


Nilkamal Plastics Ltd.

ANNUAL REPORT FOR SHAREOWNERS 2001-2002

	Nilkamal Plastics Limited	Sixteenth Annual Report 2001-2002
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Board Of Directors

Shri Vamanrai V. Parekh	- Chairman
Shri Arun R. Gandhi	
Shri Gopichand B. Keswani	
Shri Hamid A. Moochhala	
Shri Mahendra V. Doshi	
Shri R.P. Goyal	
Shri Mujib Mundewadi	- Nominee of ICICI Ltd.
Shri Manish V. Parekh	- Whole-time Director
Shri Nayan S. Parekh	- Whole-time Director
Shri Hiten V. Parekh	- Executive Director
Shri Sharad V. Parekh	- Managing Director

Company Secretary

Shri Manoj Gagvani

Bankers

Corporation Bank
State Bank of India

Auditors

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

**REGISTERED OFFICE &
VASONA FACTORY**

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

BARJORA FACTORY

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

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.

CORPORATE OFFICE

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

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NOTICE OF MEETING

NOTICE is hereby given that the **SIXTEENTH ANNUAL GENERAL MEETING** of the Members of NILKAMAL PLASTICS LIMITED will be held at Survey No. 354/2 & 354/3, Near Rakholi Bridge, Silvassa-Khanvel Road, Vasona, Union territory of Dadra & Nagar Haveli on 28th September, 2002 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, 2002 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, 2002.
3. To appoint a Director in place of Shri Arun-R. Gandhi who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Hiten V. Parekh, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Manish V. Parekh who retires by rotation and being eligible, offers himself for reappointment.
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 in accordance with the provisions of Section 31 and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) and re-enactment thereof, for the time being in force) and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities, the Articles of Association of the Company be and is hereby altered by substitution of Article 177(a) as under:

Article 177(a):

The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Directors shall provide for safe custody of the Seal for the time being and Seal shall never be used except by or under the authority of the Directors or a Committee of Directors previously given and every deed or other instrument to which the Seal of the Company is required to be affixed shall, unless the same is executed by a duly Constituted Attorney for the Company, be affixed in the presence of any one of the Directors of the Company and Secretary / any other Authorised Signatory who shall sign every such deed or instrument to which the Seal is so affixed in their presence.

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.

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."

NOTES :

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. THE PROXIES TO BE EFFECTIVE, SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Explanatory statement as required under Section 173(2) of the Companies Act, 1956 in respect of the special business under Item No. 7 of the Notice is annexed hereto.
3. Members are requested to intimate, changes, if any, in their Registered Address alongwith Pin Code Numbers to the Company at its Office at 77/78, Nilkamal House, Road No. 13/14, MIDC, Andheri (East), Mumbai - 400093 quoting their Folio Number(s). Members whose shareholding are in demat form are requested to send the intimation for change of address to their respective depository participants.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 20th September, 2002 to 28th September, 2002 (both days inclusive) for the purpose of determining eligibility of Members entitled to Dividend.

Nilkamal Plastics Limited

NOTICE

5. As per provisions of the Finance Act, 2002, payment of dividend will be subject to deduction of tax at source. However, no tax will be deducted at source in case of dividend payment to an individual (resident in India) which does not exceed Rs. 2,500/-. Members, who are eligible to file Form 15G, may submit the duly executed Form in duplicate with the Company at 77/78, Nilkamal House, Road No. 13/14, MIDC, Andheri (East), Mumbai – 400093, on or before 20th September, 2002.
6. As per provisions of the Income Tax Act, 1961 every person from whom income tax is deducted at source is mandatorily required to intimate Permanent Account Number (PAN) to the person responsible for deducting such tax at source. In case PAN has not been allotted by the Income Tax Department, the person is required to intimate his GIR No. (General Index Register Number). Members of the Company, whose dividend will be liable to deduction of tax at source, are requested to intimate PAN/ GIR No. to the Company at 77/78, Nilkamal House, Road No. 13/14, MIDC, Andheri (East), Mumbai – 400093, on or before 20th September, 2002.
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, Gujarat, at Ahmedabad on submission of claim in the prescribed form.
The amount of unpaid or unclaimed dividend(s) for the year 1995-96 will be transferred in the year 2003 on due date(s) to the "Investor Education and Protection Fund", established by the Central Government, in terms of Section 205 C of the Companies Act, 1956. 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. Members 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.
9. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility by filing Form 2B. Blank forms will be supplied by the Company on request. Members holding shares in dematerialisation form may contact their respective depository participant(s) for recording nomination in respect of their shares.
10. Members 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.
11. Members/ Proxies should bring the attendance slips filled in for attending the meeting.

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

Place : Mumbai
Date : 29th June, 2002

Hiten V. Parekh
Executive Director

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

Article 177 of the Articles of Association of Company prescribes that the usage of the Common Seal of the Company can be done for affixing on any deed or other instrument only in the presence of any Director or Secretary of the Company. This is subject to the authority from the Board of Directors or the Committee of Directors of the Company.

It becomes necessary to execute documents in the presence of any of other functional officials of the Company such as execution of deed before the Banks, Financial Institutions or for the purpose of dealing in Lease, Sale, Purchase of immovable properties. In this circumstances it is required to give additional authority for affixing of the Common Seal also in the presence of said officials.

This leads to alteration to Articles of Association and accordingly the consent of the Shareholders is sought for.

