

PEARL POLYMERS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2006

<u>SOURCES OF FUNDS</u>	<i>SCHEDULE REFERENCE</i>	As at 31st March 2006 (Rs.in '000)	As at 31st March 2005 (Rs.in '000)
Shareholders' Fund			
Share Capital	1	162416	135654
Advance against Equity		0	30000
Reserve & Surplus	2	<u>220193</u>	<u>194651</u>
		382609	360305
Loan Funds			
Secured	3	407063	390899
Unsecured	4	<u>100917</u>	<u>130085</u>
		507980	520984
Deferred Tax Liability (Net)		<u>72288</u>	<u>56797</u>
TOTAL		<u>962877</u>	<u>938086</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1197798	1210655
Less : Depreciation		<u>652273</u>	<u>634789</u>
Net Block		545525	575866
Capital work in progress		<u>34152</u>	<u>1933</u>
		579677	577799
Investments			
	6	70050	70050
Current Assets, Loans & Advances			
Inventories	7	115178	117802
Sundry Debtors	8	278022	253920
Cash and Bank Balances	9	54723	37029
Loans and Advances	10	<u>158635</u>	<u>148323</u>
		606558	557074
<i>Less: Current Liabilities and Provisions</i>			
Current Liabilities	11	272281	253503
Provisions	12	<u>21127</u>	<u>13334</u>
		293408	266837
Net Current Assets		313150	290237
TOTAL		<u>962877</u>	<u>938086</u>

**Significant Accounting Policies and
Notes to the Accounts**

The Schedules and Notes form an integral part of the Balance Sheet
This is the Balance Sheet referred to in
our report of even date.

sd/-
Rajesh Sethi
Partner
M.No. 85669
For and on behalf of
J.C.Bhalla & Co
CHARTERED ACCOUNTANTS

New Delhi
Date : June 30, 2006

sd/-
Chand Sethi
Chairman & Managing Director

On Behalf of the Board
sd/-
Harish Sethi
Vice-Chairman & Managing Director

sd/-
Naresh Kapoor
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006

	As at 31st March 2006 (Rs.'000)	For the 6 Month period ended 31.03.05 (Rs.'000)
CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX & EXTRA ORDINARY ITEMS	44347	10198
ADJUSTMENT FOR :		
DEPRECIATION	54371	31264
INTEREST EXPENSES	58539	32587
INCOME TAX	(3780)	(794)
PREVIOUS YEAR EXPENSES	(431)	(60)
WEALTH TAX	(841)	(73)
PROVISION FOR BAD & DOUBTFUL DEBTS	433	(564)
BAD DEBTS WRITTEN OFF	0	0
LOANS & ADVANCES WRITTEN OFF	0	0
DEFERRED TAX	0	0
DIVIDEND INCOME	(18)	(11)
INTEREST INCOME	(2191)	(791)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	<u>150496</u>	<u>71756</u>
ADJUSTMENT FOR :		
TRADE & OTHER RECEIVABLES	(24535)	1813
INVENTORIES	2624	(15753)
CURRENT LIABILITIES & PROVISIONS	26634	25278
LOANS AND ADVANCES	(10312)	(11664)
TOTAL ADJUSTMENTS	<u>(5589)</u>	<u>(326)</u>
CASH GENERATED FROM OPERATIONS	<u>144907</u>	<u>71430</u>
NET CASH FROM OPERATING ACTIVITIES	<u>144907</u>	<u>71430</u>
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(58556)	(22447)
SALE OF FIXED ASSETS	739	17
DIVIDEND INCOME	18	11
INTEREST INCOME	2191	791
NET CASH USED IN INVESTING ACTIVITIES	<u>(55608)</u>	<u>(21628)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ADVANCE AGAINST EQUITY	-	-
PROCEEDS FROM LONG TERM BORROWINGS & OTHERS (NET)	(12984)	4755
DIVIDEND PAID	0	0
DIVIDEND TAX PAID	0	0
PROCEEDS FROM ISSUE OF SHARE CAPITAL	0	16047
REDEMPTION OF PREFERENCE SHARE CAPITAL	0	(22500)
INTEREST PAID	(58621)	(37816)
NET CASH FROM FINANCING ACTIVITIES	<u>(71605)</u>	<u>(39514)</u>
NET INCREASE IN CASH EQUIVALENTS	<u>17694</u>	<u>10288</u>
CASH & CASH EQUIVALENTS OPENING BALANCE	37029	26741
CASH & CASH EQUIVALENTS CLOSING BALANCE	<u>54723</u>	<u>37029</u>
	<u>17694</u>	<u>10288</u>
	0	0

The above Cash Flow Statement has been prepared under the indirect method set-out in AS-3 issued by the Institute of Chartered Accountants of India.

