

**Padmanabh Alloys & Polymers
Limited**

**Tenth Annual Report
2004-05**

PADMANABH ALLOYS & POLYMERS LIMITED
TENTH ANNUAL REPORT - 2004-05

Board of Directors	:	Mr. Bhikhubhai M. Desai	<i>Chairman</i>
		Mr. Vijaybhai D. Vashi	<i>Wholetime Director</i>
		Mr. Chetan M. Desai	<i>Wholetime Director</i>
		Mr. Nilesh N. Gandhi	<i>Director</i>
		Mr. Mohamad Farouk	
		Suleman Darvesh	<i>Director</i>
		Mr. Dilipbhai K. Desai	<i>Director</i>
		Mr. Pradip A. Desai	<i>Director</i>
	Mr. Nilesh A. Desai	<i>Director</i>	

Bankers : Canara Bank
1st Floor, Trade House,
Nanpura, Surat

Auditors : M/s. Nilkanth Desai & Associates
Chartered Accountants
Surat

Registered Office & Factory : N.H. No. 8,
Village : Palsana - 394 315
Dist. Surat (Gujarat)

Listing With : The Stock Exchange, Mumbai
Vadodara Stock Exchange, Vadodara

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NOTICE

To Members,

Notice is hereby given that the TENTH Annual General Meeting of M/s. Padmanabh Alloys & Polymers Ltd. will be held at the Registered Office of the Company at N. H. No. 8, Village : Palsana, Dist. Surat on Monday, 26th September, 2005 at 11.00 a.m. to transact the following business :-

1. To consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2005, the Balance Sheet as at that date together with the report of the Board of Directors and the Auditors thereon.
2. To appoint Director in place of Mr. Md. Farouk Suleman Darvesh who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Director in place of Mr. B. M. Desai who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors of the Company from conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Nilkanth Desai & Associates, Chartered Accountants, retiring auditors of the Company are eligible for re-appointment.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modifications the following resolution as Special Resolution :-

RESOLVED that in accordance with the provisions of Section 198, 269, 309, 314 and other applicable provisions of the Companies Act, 1956 the Company hereby accords its consent and approves the re-appointment of Director Mr. Vijay D. Vashi as Wholetime Director of the company for a period of 5 years with effect from 01/03/2005 on remuneration and the term and conditions mentioned below :

- a) **Salary** : Rs. 15000/- per month in the grade of Rs. 15000-20000-29000.
- b) **Perquisites** :
 - i) Housing : HRA at 10% of Salary
 - ii) Medical reimbursement : of expenses incurred for self and family subject to a ceiling of one month salary in a year.
 - iii) Personal accident insurance : the annual premium shall not exceed Rs. 4000/-.
 - iv) Leave Travel Concession : for self and family, once in a year incurred in accordance with the rules of the Company.
 - v) Company's Contribution : to Provident Fund, Super Annuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
 - vi) Gratuity : as per the rules of the Company but shall not exceed half month's salary for each completed year of service.
 - vii) Telephone at residence and car for use on Company's business will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Wholetime Director.
 - viii) Earned Leave : on full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of services, subject to the further condition that

PADMANABH ALLOYS & POLYMERS LIMITED

leave accumulated but not availed of will not be allowed to be encashed beyond eight months.

- ix) Facility of helpers, Gardner etc. subject to ceiling of Rs. 1000 per month.

RESOLVED further that in the event of loss or inadequacy of profits in the company, Mr. Vijay D. Vashi shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified in schedule XIII to Companies Act, 1956.

RESOLVED further that the Board of Directors be and are hereby authorized to take such steps as may be necessary, expedient or desirable to give effect to this resolution.

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

RESOLVED that in accordance with the provisions of Section 198, 269, 309, 314 and other applicable provisions of the Companies Act, 1956 the Company hereby accords its consent and approves the re-appointment of Director Mr. Chetan M. Desai as Wholetime Director of the Company for a period of 5 years with effect from 01/08/2005 on remuneration and the term and conditions mentioned below :

- a) **Salary** : Rs. 12000/- per month in the grade of Rs. 12000-2000-30000.
- b) **Perquisites** :
- i) Housing : HRA at 10% of Salary
 - ii) Medical reimbursement : of expenses incurred for self and family subject to a ceiling of one month salary in a year.
 - iii) Personal accident insurance : the annual premium shall not exceed Rs. 4000/-.
 - iv) Leave Travel Concession : for self and family, once in a year incurred in accordance with the rules of the Company.
 - v) Company's Contribution : to Provident Fund, Super Annuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
 - vi) Gratuity : as per the rules of the Company but shall not exceed half month's salary for each completed year of service.
 - vii) Telephone at residence and car for use on Company's business will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Wholetime Director.
 - viii) Earned Leave : on full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of services, subject to the further condition that leave accumulated but not availed of will not be allowed to be encashed beyond eight months.

RESOLVED further that in the event of loss or inadequacy of profits in the company, Mr. Chetan M. Desai shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified in schedule XIII to Companies Act, 1956.

RESOLVED further that the Board of Directors be and are hereby authorized to take such steps as may be necessary, expedient or desirable to give effect to this resolution.

By the order of the Board

Place : Palsana/Surat
Date : 28/07/2005

Bhikhubhai M. Desai **Chetanbhai M. Desai**
Chairman Wholetime Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.
2. An explanatory statement pursuant to Section 173 of the Companies Act, 1956 relating to special business is annexed hereto.
3. The instrument appointing a proxy in order to be effective shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
4. Members are requested to notify change in their address, if any, immediately to the Company at this Registered Office.
5. The Register of Member and share transfer books of the Company will remain closed from Friday, 16th September, 2005 to Monday, 26th September, 2005 (both days inclusive)
6. Member seeking further information on the Accounts or any other matter contained in the notice are requested to write to the Company at lease 7 days before the meeting so that relevant information can be kept ready at the meeting.
7. Members are requested to bring their copy of the Annual Report to the Annual General Meeting, as a measure of economy no extra copy of the Annual Report will supplied at the meeting.
8. The information pertaining to reappointment of Director in terms of clause 49 of the Listing Agreements with Stock Exchanges are furnished in the report on Corporate Governance published in this Annual Report.

Annexure to the notice

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

ITEM NO. 5

The Board of Directors have approved the reappointment of Mr. Vijay D. Vashi as a Wholetime Director on terms and conditions contained in draft agreement subject to the approval of shareholders Mr. Vijay D. Vashi has completed 10 years term as Wholetime Director with the Company. He is by qualification B.E. (Mech) and having wide experience in thermoplastic/polymer compounding. Hence Board of Directors in their meeting held on 30/04/2005 had reappointed him w.e.f. 01/03/2005 in continuation of term & conditions.

