

# Just one question

**How did Asia's largest moulded furniture manufacturer  
register a growth in market share  
even as raw material prices increased and selling prices dropped?**

*Nilkamal Plastics Ltd.*

ANNUAL REPORT FOR SHAREOWNERS 1999-2000

'Adventure isn't hanging on a rope off the side of a mountain. Adventure is an attitude that we must apply to the day-to-day obstacles of life. Facing new challenges, seizing new opportunities, testing our resources against the unknown and in the process, discovering our own unique potential.'

— Member of the Canadian expedition team to Mt. Everest

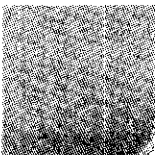


## Contents

Report  junction.com

12	Highlights of 1999-2000	47	Financial summary
13	Post-balance sheet developments	48	Ratios
14	What we are	50	Shareholders' diary
16	Our values	54	Auditors' Report
18	Convenience and value	56	Balance Sheet
20	Creating shareholder value	57	Profit & Loss Account
22	Eagle vision	58	Schedules
24	Five minutes with the MD	67	Balance Sheet Abstract
26	Corporate Governance	68	Cash Flow Statement
28	Management discussion and analysis	70	US GAAP
44	Directors' Report	73	The environment report
46	Annexure to Directors' Report	80	Board of Directors

# number of answers







## Nilkamal Plastics Ltd.

### NOTICE

#### Notice of meeting

Notice is hereby given that the **Fourteenth Annual General Meeting** of the Members of **Nilkamal Plastics Limited** will be held at the Registered office of the Company at Sinnar Taluka Industrial Co-operative Estate, Plot no. 971-1A, Sinnar - Shirdi Road, Sinnar - 422 103, District Nashik, (Maharashtra) on Friday, the 29th day of September, 2000 at 2.00 p.m. to transact the following business:

#### Ordinary business

1. To consider and adopt the Audited Profit and Loss Account of the Company for the year ended 31st March, 2000 and Balance Sheet as at that date, and the Reports of the Directors and the Auditors thereon.
2. To note payment of Dividend.
3. To appoint a Director in place of Shri Hiten V. Parekh, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri Mahendra V. Doshi, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors and fix their remuneration.

#### Special business

6. To consider and, if thought fit, to pass, with or without modification as an Ordinary Resolution, the following:

"RESOLVED THAT in accordance with the provisions of sections 198, 269, and 309 read with Schedule XIII and all other applicable provisions, of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof, for the time being in force) consent of the Company be and it is hereby accorded to the re-appointment of Shri Sharad V. Parekh, as the Managing Director of the Company for a period of five years with effect from 13th July, 2000 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Sharad V. Parekh, a draft whereof is placed before this meeting which is hereby sanctioned with specific liberty to the Board of Directors, (which shall be deemed to include its Committee constituted thereof to exercise its powers including the powers conferred by this resolution) to alter and vary any of the terms and conditions of the said agreement and/or the remuneration within the limits permissible under Schedule XIII of the Companies Act, 1956 as may be amended from time to time, that may be agreed to between the said Shri Sharad V. Parekh and the Board of Directors;

RESOLVED FURTHER THAT where in any financial year during the currency of tenure of Shri Sharad V. Parekh the Company has no profits or its profits are inadequate, it pay a remuneration to Shri Sharad V. Parekh the total of which shall not exceed the ceiling limit as provided in Part II of Section II of Schedule XIII to the Companies Act, 1956 or such other amounts as may be specified by

the Central Government from time to time by any amendment to the Act."

7. To consider and, if thought fit, to pass, with or without modification as an Ordinary Resolution, the following:

"RESOLVED THAT in accordance with the provisions of sections 198, 269, and 309 read with Schedule XIII and all other applicable provisions, of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof, for the time being in force) consent of the Company be and it is hereby accorded to the re-appointment of Shri Hiten V. Parekh, as the Executive Director of the Company for a period of five years with effect from 13th July, 2000 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Hiten V. Parekh, a draft whereof is placed before this meeting which is hereby sanctioned with specific liberty to the Board of Directors, (which shall be deemed to include its Committee constituted thereof to exercise its powers including the powers conferred by this resolution) to alter and vary any of the terms and conditions of the said agreement and/or the remuneration within the limits permissible under Schedule XIII of the Companies Act, 1956 as may be amended from time to time, which may be agreed to between the said Shri Hiten V. Parekh and the Board of Directors;

RESOLVED FURTHER THAT where in any financial year during the currency of tenure of Shri Hiten V. Parekh the Company has no profits or its profits are inadequate, it pay a remuneration to Shri Hiten V. Parekh, the total of which shall not exceed the ceiling limit as provided in Part II of Section II of Schedule XIII to the Companies Act, 1956 or such other amounts as may be specified by the Central Government from time to time by any amendment to the Act."