Figures in brackets indicate cash outgo.

Previous period figures have been regrouped wherever necessary to conform to the current period's classification.

This is the Cash Flow Statement referred to in our report of even date

The significant accounting policies and notes to account
(Schedule 18) form an integral part of the Cash Flow
Statement

On Behalf of the Board

sd/-

Rajesh Sethi

Partner

M.No.85669

For and on behalf of

J.C.Bhalla & Co

CHARTERED ACCOUNTANTS

New Delhi

Dated: 30th June, 2006

sd/-

Chand Sethi

Chairman & Managing Director

sd/-

Harish Sethi

Vice-Chairman & Managing Director

sd/-

Naresh Kapoor

Company Secretary

SCHEDULES TO THE ACCOUNTS

SCHEDULE - 1 SHARE CAPITAL

AUTHORISED

	As at 31st March 2006 (Rs. In '000)	As at 31 st March 2005
4,00,00,000(Previous period-4,00,00,000) Equity shares of Rs.10/- each	400000	400000
10,00,000(Previous period-10,00,000) Redeemable Cummulative Preference Shares of Rs.100/- each	100000	100000
	<u>500000</u>	<u>500000</u>

ISSUED, SUBSCRIBED & PAID UP

Nil (Previous year-225000) 14.50% Redeemable Cumulative Preference Shares of Rs.100/- each(Redeemed during the period)		
162,49,655(Previous period 135,73,474) Equity shares of Rs.10/-each.	162497	135735
Less : Calls in Arrears	(81)	(81)
-includes 2,01,670 Equity Share of Rs.10/- each issued as Bonus Shares by Capitalisation of General Reserve		
-includes 26,76,181 Equity Share allotted during the year to Promoters as per The Securities Exchange Board of India pricing formula @ Rs.11.21 per share including Rs.1.21 on Share Premium Account		0
-includes 14,31,524 Equity Share allotted during the previous period to Industrial Development Bank of India (9,22,362 Equity Shares) & Life Insurance Corporation of India (5,09,162 Equity Shares) as per The Securities Exchange Board of India pricing formula @ Rs.11.21 per share including Rs.1.21 on Share Premium Account.		
	<u>162416</u>	<u>135654</u>

-Equity Share Capital includes 1431524 Equity Shares allotted during the period to IDBI (922362 Equity Shares) & LIC (509162 Equity Shares) as per SEBI pricing formula (@ Rs.11.21 per share including Rs.1.21 on Share Premium account-Refer Note 21 to the Accounts)

SCHEDULE - 2 RESERVES & SURPLUS**CAPITAL RESERVE**

As at the commencement of the year 8472 8472

SHARE PREMIUM ACCOUNT

As at the commencement of the year 177426 175694
Add : Addition during the year 3238 1732
180664 177426
Less: Calls in Arrears (176) 180488 (176) 177250

DEBENTURE REDEMPTION RESERVE

As at the commencement of the year 13500 13500
Add: Transferred from Profit & Loss A/c 5000 -
Less: Transferred to Profit & Loss A/c (2500) 16000 - 13500
0

GENERAL RESERVE

As at the commencement of the year 14742 14742
Transferred from Debenture Redemption Reserve 0 0 0
0

PROFIT & LOSS A/C

As at the commencement of the year (19313) (29322)
Transferred from Debenture Redemption Reserve 0
Surplus/(Deficit) during the year 19804 491 10009 (19313)
220193 194651

SCHEDULE - 3 SECURED LOANS

	As at 31st March 2006 (Rs. In '000)	As at 31st March 2005 (Rs. In '000)
(1) DEBENTURES :		
a) 9% Non Convertible Debentures	47500	50000
(2) WORKING CAPITAL LOANS		0
a) Banks	136926	139708
(3) INTEREST ACCRUED & DUE ON ABOVE	55	75
(4) WORKING CAPITAL DEMAND LOAN		
a) Financial Institutions	90000	98750
(5) TERM LOANS		
a) Financial Institutions	128573	97173
(6) FUNDED INTEREST TERM LOAN	1120	2200
(7) VEHICLE LOANS	2889	2993
(Vehicle loans from Banks secured against hypothecation of respective vehicles)	<u>407063</u>	<u>390899</u>

NOTES :**1. DEBENTURES :**

- Comprising 5,00,000 (Previous period-5,00,000) 9% Secured Redeemable Non Convertible Debentures of Rs.100/- each issued on private placement basis, secured by Parri Passu charge on the immovable property of the Company situated at Gurgaon, (Haryana) together with Plant & Machinery except Plant & Machinery exclusively charged as referred to in Note no. 4 (d)(i).