This explanation with the accompanying notice should be treated as abstract of the terms of appointment of Wholetime Director under section 302 of the Companies Act, 1956.

The Board recommend reappointment of Mr. Vijay D. Vashi as Wholetime Director of the Company.

None of Directors except Mr. Vijay D. Vashi is any way concerned or interested in this resolution.

ITEM NO. 6

The Board of Directors have approved the reappointment of Mr. Chetan M. Desai as a Wholetime Director w.e.f. 01/08/2005 in their meeting held on 28/07/2005 on terms and conditions contained in draft agreement subject to the approval of shareholders. Mr. Chetan M. Desai has completed Diploma in Civil Engineering. He is young and having business back ground. He will look after factory administration, marketing, purchases and other related matters.

This explanation with the accompanying notice should be treated as abstract of the terms of appointment of Wholetime Director under section 302 of the Companies Act, 1956.

The Board recommend reappointment of Mr. Chetan M. Desai as Wholetime Director of the Company.

None of Directors except Mr. Chetan M. Desai & Shri B. M. Desai is in any way concerned or interested in this resolution.

Directors recommend the special resolution for approval at meeting.

By the order of the Board

Place : Palsana/Surat
Date : 28/07/2005

Bhikhubhai M. Desai
Chairman

Chetanbhai M. Desai
Wholetime Director

PADMANABH ALLOYS & POLYMERS LIMITED

DIRECTORS' REPORT

To,
The Members,

The Directors present their Report with Audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL STATEMENTS :

Particulars	(Rs. in lacs)	
	Year Ended	
	31/03/2005	31/03/2004
Sales including other Income	406.24	593.60
Profit/(Loss) before Interest & Depreciation	(11.48)	12.29
Add/Less : Interest	16.86	21.47
Depreciation	19.07	19.98
Net Profit / (Loss)	(47.41)	(29.16)
Balance brought forward	(375.78)	(346.62)
Balance/(Loss) Carried Forward	(423.19)	(375.78)

DIVIDEND :

In view of loss incurred during the year under review, your Directors do not recommend for the year.

MANAGEMENT DISCUSSION AND ANALYSIS :

- Operations :** The sales including other income for the year stood at Rs. 406.24 against Rs. 593.60 during 2004-05. The Company has reported the loss to Rs. 47.41 lacs against Rs. 29.16 lacs last previous year. The turnover was less compared to previous year due to low offtake of Company's product. During the year under review, sales was affected adversely due to stiff competition, working capital constraints and increase in cost. The furniture segment has shown negative trend in sales.
- Outlook :** The medium term and long term outlook for the company's product is very good. On the bright side the furniture segment end export market continue to do well that will result in to increase in demand for company's product. The Company expects significant increase in job work business in the current year. The Company had also undertaken measures to increase the productivity by modifying the design of equipments. This will result in to improvement in quality and fuel efficiency. The Company has taken steps like cost cutting measure, operational efficiency etc. to reduce the overhead cost in order to sustain the business activity.
- Internal Control System :** The Company is maintaining an adequate internal control system including procedures. The Company has a system to conduct regularly a review of the financial and operating controls at various places, levels in the company. Further the company has appointed audit committee which regularly reviews with management, external audits and adequacy of internal control system.
- Human Resources :** Company currently employs 32 employees which comprises of qualified and trained in technical and managerial skills. It is company's first priority to enrich is employees by prompting learning and enhancing their knowledge by product training and arranging relevant program.

The company continued to have cordial and harmonious relations with its employees.

The information as per section 217(2A)(b)(ii) of the Companies Act, 1956 read with the companies (Particulars or Employees) Rules 1975 is not furnished, as no employee of the Company falls within the limit prescribed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required as per the Companies (Disclosure of particulars in the Report of the Board of Director) Rules, 1988, is given in the Annexure - A to this Report.

FIXED DEPOSIT :

The Company has not accepted any deposits during the period under review :

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to section 217 (2AA) of the Companies Act; 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 judgment and estimates made that are reasonable and prudent so as to give a true and fair view of the State of affairs of the Company at the end of the financial year ended 31st March, 2005 and the Profit and Loss account for the year.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding assets of the Company and preventing and detecting fraud and other irregularities.
- d) The annual account have been prepared on a going concern basis.

Director :

Mr. Md. Farouk Suleman Darvesh retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

Mr. B. M. Desai retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

Mr. R. R. Desai Chairman and Wholetime Director of the Company resigned w.e.f.: 01-05-2005 due to health problem on account of old age. The Board of Director had placed on record their appreciation of his valuable contribution during his long tenure as Director.

Your directors have reappointed Mr. Vijay D. Vashi and Mr. Chetan M. Desai as Wholotime Directors for a period of 5 years w.e.f.: 01-05-2005 and 01-08-2005 respectively. The proposals for reappointment as Wholetime Director are being placed before the members for approval at the Annual General Meeting.

Corporate Governance :

Being a listed company, necessary measures are taken to company with the listing agreements with Stock Exchange. A report on Corporate Governance alongwith a certificate of compliance from Auditors as per Annexure as per Annexure B form part of this report.

Auditors and Auditor's Report :

M/s Nilkanth Desai & Associates, Chartered Accountants, Auditors of the Company retire and are eligible for reappointment. The Company has received a certificate from the Auditor to the effect that their reappointment, if made, will be within the prescribed limits under section 224(1-B) of the Companies Act, 1956.

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

Acknowledgement :

The Directors would like to place on record their appreciation for the support and co-operation extended by Canara Bank and Central and State Government Authorities and employees of the Company.

By the order of the Board

Place : Palsana/Surat
Date : 28/07/2005

Bhikhubhai M. Desai **Chetanbhai M. Desai**
Chairman Wholetime Director

ANNEXURE TO THE DIRECTOR'S REPORT 2005

PARTICULARS OF ENERGY CONSERVATIONS, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) Conservation of Energy :

Adequate measures have been taken to avoid wastage of energy. The requirements for disclosure with respect to conservation of energy is not applicable to the Company.

(B) Technology absorption :

Research and Development (R & D) :

a. Specific area in which R & D was carried out by the Company :

Research and Development has continuously been carried out for improvement in quality of existing product and development of new improved product. The development of different grades of masterbatches and compounds for automobiles, consumer durables, coolers and plastic molded furniture industry.

b. Benefit derived as a result of above R & D :

Production process have improved resulting in enhanced productivity, efficiency through out and value addition.

c. Future plan of action :

R & D effort will continue for upgrading the quality of masterbatches and compounds so as to increase extensive use in cooler, automobile & furniture segments. Steps are continuously being undertaken to upgrade the processing technology development of innovative products and maximum production capacities at optimum cost.

d. Expenditure on R & D :

Rs. NIL

TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION :

The Company is continuously taking steps to improve the product and process technology in an effort to provide better quality to the customer and to compete effectively in the market place.

