SEGMENT

(Rs. in Lacs)

Sr.No.	Particulars	Year ended 31 st March, 2006		
		Plastics	Readymade Furnitures	Total
1	Segment Revenue (Net Sales)	35,751.25	484.83	36,236.08
2.	Segment Result:	2,137.22	(615.14)	1,522.08
	Add: Unallocated Income (Net of - Unallocated expenses)			51.33
	Operating Profit			1,573.41
	Less: Interest (Net)			611.20
	Net Profit Before Tax			962.21
	Less: Current Tax			310.00
	Fringe Benefit Tax			50.00
	Deferred tax			(101.89)
	Net Profit After Tax			704.10
3.	Other Information:			
	Segment Assets	20,817.82	1,754.82	22,572.64
	Add: Unallocated Common Assets			2,265.16
	Total Assets			24,837.80
	Segment Liabilities	3,150.20	247.54	3,397.74
	Add: Unallocated Common Liabilities			8,761.77
	Total Liabilities			12,159.51
	Capital Expenditure	850.26	776.83	1,627.09
	Depreciation	1,648.95	22.51	1,671.46
	Significant non cash expenses other than depreciation	-	-	-

B. GEOGRAPHICAL SEGMENT:

(Rs. in Lacs)

Sr.No.	Particulars	Year ended 31 st March, 2006		
		India	Rest of the World	Total
1.	Segment Revenue	35,737.51	498.57	36,236.08
2.	Carrying cost of Segment -Assets	22,415.29	157.35	22,572.64
3.	Addition to Fixed Assets and - Intangible Assets	1,627.09	-	1,627.09

Notes:

1. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the company's organisation structure as well as the differential risks and returns of these segments.
2. The Company has disclosed Business Segment as the primary segment.
3. Types of products and services in each business segment:

Sr. No.	Business Segment	Types of Products and Services
a.	Plastics.	Injection moulded plastic articles, Polymers and others.
b.	Ready made Furnitures.	Home Furniture, Home Furnishing and Accessories.

4. The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.
 5. There is no segment information for previous year as Company was engaged in only one business segment of 'Plastics'.
20. Earning per share has been computed as under:

	2005-06	2004-05
Net Profit (Rupees in Lacs)	784.62	1,295.76
Weighted average number of equity shares (in Lacs)	85.75	85.75
Earning per share basic and diluted (Rupees) (face value of Rs.10/- each)	9.15	15.11

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

AS PER OUR REPORT OF EVEN DATE

For and on behalf of

DALAL & SHAH

Chartered Accountants

Kuntal Dave

Partner

For and on behalf of

VORA & ASSOCIATES

Chartered Accountants

Bharat B. Chovatia

Partner

Place : Mumbai

Date: June 30, 2006

FOR AND ON BEHALF OF THE BOARD

Sharad V. Parekh
Managing Director**Hiten V. Parekh**
Executive Director**Paresh B. Mehta**
Financial controller**Manoj Gagvani**
Company Secretary

DETAIL OF BALANCE SHEET AS AT 31ST MARCH 2006 AND INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST MARCH, 2006 OF SUBSIDIARY COMPANIES

Particulars	Foreign subsidiary (Rs. in Lacs)	
	Nilkamal Eswaran Plastics Private Limited (Srilanka)	Nilkamal Padma Plastics Private Limited (Bangladesh)
1. Share Capital	86.52	618.22
2. Reserve and Surplus	698.17	(446.08)
3. Total Assets	1,937.90	835.33
4. Total Liabilities@	1,153.21	663.19
5. Turnover and Other Income	4,569.12	1,107.55
6. Profit Before Taxation	309.58	(183.68)
7. Provision for Taxation (including Deferred Tax)*	112.66	-
8. Profit After Taxation	196.92	(183.68)

@ Includes Deferred Tax Assets (net); * Net of excess/short provision for tax in earlier years.

Note - In respect of foreign subsidiaries

- a) Item nos. 1 to 4 are translated at exchange rate as on 31st March 2006 as follows: 1 US\$ = 44.45 INR
- b) Item No. 5 to 8 are translated at monthly closing rate.

Balance Sheet Abstract**Nilkamal Plastics Limited**

Balance Sheet Abstract and Company's General Business Profile
Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956

I. Registration Details

Registration No.

L	2	5	2	0	9	D	N	2	0	0	2	P	L	C	1	6	2
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 State Code

5	4
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Balance Sheet Date

3	1	-	0	3	-	2	0	0	6
---	---	---	---	---	---	---	---	---	---

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

Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

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

Total Liabilities

		2	1	1	0	2
--	--	---	---	---	---	---

 Total Assets

		2	1	1	0	2
--	--	---	---	---	---	---

Source of Funds

Paid Up Capital

				8	5	7
--	--	--	--	---	---	---

 Reserves and Surplus

		1	1	8	2	1
--	--	---	---	---	---	---

Secured Loans

			7	1	3	1
--	--	--	---	---	---	---

 Unsecured Loans

				5	0	0
--	--	--	--	---	---	---

Deferred Tax

				7	9	3
--	--	--	--	---	---	---

Application of Funds

Net Fixed Assets

			9	6	9	5
--	--	--	---	---	---	---

 Investments

				8	2	8
--	--	--	--	---	---	---

Net Current Assets

		1	0	5	7	9
--	--	---	---	---	---	---

 Accumulated Losses

					-	-
--	--	--	--	--	---	---

Misc. Expenditure

					-	-
--	--	--	--	--	---	---

IV. Performance of Company (Amount Rs. in Lacs)

Turnover (Including other Income)

		3	6	5	9	4
--	--	---	---	---	---	---

 Total Expenditure

		3	5	6	3	2
--	--	---	---	---	---	---

Extra Ordinary Items

					-	
--	--	--	--	--	---	--

 Profit / (Loss) before Tax

				9	6	2
--	--	--	--	---	---	---

Profit / (Loss) after Tax

				7	0	4
--	--	--	--	---	---	---

 Earning Per Share (Rs.)

