



Nilkamal Plastics Ltd.
ANNUAL REPORT FOR SHAREOWNERS 2000-2001





Nilkamal Plastics Limited

Fifteenth Annual
Report 2000-2001

Board Of Directors

Shri Vamanrai V. Parekh	- Chairman
Shri Arun R. Gandhi	
Shri Gopichand B. Keswani	
Shri Hamid A. Moolchhala	
Shri Mahendra V. Doshi	
Shri R.P. Goyal	
Shri Manish V. Parekh	
Shri Nayan S. Parekh	
Shri Nimesh V. Shah	- Nominee of ICICI Ltd.
Shri Hiten V. Parekh	- Executive Director
Shri Sharad V. Parekh	- Managing Director

Company Secretary

Shri Manoj Gagvani

Bankers

State Bank of India
Corporation Bank

Auditors

M/s. Nanubhai Desai & Co.
M/s. Vora & Associates

Legal Advisors

M/s. Wadia Gandhi & Company
Solicitors & Advocates

REGISTERED OFFICE & SINNAR FACTORY

Plot No. 971-1A,
Sinnar Taluka Industrial Co-op. Estate,
Sinnar-Shirdi Road,
Sinnar - 422 103.
Dist. Nashik (Maharashtra)

SILVASSA FACTORY

Survey No. 380/2,
Silvassa Khanvel Main Road,
Village Dapada, Silvassa - 396 230
Union Territory of Dadra and Nagar Haveli

NOIDA FACTORY

Plot No. 26, B/C Sector No. 31
Surajpur - Kasna Road
Greater Noida 203 207 (U.P.)

PONDICHERRY FACTORY

21/6, Olaivaikkal Village
Koodapakam Villianoor Road
Villianoor Taluk, Pondicherry 605 110.

VASONA FACTORY

Survey No. 354/2 & 354/3
Near Rakhole Bridge,
Silvassa Khanvel Road,
U.T. of D & NH,
Silvassa.

BARJORA FACTORY

Plot No. 1498/2613, WBIDC,
Barjora Mejia Road,
P.S.: Barjora,
District : Bankura,
West Bengal.

OVERSEAS SUBSIDIARY COMPANY

Nilkamal Eswaran Plastics Pvt. Limited
Nilkamal Eswaran Marketing Pvt. Limited
328 Madapatha Road,
Batakettara Pillyandala,
Colombo, Sri Lanka.

CORPORATE OFFICE & INVESTOR SERVICE CENTRE

Nilkamal House, Plot No. 77-78,
Road No. 13-14, MIDC Industrial Area,
Marol, Andheri (E), Mumbai - 400 093.

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NOTICE OF MEETING

NOTICE is hereby given that the **FIFTEENTH ANNUAL GENERAL MEETING** of the Members of **NILKAMAL PLASTICS LIMITED** will be held at Hotel Saiways, Universal Hotels Pvt. Ltd., Plot No. F4, Sinnar Taluka Industrial Co-operative Estate, Musalgaon, Taluka Sinnar, Dist. Nashik, Maharashtra, Pin 422103, on Friday, the 7th September, 2001 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, 2001 and Balance Sheet as at that date, and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares for the year ended 31st March, 2001.
3. To appoint a Director in place of Shri Hamid A. Mochhala who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri Rajendra P. Goyal, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint a Director in place of Shri Gopichand B. Keswani who retires by rotation and being eligible, offers himself for re-election.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass, with or without modification(s) as a **Special Resolution**, the following:

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions of the Companies Act, 1956, and subject to confirmation of the Company Law Board, the consent to shift the Registered Office of the Company from the State of Maharashtra to the Union Territory of Dadra and Nagar Haveli, be and is hereby accorded and clause II of the Memorandum of Association of the Company be altered by substituting the words 'State of Maharashtra' by the words 'Union Territory of Dadra and Nagar Haveli'.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby empowered to do all such acts, things and matters that may be required from time to time for the purpose of giving effect to this resolution."