(C) Foreign Exchange Earnings & Outgo.

	2004-05 (Rs.)	2003-04 (Rs.)
Foreign Exchange Used	Nil	Nil
Foreign Exchange Earned	34,72,137	43,16,083

ANNEXURE-1 TO THE DIRECTORS' REPORT**Report on Corporate Governance for the year ended 31st March, 2005****PAPL's Philosophy on code of Governance**

Padmanabh Alloys & Polymers Ltd's (PAPL) business objective and that of its management and employment and employees is to manufacture and market the Company's products in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees, business partners and the national economy. PAPL is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employee. In addition to compliance with regulatory requirements. PAPL endeavors to ensure that's andards of ethical conduct are met throughout or ganization.

Board of Directors

Composition, Attendance at the Board Meeting and the last Annual General Meeting, outside Directorships and other Board COmmittee.

Above information as on 31st March, 2005 or for the year 2004-05 as applicable is tabulated hereunder.

Director	No. of Board ship	Attendance at previous AGM on 20-09-2004	No of outside Directorship held	No. of Member-ship/Chairman-ship in other Board Committees	Executive / Non - executive / Independent
Mr. R. R. Desai*	4	Present	-	1	Executive
Mr. V. D. Vashi	3	Present	1	-	Executive
Mr. C. M. Desai	3	Present	-	-	Executive
Mr. B. M. Desai	3	Present	1	2	Non- executive & independent
Mr. N. N. Gandhi	-	Not Present	-	-	Do
Mr. F. S. Darvesh	-	Not Present	-	-	Do
Dr. P. A. Desai	1	Not Present	-	1	Do
Mr. N. A. Desai	-	Not Present	-	2	Do
Mr. D. K. Desai	3	Present	-	-	Do

* Shri R. R. Desai has resigned on 01-05-2005

Details of Directors being appointed and reappointed

Pursuant to clause 49 of the Listing Agreements with Stock Exchange, the following information is furnished about Directors proposed to be appointed/reappointed Mr. Md. Farouk S. Darvesh & Mr. B. M. Desai retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment. Mr. Vijay D. Vashi and Mr. Chetan M. Desai to be reappointed as Wholetime Director.

Name of Director	Mr. B. M. Desai	Mr. Md. F. S. Darvesh	Mr. Vijay D. VashiVashiVashi	Mr. Chetan M. Desai
Age	50	53	50	35
Qualification	B.E.(Civil)	F. Y. Commerce	B. E. (Mech.)	Diploma in Civil Engineering
Expertise in specific functional areas	Business & Accounts	Business	Business	Business
List of Companies in which outside Directorship held	-	-	1	-
Chairman/Member of the Committees of the Board of Directors of the Company	2	-	-	-
Chairman/Member of the Committees of Directors in other company.	-	-	-	-

PADMANABH ALLOYS & POLYMERS LIMITED

Board Meeting held during year 2004-2005

During the year 2004-05 four Board Meeting were held 27th April, 2004, 31st July, 2004, 30 th October, 2004 and 31st January, 2005.

BOARD COMMITTEES

Audit Committee : The Audit committees of Mr. B. M. Desai, Dr. Pradln A. Desai and Mr. N. A. Desai all being Non-Executive and Independent Directors, Mr. B. M. Desai is the Chairman of the Audit Committee. The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. The Audit Committee met 2 times during the year 2004-2005 on 31-07-2004, 29-10-2004 at the directors here attended the meetings.

Shareholders Committee

Shareholder/Investor Grievance Committee is headed by Mr. B. M. Desai, a Non-Executive and Independent Director and Mr. N. A. Desai, Mr. R. R. Desai & Vipul Desai was the Compliance Officer.

During the year 2004-2005 three complaints were received from shareholders and investors. All the complaints have been solved to the satisfaction of the Complaints.

All valid requests for share transfer received during 2004-2005 have been acted upon by the Company and no such transfer is pending.

Remuneration Committee

Matters of remuneration of Executive Directors are considered by the Board of Directors of the Company with the interested Executive Director (s), not participating or voting. The terms of remuneration of Executive Directors are approved by the Shareholders at the Annual General Meeting. Therefore no separate remuneration committee has been constituted.

The remuneration policy of the Company is based on the need to attract the best available talent and be in line with the industry level.

Name of the Director	Sitting Fees Rs.	Salaries, Allowances and Perquisites Rs.	Commission Rs.	Total Rs.
Mr. R. R. Desai	-	1,84,800	-	1,84,800
Mr. V. D. Vashi	-	1,84,800	-	1,84,800
Mr. C. M. Desai	-	1,58,400	-	1,58,400
Mr. B. M. Desai	3,000	-	-	3,000
Mr. N. N. Gandhi	-	-	-	-
Mr. F. S. Darvesh	-	-	-	-
Mr. D. K. Desai	3,000	-	-	3,000
Mr. P. A. Desai	1,000	-	-	1,000
Mr. N. A. Desai	-	-	-	-

GENERAL BODY MEETINGS

Location and time of three Annual General Meeting / General Meeting are as under :

Year	Venue	Date	Time
2003-2004	Palsana	20th September, 2004	11.00 A.M.
2002-2003	Palsana	27th September, 2003	11.00 A.M.
2001-2002	Palsana	27th September, 2002	11.00 A.M.
E.O.G.M.	Palsana	27th September, 2002	12.00 noon

There was no resolution put through postal ballot.

DISCLOSURES:

During the year 2004-2005, the Company had no materially significant related party transaction which is considered to have potential conflict with the interest of the Company at large.

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

MEANS OF COMMUNICATIONS:

The Quarterly, Half-yearly and Annual Results are generally published by the Company in the Indian Express, Vadodara and in Nav Gujarat Times, The Company currently does not have a website. Official news releases are sent to the stock exchanges at Mumbai, Vadodara where shares of the Company listed.

Management Discussion and Analysis Report

(Within the limits set by the Company's competitive position)

Industry structure and developments, opportunities and threats, segment-wise or product-wise performance, outlook, risks and concerns of the Company and discussion of financial performance with respect to the operational performance, has been covered in the Directors' Report more specially under the section on management discussion and analysis. The Company has an adequate internal control system. There has been non material development Resources / Industrial relations during the period covered by this Annual Report. Manpower figures of the Company as on 31-03-2005 was 32.