			9	.	1	5
--	--	--	---	---	---	---

Dividend Rate (%)

					3	0
--	--	--	--	--	---	---

V. Generic Names of three principal products of the Company (As per Monetary Terms)

Item Code No.	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>9</td><td>2</td><td>3</td><td>.</td><td>9</td><td>0</td></tr></table>	3	9	2	3	.	9	0	Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>Material Handling Crates</td></tr></table>	Material Handling Crates
3	9	2	3	.	9	0					
Material Handling Crates											
Item Code No.	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>9</td><td>4</td><td>0</td><td>1</td><td>.</td><td>0</td><td>0</td></tr></table>	9	4	0	1	.	0	0	Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>Plastic Moulded Chairs</td></tr></table>	Plastic Moulded Chairs
9	4	0	1	.	0	0					
Plastic Moulded Chairs											
Item Code No.	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>9</td><td>4</td><td>0</td><td>3</td><td>.</td><td>0</td><td>0</td></tr></table>	9	4	0	3	.	0	0	Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>Plastic Moulded Trollies and Tables</td></tr></table>	Plastic Moulded Trollies and Tables
9	4	0	3	.	0	0					
Plastic Moulded Trollies and Tables											

FOR AND ON BEHALF OF THE BOARD

Sharad V. Parekh
Managing Director

Hiten V. Parekh
Executive Director

Paresh B. Mehta
Financial controller

Manoj Gagvani
Company Secretary

Place : Mumbai
Date: June 30, 2006

Auditors' Report to the Board of Directors of Nilkamal Plastics Limited on the Consolidated Financial Statements of Nilkamal Plastics Limited and its subsidiaries.

To,
The Board of Directors,
Nilkamal Plastics Limited,
Mumbai.

1. We have audited the attached consolidated Balance Sheet of Nilkamal Plastics Limited and its Subsidiary Companies as at 31st March, 2006 and also the related Profit and Loss account and Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of the foreign Subsidiary Companies Nilkamal Eswaran Plastics (Pvt.) Ltd., Nilkamal Eswaran Marketing (Pvt.) Ltd and Nilkamal Padma Plastics (Pvt.) Ltd. whose financial statements reflect total assets of Rs.1,770.54 Lacs as at 31st March 2006 and total revenues of Rs.5,086.56 Lacs for the year then ended. Other auditors, whose reports have been furnished to us, have audited these financial statements, and our opinion, in so far as it relates to the amounts included in respect of the Subsidiary Companies, is based solely on the report of the other auditors.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of Nilkamal Plastics Limited and its Subsidiary Companies included in the aforesaid consolidation.
4. In our opinion, based on our audit and the reports of other auditors, these consolidated financial statements give a true and fair view of the state of affairs of Nilkamal Plastics Limited and its Subsidiary Companies as at 31st March, 2006 and of the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles in India.

For DALAL & SHAH
Chartered Accountants

Kuntal Dave
Partne
Membership No.: 48513
Place : Mumbai
Date : June 30, 2006

For VORA & ASSOCIATES
Chartered Accountants

Bharat B. Chovatia
Partner
Membership No.: 31756

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006

	SCHEDULE	AS AT 31.03.2006 Rs. in Lacs	AS AT 31.03.2005 Rs. in Lacs
I SOURCES OF FUNDS			
1. SHAREHOLDERS' FUND			
(a) Share Capital	A	857.47	857.47
(b) Reserves and Surplus	B	11,606.62	11,429.49
		<u>12,464.09</u>	<u>12,286.96</u>
2. MINORITY INTEREST		163.20	217.88
3. LOAN FUNDS			
(a) Secured Loans	C	7,822.63	7,774.70
(b) Unsecured Loans	D	500.00	1,000.00
		<u>8,322.63</u>	<u>8,774.70</u>
4. DEFERRED TAX LIABILITY (NET) (Refer Note 9)		926.39	1,073.49
TOTAL		<u>21,876.31</u>	<u>22,353.03</u>
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
(a) Gross Block	E	23,736.91	22,573.64
Less: Depreciation		13,171.49	11,484.35
Net Block		<u>10,565.42</u>	<u>11,089.29</u>
(b) Capital Work In Progress (including advances on capital account)		479.72	362.23
		<u>11,045.14</u>	<u>11,451.52</u>
2. INVESTMENTS	F	0.04	0.10
3. CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories		5,388.55	5,366.16
(b) Sundry Debtors		5,763.70	5,969.37
(c) Cash and Bank Balances		540.52	687.06
(d) Loans and Advances		3,388.95	2,950.26
		<u>15,081.72</u>	<u>14,972.85</u>
LESS:CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	H	3,809.55	3,721.97
(b) Provisions	I	441.04	349.47
		<u>4,250.59</u>	<u>4,071.44</u>
NET CURRENT ASSETS		<u>10,831.13</u>	<u>10,901.41</u>
TOTAL		<u>21,876.31</u>	<u>22,353.03</u>
SIGNIFICANT ACCOUNTING POLICIES	P		
NOTES TO ACCOUNTS	Q		

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For and on behalf of**DALAL & SHAH**

Chartered Accountants

Kuntal Dave

Partner

For and on behalf of**For VORA & ASSOCIATES**

Chartered Accountants

Bharat B. Chovatia

Partner

Place : Mumbai

Date: June 30, 2006

Sharad V. Parekh
Managing Director**Hiten V. Parekh**
Executive Director**Paresh B. Mehta**
Financial controller**Manoj Gagvani**
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2006