8. To consider and, if thought fit, to pass, with or without modification, as an Ordinary Resolution, the following :

"RESOLVED THAT Shri Manish V. Parekh who was appointed as an Additional Director in the meeting of the Board of Directors held on 31st March, 2000 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation under the Articles of Association of the Company ;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Manish V. Parekh as a Whole-time Director, designated as Director - Marketing (Furniture Division), for a period of five years with effect from 1st April, 2000 on such terms and conditions and such remuneration as set out in the agreement to be entered into between the Company and Shri Manish V. Parekh a draft whereof is placed before this meeting which is hereby sanctioned

with specific liberty to the Board of Directors, (which shall be deemed to include its Committee constituted thereof to exercise its powers including the powers conferred by this resolution) to alter and vary any of the terms and conditions of the said agreement and/or the remuneration within the limits permissible under Schedule XIII of the Companies Act, 1956 as may be amended from time to time, which may be agreed to between the said Shri Manish V. Parekh and the Board of Directors;

RESOLVED FURTHER THAT where in any financial year during the currency of tenure of Shri Manish V. Parekh the Company has no profits or its profits are inadequate, it do pay a remuneration to Shri Manish V. Parekh the total of which shall not exceed the ceiling limit as provided in Part II of Section II of Schedule XIII to the Companies Act, 1956 or such other amounts as may be specified by the Central Government from time to time by any amendment to the Act."

9. To consider and, if thought fit, to pass, with or without modification, as an Ordinary Resolution, the following :

"RESOLVED THAT Shri Nayan S. Parekh who was appointed as an Additional Director in the meeting of the Board of Directors held on 31st March, 2000 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation under the Articles of Association of the Company ;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Nayan S. Parekh as a Whole-time Director, designated as Director - Marketing (Crates Division), for a period of five years with effect from 1st April, 2000 on such terms and conditions and such remuneration as set out in the agreement to be entered into between the Company and Shri Nayan S. Parekh a draft whereof is placed before this meeting which is hereby sanctioned with specific liberty to the Board of Directors, (which shall be deemed to include its Committee constituted thereof to exercise its powers including the powers conferred by this resolution) to alter and vary any of the terms and conditions of the said agreement and/or the remuneration within the limits permissible under Schedule XIII of the Companies Act, 1956 as may be amended from time to time, which may be agreed to between the said Shri Nayan S. Parekh and the Board of Directors;

RESOLVED FURTHER THAT where in any financial year during the currency of tenure of Shri Nayan S. Parekh the Company has no profits or its profits are inadequate, it pay a remuneration to Shri Nayan S. Parekh the total of which shall not exceed the ceiling limit as provided in Part II of Section II of Schedule XIII to the Companies Act, 1956 or such other amounts as may be specified by the Central Government from time to time by any amendment to the Act."

10. To consider and, if thought fit, to pass, with or without modification, as a Special Resolution, the following :

"RESOLVED THAT pursuant to the provisions of Rule 10B of the Companies (Central Government's) General Rules and Forms, 1956 and in accordance with the Article 139 ( C ) of the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the increase in sitting fees payable to the Non-executive Directors of the Company to Rs. 5,000/- (Rupees Five Thousand Only)

per Board Meeting attended by them with effect from 1st July, 2000."

11. To consider and, if thought fit, to pass, with or without modification, as a Special Resolution, the following :

"RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956, the following new Article, numbered as Article 74A be inserted after the existing Article 74 of the Articles of the Association of the Company :

74A. Notwithstanding anything contained in any other clause or clauses of the Articles of Association of the Company, a holder or joint holders of shares or debentures, may nominate, in accordance with the provisions of Section 109A of the Companies Act, 1956 ; in the manner prescribed thereunder, a person to whom all the rights in the shares or debentures of the Company, shall vest in the event of death of such holder(s). Any nomination so made shall be dealt with by the Company in accordance with the provisions of Section 109B of the Companies Act, 1956. "

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.

2. The Explanatory statements relating to the special business under Item Nos. 6 to 11 as required under section 173(2) of the Companies Act, 1956 is annexed hereto.

3. The register of the members and the Share Transfer Books of the Company will remain closed from 18th September, 2000 to 29th September, 2000 (Both days inclusive)

4. Shareholders are requested to inform the Company immediately at its office at 105, Rewa Chambers, 31, V. Thakersey Marg, New Marine Lines, Mumbai - 400 020, of any changes in their registered address.