GENERAL SHAREHOLDER INFORMATION

Date and Time	:	26th September, 2005 at 11.00 a.m.
Venue	:	N. H. No. 8, Palsana, Dist. Surat
Financial Calendar	:	2005-2006
First Quarter Results	:	End July, 2005
Second Quarter Results	:	End Oct, 2005
Third Quarter Results	:	End January, 2006
Fourth Quarter Results	:	End April, 2006

Date of Book Closure : 16th September, 2005 to 26th September, 2005, both days inclusive.

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity : **Not applicable**

Listing on Stock Exchange and Stock Code

Share of the Company are listed at Vadodara Stock Exchange, Vadodara and the Stock Exchange, Mumbai (Stock Code 531779)

Market Price Date : High/Low in each month of 2004-2005 on the Stock Exchange Mumbai : There is only sixty two trades of Company shares in BSE : The High / Low was Rs. 10.99 / Rs. 4.02 during 2004-05.

Performance in comparison to BSE Sensex

Not Applicable

[Source : www.bseindia.com]

Registrar and Transfer Agents, Share Transfer System

The Company has an in-house share transfer facility share transfers are processed and returned in the normal course within an average period of 25 to 30 days from the date of receipt, if the documents are clear in all respects.

PADMANABH ALLOYS & POLYMERS LIMITED**Categories of shareholding as on 31-03-2005**

Category	Number of Share	Percentage of total shares
Promoters and associates	2928000	54.0950
Foreign institutions Institutions	0	0
Public Financial Institutions	0	0
Mutual Funds	299500	5.5327
Nationalised banks and other banks	0	0
NRI's and OBC's	500200	9.2400
Others (Includes holding of Corporate Bodies)	1685600	31.1323
Total	5413300	100.0000

Distribution of Shareholding as on 31st March, 2005:

No. of Shares Shares held	No. of Shareholders	No. of Shares	Percent of total shares
1 to 250	14	1600	0.03
251 to 500	443	221100	4.08
501 to 1000	251	227700	4.20
1001 to 2000	99	178200	3.29
2001 to 3000	126	333900	6.17
3001 to 4000	30	109800	2.03
4001 to 5000	52	254400	4.70
5001 to 10000	94	786300	14.53
10001 & Above	55	3300300	60.97
Total	164	5413300	100.00

Dematerialisation of share and liquidity : NIL

Plant Location : The Company's plants are locate at PALSANA

Address of correspondence : N. H. No. 8, Village-Palsana-395315, Dist. Surat

Email for investors : papl@bom2.vsnl.net.in ; papl@worldgatein.com

By the order of the Board

Place : Palsana/Surat

Date : 28/07/2005

Bhikhubhai M. Desai

Chairman

Chetanbhai M. Desai

Wholetime Director

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To
The Members of
Padmanabh Alloys & Polymers Ltd.

We have examined the compliance of conditions of corporate governance by Padmanabh Alloy & Polymers Ltd. for the year ended on 31st March, 2005 as stipulated in 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 was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of conditions of corporate governance. It is neither an audit nor an 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, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2005, no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the company. 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 Nilkanth Desai & Associates
Chartered Accountants

Place: Surat
Date : 28-07-2005

(N. P. Desai)
Proprietor

AUDITORS' REPORT

To the Shareholders :

1. We have audited the attached balance sheet of Padmanabh Alloys & Polymers Ltd. as at March 31, 2005 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Company (Auditors' Report) Order, 2003 issued by the Central Government in terms sub section (4A) of Section 227 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 purpose of the 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 these books;
 - (iii) the Balance Sheet and Profit and Loss Account and Cash flow Statement referred to in this report are in agreement with the books of accounts;
 - (iv) in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with accounts standards referred to in sub-section (3C) of Section, 211 of the Companies Act, 1956;
 - (v) On the basis of the written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March, 31, 2005 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) 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 so far as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;
 - b. in so far as it relates to the Profit & Loss Account, of the loss for the year ended on March 31, 2005 and
 - c. in so far it relates to the Cash Flow Statement, of the cash flows for the year ended on that date.

For Nilkanth Desai & Associates
Chartered Accountants

Place : Surat
Date : 28-07-2005

(N. P. Desai)
Proprietor

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in Paragraph (3) of our report of even date)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
- b) All the fixed assets have not been physically verified by the management during the year but there is regular program for verification, which in our opinion is reasonable having regards to the size of the Company and nature of its assets. The Company has substantially completed the reconciliation of its physical inventory of Fixed Assets with the book records. No material discrepancies were noticed on physical verification.
- c) During the year, Company has not disposed off any substantial/major part of fixed assets.
2. a) As explained to us, inventory has been physically verified during the year by the management. In our opinion frequency of verification is reasonable.
- b) In our opinion and according to information and explanation given to us and on the basis of our examination the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to size to the Company and the nature of its business.
- c) In our opinion and according to information and explanation given to us and on the basis of our examination of records inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of accounts.

3. a) The company has taken unsecured loans of Rs. 38.24 Lacs from 3 directors listed in the Register maintained under 301 of the Companies act, 1956; however company has not granted any loan to parties listed in register maintained under section 301;
- b) in our opinion, the rate of interest and terms and conditions on which loans have been taken are not prejudicial to the interest to company.
- c) According to information and explanation given to us, in our opinion, parties from whom the loans and advances in the nature of loans have been taken, where stipulations are made, the company is regular in repayment of the principal amount and interest as stipulated.
- d) According to information and explanation given to us, in our opinion, there is no overdue amount of loans taken from the parties listed in the Register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according the information and explanation given to us there is no adequate internal control procedure commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
5. a) In our opinion, and according to information and explanation given to us, all the transaction that need to be entered into the register maintained in pursuance of section 301 of the act have been so entered;
- b) As per the examination of records and according to information and explanations given to us the transaction made in pursuance of contract or arrangement entered in the register maintained under section 301 exceeding the value of five lakhs rupees during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to information and explanation given to us, in our opinion, the company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975 with regard to the deposits accepted from the public. No order was passed by the National Company Law Tribunal.
7. According to information and explanation given to us, in our opinion, Company has internal audit system commensurate with the size of Company and nature of its business.
8. We have been informed by the management that no cost record have been prescribed by the Central Government under section 209(1)(d) of the companies act, 1956 in respect of products manufactured by the Company.
9. a) As per the records of the Company, the company is generally regular in depositing with appropriate authority undisputed statutory dues including provident fund, investor protection and education fund, employee state insurance, income tax, excise duty, cess and other statutory dues applicable to it.
- b) According to information and explanation given, there was no disputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, as at 31-03-2005 for the period of more than six months.
10. The Company has accumulated losses of Rs. 424.69 in excess of 50% of its net worth and company has incurred cash losses during the current year or Rs. 18.85 and cash profit of Rs. 0.32 during the preceding financial year.
11. Based on our audit procedure and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in repayments of dues to financial institutions and banks.
12. As per the records of the company, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. According to information and explanation given to us, we are of the opinion that the company is neither a chit fund nor a nidhi/mutual benefit society. Hence in our opinion, the requirements of para 4(xiii) if the order do not apply to the Company.
14. As per the records of the company and the information and explanation given to by the management the company is not dealing in shares, securities, debentures and other investment.
15. According the information and explanation given to us, as per the records of the company, the company has not given any guarantee for loans by others from bank or financial institutions.
16. To the best of our knowledge and belief and according to information and explanation given to us, No term loan was obtained by the Company during the period under review.
17. According to information and explanation give to us; on overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long-term investment by the company. No long term funds have been used to finance short term assets except permanent working capital.
18. The company has not made any preferential allotments to the parties and companies covered under register maintained under section 301 of the companies act, 1956.
19. As per the records of the company the company has not issued any debenture.
20. The company has not raised money by any public issues during the year.
21. Based upon the audit procedure performed and information and explanations given by the management, we report that no frauds on or by the company has been noticed or reported during the course of our audit.