	SCHEDULE	Year ended on 31.03.2006 Rs. in Lacs	Year ended on 31.03.2005 Rs. in Lacs
I INCOME			
Gross Sales	J	45,392.42	39,785.13
Less : Excise Duty and Other Levies		4,156.08	3,863.67
NET SALES		41,236.34	35,921.46
Other Income	K	20.93	28.58
TOTAL		41,257.27	35,950.04
II EXPENDITURE			
Materials consumed / Cost of goods traded / Variation in Stocks	L	30,473.65	26,201.98
Employees Remuneration and Benefits	M	1,552.11	1,210.10
Operating and other expenses	N	5,693.62	4,839.52
Financial Expenses	O	725.97	669.96
Depreciation/Amortisation		1,971.39	1,893.83
TOTAL		40,416.74	34,815.39
Profit before Taxation		840.53	1,134.65
Extra Ordinary Item (Provision for Impairment of Assets written back)		-	49.30
Add :- Prior Period Adjustment		-	0.86
Provision for taxation			
- Current		462.92	339.55
- Deferred		(147.10)	(221.66)
- Fringe Benefits Tax		50.00	-
NET PROFIT AFTER TAX		474.71	1,066.92
Taxation for earlier years written back		76.38	6.49
NET PROFIT BEFORE MINORITY INTEREST		551.09	1,073.41
Minority Interest		(33.47)	(36.08)
NET CONSOLIDATED PROFIT FOR THE YEAR		517.62	1,037.33
Balance of Profit Brought Forward		2,089.78	2,096.32
PROFIT AVAILABLE FOR APPROPRIATION		2,607.40	3,133.65
III APPROPRIATIONS			
Proposed Dividend		257.24	257.24
Tax on Proposed Dividend		36.08	36.08
Translation Difference adjusted		42.91	58.87
Transfer to General Reserve		500.00	691.68
Balance carried to Balance Sheet		1,771.17	2,089.78
		2,607.40	3,133.65
Earning per Equity Share of Rs.10/- Each [Refer Note 11]			
BASIC AND DILUTED		5.49	11.41
SIGNIFICANTS ACCOUNTING POLICIES	P		
NOTES TO ACCOUNTS	Q		

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For and on behalf of

DALAL & SHAH

Chartered Accountants

Kuntal Dave

Partner

For and on behalf of

For VORA & ASSOCIATES

Chartered Accountants

Bharat B. Chovatia

Partner

Place : Mumbai

Date: June 30, 2006

Sharad V. Parekh
Managing Director**Hiten V. Parekh**
Executive Director**Paresh B. Mehta**
Financial controller**Manoj Gagvani**
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

	AS AT 31.03.2006 Rs. in Lacs	AS AT 31.03.2005 Rs. in Lacs	AS AT 31.03.2005 Rs. in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit for the Year after tax		517.62	1,037.33
Adjustments for :			
Depreciation/Amortisation	1,971.38		1,893.83
Provision for Wealth Tax	1.50		1.55
Provision for Gratuity and Leave Salary	40.23		(3.93)
Provision for Income Tax	365.82		117.89
Impairment of Assets	-		(49.30)
Income from Investment	(0.05)		-
Taxation of earlier years written back	(76.38)		(6.49)
(Profit)/Loss on sale of Fixed Assets	0.75		(4.24)
Exchange fluctuation (gain/loss on translation of assets and liabilities)	(23.66)		(6.94)
Premium on redemption of capital by subsidiary company	-		-
Financial Expenses (including exchange fluctuation on borrowings)	725.97		669.96
Profit attributable to Minority	33.47	3,039.03	36.08
Operating Profit before Working Capital changes		3,556.65	3,685.74
Adjustments for :			
Trade and Other Receivables	33.63		(1,420.09)
Inventories	(44.21)		(191.14)
Trade Payable and Other Liabilities	88.44		1,040.72
Direct Taxes Paid (Net of Refund)	(220.25)		(370.54)
		(142.39)	(941.05)
Net Cash from Operating Activities A		3,414.26	2,744.69
B. CASH FLOW FROM INVESTING ACTIVITIES			
Addition to Fixed Assets (including CWIP)	(1,732.18)		(1,602.53)
Sale of Fixed Assets	91.96		81.97
Advance for proposed Joint Venture Project	(497.00)		-
Maturity of investment in NSC	0.06		-
Net Cash used in Investing Activities B		(2,137.16)	(1,520.56)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Re-payment of Long Term Borrowings(net)	(558.21)		(655.22)
Repayment of Unsecured Rupee Loan	(500.00)		(500.00)
Proceeds from working capital loans(net)	757.34		1,053.92
Dividend paid to Minority	(8.31)		-
Advance against share capital	4.14		(125.59)
Equity contribution from Minority	-		1.63
Translation Adjustment	-		(2.47)
Interest Paid	(699.74)		(566.63)
Dividend paid (including tax on dividend)	(292.88)		(290.20)
Net Cash from Financing Activities C		(1,297.66)	(1,084.56)
Net Increase in Cash and Cash Equivalents (A + B + C)		(20.56)	139.57
Cash and Cash Equivalents as at 01.04.2005	441.62		302.05
Cash and Cash Equivalents as at 31.03.2006	421.06		441.62
		(20.56)	139.57
Reconciliation to Cash and Bank Balances given in Schedule G, is as follows :-			
Cash and Bank Balances		540.52	687.06
Less:			
Balances in Fixed Deposit accounts pledged with various - government authorities		11.35	10.85
In Margin Accounts		108.11	234.59
Cash and Cash Equivalents as at 31.03.2006		421.06	441.62