The Debentures were to be redeemed to the extent of 5% in four equal quarterly instalments commencing from 30th April 2005 with the balance 95% to be repaid in 19 equal quarterly instalments commencing from 30th April 2006.

2. WORKING CAPITAL LOANS

-Working Capital Loans from Banks are secured by hypothecation of inventories and Book Debts and are further secured by first charge on Company's immovable property at Okhla and second charge on Company's immovable property at Gurgaon.

3. WORKING CAPITAL DEMAND LOANS

-Working Capital Demand Loan from Financial Institutions are secured by Parri Passu mortgage/charge on immovable property of the Company situated at Mahad (Maharashtra) and Jigani (Karnataka) together with factory building constructed/to be constructed alongwith Plant & Machinery installed/to be installed and further secured by way of second pari-passu mortgage/charged to be created on all moveable and immovable assets both present and future pertaining to company's property situated at Baddi The above said loan is further secured by personal guarantees of Mr. Chand Seth, Mr. Harish Seth Directors of the Company and Mr. Krishen Seth The same has been restructured and is repayable to the extent of 5% in four equal quarterly installments commencing from 1st April, 2005 with the balance 95% to be repaid in 19 equal quarterly installments commencing from 1st April 2006.

4. TERM LOANS :

(a) Term loan of Rs.468,20('000) (previous period-Rs.477,00('000) is secured by way of parri-passu charge on the immovable property situated at Mahad (Maharashtra) & Jigani(Karnataka). The same is further secured by way of legal mortgage on company's unit situated at Mahad The Company is in process of extending the security to cover the mortgage on company's unit at Jigani. The above said loan is further secured by personal guarantees of Mr. Chand Seth, Mr. Harish Seth Directors of the Company and Mr. Krishen Seth

(b) Term Loans of Rs.297,67('000)(previous period-Rs.317,96('000) are secured by way of pari-passu charge on the immovable property situated at Company's unit at Mahad (Maharashtra) and Jigani (Karnataka) together with factory building constructed / to be constructed with plant & machinery installed / to be installed and further secured by way of second pari-passu mortgage/charge to be created on all moveable and immovable assets both present and future pertaining to company's property situated at Baddi The above said loan is further secured by personal guarantees of Mr. Chand Seth, Mr. Harish Seth Directors of the Company and Mr. Krishen Seth

(c) Term Loans of Rs.93,14('000) (previous period -Rs 120,64('000)) are secured by way of pari-passu charge on the immovable property of the company situated at Jigani (Karnataka) together with factory building constructed with plant & machinery installed/to be installed. The above said loan is further secured by personal guarantees of Mr. Chand Seth, Mr. Harish Seth Directors of the Company and Mr. Krishen Seth

(d) (i)Term Loan of Rs.25,93('000) (previous period-Rs.56,13('000) is secured by exclusive charge on specific items of machinery at the Company's unit situated at Gurgaon (Haryana). (ii)Term Loan of Rs.200,79('000) (previous period-Rs.Nil) is secured by first pari-passu charge on the assets situated at the Company's unit situated at Gurgaon (Haryana). The above said loan is further secured by personal guarantees of Mr. Chand Seth, Mr. Harish Seth Directors of the Company.

(e) Term Loan of Rs.200,00('000) (Previous period Rs.Nil) is secured by way of pari-passu first mortgage/charge created on all immovable and movable assets, both present and future (save and except book debts) in respect of property situated at Baddi and further secured by way of second mortgage/ charge to be created on all moveable and immovable both present and future (save and except book debts) pertaining to the company's unit situated at Mahad The above said loan is further secured by personal guarantees of Mr. Chand Seth, Mr. Harish Seth Directors of the Company.