For Nilkanth Desai & Associates
Chartered Accountants
(N. P. Desai)
Proprietor

Place : Surat
Date : 28-07-2005

PADMANABH ALLOYS & POLYMERS LIMITED**BALANCE SHEET AS AT 31ST MARCH 2005**

PARTICULARS	SCHEDULE	As At 31/03/05 Amt. (in Rs.)	As At 31/03/04 Amt. (in Rs.)
SOURCES OF FUNDS			
SHARE HOLDERS' FUND			
- Share Capital	1	57,065,000	57,065,000
- Reserves and Surplus		-	-
		<u>57,065,000</u>	<u>57,065,000</u>
LOANS			
Secured Loans	2	8,327,381	8,005,565
Unsecured Loans	3	8,666,326	10,075,062
		<u>16,993,707</u>	<u>18,080,627</u>
		<u>74,058,707</u>	<u>75,145,627</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
- Gross Block	4	46,277,831	46,535,835
- Less : Depreciation		20,594,228	18,921,260
- Net Block		<u>25,683,603</u>	<u>27,614,575</u>
INVESTMENTS	4	<u>1,820,400</u>	<u>1,820,400</u>
CURRENT ASSETS, LOANS AND ADVANCES			
- Inventories	5	9,037,389	10,328,590
- Sundry Debtors	6	11,163,754	16,771,968
- Cash & Bank Balances	7	159,820	1,092,360
- Loans and Advances	8	4,052,748	4,337,753
		<u>24,413,711</u>	<u>32,530,671</u>
Less : Current Liabilities	9	<u>18,864,861</u>	<u>24,034,040</u>
NET CURRENT ASSETS		<u>5,548,850</u>	<u>8,496,631</u>
MISCELLANEOUS EXPENDITURE	10	506,762	1,456,338
PROFIT & LOSS ACCOUNT		42,319,492	37,578,082
		<u>74,058,707</u>	<u>75,145,627</u>
NOTES TO THE ACCOUNTS	15	-	-

Note : Schedule 1 to 10 and 15 referred to here in form as integral part of the Balance Sheet

As per our Report of even date
For Nilkanth Desai & Associates
Chartered Accountants

B. M. Desai Chairman

V. D. Vashi Wholetime Director

N. P. Desai
Proprietor

C. M. Desai Wholetime Director

Place : Surat
Date : 28.07.2005

Place : Surat
Date : 28.07.2005

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2005

PARTICULARS	SCHEDULE	31/03/05 Amt. (in Rs.)	31/03/04 Amt. (in Rs.)
INCOME			
Sales		40,461,751	58,322,930
Other Income	11	161,779	1,037,242
Increase/ (Decrease) in Stock	12	(189,087)	979,963
		<u>40,434,443</u>	<u>60,340,135</u>
EXPENDITURE			
Materials	13	24,595,450	37,225,031
Manufacturing & Other Expenses	14	10,933,377	14,927,757
Excise Duty		6,053,973	6,958,483
Interest and Finance Charges		1,685,900	2,146,599
Depreciation		1,907,152	1,998,262
		<u>45,175,852</u>	<u>63,256,132</u>
PROFIT/(LOSS) BEFORE TAXATION		(4,741,409)	(2,915,997)
PROVISION FOR TAXATION		-	-
PROFIT/(LOSS) AFTER TAXATION		(4,741,409)	(2,915,997)
BALANCE BROUGHT FORWARD		(37,578,082)	(34,662,085)
BALANCE/(LOSS) CARRIED FORWARD		<u>(42,319,492)</u>	<u>(37,578,082)</u>
Earning per share Basic and Diluted (Net of Tax)		(0.88)	(0.54)
Face Value per share Rs. 10			
Refer note 5 of Schedule 15			
Notes to the Accounts	15		

Note : Schedule 11 to 15 referred to herein form as integral part of the Profit and Loss Account

As per our Report of even date
For **Nilkanth Desai & Associates**
Chartered Accountants

N. P. Desai
Proprietor

Place : Surat
Date : 28.07.2005

B. M. Desai

Chairman

V. D. Vashi

Wholetime Director

C. M. Desai

Wholetime Director

Place : Surat
Date : 28.07.2005

PADMANABH ALLOYS & POLYMERS LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31/03/2005

	As at 31-03-2005 Amt. (in Rs.)	As at 31-03-2004 Amt. (in Rs.)
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED		
70,00,000 Equity Shares of Rs. 10/- each	<u>70,000,000</u>	<u>70,000,000</u>
ISSUED CAPITAL		
60,00,000 Equity Shares of Rs. 10/- each	<u>60,000,000</u>	<u>60,000,000</u>
SUBSCRIBED CAPITAL		
59,99,700 Equity Shares of Rs. 10/- each	<u>54,133,000</u>	<u>54,133,000</u>
PAID-UP CAPITAL		
54,13,300 (Previous Year 34,13,300) Equity Shares of Rs. 10/- each fully paid-up		
Add : Forfeited Shares Account	<u>2,932,000</u>	<u>2,932,000</u>
	<u>57,065,000</u>	<u>57,065,000</u>

NOTE : 5,86,400 Equity Shares of Rs. 10/- each were forfeited and
Rs. 5/- collected on application Money transferred to Shares
Forfeited Account.