5. Shareholders who have multiple folios in identical names or joint names in the same order are requested to intimate to the Company to consolidate all such shareholdings into a single folio.

6. Shareholders desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

7. Pursuant to the provisions of Section 205-A of the Companies Act, 1956, all unclaimed dividends upto and inclusive of Financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. The Dividend so transferred can be claimed by the Members from the Registrar of the Companies, Maharashtra, Mumbai on submission of claim in the prescribed form.

### **Explanatory statement pursuant to section 173 of the companies act, 1956.**

#### **Item nos. 6 & 7**

Shri Sharad V. Parekh and Shri Hiten Parekh were appointed as Managing Director and Executive Director respectively, at the Ninth Annual General Meeting held on 13th July, 1995. Their respective terms are for a period of five years.

Taking into consideration the achievements, vast knowledge and their abilities, the Board has unanimously approved and recommend the General body of Shareholders for re-appointment of Shri Sharad V. Parekh and Shri Hiten V. Parekh as Whole-time Directors designated as Managing Director and Executive Director respectively for a further period of five years with effect from 13th July, 2000. Both of them are eligible for such appointment under Part I of Schedule XIII to the Companies Act, 1956.

The terms and conditions on which Shri Sharad V. Parekh and Shri Hiten V. Parekh are re-appointed shall contain the following remuneration which shall be within the overall ceilings as specified in Schedule XIII of the Companies Act, 1956.

### 1. Salary :

Shri Sharad V. Parekh Rs. 80,000/- per month in the scale of Rs. 80,000 to Rs. 1,20,000.

Shri Hiten V. Parekh Rs. 75,000/- per month in the scale of Rs. 75,000 to Rs. 1,12,500.

The annual increments will be decided by the Board each year.

### 2. Perquisites :

In addition to above, Shri Sharad V. Parekh and Shri Hiten V. Parekh shall be entitled individually to the following perquisites :

(a) House Rent Allowance per month at the rate of 50 per cent of Salary.

(b) Re-imbursement of Medical expenses incurred for self and family, subject to maximum of one month salary in a year, which can be accumulated upto three years.

(c) Leave Travel Concession for self and family once in a year subject to maximum of one month salary.

(d) Leave on full pay and allowances as per the Rules of the Company. Encashment of the accumulated unavailed leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

(e) Fees of clubs subject to maximum of two clubs, which will not include admission and life membership fees.

(f) Personal Accident Insurance Premium not to exceed Rs. 4,000 per year.

(g) Company's contribution towards Provident Fund as per the Rules of the Company, but not exceeding such percentage of Salary as laid down under the Income Tax Act, 1961.

(h) Gratuity as per the Rules of the Company, which shall not exceed half months salary for each completed year of service.

(i) Provision of chauffeur driven car provided and maintained by the Company and Telephone at the residence, which will not be considered as a perquisite. However, personal long distance calls and use of car for private purposes shall be billed by the Company

(j) Other benefits of loans and other schemes in accordance with the rules and regulations as applicable from time to time.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Explanation : For the purpose of these Agreements, 'family' includes spouse, dependent children and dependent parents of the Appointee.

### 3. Minimum remuneration :

In the event of absence or inadequacy of profits of the Company in any financial year, Shri Sharad V. Parekh and Shri Hiten V. Parekh shall be entitled to receive individually such minimum remuneration as is permissible under Section II of Part II of Schedule XIII to the Companies Act, 1956.

### 4. Reimbursement of entertainment expenses :

Shri Sharad V. Parekh and Shri Hiten V. Parekh will be entitled to reimbursement of entertainment expenses actually and properly incurred by them for business of the Company which will not be treated as an item of their remuneration in terms of Section 198 of the Companies Act, 1956.

The draft of the Agreement to be executed between Shri Sharad V. Parekh / Shri Hiten V. Parekh and the Company as approved by the Board of Directors is available for inspection by the members at the registered office of the Company on any working day, during the usual business hours and will also be available at the Meeting.

This may also be treated as an abstract of the terms of contract/agreement between the Company and Shri Sharad V. Parekh, Shri Hiten V. Parekh, respectively pursuant to Section 302 of the Companies Act, 1956.

Shri Sharad V. Parekh and Shri Hiten V. Parekh are interested in the resolutions at the said items of notice as it pertains to remuneration payable to each of them. Further, Shri Vamanrai V. Parekh, Shri Manish V. Parekh and Shri Nayan S. Parekh being related inter se may also be deemed to be concerned or interested in the resolutions pertaining to the remuneration payable to Shri Sharad V. Parekh and Shri Hiten V. Parekh. Except the aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in the resolutions set above.