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

"RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to sell/dispose of the factory premises/undertaking of the Company being situate at Plot 971/1A, Sinnar Taluka Industrial Co-operative Estate, Sinnar-Shirdi Road, Taluka Sinnar, Dist. Nashik, Maharashtra, 422103 and that the Board of Directors of the Company be and is hereby authorised to deal, negotiate, finalise the sale/disposal of the factory premises/undertaking of the Company situated at 971/1A, Sinnar Taluka Industrial Co-operative Estate, Sinnar-Shirdi Road, Taluka Sinnar, District Nashik, Maharashtra, Pin 422103 and for that purpose to sign, seal and deliver such instruments, assignments, contracts, deeds, conveyances or any other instruments that may be considered necessary, usual or proper for the selling/disposing of the said factory premises/undertaking which according to the Board of Directors may be considered beneficial, convenient and in the interest of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby also authorised to delegate any or all of its powers so granted to any Committee of the Board of Directors, as may be required for the said purpose."

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 as required under Section 173(2) of the Companies Act, 1956 in respect of the special businesses under Item Nos. 7 & 8 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 1st September, 2001 to 7th September, 2001 (both days inclusive) for the purpose of determining eligibility of Members entitled to Dividend. The Dividend as may be declared shall be payable to Members of the Company whose names appear as Beneficial Owners as at the closure of the business hours on 31st August, 2001 as per the details to be provided by the Depositories in

Notice**Nilkamal Plastics Limited**

respect of Shares held in electronic form. In case of Shares held in physical form to those Members whose names appear in the Register of Members of the Company after giving effect to valid share transfer applications lodged with the Company on or before the closure of business hours on 31st August, 2001.

4. Shareholders are requested to immediately notify any change in their addresses to the Company at its office at 77/78, Nilkamal House, Road No. 13/14, MIDC, Andheri (East), Mumbai - 400 093, quoting their Folio Number(s).
5. Shareholders holding Shares in physical form 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 atleast 10 days prior to the date of meeting 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 Companies, Maharashtra, Mumbai on submission of claim in the prescribed form. Members who have not yet encashed their dividend warrant(s) for the financial years 1995-96 onwards, are requested to write to the Company accordingly.
8. The businesses at Item No. 7 & Item No. 8 of the Notice requires consent of the Shareholders through Postal Ballot.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 7**

The operations at the Sinnar unit of the Company have been discontinued due to economic reasons. Manufacturing facilities thereat have been re-located at other units. Employees were offered an option for continuance of their service at other locations and those opting for the same have remained in service. In view of the same, the Board of Directors have recommended, subject to the required consents and permissions, to sell/dispose of the factory premises / undertaking, being the Sinnar unit of the Company. Accordingly the Registered Office of the Company is proposed to be shifted from the State of Maharashtra to the Union Territory of Dadra and Nagar Haveli.

Change of Registered Office from one State to other results into change in the Memorandum of Association of the Company. Pursuant to Section 17 of the Companies Act, 1956 the change of Registered Office from one State to other shall require the consent of the Shareholders and shall not take effect unless it is confirmed by the Company Law Board on petition.

It is proposed to shift the Registered Office to Company's unit at Survey No. 354/2 & 354/3, Near Rakholi Bridge, Silvassa Khanvel Road, Vasona, Union Territory of Dadra and Nagar Haveli.

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

Item No.8

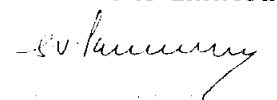
As per Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of a public company shall not, except with the consent of such public company in general meeting sell, lease or otherwise dispose of the whole, of the undertaking of the company, or where the company owns more than one undertaking, of the whole, or substantially the whole of any such undertaking.

The operations at the Sinnar unit of the Company have been discontinued due to economic reasons. In view of the same, the Board of Directors have recommended, subject to the required consents and permissions, to sell/dispose of the undertaking, being the Sinnar unit of the Company.

The resolution at item no.8 of the notice calling the Meeting is an enabling resolution with powers to the Board of Directors to do all such acts and deeds in general and specifically for the purpose of selling/disposing the Sinnar unit of the Company.

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

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


SHARAD V. PAREKH
Managing Director

Place : Mumbai
Date : 29th June, 2001

(Rs.in Lacs)