1. Previous year's figures have been regrouped / recast wherever necessary.

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For and on behalf of

DALAL & SHAH

Chartered Accountants

Kuntal Dave

Partner

For and on behalf of

For VORA & ASSOCIATES

Chartered Accountants

Bharat B. Chovatia

Partner

Place : Mumbai

Date: June 30, 2006

Sharad V. Parekh

Managing Director

Hiten V. Parekh

Executive Director

Pareesh B. Mehta

Financial controller

Manoj Gagvani

Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2006 Rs. in Lacs	AS AT 31.03.2005 Rs. in Lacs
SCHEDULE : A		
SHARE CAPITAL		
AUTHORISED:		
90,00,000 Equity Shares of Rs. 10/- each	900.00	900.00
30,00,000 Preference Shares of Rs. 10/- each	300.00	300.00
	<u>1,200.00</u>	<u>1,200.00</u>
ISSUED, SUBSCRIBED AND PAID UP:		
85,74,700 Equity Shares of Rs. 10/- each	857.47	857.47
TOTAL	<u>857.47</u>	<u>857.47</u>
SCHEDULE : B		
RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last Account	1,085.16	1,085.16
SECURITIES PREMIUM ACCOUNT		
As per last Account	754.55	754.55
GENERAL RESERVE		
As per last Account	7,500.00	7,000.00
Less: Impairment Loss	-	191.68
Add: Transfer from Profit and Loss Account	500.00	691.68
	<u>8,000.00</u>	<u>7,500.00</u>
PROFIT AND LOSS ACCOUNT		
Surplus as per Annexed Account	1,771.17	2,089.78
Less: Loss on Capital Restructure	4.26	-
	<u>1,766.91</u>	<u>2,089.78</u>
TOTAL	<u>11,606.62</u>	<u>11,429.49</u>
SCHEDULE : C		
SECURED LOANS		
(A) From Banks		
(I) Rupee Loan	6,109.34	5,290.97
(II) Foreign Currency Loan	496.48	502.17
(B) Term Loans From Banks and Financial Institutions		
(i) Rupee Loan	423.57	1,106.56
(ii) Foreign Currency Loan (Under External Commercial Borrowing Scheme)	793.24	875.00
TOTAL	<u>7,822.63</u>	<u>7,774.70</u>
SCHEDULE : D		
UNSECURED LOANS		
From Banks :-		
Rupee Loan -	500.00	1,000.00
TOTAL	<u>500.00</u>	<u>1,000.00</u>

SCHEDULE : 'E'**FIXED ASSETS****(Rs. in Lacs)**

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION	NET BLOCK
	As on 01.04.2005	Addition during year	Dedu./ Adju during year	As on 31.03.06	As on 31.03.06	As on 31.03.06
Freehold Land	218.46	-	0.92	217.54	-	217.54
Leasehold Land	100.91	-	-	100.91	9.97	90.94
Building	5,073.93	122.75	14.03	5,182.65	1,037.54	4,145.11
Plant and Machinery	15,600.19	692.45	291.56	16,001.08	11,364.36	4,636.72
Furniture and Fixture	1,214.60	279.69	27.57	1,466.72	661.52	805.20
Vehicles	365.55	78.82	52.58	391.79	87.10	304.69
Show Room Interiors	-	376.22	-	376.22	11.00	365.22
T O T A L R S.	22,573.64	1,549.93	386.66	23,736.91	13,171.49	10,565.42
Previous Year	21,372.50	1,481.21	280.07	22,573.64	** 11,484.35	11,089.29

- a) Leasehold Land value includes Rs.0.01 Lacs (Previous Year Rs. 0.01 Lacs) paid by way of subscription of shares for membership of co-operative housing society.
- b) Addition during the year includes interest capitalised amounting to Rs. 7.45 Lacs (Previous Year Rs. 7.79 Lacs).
- c) ** Including provision for impairment amounting to Rs. 247.33 Lacs.

SCHEDULE : 'F'**INVESTMENTS**

(Long Term Unquoted unless otherwise stated)

Investments in Government Securities at cost

National Savings Certificate

	AS AT 31.03.2006 Rs. in Lacs	AS AT 31.03.2005 Rs. in Lacs
	0.04	0.10
TOTAL	0.04	0.10

SCHEDULE : 'G'**INVENTORIES**

(As verified, valued and certified by the Management)

Stores and Spare parts

Stock in Trade

Raw Materials

Packing Materials

Semi-Finished Goods / Work in Process

Finished Goods and Traded Goods

	273.26	266.23
	1,604.55	1,641.89
	81.90	81.21
	348.20	582.34
TOTAL	3,080.64	2,794.49
	5,388.55	5,366.16

SUNDRY DEBTORS

Unsecured

i) Outstanding for a period exceeding Six months

a) Considered Good

b) Considered Doubtful

ii) Other Debts (Considered Good)

Less: Provision for Doubtful Debts

	323.84	816.95
	223.76	239.92
	547.60	1,056.87
	5,439.86	5,152.42
	5,987.46	6,209.29
	223.76	239.92
TOTAL	5,763.70	5,969.37

