



60th ANNUAL REPORT 2005-2006

DIRECTORS

M.P. MUNOT Chairman
R. BALASUBRAMANIAN Managing Director
D. THOMPSON
G. MANCUSO (*Alternate: D.K. WADIA*)
S.A. GANDHI
S.K. DALMIA
R.K. KULKARNI
S.B. ZAVERI
D.N. MUNGALE

SECRETARY

K.R. VISWANATHAN

BANKERS

BANK OF MAHARASHTRA
HDFC BANK LTD
STATE BANK OF INDIA

AUDITORS

M.P. CHITALE & CO.,
Chartered Accountants

REGISTERED OFFICE

BLOCK-D, SHIVSAGAR ESTATE,
DR. ANNIE BESANT ROAD,
WORLI, MUMBAI 400 018.
Tel.: 4000 1800, 4000 1818

FACTORIES

PLOT NOS. C-13/16, ROAD NO. 16/T, WAGLE INDUSTRIAL ESTATE, THANE 400 604.
PLOT NOS. 76/77, MIDC INDUSTRIAL ESTATE, TRIMBAK ROAD, SATPUR, NASIK 422 007.

Notice of Annual General Meeting

NOTICE is hereby given that the Sixtieth Annual General Meeting of the Shareholders of **CAPRIHANS INDIA LIMITED** will be held on **THURSDAY, the 28TH SEPTEMBER, 2006** at 3.00 p.m. at the **JAI HIND COLLEGE AUDITORIUM**, Jai Hind College Building, A Road, Churchgate, Mumbai - 400 020, to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. M.P. Munot who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. S.A. Gandhi who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. D.N. Mungale who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. Messrs. M. P. Chitale & Company, Chartered Accountants, the retiring Auditors are eligible for re-appointment.
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“**RESOLVED** that Mr. S.K. Dalmia be and is hereby appointed as a Director of the Company liable to retire by rotation”.

By Order of the Board of Directors

K. R. VISWANATHAN
Secretary

Registered Office:
Block D, Shivsagar Estate
Dr. Annie Besant Road
Worli, Mumbai 400 018.

Dated: 28th July, 2006.

NOTES:

- (a) An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Item No. 7 is annexed herewith (Annexure I). Pursuant to Clause 49 of the Listing Agreement, the relevant details in respect of Item Nos. 3, 4, 5 and 7 is annexed herewith (Annexure II).
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (c) Proxies in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (d) The Register of Members and Share Transfer Books of the Company will be closed from THURSDAY, 14TH SEPTEMBER, 2006 to THURSDAY, 28TH SEPTEMBER, 2006 (both days inclusive).
- (e) Dividend on shares, if declared at the meeting will be paid to those members whose names appear on the Company's Register of Members as on 28th September, 2006.

- (f) Pursuant to Section 205A of the Companies Act, 1956 Unclaimed Dividends for the financial year ended upto 31ST MARCH, 1995 have been transferred within the prescribed time to the General Revenue Account of the Central Government. Members who have not encashed the Dividend Warrants for any financial year ended upto 31ST MARCH, 1995 are requested to claim the amount from the Registrar of Companies, Maharashtra, C G O Complex, 2nd Floor, "A" Wing, CBD Belapur, Navi Mumbai-400 614.
- (g) Consequent to amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, the unclaimed dividend for the year 1995-96, which remained unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company was transferred to the Investor Education and Protection fund of the Central Government before the due date.
- (h) Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the R & T Agents in respect of their holdings in physical form.
- (i) Members holding shares in demat form may please note that the Company will be mandatorily printing on the dividend warrants, the Members' bank account details as furnished by their respective DPs. Members holding shares in demat form must therefore, give instructions regarding their bank account details directly to their DPs. The Company will not entertain any direct request from such Members for deletion of/change in their bank account details.
- (j) In respect of Members who have given mandate for payment of dividend through Electronic Clearing services (ECS), the dividend will be paid through ECS.
- (k) The equity shares of the Company are available for trading in dematerialised form (scrip less trading in electronic form) through Depository Participants. The ISIN code is INE 479A01018.
- (l) Shareholders are requested to bring their copy of the Annual Report to the meeting as the practice of handing out copies of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing.

Annexure (I) to the Notice dated 28th July, 2006

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 7

Mr. S.K. Dalmia was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 30th June, 2006 under Article 152 of the Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 Mr. S.K. Dalmia will hold office upto the date of the forthcoming Annual General Meeting of the Company. The Company has received Notice in writing from a Member under Section 257 of the Companies Act, 1956 together with the required deposit signifying the intention to propose the appointment of Mr. S.K. Dalmia as a Director of the Company liable to retire by rotation.

Mr. S.K. Dalmia filed his consent with the Company to act as a Director of the Company, if appointed as required by Section 264(1) of the Companies Act, 1956. His qualifications, experience and other particulars are hereby mentioned in the Annexure II to this notice.

Mr. S.K. Dalmia is interested in the Resolution relating to his appointment. None of the other Directors of the Company is concerned or interested in this Resolution.

The Board commends this Resolution for your approval.

Annexure (II) to the Notice dated 28th July, 2006

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting
(in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. M.P. Munot	Mr. S.A. Gandhi	Mr. D.N. Mungale	Mr. S.K. Dalmia
Date of Birth	4th October, 1944	25th September, 1950	1st June, 1953	19th October, 1943
Date of first appointment	28th May, 1986	1st August, 1983	2nd August, 2002	30th June, 2006
Qualifications	Higher Secondary	Chartered Accountant	B.Com., LL.B., ACA.	B.Com
Expertise in specific functional areas and experience	Mr. Munot, Chairman of the Company became a Director in 1986 and was Managing Director from 1992 to 1997. An eminent industrialist with 40 years of business experience, he is the guiding force behind the Kalpataru Group of companies engaged in real estate and construction activities, Power Transmission Towers and Pharmaceuticals.	Mr. Gandhi became a Director in 1983 and was Managing/Jt. Managing Director from 1984-1997. Mr. Gandhi has vast experience and knowledge in the field of plastics. He is an active member of various committees related to plastic industry. He is also involved in construction activity, export and trading.	Mr. Mungale is a Chartered Accountant having an experience of 30 years in financial services and investment banking.	Mr. Dalmia was a Director of the Company from 1992 to 1997. Mr. Dalmia is an industrialist involved in business like containers, garments, real estate and construction.
Directorships held in other Companies (Excluding Private Companies)	Kalpataru Homes Ltd. Sharyans Resources Ltd. Rajratan Global Wire Ltd. Kalpataru Power Transmission Ltd. Associated Luggage Co. Ltd.	Nil	Chowgule Steamships Ltd. Camlin Ltd. Indoco Remedies Ltd. Indo Count Industries Ltd. L I C Housing Finance Ltd. Mahindra & Mahindra Financial Services Ltd. Sical Logistics Ltd. Tamilnadu Petroproducts Ltd.	Trans Freight Containers Ltd. Morteo Transfreight Reefer Containers Ltd.
Committee positions held in other companies	Audit Committee Kalpataru Power Transmission Ltd. — Member Remuneration Committee Sharyans Resources Ltd. — Chairman Rajratan Global Wire Ltd. — Member Shareholders/Investor Grievance Committee Sharyans Resources Ltd. — Member	Nil	Audit Committee Indoco Remedies Ltd. — Chairman Camlin Ltd. — Chairman Sical Logistics Ltd. — Chairman Chowgule Steamships Ltd. — Chairman L I C Housing Finance Ltd. — Member Indo Count Industries Ltd. — Member Mahindra & Mahindra Financial Services Ltd. — Member Tamilnadu Petroproducts Ltd. — Member Remuneration Committee Chowgule Steamships Ltd. — Member	Nil

By Order of the Board of Directors

K.R. VISWANATHAN
Secretary

Registered Office:
Block D, Shivsagar Estate
Dr. Annie Besant Road
Worli, Mumbai 400 018.
Dated: 28th July, 2006.

Directors' Report

To THE MEMBERS

Your Directors presents their Sixtieth Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st March, 2006.

1. FINANCIAL RESULTS:

	Year ended 31st March, 2006	Year ended 31st March, 2005
	(Rs. in Lakhs)	
Profit before extraordinary items, Interest and finance charges, depreciation and provision for tax	981.28	874.70
Extraordinary Income/(Expenses)	(6.30)	361.55
Interest and Finance charges	0.36	0.87
Depreciation	266.14	302.69
Profit before tax	708.48	932.69
Provision for tax		
— Current Tax	125.00	28.10
— Fringe benefit tax	15.00	—
— Deferred Tax	108.00	—
Profit after tax	460.48	904.59
Tax provision written back	100.00	—
Balance from last year	116.16	(788.43)
	676.64	116.16
Appropriations:		
Proposed Dividend	131.34	—
Corporate Tax on Dividend	18.42	—
Transfer to General Reserve	50.00	—
Carried forward to Balance Sheet	476.88	116.16
	676.64	116.16

2. DIVIDEND:

The Directors are pleased to recommend payment of dividend @10% on the Equity Share Capital for the year ended 31st March, 2006.

3. PERFORMANCE:

The Company's turnover for the year amounted to Rs. 137.18 crores as compared to Rs. 138.89 crores in the previous year. The Company earned a profit (before extraordinary items and tax) of Rs. 715 lakhs as compared to Rs. 571 lakhs in the previous year.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (b) appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2006 and of the Profit of the Company for the year ended 31st March, 2006.

- (c) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the annual accounts have been prepared on a going concern basis.

5. DIRECTORS:

Mr. N.L. Dalmia, Vice Chairman & Director of the Company expired on 26th September, 2005. Mr. N.L. Dalmia joined the Board of Caprihans on 16th June, 1989 and was associated with the Company for more than 16 years. The Board wishes to place on record its appreciation of the services rendered by Mr. N.L. Dalmia during his tenure.

Mr. S.K. Dalmia was appointed as an Additional Director of the Company on 30th June, 2006 and he holds office upto the forthcoming Annual General Meeting. Necessary resolution seeking your approval for his appointment will be set out in the Notice convening the forthcoming Annual General Meeting.

Mr. M.P. Munot, Mr. S.A. Gandhi and Mr. D.N. Mungale retire by rotation and being eligible, offer themselves for re-appointment.

6. CONSERVATION OF ENERGY:

Details relating to the Conservation of Energy and Technology absorption and foreign exchange earnings and outgoings are given in Annexure-I forming part of the Directors' Report as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

7. INDUSTRIAL RELATIONS:

The industrial relations remained cordial during the year.