	1996-97	1997-98	1998-99	1999-2000	2000-01
Sales	11,735.12	13,943.13	20,626.26	24,249.72	27,853.86
Non Manufacturing Income	31.15	19.27	22.17	291.87	314.97
Total Income	11,766.27	13,962.40	20,648.43	24,541.59	28,168.83
Raw Materials	6,611.76	7,197.55	9,516.11	11,659.19	15,767.22
Overheads	3,169.50	4,142.84	6,954.62	8,147.86	8,855.17
Pre-Interest Profit	1,985.00	2,622.01	4,177.70	4,734.54	3,546.44
Interest	679.18	673.95	980.39	1,086.94	1,431.36
Gross Profit	1,305.82	1,948.06	3,197.31	3,647.60	2,115.08
Depreciation	559	668.70	955.20	1,138.00	1,466.64
Pre-tax profit	747.19	1,279.36	2,242.11	2,509.75	648.44
Tax	14.41	—	22.80	56.00	53.50
Less: Excess Provision of Taxation of earlier years	—	—	—	—	53.50
	14.41	—	22.80	56.00	—
Post-tax profit	732.78	1,279.36	2,219.31	2,453.75	648.44
Equity	857.44	857.47	857.47	857.47	857.47
Average capital employed in ordinary business	6,352.44	8,488.37	11,513.86	15,931.46	19,874.73
Gross Fixed Assets	6,024.21	9,311.64	11,449.22	15,713.54	17,498.19
Net Fixed Assets	4,414.38	7,096.99	8,279.38	11,495.24	12,505.50
Earnings Per Share	8.55	14.92	25.88	28.62	7.56
Dividend Per Share (Rs.)	2.20	2.40	4.00	4.00	1.20

Financials at Glance

Nilkamal Plastics Limited

Ratios										
Financial Performance %	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-2000	2000-01
Domestic turnover/Total turnover	88.58	95.32	95.31	98.43	97.89	98.07	98.30	96.74	97.23	96.79
Exports/ Total turnover	0.71	3.41	3.06	0.89	1.81	0.89	0.97	2.99	1.65	2.09
Other Income / Total turnover	10.71	1.27	1.63	0.68	0.30	1.04	0.73	0.27	1.13	1.12
Raw Material cost / Total turnover	46.92	45.41	43.46	48.75	54.44	56.19	51.55	46.09	47.56	55.97
Excise / Total turnover	5.48	10.56	11.62	12.25	9.15	8.35	9.69	13.47	15.19	11.87
Overheads/ Total turnover	13.36	18.86	20.00	17.56	16.39	15.65	17.03	16.59	14.71	15.21
Adv. & selling exp. / Total turnover	0.70	0.76	1.32	1.09	1.23	1.01	0.95	1.86	1.46	2.36
Interest / Total Turnover	11.67	10.93	9.73	7.33	6.06	5.93	4.83	4.75	4.43	15.21
Pre-interest Profit / Total Turnover	26.59	22.93	22.05	19.01	18.10	17.33	18.78	20.23	19.31	12.59
Post-interest profit / Total Turnover	14.92	12.00	12.32	11.69	12.04	11.40	13.95	15.48	14.88	7.51
Depreciation / Total turnover	9.86	7.66	7.68	4.78	5.02	4.88	4.79	4.63	4.64	5.21
Tax / Total turnover	-	-	-	-	-	0.13	-	0.11	0.23	-
Net Profit / Total turnover	5.06	4.34	4.64	6.90	7.02	6.40	9.16	10.75	10.01	2.30
Cash flow / Total turnover	14.92	12.00	12.32	11.69	12.04	11.27	13.95	15.37	14.65	7.51
ROCE (Return on capital employed)	14.36	17.07	14.09	22.74	18.03	19.02	20.03	24.61	20.08	9.94
RONW (return on net worth)	10.55	18.04	21.42	46.22	28.99	26.79	36.27	44.58	35.42	7.41
Balance sheet Ratios										
Debt - equity	2.66	2.76	4.43	2.67	1.62	1.79	1.74	1.52	1.57	1.25
Debtors - Turnover (days)	155	117	100	102	95	101	98	82	71	59
Inventory turnover days	67	46	104	45	52	56	37	36	59	37
Current ratio	3.95	2.91	2.75	2.75	2.67	3.60	3.32	4.75	5.27	4.03
Quick ratio	2.91	2.20	1.56	1.98	1.82	2.44	2.50	3.58	3.30	3.04
Depreciation / Gross Block %	6.58	10.13	7.54	10.73	8.09	11.47	7.28	8.53	7.97	8.45
Asset Turnover (Total revenue/ Total assets)	0.52	0.95	0.75	1.29	1.24	1.37	1.25	1.39	1.20	1.30
GROWTH RATIOS										
Growth in turnover	-	162.34	50.03	180.78	29.31	43.70	18.96	47.89	18.72	14.78
Growth in domestic sales	-	182.34	50.03	189.95	28.64	43.97	18.89	45.52	19.32	14.39
Growth in exports	-	1166.23	34.57	(18.63)	148.57	(29.24)	32.59	356.44	(34.39)	44.86
Growth in PBIDT	-	126.29	42.64	141.96	15.89	37.56	32.09	59.33	13.33	(25.09)
Growth in PAT	-	125.11	60.23	318.12	23.79	30.92	74.59	73.47	10.56	(73.57)
Growth in Cashflows	-	111.08	54.00	166.37	25.40	34.56	50.85	62.96	13.14	(42.01)
PER SHARE DATA - Rs.										
EPS	1.01	1.73	2.78	6.99	6.53	8.55	14.92	25.88	28.62	7.56
CEPS	3.08	4.79	7.37	11.84	11.19	15.06	22.72	37.29	42.54	24.67
Book Value	10.50	11.17	14.75	21.37	28.92	34.88	47.40	68.73	92.83	111.22
SHARE HOLDER - RELATED STATISTICS										
Dividend Per Share (Rs.)	0.50	1.00	1.50	2.00	2.20	2.20	2.40	4.00	4.00	1.20
Dividend (%)	5	10	15	20	22	22	24	40	40	12
Dividend Payout (%)	44.95	54.92	54.10	26.04	27.15	25.74	16.09	15.45	13.98	15.87
Dividend Payout (Rs.)	15.00	37.06	58.50	117.71	151.98	188.63	205.80	342.99	342.99	102.90
EPS Growth %	-	72.36	60.16	151.93	(6.64)	30.92	74.58	73.47	10.56	(73.57)