	AS AT 31.03.2006 Rs. in Lacs	AS AT 31.03.2005 Rs. in Lacs
CASH AND BANK BALANCES		
Cash on hand (including cheques on hand Rs. 7.42 Lacs; Previous Year Rs. 48.03 Lacs)	38.58	81.23
Balance with Scheduled Banks		
l) On Current Accounts	382.48	360.40
ii) On Fixed Deposit Accounts (Pledged with various government authorities)	11.35	10.85
iii) On Margin Accounts	108.11	234.58
TOTAL	540.52	687.06
LOANS AND ADVANCES (Unsecured, considered good)		
Advances Recoverable in Cash or in kind or for the value to be received	2,110.88	2,065.29
Employee Loans	78.93	58.66
Balance with Excise Department	273.10	217.07
Tax paid in Advance (Net of Provisions)	-	51.68
Deposits	926.04	557.30
Insurance Claim Receivable	-	0.26
TOTAL	3,388.95	2,950.26
SCHEDULE : 'H'		
CURRENT LIABILITIES		
Sundry Creditors	1,472.37	1,293.70
Due to Small Scale Industrial undertakings	146.39	14.88
Liability towards Investor Education and Protection Fund under Section 205 (C) of the Companies Act, 1956 (not due) on account of Unclaimed Dividend	16.03	15.59
Other Liabilities	2,165.95	2,394.90
Interest Accrued but not due on loans	8.81	2.90
TOTAL	3,809.55	3,721.97
SCHEDULE : 'I'		
PROVISIONS		
Provision for Taxation (Net of Advance Tax)	51.44	-
Proposed Dividend	257.24	257.24
Tax on Proposed Dividend	36.08	36.08
For Retirement Benefits	96.28	56.11
Turn Over Tax	-	0.04
TOTAL	441.04	349.47
SCHEDULE : J		
SALES AND INCOME FROM OPERATIONS		
Local and Export	45,392.42	39,785.13
TOTAL	45,392.42	39,785.13
SCHEDULE : 'K'		
OTHER INCOME		
Miscellaneous Receipts	15.56	19.15
Claims Received	5.37	5.19
Surplus on sales of fixed assets (Net)	-	4.24
TOTAL	20.93	28.58

	YEAR ENDED 31.03.2006 Rs. in Lacs	YEAR ENDED 31.03.2005 Rs. in Lacs
SCHEDULE : L		
I RAW MATERIALS CONSUMED	19,572.65	15,574.53
II TRADING PURCHASES	10,953.01	11,003.68
III VARIATION IN THE STOCK OF FINISHED/ SEMI-FINISHED/TRADED GOODS / WORK IN PROCESS		
Opening Stock	3,376.83	3,000.60
Closing Stock	3,428.84	3,376.83
	(52.01)	(376.23)
TOTAL (I + II + III)	30,473.65	26,201.98
SCHEDULE : M		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salary, Wages and Bonus	1,324.30	1,013.81
Cont. to Provident and Other funds	53.10	47.96
Workmen and Staff Welfare Expenses	174.71	148.33
TOTAL	1,552.11	1,210.10
SCHEDULE : N		
OPERATING AND OTHER EXPENSES		
Stores and Spare Parts Consumed	243.16	216.72
Power and Fuel	1,088.51	1,035.34
Repairs :		
Building	23.30	27.08
Machinery	56.64	102.69
Others	71.33	43.81
Variation in Excise duty on stocks.	(145.65)	80.60
Labour Charges Paid	341.26	283.30
Rent	332.90	120.58
Rates and Taxes	17.44	5.16
Insurance	128.62	124.23
Postage and Telephone Expenses	191.13	177.42
Loss on sale of Fixed Assets (Net)	0.75	-
Packing Material Consumed	420.81	318.68
Travelling Expenses	271.12	223.85
Commission	171.46	231.68
Advertisements and Publicity Expenses	410.91	337.42
Selling Expenses	92.80	-
Computer Expenses	17.84	26.75
Carriage Outward	1,112.44	826.30
Sales Tax Paid	82.97	19.49
Land Lease Rent	1.60	23.28
Loss by Flood	6.54	-
Directors' Fees	3.87	1.55
Provision for Wealth Tax	1.50	1.55
Bad Debts written off	7.42	17.63
Provision/ Write back for Doubtful Debts	-	0.55
Payment to Auditors		
- Audit Fees	9.29	7.41
- In Other Capacity	0.90	0.90
Sundry Expenses	732.76	585.55
TOTAL	5,693.62	4,839.52
SCHEDULE : O		
FINANCIAL EXPENSES		
INTEREST		
On Term Loans	147.09	92.95
Other Interest	536.41	571.58
	683.50	664.53
Less: Interest capitalised	7.45	7.79
Interest Received	39.41	48.85
	636.64	607.89
Bank Charges	89.33	62.07
TOTAL	725.97	669.96

SCHEDULE 'P'**SIGNIFICANT ACCOUNTING POLICIES****A) Basis of preparation of Financial Statements:**

The financial statements of the Company have been prepared under historical cost convention on an accrual basis and comply with Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

B) Principles of Consolidation

The consolidated financial statements relate to Nilkamal Plastics Limited ("the Company") and its majority owned subsidiary Companies. The consolidated financial statements have been prepared on the following basis.

- The financial statements of the Company and Subsidiary Companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions and the unrealized profits or losses.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- The Subsidiary Companies considered in the consolidated financial statements are

Name of the Company	Country of Incorporation	% Voting Power held as at 31 st March, 2005
Nilkamal Eswaran Plastics Private Limited	Sri Lanka	76%
Nilkamal Eswaran Marketing Private Limited	Sri Lanka	76%
Nilkamal Padma Plastics Private Limited	Bangladesh	96.25%

C) Exchange Translation:

The summarized revenue and expense transactions of the Subsidiary Companies at the year-end reflected in the Profit and Loss Account have been translated into Indian Rupees at average monthly exchange rate.

The assets and liabilities in the Balance Sheet have been translated into Indian Rupees at the closing exchange rate at the year end.

The resultant translation exchange gain/loss has been disclosed as Translation Adjustments and directly adjusted to the Reserve and Surplus.