8. CORPORATE GOVERNANCE:

In terms of Clause 49 of the Listing Agreement, a report on the Corporate Governance along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance and Management Discussion and Analysis Report are given in Annexure III and IV respectively, to this report.

9. AUDITORS:

Messrs. M.P. Chitale and Company, Chartered Accountants, retire at the forthcoming Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and being eligible, offer themselves for re-appointment. Note Nos. 6 & 8 of Schedule 6 to the Accounts as referred in the Auditor's report are self explanatory.

10. PARTICULARS OF EMPLOYEES:

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 are given under Annexure II to this Report.

11. ACKNOWLEDGMENT:

The Board wishes to place on record its appreciation of the services rendered by the employees of the Company. The Board also wishes to thank the Bankers for the co-operation and assistance extended by them.

On behalf of the Board of Directors

Mumbai,
Dated : 30th June, 2006

M.P. MUNOT
Chairman

Annexure I to the Directors' Report

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures : 1. Rationalisation of Production planning.
2. Optimum usage of steam and reduction of wastage.
3. Maintaining the improved power factor.
- (b) Impact of measures at (a) above for reduction of energy consumption and the consequent cost impact on the cost of production. : Energy conservation measures have resulted in savings in energy costs of the Company.

B. TECHNOLOGY ABSORPTION

Form B for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D):

1. Specific areas in which R&D carried out by the Company : (a) Efforts to reduce/substitute the costly Raw Materials and introduction of new improved versions are continued during the year.
(b) Upgraded formulations have resulted in reduction in costs and improved performance for certain applications.
(c) Development of Calendered & Extruded products for new applications for Pharma packaging and visual packaging.
(d) Development of thermoformable semi rigid for special applications.
(e) Development of special grade PVC films for packaging industries.
(f) Improved better and timely technical services to the customers.
(g) Development of PVDC film with improved properties.
(h) Upgradation of R&D Labs resulted in better quality products.
2. Benefits derived as a result of the above R&D : (a) Reduction in customer complaints.
(b) Saving in raw material cost.
(c) Substitution of imported film for Pharma grade films.
(d) Improvement in film characteristics for visual packaging .
3. Future Plan of Action : Continuation of the above mentioned actions to reduce costs and improve quality and productivity.
4. Expenditure on R&D

	Year ended 31st March, 2006	Year ended 31st March, 2005
	(Rs. in Lakhs)	
(a) Capital	14.23	1.15
(b) Recurring	22.50	26.65
(c) Total	36.73	27.80
(d) Total R&D Expenditure as a percentage of total turnover	0.27	0.20

Technology Absorption, Adaptation and Innovation:

1. Efforts in brief, made towards technology adaptation and innovation. : Establishing ISO 9001 and Q 9001-2000, bringing higher quality situation in all production lines which is in agreement with customer's requirements especially in the area of GMP.
2. Benefits derived as a result of the above efforts : The result out of the improvements are better quality and higher line efficiency. Also a reduction in the areas of raw material cost and energy cost.
3. In case of imported technology following information may be furnished:
 - (a) Technology imported : Technical information relating to manufacture and quality control of PVC film.
 - (b) Year of Import : 1997
 - (c) Has technology been fully absorbed : Yes.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to Exports : The exports during the year amounted to Rs. 1504 Lakhs. The Company has started exporting to new markets.
2. Total foreign exchange
 - (a) Used
 - (i) CIF Value of Imports – Rs. 2128 lakhs
 - (ii) Expenditure in foreign currency – Rs. 17 lakhs
(For details refer Schedule 5 to the Profit and Loss Account)
 - (b) Earned : FOB value of exports – Rs. 1504 lakhs

Annexure II to the Directors' Report

Particulars of Employees of the Company who were in receipt of remuneration of not less than Rs. 24,00,000 per annum or Rs. 2,00,000 per month and forming part of Director's Report.

(a) Age (Years) (b) Designation/nature of duties (c) Gross Remuneration (Rs.) (d) Experience (Years) (e) Qualification (f) Date of commencement of employment (g) Last employment held and Designation

EMPLOYED THROUGHOUT THE YEAR:

(1) R. BALASUBRAMANIAN (a) 54 (b) Managing Director (c) 39,57,549 (d) 30 (e) B.Com., A.I.C.W.A., A.C.A., A.C.S. (f) 23/11/83 (g) W. G. Forge & Allied Industries Ltd. - Chief Accountant

Notes:

1. Nature of Employment of Mr. R. Balasubramanian is on contractual basis.
2. Mr. R. Balasubramanian is not a relative of any Director of the Company.
3. Remuneration includes Salary, House Rent Allowance, Bonus, Leave Travel Allowance, Medical, Value of perquisites and Company's contribution to Provident & Other Funds.

Annexure III to the Directors' Report — Corporate Governance

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages the attainment of high level of transparency and accountability across all facets of its operations and in all its interactions with its stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

2. Board of Directors

(a) Composition

The composition of the Board is as follows :

Name and Designation of the Director	Category	No. of Directorships* and Committee Membership/Chairmanship (other than Caprihans India Limited)		
		Other Directorships	Committee Membership	Committee Chairmanship
Mr. M.P. Munot (Chairman)	Promoter Non-Executive	5	3	1
Mr. N.L. Dalmia (A) (Vice-Chairman)	Promoter Non-Executive	1	—	—
Mr. S.A. Gandhi	Promoter Non-Executive	—	—	—
Mr. R. Balasubramanian (Managing Director)	Executive	—	—	—
Mr. D. Thompson	Promoter Non-Executive	—	—	—
Mr. G. Mancuso	Promoter Non-Executive	—	—	—
Mr. R.K. Kulkarni	Independent Non-Executive	6	3	1
Mr. S.B. Zaveri	Independent Non-Executive	2	—	—
Mr. D.N. Mungale	Independent Non-Executive	8	5	4
Mr. S.K. Dalmia (B)	Promoter Non-Executive	2	—	—
Alternate Director Ms. D.K. Wadia Alternate to Mr. G. Mancuso	Independent Non-Executive	—	—	—

Note: * Directorships in private companies, foreign companies and associations are excluded.

(A) Ceased to be Director w.e.f. 26th September, 2005 due to death.

(B) Appointed as an Additional Director on 30th June, 2006.

Out of nine Directors, three are independent which are in line with the requirements of the Listing Agreement relating to the composition of the Board.

Except the Managing Director, the other Directors are liable to retire by rotation.

Mr. S.K. Dalmia was appointed as an Additional Director of the Company on 30th June, 2006 and he holds office upto the forthcoming Annual General Meeting. Necessary resolution seeking your approval for his appointment will be set out in the Notice convening the forthcoming Annual General Meeting.

Mr. M.P. Munot, Mr. S.A. Gandhi and Mr. D.N. Mungale retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The information prescribed under the Listing Agreement to be sent to the shareholders will be set out in the Notice convening the forthcoming Annual General Meeting.

(b) Number of Board Meetings, attendance at Board Meetings and Previous Annual General Meeting

During the year ended 31st March, 2006 Seven Board Meetings were held on 16/05/2005, 16/06/2005, 29/07/2005, 28/09/2005, 28/10/2005, 30/01/2006 and 27/03/2006.

Attendance at Board Meetings and at last Annual General Meeting (AGM) held on 28th September, 2005.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM
Mr. M.P. Munot	7	Yes
Mr. N.L. Dalmia (A)	–	–
Mr. S.A. Gandhi	3	Yes
Mr. R. Balasubramanian	7	Yes
Mr. R.K. Kulkarni	7	Yes
Mr. D. Thompson	2	Yes
Mr. G. Mancuso	–	–
Mr. S.B. Zaveri	5	–
Mr. D.N. Mungale	5	–
Alternate Director Ms. D.K. Wadia	4	–

Notes: (A) Ceased to be Director w.e.f. 26th September, 2005 due to death.

Share holding of Non-Executive Directors as on 31/03/2006 is as under:

1.	Mr. M.P.Munot	56957 equity shares
2.	Mr. D. Thompson	–
3.	Mr. S.A. Gandhi	118447 equity shares
4.	Mr. R.K. Kulkarni	–
5.	Mr. S.B. Zaveri	5500 equity shares
6.	Mr. D.N. Mungale	–
7.	Mr. G. Mancuso	–
8.	Ms. D.K. Wadia	–

3. Committees of the Board

A. Audit Committee:

During the year ended 31st March, 2006 five Audit Committee Meetings were held on 16/06/2005, 29/07/2005, 28/10/2005, 30/01/2006 and 27/03/2006. The details of the Committee are as under:

Name of the Director	Designation	Category	No. of Meetings attended
Mr. R.K. Kulkarni	Chairman	Independent Non-Executive	5
Mr. D. Thompson	Member	Promoter Non-Executive	1
Mr. S.B. Zaveri	Member	Independent Non-Executive	4

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with Stock Exchanges and Section 292(A) of the Companies Act, 1956.

Mr. K.R.Viswanathan, the Company Secretary, acts as the Secretary to the Committee.

B. Remuneration Committee:

During the year ended 31st March, 2006 two meetings were held on 16/06/2005 and 29/07/2005. The details of the Committee are as under:

Name of the Director	Designation	Category	No. of Meetings attended
Mr. S.B. Zaveri	Chairman	Independent Non-Executive	1
Mr. R.K. Kulkarni	Member	Independent Non-Executive	2
Mr. D.N. Mungale	Member	Independent Non-Executive	2

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with Stock Exchanges.

Remuneration to Directors:

The details of remuneration paid to Mr. R. Balasubramanian, Managing Director for the period 01/04/2005 to 31/03/2006 is as under:

(i) Gross Salary including taxable perquisites	: Rs. 34.64 lakhs
(ii) Company's contribution to Provident & Other Funds	: Rs. 4.79 lakhs
Total	: Rs. 39.43 lakhs

The above figures exclude provision for gratuity and leave encashment which are actuarially determined on an overall Company basis.

The details of payments to Non-Executive Directors during the period 01/04/2005 to 31/03/2006 are given below:

Name	Sitting Fees for attending Board Meeting & Committee Meeting Rs.
Mr. M.P. Munot	7000
Mr. N.L. Dalmia	NIL
Mr. D. Thompson	NIL
Mr. G. Mancuso	NIL
Mr. S.A. Gandhi	3000
Mr. R.K. Kulkarni	15000
Mr. S.B. Zaveri	11000
Mr. D.N. Mungale	7000
Ms. D.K. Wadia (Alternate)	4000

C. Shareholders/Investors Grievance Committee:

During the year ended 31st March, 2006 one meeting was held on 30/01/2006. The details of the Committee are as under:

Name of the Director	Designation	Category	No. of Meetings attended
Mr. D. Thompson	Chairman	Promoter Non-Executive	–
Mr. R.K. Kulkarni	Member	Independent Non-Executive	1
Mr. S.B. Zaveri	Member	Independent Non-Executive	1

The Committee oversees redressal of shareholders and Investor grievances/complaints. Mr. P.N. Srinivasan, Asst. Secretary is the Compliance Officer of the Company.