MANAGEMENT ANALYSIS

During the year 2000-2001, combined Turnover of Crates and Furniture has gone up by 14.92% from Rs.237.36 crores to Rs.272.78 crores. The Management has taken a conscious decision to reduce the exposure in the crates segment during last year itself which policy has been continued during the year.

Quarterly Trend

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Turnover-Rs.in Crore	66.39	71.78	68.11	72.26
Material Cost-Rs.in Crore	32.95	39.86	38.05	46.80
Percentage (%) of				
Material Cost to Turnover	49.64	55.54	55.87	64.76

Though the turnover increased consistently from quarter to quarter, due to consistently high raw material prices, there was tremendous pressure on margins. Also due to industry wide policy regarding not accepting rejected material from April, 2001 there was a lot of "rejected material returned acceptance" during the last quarter. This has resulted in adverse effect on margins. Also during 4th quarter, two major events took place. Firstly we closed the operations at our Sinnar Plant due to very high power tariff and other economic reasons making it unviable. Secondly, on 26th January 2001, a major fire broke out at our Dapada (Silvassa) Plant resulting into considerable damage / destruction to the plant.

Expansion

The Company has started commercial production during the year at its two new plants, one at Vasona in the Union Territory of Dadra and Nagar Haveli and another at Barjora in West Bengal. The Company has spent Rs.51 crores in increasing the additional capacity so far at Noida, Pondicherry, Vasona and Barjora.

Reduction in the installed capacity is due to the destruction at Dapada Unit of 11604 MT. installed capacity. Actual addition to the capacity at Vasona (Union Territory of D.N. & H.) and Barjora (West Bengal) is of 10140 MT.

Total Income

Company's total income was Rs.281.68 crores. Majority of Turnover was from manufacturing operations. However, other income consists mainly of dividend received from its subsidiary in Sri Lanka of Rs.303.22 Lacs.

Raw Material Prices

All principal raw material prices remained high through out the year. This is the single most factor effecting adversely the Company's performance.

Advertisement and Publicity Expenditure

There was almost 86% increase in adspend during the year. From Rs.357.09 lacs during the year 1999-2000, it went upto Rs.664.85 lacs during the year. This has helped in sustaining the brand building effort embarked upon by the company in last year.

Capital Expenditure

So far Company has spent Rs.51 Crores in creating additional capacity. However, during the financial year 2001-2002 it is expected to invest considerably lesser amount in creating new capacity as the Company is creating more and more out sourcing partners.

Reserves

As on 31st March, 2001 reserves and surplus stood at Rs. 86.80 crores as against Rs.71.02 crores, increase of 22%. However, it must be noted that the addition to Capital Reserves is the resultant difference arising on premature repayment of Loan from Sicom Ltd.