SCHEDULE - 2 : RESERVES & SURPLUS

Cash Credit / Supply Bill from Canara Bank (Secured by hypothecation of Stocks of Raw Material, Finished Goods, Semi Finished Goods and Book Debts and secured by legal mortgage of Land and Buildings hypothecation of Plant and Machineries and dollaterally secured by personal grantees of four Director & Corporate Guarantee of Padmanabh Polymers Pvt. Ltd.)	<u>8,327,381</u>	<u>8,005,565</u>
	<u>8,327,381</u>	<u>8,005,565</u>

SCHEDULE - 3 : UNSECURED LOANS

Sales Tax Deferred (Total Sales Tax Deferment of Rs. 14725342 sanctioned. Out of which 91771220 utilised upto 28-10-2001)	<u>4,841,971</u>	<u>6,453,546</u>
Loans from Directors	<u>3,824,355</u>	<u>3,621,516</u>
	<u>8,666,326</u>	<u>10,075,062</u>

SCHEDULE - 4 : FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as at 1-4-04 Rs.	Addition Rs.	Deduction Rs.	Cost as at 31-3-05 Rs.	Bal. as at 01-04-04 Rs.	For the year Rs.	Deletion for the year Rs.	Bal. as at 31-3-05 Rs.	As at 31-3-05 Rs.	As at 31-03-04 Rs.
Land	1991625	-	-	1991625	0	0	-	0	1991625	1991625
Building	10171243	-	-	10171243	2776038	339720	-	3115758	7055485	7734925
Plant & Machinery	24026347	-	-	24020347	8719977	1141251	-	9861228	14165119	16447621
Electrical Installation	3990521	-	-	3990521	2747300	172932	-	2920232	1070289	1444094
Vehicles	754722	-	278454	476268	635052	17520	234184	420388	55880	199351
Miscellaneous Fixed Assets	1472199	20450	-	1492649	1027544	61681	-	1089225	403424	510958
Laboratory Equipment	2538986	-	-	2538986	1838596	98120	-	1931716	607270	819363
Furniture & Office	1590192	-	-	1500192	1181753	73928	-	1255681	334511	498704
TOTAL	46535835	20450	278454	43277831	18921260	1907152	234184	20594228	25683603	29646641
Previous Year	46796890	3000	264055	46535935	17150249	1998262	227251	18921260	29646641	27614575

	As at 31-03-2005 Amt. (in Rs.)	As at 31-03-2004 Amt. (in Rs.)
SCHEDULE - 5 : INVENTORIES		
(As per inventory taken, valued and certified by the Management)		
Raw Material (At Cost)	2,394,166	3,427,854
Packing Stock (At Cost)	134,812	177,185
Stores Stock (At Cost)	44,619	70,672
Semi Finished Goods (At Cost)	2,393,737	2,718,147
Finished Goods (At Cost or Market Value whichever is lower)	4,070,055	3,934,732
	<u>9,037,389</u>	<u>10,328,590</u>
SCHEDULE - 6 : SUNDRY DEBTORS (UNSECURED AND CONSIDERED GOOD)		
Over Six Months (Considered Good)	6,575,828	5,479,691
Over Six Months (Considered Doubtful Debt)	927,076	927,076
Other Debts (Considered Good)	4,587,926	11,292,277
	<u>12,090,880</u>	<u>17,099,044</u>
Less : Provision for Doubtful Bad Debts	927,076	927,076
	<u>11,163,754</u>	<u>19,771,968</u>
SCHEDULE - 7 : CASH AND BANK BALANCES		
Cash on Hand	72,758	252,169
With Secured Banks		
In Current Account	87,062	70,704
In Fixed Deposit (As margin money against Letter of Credit issued by the Bank)	-	769,487
	<u>159,820</u>	<u>1,092,360</u>
SCHEDULE - 8 : LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or kind or for value to be received	1,446,606	1,735,605
Deposits	2,572,879	2,578,115
Balance with Central Excise	33,263	24,033
	<u>4,052,746</u>	<u>4,337,753</u>
SCHEDULE - 9 : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Creditors for Goods	15,107,872	20,593,225
Creditors for Others	3,756,989	3,440,815
Investor Education & Protection Fund		
- Unclaimed Dividend	Nil	Nil
- Interest on Debentures	Nil	Nil
	<u>18,864,861</u>	<u>24,034,040</u>
SCHEDULE - 10 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	-	62,060
Public Issue Expenses	506,762	1,394,278
	<u>506,762</u>	<u>1,456,338</u>

PADMANABH ALLOYS & POLYMERS LIMITED

	As at 31-03-2005 Amt. (in Rs.)	As at 31-03-2004 Amt. (in Rs.)
SCHEDULE - 11 : OTHER INCOME		
Scrap Sales	81,632	42,639
Profit on Sales of Vehicle	20,730	33,196
Miscellaneous Receipts	59,417	961,407
	<u>161,779</u>	<u>1,037,242</u>
SCHEDULE - 12 : INCREASE / (DECREASE) IN STOCKS		
Opening Stock		
Finished Goods	3,934,732	3,272,622
Semi Finished Goods	2,718,147	2,400,294
	6,652,879	5,672,916
Less : Closing Stock		
Finished Goods	4,070,055	3,934,732
Semi Finished Goods	2,718,147	2,400,294
	<u>6,463,792</u>	<u>6,652,879</u>
Increase / (Decrease) in Stocks	<u>(189,087)</u>	<u>979,963</u>
SCHEDULE - 13 : MATERIAL CONSUMED		
Raw Material	24,277,831	36,653,463
Packing Material	117,619	571,568
	<u>24,595,450</u>	<u>37,225,031</u>
SCHEDULE - 14 : MANUFACTURING AND OTHER EXPENSES		
PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, Wages and Allowances	2,104,510	2,316,872
Staff Welfare Expenses	15,948	39,917
Company's contribution to Provident Fund	207,532	228,372
	<u>2,327,990</u>	<u>2,585,161</u>
EXPENSES FOR MANUFACTURING, ADMINISTRATION AND SELLING		
Stores and Spare Consumed	231,149	339,630
Power and Fuel	2,329,702	3,474,654
Insurance	376,994	404,306
Repairs to Machinery & Buildings	90,957	217,474
Car Expenses	164,773	219,665
Conveyance Expense	220,857	291,353
Post & Telephones	101,489	307,466
Travelling Expenses	226,903	168,129
Commission on Sales	587,990	732,365
Freight & Octroi	1,626,195	3,200,026
Legal & Consultancy	214,144	188,317
Rent & Taxes	96,000	239,100
Directors' Remuneration	480,000	480,000
Directors' Sitting Fees	7,000	5,000
Factory Expenses	13,158	24,265
Auditor Remuneration	49,600	48,600
Export Expense	319,999	698,528
Other Expenses	468,001	354,147
Preliminary Expense W/Off	949,576	949,571
	<u>8,605,387</u>	<u>12,342,596</u>
TOTAL	<u>10,933,377</u>	<u>14,927,757</u>