The Company is prompt in attending to complaints/queries from Shareholders/Investors. The total number of complaints received and attended during the period 01/04/2005 to 31/03/2006 are 67. The number of complaints received from SEBI is nil. 2 transfers were pending as on 31st March, 2006, which were completed on 13th April, 2006.

General Body Meetings:

The last three Annual General Meetings (AGM) were held as under:

Financial Year ended	Venue	Day and Date	Time
31-03-2005	Jai Hind College, Mumbai - 400 020	Wednesday, 28th September 2005	3 p.m.
31-03-2004	Jai Hind College, Mumbai - 400 020	Thursday, 2nd September 2004	3 p.m.
31-12-2002	Jai Hind College, Mumbai - 400 020	Wednesday, 11th June 2003	3 p.m.
<p>Year ended 31-03-2005 — Special Resolution for Payment of Remuneration to Managing Director for two year w.e.f. 29/04/2006 to 28/04/2008.</p> <p>15 Months ended 31-03-2004 — No Special Resolution were passed</p> <p>Year ended 31-12-2002 — Special Resolution for appointment and Payment of Remuneration to Managing Director</p>			

No Postal ballots were used for voting at these meetings as no item requiring approval through Postal ballots were taken at these meetings.

4. Disclosures:

- Disclosure 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:

The Company has an agreement with Kalpataru Homes Limited (KHL) whereby KHL has underwritten the amount to be realized by the Company from the disposal of its non-core assets. Mr. M.P. Munot is a Director of KHL. The performance of KHL by this agreement has been guaranteed amongst others by Mr. M.P. Munot, Mr. S.A. Gandhi and Klassik Garments Private Limited in which Mr. S.K. Dalmia is a Director. Any enforcement action that the Company might be required to adopt in respect of the aforesaid agreement or the performance guarantee will potentially result in a conflict of interest between the Company and Mr. M.P. Munot, Mr. S.A. Gandhi and Mr. S.K. Dalmia who are the Directors of the Company.

- 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 — **NONE**.
- Mr. R. Balsubramanian, Managing Director as a CEO and Mr. K.R. Viswanathan, Vice-President (Finance) as a CFO of the Company have confirmed to the Board in relation to review of financial statements and other information as mentioned in para V of Clause 49 of the Listing Agreement.

5. Means of Communication:

Half-yearly report sent to each household of shareholders	: No, the results of the Company are published in Newspapers.
Quarterly results	: — do —
Any website, where displayed	: Yes on Company's website www.caprihansindia.com
Presentations made to Institutional Investors or to the analysts	: No
Newspapers in which results are normally published in	: — The Free Press Journal (English) — Navashakti (Marathi)
Whether MD & A is a part of Annual Report or not	: Yes, forms part of the Director's Report.

6. General Shareholder Information:

Annual General Meeting

- **Date and Time** : Thursday, 28th September, 2006 at 3 p.m.
- **Venue** : Jai Hind College Auditorium, Jai Hind College Building, A Road, Churchgate, Mumbai - 400 020.

Financial calendar

- : (a) 1st April to 31st March
- (b) First quarter results by end July 2006
- (c) Second quarter results by end October 2006
- (d) Third quarter results by end January 2007
- (e) Results for the year ending 31st March, 2007 by end June, 2007.

Date of Book Closure

- : Thursday 14th September, 2006 to Thursday 28th September, 2006 (both days inclusive).

Dividend Payment Date

- : On or after 28th September, 2006.

Listing on Stock Exchanges

- : – Mumbai Stock Exchange Ltd.
- Delhi Stock Exchange.

The Company has paid the listing fees for the year 2006-2007 to both the Stock Exchanges.

Stock Code

- BSE (Physical form) : 9486
- BSE (Demat form) : 509486
- DSE : 03040
- ISIN Number for NSDL/CDSL : INE479A01018

Market Price Data: High/Low during each month in the last 12 months (i.e. from 01/04/2005 to 31/03/2006) and performance in comparison to broad based indices such as BSE Sensex.

Paid-up value — Rs. 10/- per Share

Month	Share Price of Caprihans India Ltd.		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
2005				
Apr	68.00	55.05	6600	6134
May	77.00	56.15	6715	6195
Jun	93.60	62.00	7193	6655
Jul	75.00	61.00	7635	7145
Aug	88.90	62.00	7859	7595
Sep	88.00	63.00	8650	7876
Oct	71.40	49.05	8799	7685
Nov	81.90	50.15	8994	7944
Dec	89.50	69.25	9397	8815
2006				
Jan	142.45	70.00	9919	9237
Feb	135.00	77.55	10370	9742
Mar	90.85	68.55	11307	10508

Name and Address of the Registrar & Transfer Agents:

Intime Spectrum Registry Ltd.,

City Office:

203, Daver House,
Next to Central Camera,
197/199, D. N. Road, Fort,
Mumbai - 400 001
Phone: 2269 4127

Suburban Office:

C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078
Phone : 2596 3838
Fax : 2594 6969

Share Transfer System

Messrs. Intime Spectrum Registry Ltd., is the Common agency (Registrar & Transfer Agents) for both physical and electronic mode of transfer of shares. The shares held in physical mode can be lodged at the above mentioned address for transfer. The Share Transfer Committee of the Company approves the transfer of shares and share certificates are dispatched within a period of 30 days from the date of receipt, if the documents are complete in all respects.

Distribution of shareholding as on 31st March, 2006:

Range	No. of Shareholders	% of Total	No. of Shares held	% of Total
1 – 250	8613	86.32	688433	5.24
251 – 500	799	8.01	292119	2.23
501 – 1000	291	2.92	228915	1.74
1001 – 2000	110	1.10	167322	1.28
2001 – 3000	60	0.60	152922	1.16
3001 – 4000	16	0.16	56579	0.43
4001 – 5000	18	0.18	85866	0.65
5001 – 10000	24	0.24	179677	1.37
Over 10000	47	0.47	11282138	85.90
TOTAL	9978	100.00	13133971	100.00

Shareholding pattern as on 31st March, 2006

Type of shareholders	No. of shares held	% of Total
1. Promoters		
Foreign	6698325	51.00
Indian	2752583	20.96
2. Financial Institutions & Banks	508425	3.87
3. FII's & OCB's	450	0.00
4. Mutual Fund/s	5416	0.04
5. Non-Resident Indians	7876	0.06
6. Domestic Companies	1003921	7.64
7. Individuals	2156975	16.43
Total	13133971	100.00

Dematerialisation of shares and liquidity

As directed by SEBI, Company's shares are traded compulsorily in dematerialised form from 28th August, 2000. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Service India Limited (CDSL) for this purpose. As of 31st March, 2006 a total of 5464704 shares of the Company, which forms 41.61% of the share capital of the Company stand dematerialised.

Your Company's shares are liquid and actively traded on BSE.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity : The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments

Plant Locations : 1. Plot Nos. C-13/16, Road No. 16/T,
Wagle Industrial Estate, Thane - 400 604
2. Plot Nos. 76/77, MIDC Industrial Estate,
Trimbak Road, Satpur, Nasik - 422 007

Address for correspondence : CAPRIHANS INDIA LIMITED
Block - D, Shivsagar Estate, Dr. Annie Besant Road,
Worli, Mumbai - 400 018 • Tel. 4000 1800, 4000 1818

7. Non-Mandatory Requirements:

The Company has adopted the non-mandatory requirements as regards the provisions relating to the Remuneration Committee. As regards other non-mandatory requirements the same shall be considered for adoption as and when necessary.

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and Senior Management Personnels have confirmed compliance with the Code of Conduct for the year ended 31st March, 2006.

For CAPRIHANS INDIA LIMITED

R. BALASUBRAMANIAN
Managing Director

Place : Mumbai

Dated : 30th June, 2006.

Auditors' Certificate

TO THE MEMBERS OF
CAPRIHANS INDIA LIMITED

We have examined the compliance of conditions of Corporate Governance by **CAPRIHANS INDIA LIMITED**, for the year ended on 31st March, 2006, as stipulated by Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures adopted and implementation thereof by the Company for ensuring compliance with the conditions as stipulated in the said clause; it is not an audit or expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/Investor Grievance Committee.

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

For M.P. CHITALE & CO.
Chartered Accountants

ASHUTOSH PEDNEKAR
Partner

Place : Mumbai

Dated : 30th June, 2006.

ICAI Membership No. 41037

Annexure IV to the Directors' Report — Management Discussion and Analysis Report

INDUSTRY AND OUTLOOK

The Company is engaged mainly in the processing of plastic polymers and manufactures Rigid and Flexible PVC films by Calendering process and certain plastic products through extrusion process. Rigid PVC film is largely used for packaging in the Pharmaceutical, Food and FMCG industries. Flexible PVC film and plastic extruded products are used for a variety of industrial and consumer applications.

The growth in the market size for the company's products varies for different applications and ranges from 3% to 10% per annum. Competition is severe in all the market segments. Consequently, there is continuous pressure on the margins.

The image of the Company, built through decades of quality products and efficient customer service is the major strength of the Company. The Company has a significant share of the Rigid PVC film market and is the Quality Leader in the Flexible PVC film market.

RISKS AND CONCERNS

The Company's main raw material viz. PVC resin is subject to high price volatility in the international and domestic markets. For certain grades of resin, there is only one manufacturer in India. Hence any disruption of the supplier's plant operations can have an adverse effect on the availability of resin. As mentioned above, fierce competition in the market for the company's products affects the company's ability to raise prices to compensate for the increase in the input costs.

OPPORTUNITIES

With continuing growth in demand for the products, there are opportunities to increase sales by enhancing capacity. The Company has initiated steps to increase its Rigid Film capacity by installing an additional Calender. Capacity for PVDC coated PVC films is also being enhanced. Both these projects are expected to be completed during the year 2007. Additional capacity will also give an opportunity to increase exports and thereby reduce the dependence on the domestic market which presently accounts for nearly 90% of sales.

FINANCIAL PERFORMANCE

Sales for the year is Rs. 137 crores as compared to Rs. 139 crores during the previous year. Due to capacity constraints for the major products, the Company could not increase its volumes significantly. Profit before tax and extraordinary items was Rs. 715 lacs as compared to Rs. 571 lacs for the previous year. Due to steep rise in the crude oil prices, energy and transportation costs have risen significantly during the year. Profitability improved due to lower raw material cost through efficient purchasing and operational efficiencies.