Loans due within one year Rs.49,795('000) (previous period-.Rs.24,467('000)

SCHEDULE - 4 UNSECURED LOANS

	As at 31st March 2006 (Rs. In '000)	As at 31st March 2005 (Rs. In '000)
1) Fixed Deposits(Due within 1 Year Rs.487,87('000) -previous period- .Rs.643,08('000)	61180	66223
2) Deferred SalesTax (Due within 1Year Rs 96,74('000)-previous period-Rs.141,53('000)	35050	50092
3) From Others (Due within 1 year Rs.37,50('000)-previous period-Rs.85,18('000)	4687	13770
	100917	130085

SCHEDULE - 5 FIXED ASSETS - AS ON 31st March 2006

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS AT 1.04.2005	ADDITION	DED/ ADJ.	COST AS AT 31.03.2006	UPTO 31.03.05	FOR THE PERIOD	DEDUCTION/ ADJUSTMENTS	UPTO 31.03.2006	ASAT 31.03.06	AS AT 31.03.2005
LAND										
-FREEHOLD	8748		0	8748		0	0	0	8748	8748
-LEASEHOLD	1365	159	0	1524	69	17	0	86	1438	1296
BUILDING	144884	0	0	144884	39981	4338	0	44319	100565	104903
-FACTORY		0	0	0			0			
-NON-FACTORY		0	0	0			0			
PLANT & MACHINERY	732290	18129	(269)	750688	344337	35320	4414	375243	375445	387953
MOULDS	269193	5648	38724	236117	219895	10999	31882	199012	37105	49298
FURNITURE & FIXTURES	18050	235	0	18285	10354	1156	0	11510	6775	7696
OFFICE EQUIPMENT	9827	144	0	9971	4720	468	0	5188	4783	5107
VEHICLES	19874	1737	739	20872	10019	1922	591	11350	9522	9855
COMPUTERS	6424	285	0	6709	5414	151	0	5565	1144	1010
TOTAL	1210655	26337	39194	1197798	634789	54371	36887	652273	545525	575866
CAPITAL WORK IN PROGRESS *									34152	1933
GRAND TOTAL	1210655	26337	39194	1197798	634789	54371	36887	652273	579677	577799
PREVIOUS PERIOD	1189609	21063	17	1210655	603525	31264		634789	575866	

* INCLUDING CAPITAL ADVANCES OF RS.22,829(000) (PREVIOUS PERIOD (RS.16,61(000))

SCHEDULE - 6 INVESTMENTS (LONG TERM)

	As at 31st March 2006	As at 31st March 2005
INVESTMENTS (LONG TERM) (Fully paid up, unless otherwise specified)		
OTHER THAN TRADE	0.00	0
A) SHARES- UNQUOTED		
i) 24,11,250(previous period-24,11,250) Equity Shares of Rs.10/- each in Pacific Pearl Finance & Leasing Ltd		
(Net of provision for diminution in the value of investment Rs.192,90('000), previous period Rs.192,90('000)	4823	4823
ii) 1,00,000 (previous period- 1,00,000) 1% Redeemable Cumulative Preference Shares of Rs.100/-each of Pearl International Tours & Travels Ltd	5000	5000
(Net of provision for diminution in the value of investment Rs.5,000('000), previous period Rs.5,000('000)		
B) DEBENTURES- UNQUOTED		
165,000 (previous period 165,000) 20% Unsecured Debentures of Rs.100/- each in Pacific Pearl Finance & Leasing Ltd		
(Net of provision for the diminution in the value of investment Rs.123,75('000), previous period Rs.123,75('000)	4125	4125
C) SHARES-QUOTED		
i) 54,41,040 Equity Shares (previous period - 54,41,040) Equity Shares of Rs.10/- each in Pearl Engineering Polymers Ltd - a company under the same management	54410	54410
ii) 27,450 (previous period 27,450) Equity Shares of Rs.10/- each in Pearl Apartments Ltd.	87	87
iii) 17,350 (previous period 17350) Equity Shares of Rs.10/- each in Mazda Industries Ltd.	879	879
iv) 21,300 (previous period 21300) Equity Shares of Rs.10/- each in Pretto Leather Ltd.	26	26