Loans

During the year the Company has received Rs.28.00 crores Term Loan and repaid Rs.20.62 crores. The details of term loan outstanding as on 31.03.2001 was as follows :

(Rs.Lacs)

Lender	As on 31/03/2001	Date of Repayment
ICICI RTL	125.00	15.05.2002
ICICI RTL	66.66	15.06.2001
ICICI RTL	300.00	05.01.2004
ICICI RTL	300.00	25.01.2004
ICICI RTL	600.00	09.11.2003
IDBI BK-NCD	250.00	28.02.2002
SBI -RTL	375.00	15.07.2002
CB - RTL	225.00	15.07.2002
CB - RTL	668.00	15.12.2004
ICICI -RTL	1666.67	15.12.2004
ICICI - RTL	2000.00	15.03.2007
SBI-RTL	800.00	30.06.2006
Total	7376.33	

Sundry Debtors

During the year there was a considerable improvement in the overall recovery of outstanding from Debtors. Debtors' outstanding is reduced from 71 days to 59 days. There is very consistent aggressive campaign for collection, accounting for this fall in number of days outstanding.

Inventories

Finished Goods Inventory was held only for around 17 days as against 30 days during last year. Raw Material Inventory was held for around 31 days as against 45 days during last year. To an extent raw material inventory holding depends upon expected price movement.

Loans and Advances

There are no loans and advances given to any Company under the same management. Out of Rs. 38.60 crores loans and advances Rs. 19.53 crores is claim receivable from New India Assurance Co. Ltd. towards Fire at the Company's Dapada Unit. Rs.4.92 crores are deposits paid for various office premises through out the country. Rs.2.15 crores is balance with Excise Dept. on account of Cenvat and the balance in PLA Account. Rs.4.00 Crores is the advance payment to the suppliers for raw material.

Interest

During the year Interest of Rs.13.57 crores was paid as against Rs. 10.22 crores.

	2000-2001	1999 - 2000
Working Capital Interest	Rs. 5.91 crores	Rs. 3.22 crores
Interest on Term Loan	Rs. 7.78 crores	Rs. 6.86 crores

Taxes

The Company has made a provision for taxation of Rs.53.49 lacs. The excise rate was uniform @ 16% on both crate and furniture during the year.

Custom Duty

There was no change in the custom duty tariff as compared to the previous year except for removal of surcharge on basic duty in case of capital goods. The custom duty on capital goods works out to 31% net of cenvat and that on raw material works out to 45% net of cenvat. During the year 2001-2002, surcharge on basic custom duty on raw material has also been removed.

Post Balance Sheet Developments

(Rs. in Crores)

Sr. No	Particulars	Qtr. Ended June 30, 2001	Qtr. Ended June 30, 2000	Previous Accounting Year ended March 31, 2001
1.	Gross Sales / Income from Operations	61.61	66.39	278.54
	Less : Duties & Levies	8.11	9.15	37.62
2.	Net Sales	53.50	57.24	240.92
3.	Other Income	0.87	0.42	3.15
	Total Expenditure			
	a) (Increase) / Decrease in stock in trade	(3.47)	(5.00)	2.46
	b) Consumption of raw material	35.47	37.96	155.21
	c) Staff Cost	1.38	1.09	5.64
	d) Other expenditure	11.90	11.31	45.30
4.	Total Expenditure	45.28	45.36	208.61
5.	Interest	3.68	3.05	14.31
6.	Depreciation	3.84	3.34	14.67
7.	Profit before Taxation	1.57	5.91	6.48
8.	Provision for Taxation	0.12	0.49	—
9.	Net Profit	1.45	5.42	6.48
10.	Paid-up Equity Share Capital	8.57	8.57	8.57
11.	Reserves excluding Revaluation Reserves			86.80
12.	EPS (RS.) (Not Annualised)	1.69	6.32	7.56

During first quarter of 2001-2002 turnover was Rs.61.61 crores, drop of 7.16% over the corresponding period of 2000-01. During the quarter, the Company has received dividend of Rs.46.77 lacs from its subsidiary Company. The Company is in the process of disposing of assets at Sinnar. During this quarter fixed and semi-fixed expenses amounting to around Rs.170 Lacs relating to Company's discontinued units at Sinnar & Dapada are incurred.

It is heartening to note that during the first quarter of the financial year 2001-2002, raw material prices have dropped. It is expected that during the financial year 2001-2002 prices will remain stable.

All the expenses like employees remuneration, operating expenses, interest cost and depreciation have risen marginally as compared to corresponding period.