INTERNAL CONTROL SYSTEMS

The Company has proper and adequate internal control systems to ensure that its assets are safeguarded and that transactions are properly authorised, reported and recorded. The Company has also a system of internal audit and management reviews to ensure compliance with the prescribed procedures and authority levels.

HUMAN RESOURCES

Industrial relations were cordial during the year. The number of employees on the roll as on 31st March 2006 was 392. The Company has taken initiatives to train the employees in matters related to Safety, Health and Environment.

Auditors' Report

TO THE MEMBERS OF CAPRIHANS INDIA LIMITED

1. We have audited the attached Balance Sheet of Caprihans India Ltd., as at 31st March, 2006, the Profit and Loss Account for the twelve months' period ended on 31st March, 2006 and also the Cash Flow Statement for the same period ended on that date annexed thereto. 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.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 and as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. 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 those books.
 - (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.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - (v) On the basis of written representations received by the Company from Indian Directors as regards their eligibility to assume and occupy office as Directors as on 31st March 2006 and on the basis of particulars of other Directorships of foreign Directors as recorded in the Company's statutory registers, we report that none of the Directors is disqualified as on 31st March, 2006 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
 - (vi) *We invite attention to —*
 - (a) *Note No. 6 in Schedule 6 regarding major disputed excise duty demands aggregating Rs. 1361 lakhs, (previous year Rs. 1628 lakhs), which have not been provided for under circumstances explained in the note.*
 - (b) *Note No. 8 in Schedule 6 regarding delay in realisation of the assets of non-core activities to the extent of Rs. 245 lakhs. (As at 31st March, 2005 Rs. 245 lakhs).*
These are matters referred to in our audit report for the previous year 2004-05.
- and report that in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give 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 financial year ended on 31st March, 2006 and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the financial year ended on that date.

For M. P. CHITALE & CO.
Chartered Accountants

ASHUTOSH PEDNEKAR
Partner

ICAI Membership No. 41037

Mumbai
30th June, 2006

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date on the accounts of Caprihans India Ltd. for the 12 months period ended 31st March, 2006)

- 1.(a) The Company has maintained unit wise Fixed Asset Registers and/or compiled itemwise lists showing particulars of all its fixed assets. The aggregate value shown by these records agrees with the gross value of fixed assets as per the books of account of the Company.
- (b) The Company has a programme to verify fixed assets physically once in three years which is in our opinion, reasonable. The Company is in the process of verifying fixed assets at locations other than Nasik factory.
- (c) Fixed assets disposed off during the year were not substantial.
- 2.(a) The inventories have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company maintains proper records of inventory. We are informed that no material discrepancies were noticed on physical verification of inventories.
3. The Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and sale of goods. The Company has not rendered any services during the year. During the course of our audit we did not notice any continuing failure to correct any major weakness in internal controls.
5. In our opinion and according to the information and explanations given to us the contracts or arrangements referred to in Section 301 of the Act have been entered in the register maintained under that Section and these transactions have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from public attracting the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder or the directives issued by RBI.
7. The Company has an Internal Audit System which, in our opinion, is commensurate with the size and the nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
- 9.(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we find that the Company has generally been regular in depositing undisputed statutory dues such as Provident Fund, Investor Education and Protection Fund, Employees' State Insurance Dues, Income Tax, Wealth Tax etc. with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the above statutory dues were outstanding as on 31st March, 2006 for a period of more than six months from the date they became payable.

- (c) The disputed statutory dues that have not been deposited on account of appeal matters pending before the appropriate authorities are as under:

Nature of dues	Forum where disputed	Amount Rs. Lakhs
a. Excise duty	CESTAT	452
b. Excise duty (Dept. appeals)	Hon. Supreme Court	754

10. The Company has no accumulated losses as at the financial year end. There were no cash losses incurred in the financial year or the previous financial year.
11. The Company has neither taken any loans from a financial institution and a bank nor issued any debentures.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society.
14. The Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loans.
17. The Company has not raised any funds on short-term basis.
18. The Company has not made any preferential allotment of shares during the year.
19. According to the information and explanations given to us, the Company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For M. P. CHITALE & CO.
Chartered Accountants

ASHUTOSH PEDNEKAR
Partner
ICAI Membership No. 41037

Mumbai
30th June, 2006

Balance Sheet as at 31st March, 2006

FUNDS EMPLOYED:	Schedule	Rs. in lakhs	As at 31st March, 2006 Rs. in lakhs	As at 31st March, 2005 Rs. in lakhs
Share Capital	A		1313.40	1313.40
Reserves and Surplus	B		7193.35	6794.63
Total Shareholders' Funds			8506.75	8108.03
Loans			—	—
Deferred Tax (Net)	C		108.00	—
Total			8614.75	8108.03
APPLICATION OF FUNDS:				
Fixed Assets:				
(a) Gross Block	D		6033.92	5794.98
(b) <i>Less:</i> Depreciation			4028.84	3773.38
(c) Net Block			2005.08	2021.60
(d) Capital Work-in-Progress			114.53	44.27
Investments			—	—
Current Assets:				
(a) Inventories	E	2363.88		2114.29
(b) Sundry Debtors		3624.64		3854.84
(c) Cash and Bank Balances		2448.02		1425.34
(d) Loans and Advances	F	371.76		431.90
		8808.30		7826.37
<i>Less:</i>				
Current Liabilities & Provisions:				
(a) Current Liabilities	G	2041.06		1602.68
(b) Provisions		272.10		187.83
		2313.16		1790.51
Net Current Assets			6495.14	6035.86
Miscellaneous expenditure – to the extent not written off				
Voluntary retirement compensation			—	6.30
Total			8614.75	8108.03
Earning per share (Basic/Diluted) in Rs.			4.27	6.89
Contingent Liabilities	H			
Notes on Accounts	6			

As per our report attached
for M. P. CHITALE & CO.
Chartered Accountants

ASHUTOSH PEDNEKAR
Partner

K.R. VISWANATHAN
V.P. (Finance) &
Company Secretary

M.P. MUNOT
R. BALASUBRAMANIAN

D. THOMPSON
R.K. KULKARNI
S.B. ZAVERI

Chairman
Managing Director

Directors

Mumbai,
Dated: 30th June, 2006.

Profit and Loss Account for the year ended 31st March, 2006

	Schedule	For the year ended 31st March, 2006 Rs. in lakhs	For the year ended 31st March, 2005 Rs. in lakhs
INCOME:			
Sales		13718.75	13889.18
Less: Excise Duty		1777.74	1754.19
		<u>11941.01</u>	<u>12134.99</u>
Increase/(Decrease) in Finished Goods, Work-in-Progress, Scrap & Real Estate	1	232.47	77.36
Other Income	2	271.79	225.30
Transfer from Revaluation Reserve		12.00	12.00
		<u>12457.27</u>	<u>12449.65</u>
EXPENSES:			
Materials	3	8193.98	8432.20
Expenses	4	3270.01	3130.75
Interest and Finance charges		0.36	0.87
Depreciation		278.14	314.69
		<u>11742.49</u>	<u>11878.51</u>
Profit before extraordinary items & taxation		714.78	571.14
Extraordinary items			
— Income/(Expenses) (See Note 4)		(6.30)	361.55
Provision for taxation			
— Current tax		125.00	28.10
— Fringe benefit tax		15.00	—
— Deferred tax		108.00	—
Profit after taxation		<u>460.48</u>	<u>904.59</u>
Tax provision written back		100.00	—
Balance from last year		116.16	(788.43)
Amount available for appropriation		<u>676.64</u>	<u>116.16</u>
— Proposed dividend		131.34	—
— Corporate tax on dividend		18.42	—
— Transfer to General Reserve		50.00	—
Balance carried to Balance Sheet		<u>476.88</u>	<u>116.16</u>
Additional information pursuant to paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956	5		
Notes on Accounts	6		

As per our report attached
for M. P. CHITALE & CO.
Chartered Accountants

ASHUTOSH PEDNEKAR
Partner

K.R. VISWANATHAN
V.P. (Finance) &
Company Secretary

M.P. MUNOT
R. BALASUBRAMANIAN

D. THOMPSON
R.K. KULKARNI
S.B. ZAVERI

Chairman
Managing Director

Directors

Mumbai,
Dated: 30th June, 2006.

**Schedules attached to and forming part of the Balance Sheet
as at 31st March, 2006**

SCHEDULE "A"

SHARE CAPITAL

Authorised:

2,00,00,000 Equity Shares of Rs. 10 each

Issued and Subscribed:

1,31,33,971 Equity Shares of Rs. 10 each fully paid-up

Of the above

- (1) 25,000 Equity Shares are allotted as fully paid-up pursuant to a contract without payment being received in cash
- (2) 35,44,199 Equity Shares are allotted as fully paid-up by way of Bonus Shares by Capitalisation of Share Premium & General Reserve

SCHEDULE "B"

RESERVES AND SURPLUS

Capital Reserve:

Revaluation Reserve: (See Note 7)

Opening balance

Less: Transfer to Profit and Loss Account

Securities Premium Account:

General Reserve:

Transfer from Profit and Loss Account

Surplus:

As per Profit and Loss Account

SCHEDULE "C"

DEFERRED TAX (Net)

Deferred tax (See Note 15)

	As at 31st March, 2006 Rs. in lakhs	As at 31st March, 2005 Rs. in lakhs
	2000.00	2000.00
	1313.40	1313.40
	1313.40	1313.40
	21.20	21.20
	160.00	172.00
	12.00	12.00
	148.00	160.00
	6497.27	6497.27
	50.00	—
	476.88	116.16
	7193.35	6794.63
	108.00	—
	108.00	—

Schedules attached to and forming part of the Balance Sheet as at 31st March, 2006

SCHEDULE "D"

FIXED ASSETS

	Cost as at 31st March, 2005		Additions		Deductions		Cost as at 31st March, 2006		Depreciation upto 31st March, 2006		Net Book Value as at 31st March, 2006		Net Book Value as at 31st March, 2005	
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
Leasehold Land	4.30	—	—	4.30	—	1.64	2.66	2.66	—	2.70	—	2.70	—	2.70
Buildings (a)	1464.82	—	—	1464.82	—	740.44	724.38	724.38	—	778.41	—	778.41	—	778.41
Plant and Machinery	3994.37	82.82	1.89	4075.30	1.89	3046.98	1028.32	1028.32	—	1108.27	—	1108.27	—	1108.27
Furniture, Fixtures & Other Equipments	243.57	41.88	21.28	264.17	21.28	183.83	80.34	80.34	—	70.96	—	70.96	—	70.96
Vehicles	55.89	7.93	4.33	59.49	4.33	27.83	31.66	31.66	—	35.13	—	35.13	—	35.13
Computer Software	32.03	133.81	—	165.84	—	28.12	137.72	137.72	—	26.13	—	26.13	—	26.13
Previous Year	5794.98	266.44	27.50	6033.92	27.50	4028.84	2005.08	2005.08	—	2021.60	—	2021.60	—	2021.60
Capital Work-in-Progress (b)	(5409.31)	(609.56)	(223.89)	(5794.98)	(223.89)	(3773.38)	(2021.60)	(2021.60)	—	(1736.80)	—	(1736.80)	—	(1736.80)
							114.53	114.53	—	44.27	—	44.27	—	44.27

Notes: (a) Cost of Buildings includes revaluation of Rs. 235.00 lakhs (Previous year Rs. 235.00 lakhs) (See Note 7).