SCHEDULE - 15 :

NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2005 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE:

1. SIGNIFICANT ACCOUNTING POLICES :

- a. **BASIS OF ACCOUNTING** : The financial statements are prepared under historical cost convention and accrual system of accounting in accordance with the requirement of the companies act, 1956, however
- i. Sales rejections are accounted on actual receipt of rejected goods.
 - ii. Price differences are accounted on actual settlement with the parties.
 - iii. Insuranee and other claims are accounted on cash basis.
- b. **FIXED ASSETS & DEPRECIATION** :
- i. All fixed assets are shown at cost net of Cenvat less accumulated depreciation.
 - ii. Depreciation on all fixed assets except Building and Plant & Machinery has been calculated on the WDV method at the rates and in the manner specified in the schedule XIV to the companies act, 1956.
- c. **INVENTORIES** :
- | | | |
|---------------------------------|---|----------------------------------|
| - Raw Material & other material | - | at Cost |
| - Semi Finished Goods | - | at Cost |
| - Finished Goods | - | at lower or cost or Market Value |
- The cost for the purpose of valuation of Finished goods & semi finished goods includes material cost and direct conversion cost and overheads incurred for bringing goods to there present location and condition as well as excise duty wherever applicable.
- d. **MISCELLANEOUS EXPENDITURE** : The following expenses shown as Miscellaneous expenditure are amortised as follows :
- i. Preliminary expenses are amortised over ten years.
 - ii. Public Issue expenses are amortised over ten years.
- e. **FOREIGN CURRENCY TRANSACTIONS** : Foreign currency transactions are accounted at the rate of exchanged in force at the time transactions are effected.
- f. **RETIREMENT BENEFITS** : Provision for gratuity is made on the basis of an actual basis.
- g. **CENVAT CREDIT** : Cenvat credit available is accounted by recording materials purchase at net or excise duty. Cenvat credit availed is accounted by way of adjustment against Excise duty payable on dispatch of finished goods.
- h. **SALES** : Sales of goods in recognized at the point of dispatch to the customer. Sales include excise duty but exclude sales tax.
- i. **IMPAIRMENT OF FIXED ASSETS** : Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recongnized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However,

PADMANABH ALLOYS & POLYMERS LIMITED

the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

2. CONTINGENT LIABILITIES

	As at 31.03.2005	[Rs. in Lacs] As at 31.03.2004
Contingent liabilities		
Sales Bills Discounted and remaining unpaid	NIL	1969056
3. In view of Loss, No provision for taxation has been made	NIL	NIL
4. The Company has during the year adopted Accounting Standard (AS-22) "Accounting for taxes on income" issued by the Institute of Chartered Accountant of India, However in view of loss during the year and also in past, no deferred tax liability or assets has been created.	NIL	NIL
5. Earning per share		
a. Profit / (Loss) after taxation as per profit and loss account	(42,41,410)	(29,15,997)
b. Weighted average number of equity shares outstanding	54,13,300	54,13,300
c. Basic and diluted earning per shares in rupees (Face value - Rs. 10 per share)	(0.88)	(0.54)
6. There was no impairment loss on Fixed Assets on the basis of review carried out by the Management in accordance with Accounting Standard 28 issued by the Institute of Chartered Accountants of India.		
7. SEGMENT REPORTING : The Company operates in a single segment - Polymer Masterbatch and Compound Products.		
8. RELATED PARTY DISCLOSURES : Related party disclosures are required by AS-18 are given below:		
a. RELATIONSHIP		
i. Other related party where common control exists Padmanabh Polymers Pvt. Ltd.		
ii. Directors and Executives and their relatives.		
1. Mr. R. R. DESAI		
2. Mr. V. D. VASHI		
3. Mr. C. M. DESAI		
4. Mr. Y. R. DESAI		
5. Mr. B. M. DESAI		
B. The following transactions were carried out with related parties in the ordinary course of business.		
i. Details relating to (i) above		
- Rent received for Machinery/Car hire	96,000	1,92,000
ii. Details relating to person referred to in item 1(ii) above		
- Remuneration / Sitting Fees	5,35,000	5,33,000
- Outstanding Loan Payable	38,24,355	36,21,516

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	As at 31.03.2005	As at 31.03.2004
9. Auditors Remuneration :		
Audit Fees	30,000	30,000
Taxation Matters	5,000	5,000
Tax Audit Fees	8,000	8,000
Other Services	2,000	2,000
	45,000	45,000
Service Tax 10.20%	4,600	3,600
Total	49,600	48,600
10. Previous Year figures have been regrouped / rearranged wherever necessary, so as to make them comparable with current year's figure.	-	-
11. Letters of confirmation have been sent to various partivs of Sundry Debtors, Loans, Advances and Deposits, due adjustment if any well be made on receipt thereof.	-	-
12. The Sundry Creditors includes (Amount due to Small Scale Units) Small Scale Units over Rs. 1 Lacs and outstanding for more than 30 days (as per information available) M/s. Swastik Fertilizer & Chemical	1,35,651	1,35,651
13. Directors Remuneration :		
Salaries and Allowances	5,28,000	5,28,000
Commission	Nil	Nil
Sitting Fees	7,000	5000
14. a) Debt due from a company in which any Director is a Director	1,44,272	2,07,772
b) Debt due from Directors (Maximum amount due during the period Rs. Nil)	Nil	Nil
15. Additional information pursuant to the provisions of paragraph (3) and (4) of the Para - II of Schedule VI of the Companies Act, 1956.	-	-

(A) Details regarding Licenced capacity, Installed capacity, Product etc.

PRODUCT	UNIT	31-03-05		31-03-04	
		QUANTITY	VALUE	QUANTITY	VALUE
1. Mineral Filled Thermoplastics Compound & Masterbatches					
Licenced Capacity	MT	N.A.	-	N.A.	-
Installed Capacity	MT	6900.000	-	6900.000	-
Opening Stock of FG	MT	83.630	39.35	66.195	56.73
Production	MT	1533.728	394.48	2359.634	555.02
Turnover	MT	1542.829	393.13	2342.199	572.40
Closing Stock of FG	MT	74.529	40.70	83.630	39.35

Note : Turnover and Production includes Job Work Sales

PADMANABH ALLOYS & POLYMERS LIMITED

PRODUCT	UNIT	31-03-05		31-03-04	
		QUANTITY	VALUE	QUANTITY	VALUE
2. Goods for resales					
Opening Stock	MT	-	-	-	-
Purchase	MT	143.242	6.46	156.000	8.11
Sales	MT	143.242	11.49	156.000	10.82
Closing Stock	MT	-	-	-	-

+ as certified by a Director on which Auditors have placed reliance, this being a technical matter.