### Item No. 8 & 9

Shri Manish V. Parekh and Shri Nayan S. Parekh were holding office or place of profit under the provisions of Section 314(B) of the Companies Act, 1956. Central Government approval in that regards was duly taken. The Board of Directors of the Company, however at their meeting held on 31st March, 2000 unanimously agreed to appoint both of them as additional directors of the Company. Their term as additional directors expire at the ensuing annual general meeting. Your Board therefore recommends their appointment as Whole-time Directors of the Company. Shri Manish V. Parekh is recommended as an Whole-time Director to be designated as 'Director-Marketing (Furniture Division)' and Shri Nayan S. Parekh is recommended as an Whole-time Director to be designated as 'Director- Marketing (Crates Division)'. The appointments of Shri Manish V. Parekh and Shri Nayan S. Parekh as Whole-time Directors designated as Director - Marketing (Furniture Division)' and Director Marketing (Crates Division)' respectively is with effect from 1st April, 2000 for a period of five years.

The terms and conditions on which Shri Manish V. Parekh and Shri Nayan S. Parekh are appointed as whole-time directors shall contain the following remuneration which shall be within the overall ceilings as specified in Schedule XIII of the Companies Act, 1956.

(Terms applicable individually to Shri Manish V. Parekh and Shri Nayan S. Parekh)

## 1. Salary :

Basic Salary Rs. 30,000/- (Rupees Thirty Thousand Only) per month.

The annual increments will be decided by the Board each year and will be merit based taking into account Company's performance.

## 2. Perquisites :

In addition to the above, they shall be entitled to the following perquisites:

- a) House Rent Allowance per month at the rate of 50 per cent of Basic Salary.
- b) Reimbursement of Medical expenses incurred for self and family, subject to maximum of one month basic salary in a year.
- c) Leave Travel Concession for self and family once in a year subject to maximum of one month basic salary in a year.
- d) Leave on full pay and allowances as per the Rules of the Company. Encashment of the accumulated unavailed leave at the end of the tenure which however will not be included in the computation of ceiling on perquisites.
- e) Fees of clubs subject to maximum of two clubs, which will not include admission and life membership fees.
- f) Personal Accident Insurance premium not to exceed Rs. 4,000/- per year.
- g) Company's contribution towards Provident Fund as per the Rules of the Company, but not exceeding such percentage of salary as laid down under the Income Tax Act, 1961.
- h) Gratuity as per the Rules of the Company, which shall not exceed half a month's salary for each completed year of service.
- i) Provision of chauffeur driven car provided and maintained by the Company and Telephone at the residence (including long distance official calls), which will not be considered as a perquisite. However, personal long distance calls and use of the car for private purposes shall be billed by the Company.
- j) Other benefits of loans and other schemes in accordance with law and the rules and regulations as applicable from time to time.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at the actual cost.

Explanation : The term 'family' includes spouse, dependant children and dependent parents of each of them.

## 3. Minimum remuneration :

In the event of absence or inadequacy of Profits of the Company in any financial year, Shri Manish V. Parekh and Shri Nayan S. Parekh shall be individually entitled to receive such minimum remuneration as is permissible under Section II of Part II of Schedule XIII of the Companies Act, 1956.

## 4. Reimbursement of entertainment expenses :

Shri Manish V. Parekh and Shri Nayan S. Parekh will be individually entitled to reimbursement of entertainment expenses actually and properly incurred by him for business of the Company which will not be treated as an item of their remuneration in terms of Section 198 of the Companies Act, 1956.

The draft of the Agreement to be executed between Shri Manish V. Parekh / Shri Nayan S. Parekh and the Company as approved by the Board of Directors is available for inspection by the members at the registered office of the Company on any working day, during the usual business hours and will also be available at the Meeting.

This may also be treated as an abstract of the terms of contract/agreement between the Company and Shri Manish V. Parekh, Shri Nayan S. Parekh, respectively pursuant to Section 302 of the Companies Act, 1956.

Shri Manish V. Parekh and Shri Nayan S. Parekh are interested in the resolutions at the said items of notice as it pertains to remuneration payable to each of them. Further, Shri Vamanrai V. Parekh, Shri Sharad V. Parekh and Shri Hiten V. Parekh being related inter se may also be deemed to be concerned or interested in the resolutions pertaining to the remuneration payable to Shri Manish V. Parekh and Shri Nayan S. Parekh. Except the aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in the resolutions set above.