(b) Capital Work-in-Progress includes – Advances for Capital Expenditure Rs. 94.66 lakhs (Previous year Rs. 13.01 lakhs).

(c) Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 481.96 lakhs (Previous year Rs. 96.88 lakhs).

**Schedules attached to and forming part of the Balance Sheet
as at 31st March, 2006**

SCHEDULE “E”

CURRENT ASSETS:

(A) Inventories: As valued and certified by the Management
(At lower of cost or net realisable value)

	Rs. in lakhs	As at 31st March, 2006 Rs. in lakhs	As at 31st March, 2005 Rs. in lakhs
(i) Raw Materials	959.05		900.19
(ii) Finished Goods	980.75		785.27
(iii) Work-in-Progress	113.03		87.83
(iv) Packing Materials	21.18		36.91
(v) Stores, Spares and Fuel	49.88		53.87
(vi) Goods-in-Transit	204.04		226.06
(vii) Reusable/Saleable Scrap	35.95		24.16
		2363.88	2114.29

(B) Sundry Debtors — Unsecured

Outstanding for a period exceeding six months	745.45		524.27
Others	3038.66		3491.82
	3784.11		4016.09
<i>Less: Debts considered doubtful and provided for</i>	159.47		161.25
Balance — Considered good		3624.64	3854.84

(C) Cash and Bank Balances

(i) Cash in Hand	4.54		4.52
(ii) Cheques on Hand	—		8.67
(iii) Balances with Scheduled Banks			
In Current Account	198.32		84.92
In Deposit Account	2179.90		1308.00
(iv) Remittances in Transit	65.26		19.23
		2448.02	1425.34
		8436.54	7394.47

SCHEDULE “F”

LOANS AND ADVANCES:

(Unsecured Considered Good unless otherwise specified)

Advances recoverable in cash or in kind or for value to be received		284.53	290.39
Amounts receivable		7.05	35.97
Balances with Excise		81.82	107.18
		373.40	433.54
<i>Less: Advances considered doubtful & provided for</i>		1.64	1.64
Balance — Considered good		371.76	431.90

**Schedules attached to and forming part of the Balance Sheet
as at 31st March, 2006**

SCHEDULE “G”

CURRENT LIABILITIES AND PROVISIONS:

(A) Current Liabilities:

	Rs. in lakhs	As at 31st March, 2006 Rs. in lakhs	As at 31st March, 2005 Rs. in lakhs
Sundry Creditors	1822.08		1471.09
Sundry Creditors – SSI units (See Note 10)	20.27		5.16
Advances received for value to be given	161.16		41.04
Investor Education and Protection Fund shall be credited by the following amounts:			
– Unclaimed/Unpaid matured debentures	3.43		3.45
– Unclaimed/Unpaid debenture interest	0.89		1.48
Deposits from Customers and others	16.23		18.06
Due to Trustees of Gratuity Fund	17.00		62.40
		2041.06	1602.68

(B) Provisions:

Provision for Taxation (Net)	24.69		101.51
Provision for Unencashed Leave	97.65		86.32
Proposed dividend	131.34		—
Corporate tax on dividend	18.42		—
		272.10	187.83
		2313.16	1790.51

SCHEDULE “H”

CONTINGENT LIABILITIES:

(1) Disputed demands of Excise authorities against which appeals have been preferred and not provided for (See Note 6)	1362.33	1652.07
(2) Claims against the Company not acknowledged as debts (estimated)	249.91	262.87

Signatures to Schedules “A” to “H”

As per our report attached
for M. P. CHITALE & CO.
Chartered Accountants

ASHUTOSH PEDNEKAR
Partner

K.R. VISWANATHAN
V.P. (Finance) &
Company Secretary

M.P. MUNOT
R. BALASUBRAMANIAN

D. THOMPSON
R.K. KULKARNI
S.B. ZAVERI

Chairman
Managing Director

Directors

Mumbai,
Dated: 30th June, 2006.

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2006

SCHEDULE "1"

INCREASE/(DECREASE) IN FINISHED GOODS, WORK-IN-PROGRESS, SCRAP & REAL ESTATE

Stock at Close:

Finished Goods

980.75

785.27

Work-in-Progress

113.03

87.83

Reusable/Saleable Scrap

35.95

24.16

Real Estate

—

—

1129.73

897.26

Stock at Commencement:

Finished Goods

785.27

602.53

Work-in-Progress

87.83

189.83

Reusable/Saleable Scrap

24.16

21.54

Real Estate

—

6.00

897.26

819.90

232.47

77.36

SCHEDULE "2"

OTHER INCOME:

Processing Charges

—

0.50

Miscellaneous Income

36.95

49.13

Insurance Claims

7.44

15.46

Rent

11.69

10.89

Interest from Banks and others

(Tax deducted at source Rs. 24.10 lakhs;
Previous year Rs. 24.28 lakhs)

196.37

125.57

Provisions no longer required

19.34

23.75

271.79

225.30

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2006

SCHEDULE “3”

MATERIALS:

Raw Materials consumed

Stores and Spares consumed

**For the year
ended 31st
March, 2006
Rs. in lakhs**

8067.50

126.48

8193.98

For the year
ended 31st
March, 2005
Rs. in lakhs

8271.17

161.03

8432.20

SCHEDULE “4”

EXPENSES:

Salaries, Wages and Bonus

Contribution to Provident & Other Funds

Staff Welfare

Processing/Fabrication Charges

Development & Construction Expenses

Power, Fuel and Water Charges

Rent

Rates and Taxes

Insurance

Repairs to Plant and Machinery

Repairs to Building

Packing Materials, Forwarding etc. (Net)

Directors' Remuneration

Commission and Discount on Sales

Miscellaneous Expenses

Charges/(Recovery) on realisation of non-core assets (See Note 8)

Loss on Fixed Assets sold/scrapped (Net)

Bad debts written off

Provision for Doubtful Debts

857.99

57.71

64.51

92.07

27.66

773.25

17.04

4.49

23.69

65.65

3.77

776.21

33.05

128.67

348.86

(27.66)

3.57

1.92

17.56

3270.01

823.92

53.99

58.44

105.80

213.26

648.25

22.76

4.36

22.56

51.13

4.11

670.49

31.32

54.75

319.40

16.21

7.64

8.49

13.87

3130.75

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2006

SCHEDULE "5"

ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 3, 4C AND 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

(A) QUANTITATIVE INFORMATION IN RESPECT OF EACH CLASS OF GOODS MANUFACTURED

Sr. ITEM No.	Licensed Capacity M.T. per annum	Installed Capacity per annum (c) Kgs.	Actual Production (c) Kgs.	OPENING STOCK			CLOSING STOCK			SALES			Value Rs.
				Qty. Kgs.	Value Rs.	Qty. Kgs.	Value Rs.	Qty. Kgs.	Value Rs.	Nos.	Sq. Mtrs.	Mtrs.	
1. Rigid & Flexible PVC Sheets	18420 (a) (18420)	21060 (21060)	14342 (13538)	873 (800)	60322 (49786)	1249 (873)	83458 (60322)	9591 (10700)	19 (135)	66 (—)	9238 (7530)	1248203 (1201425)	
2. Plastic Extruded Sheets	300 (300)	300 (300)	420 (465)	95 (78)	7012 (5169)	78 (95)	5509 (7012)	294 (276)	— (14)	73 (105)	—	34633 (45381)	
3. Polythene Sheets and Films	120 (b) (120)	120 (120)	362 (331)	12 (15)	776 (965)	18 (12)	1616 (776)	158 (147)	—	158 (147)	—	30035 (28058)	
4. Hollow Plastic Corrugated Boards	1050 (1050)	1050 (1050)	633 (965)	133 (63)	10417 (4333)	112 (133)	7492 (10417)	71 (104)	— (4)	1119 (1506)	— (1)	53322 (83944)	
5. Sundry/Scrap Sales												5682 (5851)	
Total Sales of Manufacturing Activity												1371875 (1364659)	
Add : Sale from Development & Construction & Real Estate Activity												— (24259)	
Total Sales as per Profit & Loss Account												1371875 (1388918)	

(All figures in 000's)

Notes:

- (a) Includes 17100 (17100) M.T. per annum exempted from the licensing provisions.
- (b) Single Shift Basis.
- (c) As certified by Works Manager.
- (d) Figures in brackets denote figures for previous year.

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2006

SCHEDULE "5" (Contd.)