D) Use of Estimate:

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results /materialize are known.

E) Fixed Assets:

Fixed assets are recorded at cost of acquisition or construction net of Cenvat credit wherever eligible. Cost includes all expenses related to acquisition or construction, including attributable borrowing cost on qualifying assets.

Fixed assets, which are not in use or are held for disposal are stated at cost less accumulated depreciation or at net realizable value whichever is lower.

F) Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired.

G) Depreciation and Amortization:

Depreciation on fixed assets are provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except in the case of improvements to the leasehold assets,

which are being depreciated on straight line basis over the total period of lease,(including the renewal periods).

Cost of Leasehold land is amortized over the period of lease. Depreciation on additions / deletions is calculated on a pro-rata basis. Individual low cost assets like mobile phones, telephone instruments, etc. are depreciated @ 100% in the year of purchase / acquisition.

H) Valuation of Inventories:

Inventories of Raw Materials, Packing Materials, Stores and Spares, Semi-finished goods and Finished goods(including Goods for trade) are valued 'at cost or net realizable value' whichever is lower. Cost comprises all cost of purchase, appropriate direct production overheads and other costs incurred in bringing the inventories to their present location and condition. The excise duty in respect of the closing inventory of finished goods is included as part of the finished goods.

I) Investments:

Long term investments are stated at cost less provision, if any, for permanent diminution in value.

J) Retirement Benefits:

Provision for payments of gratuity and leave entitlement benefits are made on the basis of an actuarial valuation carried out at the close of the year.

K) Foreign Currency Translations:

Transactions in foreign currency are normally recorded at the exchange rates prevailing on the date of the transactions.

Foreign currency monetary assets and liabilities are translated at the appropriate exchange rates prevailing at the close of the year. Gains/losses on conversion/ translation are recognized in the Profit and Loss Account or adjusted to the value of fixed assets, as applicable.

L) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.

M) Recognition of Income and Expenditure:

- i) Sales are recognized on dispatch from the point of sale. Gross sales are inclusive of excise duty and are net of trade discounts and sales returns.
- ii) Revenue/income and Cost/Expenditure are generally accounted on accrual as they are earned or incurred, except in case of significant uncertainties.
- iii) Benefit on account of entitlement to import duty-free raw materials under Advance License is estimated and accounted in the year of export as an adjustment to raw material consumption provided there is a reasonable degree of certainty with regard to its ultimate realization.
- iv) Liability for Excise duty and Customs duty payable on goods in bond at the year end is provided for.
- v) In respect of operating leases, rentals are charged to Profit and Loss Account with reference to lease terms and conditions.
- vi) Dividend income is recognized when the right to receive the same is established.
- vii) Interest income is accrued over the period of loan / deposit / investment.
- viii) Product warranty expenses are determined / estimated and provided for on the basis of the past experience of the Company.

N) Taxation:

Income-Tax expense comprise of Current Tax, Deferred Tax and Fringe Benefit Tax. Provision for Current Tax & Fringe Benefit Tax is made on the assessable income / fringe benefits at the rate applicable to the relevant assessment year / period. The Deferred Tax Asset and Deferred Tax Liability is calculated by applying tax rate and tax laws that have been enacted substantively by the Balance Sheet date. Deferred tax assets are recognized only to the extent, there is reasonable certainty of its realization.

SCHEDULE: 'Q'**NOTES TO THE ACCOUNTS:**

1. Contingent Liabilities not provided for in respect of: (Rs. in Lacs)

	31st March, 2006	31st March, 2005
i) Disputed Excise matters	93.09	132.90
ii) Sales Tax matters in appeal	12.50	14.93
iii) Un-expired letters of Credits.	176.56	20.95

The Excise and Sales Tax demands are being contested by the Company in appeals at various levels. The Company has been legally advised that it has good cases and the demands are not tenable.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance payment) Rs.184.09 Lacs (Previous year Rs.277.10 Lacs).
3. Remuneration to Directors: (A) Remuneration Rs.141.08 Lacs (Previous year Rs.93.27 Lacs) and (B) Other Perquisites Rs.0.50 Lacs (Previous year Rs.1.55 Lacs).
4. Net effect of changes in the foreign currency rates:

Loss on revenue items other than borrowing costs included in Profit and Loss account for the year Rs.27.32 Lacs. (Previous year Rs.16.07 Lacs).

5. Disclosure relating to provisions in respect & Product Warranty as follows:

	2005-06 (Rs. in Lacs)	2004-05 (Rs. in Lacs)
Opening Balance	91.21	55.00
Additions	155.06	146.28
Utilisations	132.60	110.07
Closing Balance	113.67	91.21

6. Aggregated Related Party Disclosures:

	Enterprises owned or significantly influenced by key management personnel or their relatives 2005-2006 (Rs. in Lacs)	Enterprises owned or significantly influenced by key management personnel or their relatives 2004-2005 (Rs. in Lacs)
Sales	949.86	578.73
Purchase of raw materials intermediaries and finished goods	60.40	23.93
Purchases of other items	16.01	14.48
Paid for Services and Labour Charges	21.12	0.85
Received for Services and Labour charges	24.87	22.54
Purchase of Fixed Assets	0.13	4.90
Sales of Fixed Assets	1.62	9.17
Rent Paid	39.46	28.74
Rent Recovered	0.66	0.66
Deposit paid	5.25	4.50
Balance outstanding at the year end (Receivable / payable)	(15.10)	72.62

NOTES

- (1) Names of related parties and description of relationship

- a) Key Management Personnel

Shri Vamanrai V. Parekh
Shri Sharad V. Parekh
Shri Hiten V. Parekh
Shri. Manish V. Parekh
Shri Nayan S. Parekh

- b) Enterprises owned or significantly influenced
by Key Management personnel or their relatives:

Nilkamal Crates & Containers
Nilkamal Plastics & Allied Industries
Nilkamal Crates & Bins
Stackwell Marketing Services Pvt. Ltd.