v) 1,100 (previous period 1100) Equity Shares of Rs.10/- each in Kongrar Integrated Fibre Ltd.	4	4
vi) 2000 (previous period 2000) Equity shares of Rs.10/- each (fully paid) in Valliant Communications Ltd.	20	20
vii) 1,000 (previous period 1000) Equity shres of Rs.10/- each of B.K.Duplex Boards Ltd.	4	4
viii) 11,700 (previous period 11700) Equity shares of Rs.10/- each of Rams Transformers Ltd.	35	35
ix) 3,300 (previous period 3300) Equity shares of Rs.10/- each of Pasupati Fincap Ltd.	21	21
x) 20100 (previous period 20100) Equity shares of Rs.10/- each of Prism Cement Ltd.	87	87
xi) 5,000 (previous period 5000) Equity shares of Rs.10/- each of Master Trust Ltd.	57	57
xii) 600 (previous period 600) Equity shares of Rs.10/- each of Fortis Financial Services Ltd.	2	2
xiii) 5,900 (previous period 5900) Equity shares of Rs.10/- each of Market Creator Ltd.	27	27
xiv) 1363 (previous period- 1363) Equity Shares of Rs.10/- each of Reliance Industries Ltd	202	388
xv) 1363 (previous period- nil) Equity Shares of Rs.5/- each of Reliance Communication Ventures Ltd	150	-
xvi) 1363 (previous period- nil) Equity Shares of Rs.5/- each of Reliance Energy Ventures Ltd	28	-
xvii) 1363 (previous period- nil) Equity Shares of Rs.10/- each of Reliance Capital Ventures Ltd	5	-
xviii) 1363 (previous period- nil) Equity Shares of Rs.5/- each of Reliance Natural Resources Ltd	3	-
xix) 500 (previous period 500) Equity Shares of Rs.10/- each of Rolta India Ltd.	55	55
	70050	70050
Aggregate market value of Quoted Investments	26581	43423
Aggregate amount of Quoted Investments	56102	56102
Aggregate amount of Unquoted Investments	13948	13948

SCHEDULE - 7 INVENTORIES**(As verified, valued and certified by the Management)**

	As at 31st March 2006	As at 31st March 2005
Raw Materials	31668	41998
(including Raw Materials in transit Rs. Nil Previous period Rs.38,14('000)	0	
Finished Goods and Accessories	57659	52067
(including Finished Goods in transit Rs. Nil Previous period Rs.5,46('000)		
Semifinished Goods (Pet Preforms)	1750	3386
Packing Materials	8510	7146
Stores & Spares	15591	13205
	115178	117802

SCHEDULE - 8 SUNDRY DEBTORS (UNSECURED)**Debts Outstanding for a period exceeding six months**

-Considered good	15812	18337	
-Considered doubtful	19553	21534	
Less provision for doubtful debts	<u>(19553)</u>	<u>(21534)</u>	18337
Other debts-Considered good	262210		235583
	278022		253920

SCHEDULE - 9 CASH & BANK BALANCE

Cash in hand	937	404
Cheques in hand	9994	8448
Balance with scheduled banks in		
a) Current accounts	18764	4383
b) Fixed deposit accounts-pledged with Banks	25028	23794
	54723	37029

SCHEDULE - 10 LOANS & ADVANCES**(Unsecured, considered Good)**

Advances recoverable in cash or in kind or for value to be received	84175	78886
Security deposits	60716	60222
Advance Tax/Tax Deducted at Source	4942	2622
Balances with Excise and Customs Authorities	8802	6593
	158635	148323

SCHEDULE - 11 CURRENT LIABILITIES

i) Acceptance		663		910
ii) Sundry Creditors				
-Amount Due to Small Scale Industries		5580		12183
-Amount Due to Others		243781		220531
iii) Security Deposits		6113		6442
iv) Advance received from customers		5897		2960
v) Investors Education & Protection Fund (not due as at the year end)		-		-
-Unclaimed Matured Deposits	2938		2596	
-Interest Accrued on above	<u>273</u>	3211	<u>242</u>	2838
-Unclaimed Matured Debenture		771		1281
vi) Interest accrued but not due		<u>6265</u>		<u>6358</u>
		<u>272281</u>		<u>253503</u>

SCHEDULE - 12 PROVISIONS

For Taxation		5967		1398
For Gratuity		10060		8099
For Leave encashment		5100		3837
		<u>21127</u>		<u>13334</u>

SCHEDULE - 13 OTHER INCOME

Income from Investments-Dividend (Long Term-Other than Trade)		18
Interest on deposits & advances (TDS Rs.405('000) Previous Period Rs.54('000))		2191
Job work (TDS Rs.128('000) (Previous Period Rs.184('000))	3935	8884
Remission of Term Liabilities	0	0
Rent (TDS Rs.202('000) (Previous Period Rs.Nil))	899	240
Provision for Bad and Doubtful Debts written back	2411	1039
Misc Receipts (TDS Rs.201('000) Previous Period Rs.94('000))	18782	4890
	28236	15855