	For the year ended 31st March, 2006		For the year ended 31st March, 2005	
	Quantity	Value	Quantity	Value
(B) RAW MATERIALS CONSUMED	M.T.	Rs. in lakhs	M.T.	Rs. in lakhs
Resins	12060	5220.68	11393	5567.24
Plasticizers	1223	638.99	1111	588.03
Polystyrene	287	198.77	290	211.92
Polypropylene	767	423.31	1123	572.76
Polythene	379	206.13	342	179.40
Lubricants	474	506.05	455	474.57
Stabilizers	181	346.42	192	344.30
Pigments	102	169.73	108	164.87
Others		357.42		168.08
		<u>8067.50</u>		<u>8271.17</u>
(C) BREAK UP OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED	Value Rs. in lakhs	Percentage to total Consumption	Value Rs. in lakhs	Percentage to total Consumption
Raw Materials — Imported	2010.14	24.92	1144.43	13.84
Raw Materials — Indigenous	6057.36	75.08	7126.74	86.16
	<u>8067.50</u>	<u>100.00</u>	<u>8271.17</u>	<u>100.00</u>
Spare Parts — Imported	2.23	1.76	20.23	12.56
Spare Parts — Indigenous	124.25	98.24	140.80	87.44
	<u>126.48</u>	<u>100.00</u>	<u>161.03</u>	<u>100.00</u>
(D) VALUE OF IMPORTS ON C.I.F. BASIS				
Raw Materials		2106.96		1255.39
Spares and Components		2.23		8.25
Capital Goods		18.85		—
(E) EXPENDITURE IN FOREIGN CURRENCY				
Travelling Expenses		5.53		8.25
Commission		11.66		18.47
(F) EARNING IN FOREIGN EXCHANGE				
Export of Goods on F.O.B. Basis		1504.39		1534.96

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date

	For the year ended 31st March, 2006 Rs. in lakhs	For the year ended 31st March, 2005 Rs. in lakhs
SCHEDULE "6"		
NOTES ON ACCOUNTS:		
1. Sales include sale from development & construction and real estate activity	—	242.59
2. Miscellaneous Income/Expenses (Schedule 2&4) include:		
— Foreign exchange gains/(loss) (Net)	2.91	(5.09)
3. Expenses (Schedule 4) include:		
(i) Other remuneration to Managing Director		
(1) Contribution to Provident & Other Funds	4.79	3.21
(2) Performance Bonus	2.00	1.33
(3) Reimbursement of Medical Expenses	0.15	0.15
(ii) Miscellaneous Expenses include —		
Auditors' Remuneration:		
(1) Audit Fee	6.00	4.75
(2) For Other Services	0.85	0.90
(3) Taxation Matters	1.43	0.55
(4) Reimbursement of Expenses	1.00	1.20
(5) For Advisory Services	1.80	1.80
4. Extraordinary items —		
(a) Income		
Gain on prepayment of deferred sales tax liability	—	380.75
(b) Expenses		
(i) Amortisation of VRS Compensation	(6.30)	(19.20)
Total – Net	(6.30)	361.55

5. Bank of Maharashtra has sanctioned working capital facilities which are secured by hypothecation of stocks and book debts and by a second charge by way of an equitable mortgage by deposit of title deeds over the following immovable properties of the Company:

- Plot No. 76, MIDC Industrial Estate, Satpur, Nasik.
- Plot Nos. C-13 and C-16, Wagle Industrial Estate, Thane.
- Office blocks admeasuring 5640 sq. ft. at Block 'D', Shivsagar Estate, Worli, Mumbai.
- Three residential properties admeasuring 2883 sq. ft. at Sion, Mumbai.

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date

6. Contingent Liabilities (Schedule H — Item No. 1) include major disputed excise duty demands aggregating to Rs. 1361 lakhs as given below:
- (a) Demand in respect of excise duty and other levies for printed PVC film have been raised by the Excise authorities, details of which are as under:
 - (i) Demand of Thane unit: (a) Demands for 251 lakhs were decided in favour of the Company by the Customs, Excise & Service Tax Appellate Tribunal (CESTAT) against which the excise authorities have filed a civil application in the Supreme Court of India. (b) Demand for Rs. 155 lakhs are pending for adjudication.
 - (ii) Demand for erstwhile Daman unit and Nasik unit: (a) CESTAT has decided the matter against the Company in respect of demand of Rs. 267 lakhs (after setting aside the penalties amounting to Rs. 267 lakhs) and has ordered recomputation of the demands after taking into consideration the legitimate claims of the Company for reduction in the liability. The recomputation by the excise authorities is pending. (b) Company's appeal against the balance demand of Rs. 185 lakhs is pending before the CESTAT. As the CESTAT orders for Daman and Nasik units contradict the earlier order in respect of Thane unit, the Company has filed a rectification application before the CESTAT, which is pending for decision. Considering the favourable decision of CESTAT in respect of Thane unit, the entire amount involved in all these matters have been disclosed under Contingent Liability and no provision therefor has been considered necessary or made in the accounts.
 - (b) A demand of Rs. 503 lakhs was raised by the Excise authorities in respect of Nasik unit. The matter was decided in favour of the Company by CESTAT. The excise authorities have filed a Civil Application on the matter in the Supreme Court of India. Under these circumstances the amount has been disclosed under Contingent Liability and no provision therefor has been considered necessary or made in the accounts.
7. During the year ended 31st December, 1997 the Company revalued its Head Office premises resulting in net increase in value of buildings by Rs. 448.50 lakhs which was credited to Revaluation Reserve. On a review of the value of the premises on current basis and based on a valuation report, the Company wrote down the revalued amount by Rs. 160 lakhs (net) during the period ended 31st March, 2004.
- Depreciation in respect of the said premises has been computed on the adjusted value after taking into consideration its revised balance life as per the Valuation Report. Proportionate depreciation on revaluation amounting to Rs. 12 lakhs (Previous year Rs. 12 lakhs) has been transferred to the Profit and Loss Account from the Revaluation Reserve.
8. Consequent upon the change in management control of the Company during 1997, the Company is focusing on its core activities of manufacture of PVC Films and Plastic Extruded products. Assets of the activities identified as Non-Core have been disposed off pursuant to an agreement with Kalpataru Homes Limited (KHL) on the basis that the Company shall realise an agreed aggregate amount against these assets. While substantial realisation has been made by KHL, there is a delay in realisation of Rs. 245 lakhs as on 31st March, 2006. The Management is confident of full recovery of non-core dues in due course.
- The Profit/(Loss) on realisation of non-core assets (which is on KHL's account) has been disclosed in Schedule 4, as "Charges/(Recovery) on realisation of non core assets".
9. The Company has been sanctioned octroi incentive aggregating to Rs. 197.02 lakhs for period ended upto 31st December, 2002 by SICOM Limited, subject to receipt of funds by it from the Government of Maharashtra, for the unit at Nasik. The said incentives will be accrued in the accounts only when actually received as per the Company's Accounting Policy for Government incentives.
10. As at the year-end, there was no SSI undertaking to whom an amount of Rs. 1 lakh or more was outstanding for more than 30 days within the agreed terms.
11. Segment Reporting as per AS 17:
The Board of Directors at its meeting held on 28th October, 2005 has decided to treat the entire manufacturing activity of the Company as a single segment. The Company is engaged mainly in processing of plastic polymers and after considering the nature of raw materials, class of customers and the methods of sales & distribution of the products the Board is of the considered view that the Company's products are covered under a single reportable segment as per Accounting Standard on Segment Reporting (AS 17) issued by ICAI. The revenue and Capital employed of construction activity is not significant in relation to the total operations of the Company.

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date

12. Related Party Disclosure as per AS 18:

(i) List of Related Parties:

(a) Ineos group:

(1) Ineos Group Ltd. (2) IFJ Korea Ltd. (3) Ineos Fluor Americas LLC (4) Ineos Fluor Canada Inc (5) Ineos Fluor Delaware Ltd. (6) Ineos Fluor Holdings Ltd. (7) Ineos Fluor International Ltd. (8) Ineos Fluor Japan Ltd. (9) Ineos Fluor Ltd. (10) Ineos Fluor Mexico, S. De R.L. de C.V. (11) Ineos Fluor Partners Ltd. (12) Ineos Fluor Trustees Ltd. (13) Ineos Holdings (Fluor & Silicas) Ltd. (14) Ineos Intermediate Holdings (Fluor & Silicas) Ltd. (15) Ineos Investment Holdings (Fluor & Silicas) Ltd. (16) Ineos Maxico, S.de R.L. de C.V. (17) Ineos Group Holdings Pic (18) Ineos Holdings Ltd. (19) Ineos Intermediate Holdings Ltd. (20) Ineos Investment Holdings Ltd. (21) Ineos Americas LLC (22) Ineos Partners DGP (23) Ineos U.S. DSS Ltd. (24) Ineos U.S. Finance LLC (25) Ineos U.S. Holding Company II LLC (26) Ineos U.S. Intermediate Holding Company LLC (27) Ineos U.S. Investment Holding Company LLC (28) Ineos Deutschland GmbH (29) Ineos Melamines GmbH (30) Ineos Trustees Ltd. (31) Ineos Belgium N.V. (32) Ineos Finance B.V. (33) Ineos Getech N.V. (34) Ineos Italia Spa (35) Ineos N.V. (36) Ineos Overseas Company I Ltd. (37) Ineos Overseas Company II Ltd. (38) Ineos Oxide Ltd. (39) Ineos U.K. Finance Company Ltd. (40) Ineos U.S. Finance Company Ltd. (41) Grangehunter Ltd. (42) Ineos Phenol (Thailand) Ltd. (43) Ineos Phenol Asia Pte Ltd. (44) Ineos Phenol GmbH & Co. KG (45) Ineos Phenol Ltd. (46) Ineos Phenol Service (Thailand) Ltd. (47) Ineos Phenol Bedijif Antwerpen (48) Ineos Phenol Verwaltungsgesellschaft mbH (49) Ineos Phenol Shanghai Rep. Office (50) Crosfield Catalysts Ltd. (51) Crosfield International Ltd. (52) Crosfield South Africa Pty Ltd. (53) Ineos Silicas Asia Pacific Pte Ltd. (54) Ineos Silicas Brazil Limitada (55) Ineos Silicas Delaware Ltd. (56) Ineos Healthcare Ltd. (57) Ineos Silicas Holdings Ltd. (58) Ineos Silicas Holdings South Africa Pty Ltd. (59) Ineos Silicas International Ltd. (60) Ineos Silicas Ltd. (61) Ineos Silicas Netherland B.V. (62) Ineos Silicas Partners Ltd. (63) Ineos Silicas Sales & Distribution B. V. (64) Ineos Silicas South Africa Pty Ltd. (65) Ineos Silicas Trustees Ltd. (66) Joesph Crosfield And Sons Ltd. (67) PT Ineos Silicas Indoensia (68) Innovene LLC (69) Innovene Holding Company LLC (70) Innovene USA LLC (71) Innovene Canada Company (72) Innovene Canada Investment Company (73) Innovene Canada Partnership (74) Innovene Polymers Inc. (75) Innovene Polyethylene Holding Company LLC (76) Innovene Polyethylene LLC (77) Innovene Polyethylene North America (78) Innovene Olefins LP (79) Innovene Polypropylene LLC (80) Anexco LLC (81) Chocolate Bayou Pipeline Holding Company (82) Chocolate Bayou Pipeline LLC (83) Innovene Pipeline Seminole Investment Company (84) Innovene Korea Ltd. (85) Innovene Singapore Pte Ltd. (86) O & D Solutions NOV (87) O & D Belgium Holdco NV (88) Innovene Manufacturing Deutschland GmbH (89) Innovene Deutschland GmbH (90) Innovene Solutions NV (91) Innovene Jersey Ltd. (92) Innovene European Holdings Ltd. (93) Innovene Marketing Support Ltd. (94) Innovene Manufacturing France SAS (95) Innovene Europe Ltd. (96) Innovene Nominee Ltd. (97) Innovene Manufacturing Belgium N.V. (98) Innovene Feluy SPRL (99) Innovene Manufacturing Scotland Ltd. (100) Innovene Belgium NV (101) Innovene Italia srl (102) Innovene Management (Shanghai) Company Ltd. (103) Innovene France SAS (104) Innovene Manufacturing Italia SpA (105) Innovene Services Belgium NV (106) Naphthachimie SA (107) Oxochimie SA (108) Appryl SNC (109) NOVA Innovene European Holding BV (110) NOVA Innovene International SA (111) NOVA Innovene Iberia SL (112) NOVA Innovene Italy Sri (113) NOVA Innovene Sweden AB (114) NOVA Innovene UK Ltd. (115) NOVA Innovene Netherlands BV (116) NOVA Innovene Poland zoo (117) NOVA Chemicals Kimyasai Urunier Ltd. Sirketi (118) NOVA Innovene Technology BV (119) NOVA Innovene Manufacturing GmbH (120) NOVA Innovene Germany GmbH (121) NOVA Innovene Holding SAS (122) NOVA Innovene France SAS (123) Southern Ridge Pipeline GP LLC (124) Southern Ridge Pipeline Partners LP (125) GIP Pour l'Extraction des Aromatiques du Sud-Est (126) 3TC GIE (127) Ineos Chlor Group Ltd. (128) Ineos Asiatic Chemical Co Ltd. (129) Ineos Chlor Americas Inc. (130) Ineos Chlor Atlantik GmbH (131) Ineos Chlor Energy Ltd. (132) Ineos Chlor Enterprises Ltd. (133) Ineos Chlor France (Sales) S.A.S. (134) Ineos Chlor France S.A.S. (135) Ineos Chlor Group Ltd. (136) Ineos Chlor Holdings Ltd. (137) Ineos Chlor Ltd. (138) Ineos Chlor Newco 1 Ltd. (139) Ineos Chlor Newco 2 Ltd. (140) Ineos Chlor Quimica S.A. (141) Ineos Chlor Sales International Ltd. (142) Ineos Chlor Trustees Ltd. (143) Ineos Chlor UK Ltd. (144) Ineos Industrial Investments Ltd. (145) Screencondor Ltd. (146) Ineos Capital Ltd. (147) Ineos Vinyls Group Ltd. (148) Hawkslease Finance Company Ltd. (149) Ineos Vinyls (II) Ltd. (150) Ineos Vinyls Holdings Ltd. (151) Ineos Vinyls Investment Ltd. (152) Ineos Vinyls Ltd. (153) Ineos Films Inc. (154) EVC Nederland BV (155) Ineos Vinyls Belgium S.A./N.V. (156) Ineos Compounds UK Ltd. (157) Ineos Vinyls Deutschland GmbH (158) EVC International NV (159) Ineos Vinyls Italia Spa (160) EVC Pension Trustees Ltd. (161) Ineos Films GmbH (162) EVC Rigid Film Inc (163) Ineos Compounds Switzerland AG (164) Ineos Vinyls UK Ltd. (165) Evins Ltd. (166) Ineos Vinyls Finance plc (167) Inovyl BV (168) Interplastic-Werk GmbH (169) Regain Ltd. (170) Ineos Paraform Holdings Ltd. (171) Ineos Paraform GmbH (172) Ineos Paraform Ltd. (173) Ineos Noteco Ltd. (174) Ineos Films SpA (175) Ineos Films Delaware Inc. (176) Ineos Films Italia srl (177) Ineos Compounds Italia Srl (178) Ineos Vinyls France SAS (179) Ineos Compounds France SAS (180) Ineos Vinyls Sales GmbH (181) Ineos Films Staufen GmbH (182) Ineos Vinyls Holdings Italia Sri