Following individuals and entities taken together with persons and entities shown above under 'Related party Transactions' disclosure will constitute to form a 'Group'.

Mrs. Nalini V. Parekh, Mrs. Maya S. Parekh, Mrs. Smruti H. Parekh, Mrs. Manju M. Parekh, Mrs. Purvi N. Parekh, Mrs. Rajul M. Gandhi, Miss. Priyanka H. Parekh, Master Mihir H. Parekh, Master Eashan M. Parekh, Miss. Nishita M. Parekh, Master Dhanay N. Parekh, Miss Dhaniti N. Parekh, Mrs. Niranjana D. Parekh, Mrs. Shashikala M. Parekh, Mr. Manoj K. Gandhi, Vamanrai V. Parekh (HUF), Sharad V. Parekh (HUF), Hiten V. Parekh (HUF), Manish V. Parekh (HUF), Nayan S. Parekh (HUF), A. M. Engineering Private Limited, Stack Plast Pvt. Ltd. Parekh Plasto Industries Pvt. Ltd. Nilkamal Industrial Plastics Private Limited, Shrimant Holding Pvt. Ltd, Heirloom Finance Pvt. Ltd., Realm Exports Pvt. Ltd. and Nilkamal Builders Pvt. Ltd.

Remuneration paid to key management personnel is disclosed elsewhere in the notes to the Accounts.

7. Nilkamal brand used by Nilkamal Plastics Limited is owned by Nilkamal Crates & Containers for which no payment of royalty is made by Nilkamal Plastics Limited to Nilkamal Crates & Containers.
8. Operating Lease in respect of property taken on Lease during the year:

	(Rs. in Lacs)	
	2005 - 06	2004 - 05
A. Lease payments recognized in the Profit and Loss Accounts	155.07	4.40
B. Future minimum Lease payments under non cancellable agreements		
(i) Not later than one year	410.67	5.50
(ii) Later than one year and not later than 5 years	1,771.64	-
(iii) Later than 5 years	6613.25	-

The agreements are executed for the period of 36 to 216 months with a non cancellable period form 0 to 36 months and having a renewable clause.

9. Deferred Tax Asset / Liabilities:

The Company has been recognising in the financial statements the deferred tax assets/liabilities, in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

During the year the Company has credited the Profit and Loss account with the Deferred Tax assets of Rs.147.10 Lacs (previous year Rs. 221.66 Lacs)

	2005 - 2006		2004 - 2005	
	Assets	Liabilities	Assets	Liabilities
Depreciation	-	1,001.39	-	1,142.49
Provision for Doubtful Debts	41.70	-	41.70	-
Others	33.30	-	27.30	-
Total	75.00	1,001.39	69.00	1,142.49

Deferred Tax Assets is recognized and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be adjusted.

10. The Company is operating in two business segments
1. Plastics.
 2. Readymade Furniture.

SEGMENT WISE REVENUE, RESULTS AND OTHER INFORMATION:**A. BUSINESS SEGMENT:**

(Rs. in Lacs)

Sr. No.	Particulars	Year Ended 31 st March, 2006		
		Plastics	Readymade Furnitures	Total
1.	Segment Revenue (Net Sales)	40,751.51	484.83	41,236.34
2.	Segment Result:	2,474.78	(615.14)	1,859.64
	Add: Un Allocable Expenses (Net of Unallocable Income)			(293.14)
	Operating Profit			1,566.50
	Less: Interest (Net)			725.97
	Net Profit Before Tax			840.53
	Less: Current Tax			462.92
	Fringe Benefit Tax			50.00
	Deferred Tax			(147.10)
	Net Profit After Tax			474.71
3.	Other Information:			
	Segment Assets	23,334.52	1,754.82	25,089.34
	Add: Unallocable Assets			1,037.56
	Total Assets			26,126.90
	Segment Liabilities	3,633.45	247.54	3,880.99
	Add: Unallocable Liabilities			9,618.62
	Add: Minority Interest			163.20
	Total Liabilities			13,662.81
	Capital Expenditure	890.59	776.83	1,667.42
	Depreciation	1,948.88	22.51	1,971.39
	Significant non cash expenses other than Depreciation	-	-	-

B. GEOGRAPHICAL SEGMENT:

(Rs. in Lacs)

		Year Ended 31 st March, 2006		
		India	Rest of the World	Total
1.	Segment Revenue	35,737.51	5,498.83	41,236.34
2.	Carrying cost of Segment -Assets	22,415.29	2,674.05	25,089.34
3.	Addition to Fixed Assets and -Intangible Assets	1,627.09	40.33	1,667.42

Notes:

1. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the company's organisation structure as well as the differential risks and returns of these segments.
2. The Company has disclosed Business Segment as the primary segment.
3. Types of products and services in each business segment:

Sr.No.	Business Segment	Types of Products and Services
a.	Plastics.	Injection moulded plastic articles, Polymers and others.
b.	Ready made Furnitures.	Home Furniture, Home Furnishing and Accessories.