SCHEDULE 14 COSTS OF MATERIALS

	For the year ended on 31.3.06	For Six Months period ended on 31.3.05
a) Raw Materials Consumed		
- Opening Stock	41998	25366
- Add : Purchase	<u>550418</u>	<u>306856</u>
	592416	332222
- Less : Closing Stock	31668	<u>41998</u>
	560748	
b) Packing Materials Consumed		
- Opening Stock	7146	7936
- Add : Purchase	<u>103433</u>	<u>46501</u>
	110579	54437
- Less : Closing Stock	8510	7146
	102069	
b) Direct Purchases		
- Caps	15337	6495
- Pet Preforms	<u>15210</u>	<u>7339</u>
- Others	<u>0</u>	<u>0</u>
	30547	
c) (Increase)/Decrease in Finished goods etc.		
Opening Stock		
- Finished Goods and Accessories	52067	52649
- Semifinished Goods (Pet Preforms)	3386	1672
- Others	<u>0</u>	<u>0</u>
	55453	54321
Closing Stock		
- Finished Goods and Accessories	57659	52067
- Semifinished Goods (Pet Preforms)	1750	3386
- Others	<u>0</u>	<u>0</u>
	59409	<u>55453</u>
	<u>(3956)</u>	
	<u>689408</u>	

SCHEDULE - 15 PERSONNEL COSTS

	For the year ended on 31.3.06	For Six Months period ended on 31.3.05
Salary, Wages, Bonus & Other Allowance	70179	30138
Contribution to P.F,ESI & other Funds	7976	4762
Staff Welfare expenses	3665	1975
Less: Exps pending allocation to Fixed Assests	(645)	
	<hr/> 81175	<hr/> 36875

SCHEDULE 16 MANUFACTURING, ADMINISTRATIVE & SELLING

Consumption of Stores & Spares	16451	8326
Freight, Octroi & Cartage	32893	15467
Power and Fuel	118293	51261
Electricity & Water Charges	2237	985
Advertisement, Publicity & Selling expenses	13585	6162
Printing, Stationery, Postage, Telephone & Telex	7942	4059
Rent / Lease Rent	2216	1073
Repairs & Maintenance		
- Building	1176	785
- Machinery	3337	2156
- Others	5626	2064
Insurance	2508	1122
Rates & Taxes	1090	585
Commission	1239	456
Rebate & Discount	17264	6958
Conveyance & Travelling expenses	12626	6136
Legal & Professional Fees	4646	2484
Audit Remuneration	445	209
Donations	154	101
Loss on Sale/Write off Fixed Assets	2230	-
Director's Sitting fees	13	8
Sales Tax Additional Demand	415	147
Share Issue Expenses	0	-
Provision for doubtful debts	433	475
Bad debts/ Advances written off	4361	-
Loss on Investments	0	
Miscellaneous expenses	44400	21919
Excise Duty	0	
Less: Exps pending allocation to Fixed Assests	(1641)	-
	<hr/> 293939	<hr/> 132938

SCHEDULE - 17 FINANCE CHARGES

Interest		
On Fixed Loans and Debentures	29651	16286
Others	25225	14011
Other Finance Charges	3963	2290
Less: Exps pending allocation to Fixed Assests	(300)	
	<hr/> 58539	<hr/> 32587

SCHEDULE 18: SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF CALCULATIONS OF FINANCIAL STATEMENTS:

The financial statements have been prepared under the Historical cost convention, applicable mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

The Company follows mercantile system of Accounting and recognizes significant item of income & Expenditure on accrual basis.

B) FIXED ASSETS:

Fixed assets are stated at cost, net of modvat, less Depreciation. Cost includes finance cost till commencement of commercial production; freight, taxes & other incidental expenses related to acquisition and installation of fixed assets.

C) DEPRECIATION:

Depreciation on fixed assets is provided on straight-line method at rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 except for lease hold land, which is amortized over the period of the lease. The depreciation on assets acquired/sold/discarded/ demolished during the year is provided from/up to the period the assets is commissioned/sold or discarded.

D) INVESTMENTS:

Long term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary, in the opinion of the management. Current investments are valued at lower of cost or market price.