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date

(b) Indian Promoters: Mr. M.P. Munot, Mr. S.A. Gandhi and Mr. S.K. Dalmia, Directors, their relatives and their associate companies.

(ii) Relationship:

(a) Ineos Films GmbH, which is part of Ineos group, hold 51% of the Share Capital of the Company.

(b) Indian Promoters hold in aggregate over 20% of the Share Capital of the Company.

(iii) Key Management Personnel

(a) Mr. R. Balasubramanian – Managing Director

(b) Mr. David Thompson – Director

(c) Mr. G. Mancuso – Director

(iv) Transactions during the year with related parties – Nature of transaction

(a) Purchases of material from EVC/Ineos group of companies

(b) Managerial remuneration –

(i) Gross salary including taxable perquisites

(ii) Contribution to Provident and Other Funds

The above figures exclude provision for gratuity and leave encashment which are actuarially determined on an overall company basis.

(c) Interest Income – Indian Promoters

(d) Sundry Creditors as at year-end

(v) Deposit with Companies:

– Interest Income

13. Disclosure of Leases as per AS 19:

(i) Plant & Machinery taken on finance lease prior to 2001 – At cost

(ii) Lease rent of Plant & Machinery

(iii) Future obligations towards lease rentals under the lease agreement:

– Payable within One year

– Payable later than one year and not more than five years

(iv) – The Company has various operating leases for offices, godowns and residential premises for employees that are renewable on a periodic basis and cancellable at its option. Rental expenses for operating leases recognised in the Profit and Loss account for the year is Rs. 17.04 lakhs (Previous year Rs. 16.79 lakhs). Company does not have any non-cancellable operating leases as on date.

14. Earnings per Share as per AS 20:

(i) Net Profit available for equity shareholders

(ii) No. of equity shares

(iii) Basic & Diluted Earning per share (Face value of Rs. 10 each) In Rs.

15. Accounting for Taxes on Income as per AS 22:

(a) Deferred tax assets/liability (–) is as under:

(i) Difference between book and tax depreciation

(ii) Unabsorbed loss and depreciation

(iii) Deduction allowable on payment basis u/s 43B of Income Tax Act.

(iv) Provision for doubtful debts & advances

Total

Year ended/ as of 31st March, 2006 Rs. in lakhs	Year ended as of 31st March, 2005 Rs. in lakhs
190.69	140.20
34.64	32.61
4.79	3.21
14.70	17.73
18.90	14.97
Nil	7.47
Nil	55.22
Nil	5.97
Nil	Nil
Nil	Nil
560.48	904.59
13133971	13133971
4.27	6.89
(321.55)	(361.87)
0.00	186.20
159.32	169.15
54.23	59.60
(108.00)	53.08

16. The foreign currency exposures, which are not hedged, are as under:

Receivables	USD	768308
Payables	USD	105280
	EURO	7019

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date

17. Details of movement in provision in accordance with AS 29:

	Opening balance Rs. in lakhs	Provision for the year Rs. in lakhs	Provision reversed/ adjusted Rs. in lakhs	Closing balance Rs. in lakhs
Provision for taxation	101.51	140.00	216.82	24.69
Proposed dividend	Nil	131.34	Nil	131.34
Corporate tax on dividend	Nil	18.42	Nil	18.42
Provision for doubtful debts/advance	162.89	17.56	19.34	161.11

18. ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

I. Registration details:

Registration No.	4877
State Code	11
Balance Sheet Date	31-03-2006

II. Capital raised during the year:

	(Amount in Rs. Thousands)
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds:

	(Amount in Rs. Thousands)
Total Liabilities	861475
Total Assets	861475
Sources of Funds:	
Paid-up Capital	131340
Reserves & Surplus	719335
Secured Loans	—
Unsecured Loans	—
Deferred Tax	10800
Application of Funds:	
Net Fixed Assets	211961
Investments	—
Net Current Assets	649514
Miscellaneous Expenditure	—
Accumulated Losses	—

IV. Performance of Company:

	(Amount in Rs. Thousands)
Turnover	1371875
Total Expenditure	1301027
Profit Before Tax	70848
Profit After Tax	56048
Earning Per Share (In Rs)	4.27
Dividend Rate (In %)	10.00%

V. Generic Names of Three Principal Products/Services of Company

(As per Monetary Terms)	Product Description
Item Code Nos. (ITC Code)	
(i) 392041.00	PVC Films & Sheeting–Rigid
(ii) 392042.00	PVC Films & Sheeting–Flexible
(iii) 391690.27	Polypropylene Boards

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date

19. SIGNIFICANT ACCOUNTING POLICIES:

- (a) System of Accounting:
Financial statements are based on historical cost. The Company generally follows the mercantile system of accounting and recognises items of income and expenditure on accrual basis, except those with significant uncertainties.
- (b) Fixed Assets:
Fixed Assets are stated at cost of acquisition or construction except head office building which is stated at its revalued amount. All costs including financing costs if any, till commencement of commercial production are capitalised. In respect of assets acquired under lease, lease rentals paid are charged to the Profit and Loss Account. Assets under disposal are stated at lower of cost or net realisable value. Intangible assets comprising of Computer software are amortised over a period of five years.
- (c) Depreciation:
Depreciation has been calculated as per Schedule XIV of the Companies Act, 1956. Depreciation on main Plant & Machinery is provided on SLM basis and depreciation on all other assets is provided on WDV basis. Depreciation on equipments used for development & construction activity is included under Construction work-in-progress. Depreciation on revaluation is adjusted against Revaluation Reserve.
- (d) Inventories:
Inventories are valued at the lower of cost or net realisable value. Cost is arrived at annual weighted average cost basis and includes allocable production/administrative overheads and excise duty, where applicable. Reusable scrap is valued at relative material cost having regard to its replacement value.
- (e) Investments:
Long term investments are carried at cost. Current investments are carried at the lower of cost or quoted/fair value, computed category wise.
- (f) Development & construction activity:
Turnover from development and construction activity is recognised based on the value of property sold proportionate to the percentage completion of the project. Costs attributable to the turnover so recognised are charged to the Profit & Loss Account.
- (g) Transactions in foreign currency:
Foreign Currency assets and liabilities, not covered by Forward Exchange Contracts are translated at the rates ruling at the year end. Exchange differences arising from such transactions are dealt with in the Profit & Loss Account.
- (h) Sales:
Sale of goods is recognised on shipments or despatches to customers. Gross sales include excise duty, but exclude sales tax and are net of incentives, discounts and rebates.
- (i) Research & Development:
Revenue expenditure on research and development is charged to the Profit & Loss Account. Capital expenditure on research and development is treated as addition to Fixed Assets.
- (j) Retirement Benefits:
Liability for gratuity and unencashed leave are provided based on actuarial valuation.
- (k) Voluntary Retirement Scheme Compensation :
VRS Compensation paid to employees in respect of continuing units is charged over a period of 36 months.
- (l) Grants, subsidies or incentives under Government schemes are treated as accrued only when they are actually received.
- (m) Impairment of assets:
The carrying amount of assets is reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exist, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating units exceeds its recoverable amount.