## Item No. 10

The Department of Company Affairs has vide its press note no. 2/2000 declared that the Central Government in pursuance to the powers conferred by sub-section (1) of Section 642 of the Companies Act, 1956 has permitted companies to pay sitting fees to its directors for attending board/committee meetings at Rs. 5,000/- per such meeting attended. This amendment allows such increase to be paid after 1.4.2000.

It is therefore recommended to the Members to permit payment of increase in sitting fees to its non-executive directors. Accordingly, the increase shall be effective from 1st July, 2000.

As all the Directors of the Company, are to be/ deemed to be interested in the said resolution, this resolution is kept for approval of the Shareholders.

## Item No. 11

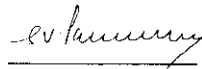
The Companies (Amendment) Act, 1999 has inter-alia, made a provision through insertion of two Sections 109A and 109B whereby a holder or joint holder of shares can nominate a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of such holder(s). Where such a nomination has been made in the manner prescribed, the nominee shall in the event of the death of the person nominating (i.e shareholder/debentureholder) be entitled to all rights, in the shares or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

It is therefore required to amend the Articles of Association of the Company enabling to insert a new article to permit for nomination facility in accordance with the newly enacted provisions of the Companies Act, 1956.

None of the Directors of the Company are considered to be interested in the above resolution.

By Order of the Board

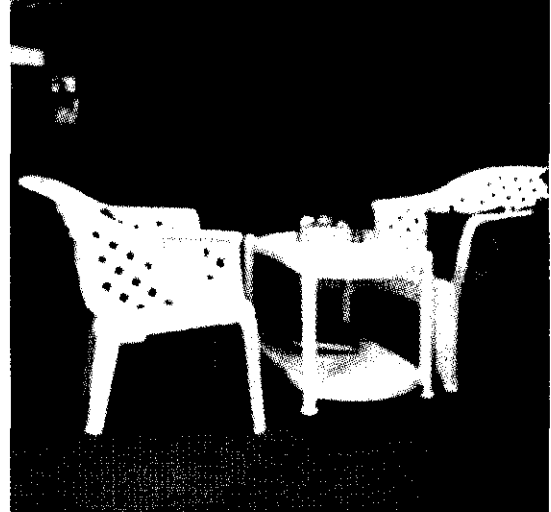
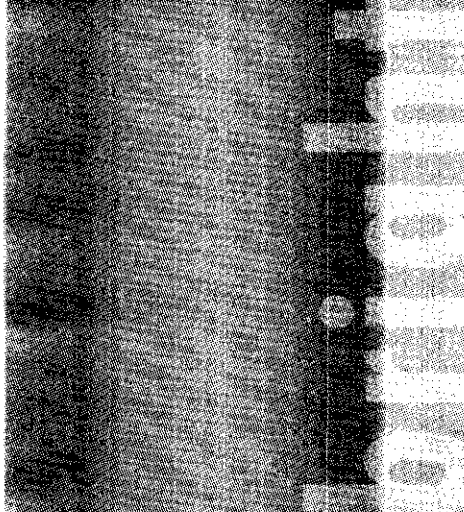
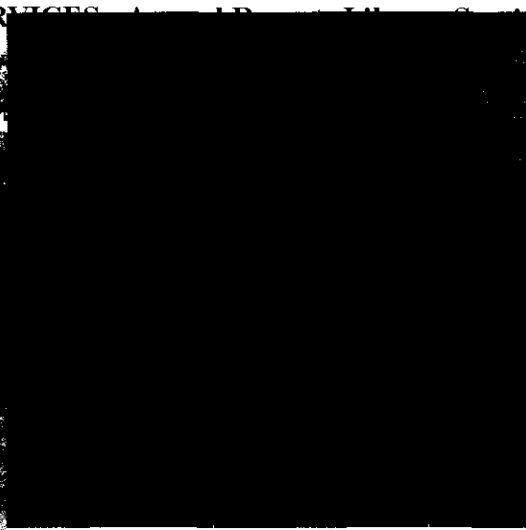
For Nilkamal Plastics Limited



Sharad V. Parekh

Managing Director

Mumbai, 29th July, 2000



Precisely 33784 tonnes in 1999-2000 compared with 25992 tonnes in 1998-99. Thanks to the expansion at the Pondicherry and Noida plant. The increased production helped Nilkamal derive the benefits of economies of scale more effectively than its competitors.

Report Junkie

Report

Report Junkie

Report Junkie

Report Junkie

Report Junkie

Report Junkie

Report Junkie

Report Junkie

Report Junkie

Report Junkie

Report Junkie

Report Junkie

By getting

**more**

close to the customer.