(B) Consumption of Raw Materials :

Polyethene, Granules	MT	1046.274	24,277,831	16,483,647	36,653,463
Minerals & Additives					

(C) Value of Imports on CIF Basis

1. Raw Material		Nil		Nil
2. Components & Spare Parts		Nil		Nil
3. Capital Goods		Nil		Nil
(D) Value of Raw Materials, Stores & Spares consumed :	%	Nil		Nil

(E) Value of Raw Material

Imported	-			
Indigenous	100	24,277,831		36,653,463
Stores & Spares				
Imported	-			
Indigenous	100	281,149		339,630
(F) Amount remitted in Foreign Currency towards dividend		Nil		Nil
(G) Earning in Foreign Exchange FOB value Export of Goods		3,472,137		4,316,083

Note : Schedule 1 to 10 and 15 referred to herein form as integral part of the Balance Sheet

As per our Report of even date
For **Nilkanth Desai & Associates**
Chartered Accountants

N. P. Desai
Proprietor

Place: Surat
Date : 28.07.2005

B. M. Desai

Chairman

V. D. Vashi

Wholetime Director

C. M. Desai

Wholetime Director

Place : Surat
Date : 28.07.2005

PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

01. REGISTRATION DETAILS :

Registration No.	23540	State Code	04
Balance Sheet Date	31.03.2005		

02. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSAND)

Public Issue	Nil	Right Issue	Nil
Bonus Share	Nil	Private Placement	Nil

03. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (AMOUNT IN Rs. THOUSAND)

Total Liabilities	74059	Total Assets	74059
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Sources of Funds

Paidup Capital	57065	Reserve & Surplus	NIL
Secured Loans	8327	Unsecured Loans	8667

Application of Funds

Net Fixed Assets	25684	Investment	NIL
Net Current Assets	5549	Misc. Expenditure	507
Accumulated Loss	42319		

04. PERFORMANCE OF THE COMPANY (AMOUNT IN Rs. THOUSAND)

Turnover	40624	Total Expenditure	45365
Profit / (Loss) Before Tax	(4741)	Profit & Loss After Tax	(4741)
Earning Per Share (Rs.)	(0.88)	Dividend Rate %	NIL

05. GENERAL NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As per monetary terms)

Product Description	Item Code No. (ITC Code)
Polythelene having specific gravity of less than-0.94	390110.00
Polythelene having specific gravity of 0.94 more	390120.00
Polymers of Vinyl Chloride or of other Halogenated Olefins Primary Forms	3904

As per our Report of even date
For **Nilkanth Desai & Associates**
Chartered Accountants

B. M. Desai *Chairman*
V. D. Vashi *Wholetime Director*
C. M. Desai *Wholetime Director*

N. P. Desai
Proprietor

Place: Surat
Date : 28.07.2005

Place : Surat
Date : 28.07.2005

PADMANABH ALLOYS & POLYMERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH, 2005

	2004-2005 Rupees	2003-2004 Rupees
A. CASH FLOW FROM OPERATOR ACTIVITIES		
Net before / (Loss) Before Tax and Extra Ordinary Item	(4,741,409)	(2,915,997)
Adjustment for:		
Depreciation	1,907,152	1,998,262
Preliminary	949,576	949,571
Interest Charges	1,685,900	2,146,599
Operating Profit before working capital changes	(198,781)	2,178,435
Adjustments for changes in :		
Trade & Other Receivables	5,893,219	3,559,164
Inventories	1,291,201	(1,109,843)
Trade Payable	(5,169,179)	682,692
Cash Generated From Operations	1,816,460	5,310,448
Interest Paid	(1,685,900)	(2,146,599)
Taxes Paid	-	-
Direct Taxes Paid	-	-
Cash flow before Extraordinary items	130,560	3,163,849
Net Cash Flow from Operating Activities	130,560	3,163,849
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(20,450)	(3,000)
Sale of Fixed Assets	44,270	36,804
Interest Received	-	-
Net Cash used in Investing activities	23,820	33,804
C. CASH FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	-
Proceeds from Borrowing	(1,086,920)	(2,945,546)
Dividend Paid	-	-
Net cash used in Financing Activities	(1,086,920)	(2,945,546)
Net changes in Cash and Cash Equivalents (A+B+C)	(993,254)	252,107
Cash & Cash Equivalent as at (Opening Balance)	1,092,888	840,253
Cash & Cash Equivalent as at (Closing Balance)	159,820	1,092,360

B. M. Desai	<i>Chairman</i>
V. D. Vashi	<i>Wholetime Director</i>
C. M. Desai	<i>Wholetime Director</i>

Place : Surat
Date : 28.07.2005

AUDITOR'S CERTIFICATE

We have examined the attached cash flow statement of Padmanabh Alloys & Polymers Ltd. for the year ended 31st March, 2005. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 with Mumbai & Vadodara Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss and Balance Sheet of the Company covered by our report 28th July, 2005 to the members of the Company.

For Nilkanth Desai & Associates
Chartered Accountants

Place: Surat
Date : 28.07.2005

(N. P. Desai)
Proprietor

PADMANABH ALLOYS & POLYMERS LIMITED

Regd. Office : N.H. No. 8, Village : Palsana - 394 315, Dist. Surat (Gujarat)

10th Annual General Meeting

Monday, the 26th September, 2005 at 11.00 A.M.

ATTENDANCE SLIP

Place : N.H. No. 8,
Village : Palsana - 394 315,
Dist. Surat (Gujarat)

Signature of Member/ Proxy attending the meeting _____

Notes:

1. This meeting is only for members. Please, therefore, do not bring person in the meeting who is not a member.
2. Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.

PADMANABH ALLOYS & POLYMERS LIMITED

Regd. Office : N.H. No. 8, Village : Palsana - 394 315, Dist. Surat (Gujarat)

FORM OF PROXY

I/We _____

of _____ in the district of _____

being member/s of the above named Company hereby appoint _____

of _____ in the district of _____

or failing him _____

of _____ in the district of _____

as my/our Proxy to attend and vote for me/us on my/our behalf at the 10th Annual General Meeting of the Company, to be held on Monday, the 26th September, 2005 and at any adjournment thereof.

Signed the _____ day of _____ 2005.

Signature _____

Affix
Revenue
Stamp

N.B.: This Proxy must be deposited at the Registered Office of the Company, at Dist. Surat (Gujarat) not less than 48 hours before the time fixed for holding the meeting.

**BOOK-POST
PRINTED MATTER**

To,

If undelivered, please return to :

PADMANABH ALLOYS & POLYMERS LTD.

Regd. Office : N.H. No. 8.

Village : Palsana - 394 315

Dist. Surat (Gujarat)