20. Previous year figures have been regrouped/recast wherever necessary.

Signatures to Schedules "1" to "6"

As per our report attached
for M. P. CHITALE & CO.
Chartered Accountants

ASHUTOSH PEDNEKAR
Partner

K.R. VISWANATHAN
V.P. (Finance) &
Company Secretary

M.P. MUNOT
R. BALASUBRAMANIAN
D. THOMPSON
R.K. KULKARNI
S.B. ZAVERI

Chairman
Managing Director

Directors

Mumbai,
Dated: 30th June, 2006.

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

	For the year ended 31st March, 2006 Rs. in lakhs	For the year ended 31st March, 2005 Rs. in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax & extraordinary items	714.78	571.14
Adjustments for:		
Normal depreciation	266.14	302.69
Loss/(Profit) on Fixed Assets sold/scrapped (net)	3.57	7.64
Interest and Finance charges	0.36	0.87
Operating Profit before working capital changes	984.85	882.34
Changes in:		
Trade & other receivables	296.64	(170.22)
Inventories	(249.59)	(59.68)
Trade Payables	372.89	(370.35)
CASH GENERATED FROM OPERATIONS	1,404.79	282.09
Interest and Finance charges	(0.36)	(0.87)
Direct taxes paid/written back	(40.00)	(28.10)
Extraordinary items	(6.30)	361.55
NET CASH FROM OPERATING ACTIVITIES (A)	1,358.13	614.67
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(336.75)	(234.18)
Sale of Fixed Assets	1.30	2.43
NET CASH USED IN INVESTING ACTIVITIES (B)	(335.45)	(231.75)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Deferred Liability	0.00	(695.65)
NET CASH USED IN FINANCING ACTIVITIES (C)	0.00	(695.65)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	1,022.68	(312.73)
CASH & CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR	1,425.34	1,738.07
CASH & CASH EQUIVALENTS AS AT THE END OF THE YEAR	2,448.02	1,425.34
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	1,022.68	(312.73)

As per our report attached
for M. P. CHITALE & CO.
Chartered Accountants

ASHUTOSH PEDNEKAR
Partner

K.R. VISWANATHAN
V.P. (Finance) &
Company Secretary

M.P. MUNOT
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D. THOMPSON
R.K. KULKARNI
S.B. ZAVERI

Chairman
Managing Director

Directors

Mumbai,
Dated: 30th June, 2006.

Our Products and their Uses

1. SUNFLEX :

Flexible PVC Sheeting produced in a wide range of colours, embossing designs and prints.

Uses: Tablecovers, rain coats, windsheaters, marine jackets, curtains, handbags, diary covers, folders and other stationery items, air balloons, anti static covers, cable and other industrial uses.

2. SUNDEKOR :

PVC Film under the brand name SUNDEKOR in thickness of 0.20, 0.25 and 0.40 mm is used as a surface decorating and furnishing material for a variety of domestic and industrial applications.

3. SUNBLIS :

PVC Rigid film ideally suited for packing of tablets, capsules, vials and syringes in pharmaceutical industry. PVC blister film is also used in packaging of toothbrushes, razors, blades, toys, combs, pens, typewriter ribbons, etc.

4. SUNDENE :

PVDC Coated PVC Film for high barrier requirements. Excellent material for packing hygroscopic tablets/capsules.

5. SUNVIC (RIGID SHEETING) :

For use in files, folders, printing, playing cards, industrial use such as battery separators, effluent water treatment plants, etc. and decorative purposes such as lampshades, etc.

6. SUNLAC, SUNSTRENE, SUNTHENE & SUNLENE :

Extruded sheets in various polymers such as ABS, HIPS, HDPE & PP for industrial applications.

7. SUNPAC :

Flute Board.

Uses: For packaging, publicity, temporary shelters, partitions, light diffuser, panelling and advertising purposes.

8. SUN BOARD :

Rigid PVC Foam Board used for Building Industry for panelling, partitions and also for advertising purposes.

Our Exports

The following are among the countries, we have been exporting to:

AUSTRALIA	ETHIOPIA	KUWAIT	PHILIPPINES	TANZANIA
BAHRAIN	GHANA	MADAGASCAR	SAUDI ARABIA	UAE
BANGLADESH	GREECE	MALAYSIA	SRI LANKA	UGANDA
COLUMBIA	JORDAN	MAURITIUS	SUDAN	VIETNAM
EGYPT	KENYA	NIGERIA	SYRIA	YEMEN

Financial Position at a Glance

(Rupees in lakhs)

	31.03.1997	31.12.1997 (9 Months)	31.12.1998	31.12.1999	31.12.2000	31.12.2001	31.12.2002	31.03.2004 (15 Months)	31.03.2005	31.03.2006
WE OWNED										
Fixed Assets	3957.62	5038.95	4880.02	4094.60	3317.04	2851.05	2469.34	2156.45	2065.87	2119.61
Investments	350.63	315.94	312.94	34.44	34.42	23.40	—	—	—	—
Inventories	3333.01	3683.50	2875.40	3398.06	3033.46	1952.68	2276.62	2054.61	2114.29	2363.88
Receivables	4468.90	3701.19	2984.36	3448.15	2801.31	2804.65	3377.65	3488.35	3854.84	3624.64
Advances	1610.53	1626.46	2250.22	1943.34	1597.33	1048.23	1002.61	1738.07	1425.34	2448.02
Liquid Funds	292.50	324.54	241.17	275.93	301.13	444.30	572.37	608.97	431.90	371.76
Other assets	—	—	—	—	—	—	—	—	—	—
	14013.19	14690.58	13544.11	13194.52	11084.69	9124.31	9698.59	10046.45	9892.24	10927.91
WE OWED										
Institutional Loans	3537.91	294.77	1265.61	2068.06	1865.94	581.37	655.88	695.65	—	—
Other Loans	1631.38	1615.92	1574.08	1039.40	512.45	—	—	—	—	—
Payable & Provisions	3598.73	4028.18	2797.90	3425.35	2416.45	2066.86	2190.48	2160.86	1790.51	2271.40
Dividends	—	—	—	—	—	—	—	—	—	149.76
	8768.02	5938.87	5637.59	6532.81	4794.84	2648.23	2846.36	2856.51	1790.51	2421.16
NET WORTH										
Share Capital	643.56	1313.40	1313.40	1313.40	1313.40	1313.40	1313.40	1313.40	1313.40	1313.40
Reserves & Surplus	4601.61	8101.47	8065.47	7821.47	7419.97	6888.97	6870.97	6690.47	6794.63	7193.35
Others	—	(663.16)	(1472.35)	(2473.16)	(2443.52)	(1726.29)	(1332.14)	(813.93)	(6.30)	—
	5245.17	8751.71	7906.52	6661.71	6289.85	6476.08	6852.23	7189.94	8101.73	8506.75
	14013.19	14690.58	13544.11	13194.52	11084.69	9124.31	9698.59	10046.45	9892.24	10927.91
What We Earned and Spent										
EARNINGS	15093.07	8400.24	10460.90	9557.52	10577.00	9926.41	10892.34	15154.79	14191.84	14223.01
OUTGOINGS:										
Materials	7564.41	4547.66	4601.92	4631.55	5491.27	4782.21	5955.05	8333.12	8432.20	8193.98
Excise	1678.46	1304.75	1481.07	1506.87	1319.60	1124.57	1287.64	1828.68	1754.19	1777.74
Expenses	6024.68	3050.89	4394.38	3563.36	3923.45	3441.82	2856.36	3932.09	3131.62	3270.37
Depreciation	408.65	311.59	459.28	458.90	416.25	388.60	382.54	475.17	314.69	278.14
Trf. from revaluation reserve	—	(12.00)	(36.00)	(36.00)	(26.25)	(18.00)	(18.00)	(20.50)	(12.00)	(12.00)
	15676.20	9202.89	10900.65	10124.68	11124.32	9719.20	10463.59	14548.56	13620.70	13508.23
Profit/(Loss) before extraordinary items & tax	(583.13)	(802.65)	(439.75)	(567.16)	(547.32)	207.21	428.75	606.23	571.14	714.78
Extraordinary income/(expense)	(446.20)	(393.86)	(356.54)	(230.57)	222.87	(122.32)	(20.33)	(99.14)	361.55	(6.30)
Tax Provision/ (Written back)	90.00	—	(100.00)	—	—	—	2.60	2.60	28.10	148.00
Net Profit/(Loss)	(1119.33)	(1196.51)	(696.29)	(797.73)	(324.45)	84.89	405.82	504.49	904.59	560.48
Dividends	—	—	—	—	—	—	—	—	—	149.76
	(1119.33)	(1196.51)	(696.29)	(797.73)	(324.45)	84.89	405.82	504.49	904.59	410.72



INDIA LIMITED

Regd. Office: Block D, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint Shareholders may obtain additional Attendance Slips on request. (Ref. Folio No., DP. Id., Client Id., Name of the Shareholder/Joint holders as given on the mailing slip to be furnished below.)

FOLIO NO.: DP. Id*: Client Id*:

NAME OF THE SHAREHOLDER:

I hereby record my presence at the 60th Annual General Meeting of the Company at the JAI HIND COLLEGE AUDITORIUM, Jai Hind College Building, A Road, Churchgate, Mumbai 400 020 on Thursday, the 28th September, 2006.

Signature of the Shareholder or Proxy

NOTE:

Shareholders/Proxy holders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signatures.

FORM OF PROXY

(Ref. Folio No., DP. Id., Client Id., Name of the Shareholder/Joint holders & address as given on the mailing slip to be furnished below):

FOLIO NO.: DP. Id*: Client Id*:

I/We of

being a member/members of CAPRIHANS INDIA LIMITED hereby appoint

..... of

or failing him

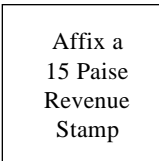
of or failing him

of as my/our proxy to vote for me/us and

on my/our behalf at the 60th Annual General Meeting of the Company to be held on Thursday, the 28th September, 2006 at 3.00 p.m. or any adjournment or adjournments thereof.

As witness my/our hand(s) this day of 2006.

Signed by the said



* Applicable for investors holding shares in electronic form.

NOTE: The Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

BOOK POST

If not delivered, please return to:
CAPRIHANS INDIA LIMITED
Block-D, Shivsagar Estate,
Dr. Annie Besant Road,
Worli, Mumbai 400 018.