E) DEBTORS:

Debtors are stated at book value after making provisions for doubtful debts.

F) INVENTORIES:

Raw materials and stores and spares are valued at lower of cost determined on FIFO basis & net realizable value. Work in process and finished goods are valued at lower of weighted average cost including applicable manufacturing overheads and net realizable cost.

G) SALES:

Sales of goods are recognized at the point of dispatch to the customer, except in the case of export sales, which are recognised as per the terms of the contract. Sales are inclusive of Excise Duty and net of trade discounts.

H) RETIREMENT BENEFITS:

Gratuity and Leave encashment benefits are charged to Profit & Loss Account on the basis of actuarial valuation.

I) RESEARCH AND DEVELOPMENT EXPENSES:

Expenditure relating to capital items are debited to Fixed Assets and depreciated at applicable rates. Revenue Expenditure is charged to Profit & Loss Account of the year in which they are incurred.

J) EXCISE DUTY:

Excise duty has been accounted on the basis of payments made in respect of goods cleared.

K) LEASE ASSETS

- i. For assets acquired on lease prior to 31.3.2001, the lease rentals are charged to Profit and Loss Account.
- ii. For assets acquired on lease after 01.04.2001. In terms of A.S.-19 lease of assets under which all the risks and benefits of owner are effectively retained by the lessor are classified as operating lease. Payment made under operating lease is charged to profit and loss account on a straight-line basis over the period of lease. Rentals payable under operating lease are charged to the profit and loss account as incurred.

L) BORROWING COST

Interest on term loans, debentures and working capital is charged to revenue account. Further, interest on borrowings for qualifying assets is capitalised till the date of commencement of commercial use of asset.

M) TAXATION

Tax expenses for the period, comprising current tax and deferred tax, is included in determining the net profit or loss for the year.

The provision for current taxation is based on assessable profits of the company as determined under the Income Tax Act, 1961.

Deferred tax assets and liabilities are recognized for all timing differences. Deferred tax assets are carried forward to the extent it is probable that future taxable profit will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured at the tax rate that have been enacted or substantially enacted by the balance sheet date.

N) FOREIGN CURRENCY TRANSACTIONS

Transactions in Foreign Exchange are accounted for at the exchange rates prevailing on the date of the transaction. The exchange differences arising out of their settlement other than those relating to fixed assets are dealt with in the Profit & Loss Account. Foreign currency assets and liabilities are stated at the year-end foreign exchange rates or forward contract rates, as the case may be. The resultant gains or losses are recognised in Profit & Loss Account except exchange difference arising in settlement and/or transaction of foreign currency liabilities on acquisition of fixed assets which are adjusted against the carrying cost of corresponding fixed asset.

Premium / discount on Forward Exchange Contracts is recognized as income or expense in the Profit & Loss Account over the period of the Contract.

O) IMPAIRMENT OF ASSETS

All assets other than inventories, investments and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be

recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

P) PROVISIONS AND CONTINGENCIES

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

**Amount
Rs.('000)**

Balance Sheet abstract and Company's General Business Profile

i) Registration Details

Registration No. : 5535
 State Code : 55
 Balance Sheet Date : **31-Mar-06**

ii) Capital raised during the year :

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	26762

iii) Position of Mobilisation and Deployment of Funds

Total Liabilities :	1256285	Total Assets :	1256285
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Source of Funds

Paid up Capital :	162497	Reserves & Surplus :	220193
Secured Loans :	407063	Unsecured Loans :	100917
Deferred Tax	72288	Advance against Equity	0

Application of Funds

Net Fixed Assets :	579677	Investments :	70050
Net Current Assets :	313150	Misc. Expenditure :	-

iv) Performance of Company

Turnover :	1222235	Total Expenditure :	1178319
Profit/Loss Before Tax :	43916	Profit / Loss After Tax :	22304
Earning Per Share (in Rs.) - Basic	1.53	Dividend Rate (%) :	0
- Diluted	1.53		

v) Generic Names of Principal Products / Services of Company (as per monetary terms)

Item Code No.
 (ITC Code) : 39233000
 Product Description : Pet Bottles, Jars & Containers

On Behalf of the Board

sd/-
Chand Seth

Chairman & Managing Director

sd/-
Harish Seth
 Vice-Chairman & Managing Director

**New
 Delhi**
 Date : June 30, 2006

sd/-
Naresh Kapoor
 Company Secretary