4. The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.
5. There is no segment information for previous year as Company was engaged in only one business segment of 'Plastics'.
11. Earning per share has been computed as under:

Particulars	(Rs. in Lacs)	
	2005-06	2004-05
Net Profit as per Profit and Loss account	517.62	1037.33
Less: Loss on Capital restructure	(4.26)	-
Translation difference	(42.91)	(58.87)
Net Profit considered for EPS	470.45	978.46
Weighted average number of Equity shares	85.75	85.75
Earnings per share basic and diluted (Rs.)(Face value of Rs. 10/- each)	5.49	11.41

12. The Previous year figures have been regrouped/rearranged, wherever necessary.

AS PER OUR REPORT OF EVEN DATE

**For and on behalf of
DALAL & SHAH**

Chartered Accountants

Kuntal Dave

Partner

For and on behalf of

For VORA & ASSOCIATES

Chartered Accountants

Bharat B. Chovatia

Partner

Place : Mumbai

Date: June 30, 2006

FOR AND ON BEHALF OF THE BOARD

Sharad V. Parekh
Managing Director

Hiten V. Parekh
Executive Director

Paresh B. Mehta
Financial controller

Manoj Gagvani
Company Secretary

FINANCIAL HIGHLIGHTS

(Rs.in Lacs)

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Gross Sales	27,853.86	28,089.72	29,947.71	34,575.59	35,436.28	39,654.15
Non Manufacturing Income	314.97	354.73	154.60	211.50	248.41	358.13
Raw Materials	15,663.61	14,942.26	17,989.71	21,454.10	23,858.49	27,054.68
Overheads	8,958.78	9,375.88	5,674.18	6,160.45	5,108.01	6,294.66
Pre-Interest Profit	3,546.44	4,126.31	3,593.16	3,998.44	3,414.83	3,244.87
Interest	1,431.36	1,286.57	749.38	591.16	555.94	611.20
Gross Profit	2,115.08	2,839.74	2,843.79	3,407.28	2,858.89	2,633.67
Depreciation	1,466.64	1,595.36	1,580.40	1,714.07	1,596.21	1,671.46
Impairment of Assets	0.00	(150.00)	0.00	0.00	49.30	0.00
Prior period adjustment	0.00	0.00	0.00	0.00	0.86	0.00
Pre-tax profit	648.44	1,094.38	1,263.38	1,693.21	1,312.84	962.21
Tax (Current)	53.50	90.00	180.00	300.00	195.00	258.11
Less :- Excess Provision of Taxation of earlier years	(53.50)	0.00	0.00	0.00	0.00	0.00
	0.00	90.00	180.00	300.00	195.00	258.11
Deferred Tax	0.00	29.43	(51.79)	(153.02)	(171.43)	(101.89)
Post-tax profit	648.44	974.95	1,135.18	1,546.23	1,289.27	704.10
Equity	857.47	857.47	857.47	857.47	857.47	857.47
Average capital employed in ordinary business	19,874.73	19,620.83	19,190.60	19,646.98	20,638.07	21,023.43
Gross Fixed Assets	17,498.19	16,564.03	17,287.73	18,723.37	19,914.60	21,194.99
Net Fixed Assets	12,505.50	10,816.49	10,097.01	10,221.30	9,848.85	9,694.19
Earnings Per Share	7.56	11.37	13.24	18.17	15.11	9.15
Dividend Per Share (Rs.)	—	1.80	2.20	3.00	3.00	3.00



Nilkamal Plastics Limited

Entrance Pass

(To be presented at the entrance)

20th Annual General Meeting on 25th September, 2006, at Survey No. 354/2 & 354/3,
Near Rakholi Bridge, Silvassa-Khanvel Road, Vasona,
Union Territory of Dadra & Nagar Haveli.

Folio No. DPID No. Client ID No.

Name of the Shareholder :

Signature

Only shareholders / proxies / representatives are allowed to attend the Meeting



Nilkamal Plastics Limited

Proxy Form

I / Weof

in the district of being a member(s) of the above named Company, hereby appoint
Mr./Mrs..... of in the district
ofas my / our proxy to attend and vote for me / us and on my / our behalf at the Twentieth Annual General Meeting of Nilkamal Plastics
Limited to be held on Monday, 25th September, 2006 and at any adjournment thereof.

Folio No. DPID No. Client ID No.

No of shares held

Signed this day of, 2006 Signature

affix Re 1
Revenue
Stamp



Bank Account Particulars / ECS Mandate Form

I/ We are holding shares against Folio No.

(Physical mode) and shares (Demat mode) against Client ID No. DPID No And
do hereby authorise Nilkamal Plastics Limited.

1. To print following details on my / our dividend warrant
2. To credit my dividend amount directly to my Bank Account in accordance with RBI's scheme (Strike out whichever is not applicable)

Particulars of Bank Account	Please write in block letters		
Name of the Bank Bank branch Name (as mentioned on the Cheque)			
Account type *	10 Saving <input type="checkbox"/>	11 Current <input type="checkbox"/>	12 Cash credit <input type="checkbox"/>
Account No. (as appearing on the cheque book)	Ledger folio No. (if any, as appearing on the cheque book)		
Code number of the bank and branch **	STD code & Telephone No.		

Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the code number.

* Tick whichever is applicable (for 10/11/12 see on MICR strip on cheque book, it appears immediately after the 9 digit code on the cheque)

** 9 digit number appearing on the MICR cheques issued to you by bank, the 9 digit code is located adjacent to the specific cheque number.

I / We shall not hold the Company/Bank responsible if the ECS could not be implemented or the Bank discontinue the ECS, for any reason.

Mail to : Corporate Correspondence Office, Nilkamal Plastics Limited, Nilkamal House - 77 / 78, Road No. 13 / 14, MIDC, Andheri (E), Mumbai 400 093.

Signature of the Shareholder

Tear here



Pune



Hyderabad



Nasik



Ahmedabad



Mulund



Kandivali

Opening soon in Bangalore, Cochin & Vashi



www.nilkamalplastics.com



www.at-home.co.in