The Directors recommend the resolution for approval of the Shareholders.

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

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

Place : Mumbai
Date : 29th June, 2002

Hiten V. Parekh
Executive Director

DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Shri Arun R. Gandhi	Shri Hiten V. Parekh	Shri Manish V. Parekh
Date of birth	15-3-1943	27-5-1963	4-12-1969
Date of appointment	20-11-1995	9-12-1985	1-4-2000
Expertise in specific area	Professional Director Senior partner of M/s N.M. Raiji & Co., Chartered Accountants. Vast experience and knowledge in the fields of finance and management. Expert on mergers amalgamation and corporate valuations.	Executive Director Focuses on operations and technology in Nilkamal with a special thrust on product and process development. ISO 9002 certification of all plants was the result of his effort.	Whole-Time Director Being related to the Promoters, have in depth knowledge and expertise in the plastics business. Due to his abilities and innovative marketing techniques the Company has established very strong brand image.
Qualifications	B.Com, FCA (England & Wales), FCA, ATIL.	B.Com, Diploma in Quality System and Management	B.Com.
Directorship in other Public Limited Companies	<ul style="list-style-type: none"> • Benares Hotels Ltd. • Walchandnagar Industries Ltd. • Harrisons Malayalam Ltd. • Indo Gulf Corporation Ltd. • Raychem RPG Ltd. • Chalet Hotels Ltd. • Amal Products Ltd. • JMC Projects (India) Ltd. • Tata Infotech Ltd. • The Paper Products Ltd. • Bayer Diagnostics India Ltd. • Industrial Investment Trust Ltd. • J. M. Share & Stock Brokers Ltd 	—	—
Membership of Committees in other Public Limited Companies	<ul style="list-style-type: none"> • Walchandnagar Industries Ltd Audit Committee • Shareholders / Investors Grievance Committee • Chalet Hotels Limited Audit Committee • Tata Infotech Limited Audit Committee • Remuneration Committee • The Paper Products Ltd Audit Committee • Industrial Investment Trust Ltd Audit Committee 	—	—

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS FOR THE YEAR ENDED 31ST MARCH, 2002.

Dear Members,

Your Directors have pleasure in presenting their SIXTEENTH ANNUAL REPORT on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2002.

FINANCIAL HIGHLIGHTS

	2001-2002	(Rs.in Lacs) 2000-2001
Gross Turnover and Other Income	28444.45	28168.83
Net Turnover	24467.91	24406.91
Profit before Depreciation, Tax & Extra Ordinary item	2839.74	2115.08
Less: Depreciation on Fixed Assets	1595.36	1466.64
Profit before Tax and Impairment of Assets	1244.38	648.44
Less: Provision for Taxes (Including Deferred Tax Rs. 29.43 Lacs)	119.43	—
Less : Impairment of Assets	150.00	—
Profit after Tax and Impairment of Assets	974.95	648.44
Amount Available for Appropriations	1240.36	1703.37
Less: Appropriations:		
i) Proposed Final Dividend	154.34	102.90
ii) Total Tax on Dividend	—	10.49
iii) Transfer to General Reserve	97.00	50.00
Add: i) Provision for Dividend written back	(102.90)	—
ii) Income tax on Dividend written back	(10.50)	—
iii) Transfer from Debenture Redemption Reserve	(250.00)	—
Leaving a Balance to be carried forward	1352.42	1539.97
Earnings Per Share Rs.	11.37	7.56
Cash Earnings Per Share Rs	29.98	24.67
Book Value per Share Rs.	107.25	111.22

DIVIDEND

Your Directors are pleased to recommend for consideration at the ensuing Annual General Meeting of the Company, declaration of final dividend of Rs. 1.80 per Equity share (18% percent) for the year ended 31st March, 2002. The requisite amount of Rs. 154.34 Lacs has been provided in the accounts for the purpose of final dividend.

RESERVES

Your Directors have proposed to carry a sum of Rs. 97 Lacs to the General Reserve Account out of the profits for the year.

YEAR IN RETROSPECT

Your Company has once again maintained the trend of higher Sales during the year under review. Gross Sales reached an all-time high of Rs. 28444.45 Lacs as against Rs. 28168.83 Lacs for the previous year. Raw material prices had a favourable impact on the profitability.

CAPITAL EXPENDITURE

During the year under review, the Company has incurred Capital Expenditure of Rs. 798.02 Lacs. During the current financial year the Company has disposed-off land & fire affected building at Dapada.

SETTLEMENT OF INSURANCE CLAIM

During the year the claim lodged by your Company was fully settled by the Insurance Company and the Company has received claim to the tune of Rs. 1982 Lacs. Your directors sincerely appreciate the co-operation received from the Insurer, The New India Assurance Co. Ltd., the surveyors and all other organisations directly or indirectly connected with the disposal of the claim expeditiously.

SUBSIDIARIES

Subsidiary Companies at Sri Lanka have performed satisfactorily. During the year your Company has received dividend of Rs. 264.77 Lacs.

As required under Section 212 of the Companies Act, 1956 the audited results of the said subsidiary companies together with the report of their Board of Directors and the Auditors' Report for the year ended 31st March, 2002 are annexed herewith separately.

EXPORTS

Exports during the year were Rs. 283.07 lacs compared to Rs. 587.40 lacs in the previous year.

PROSPECTS

Barring unforeseen circumstances, the Company expects to perform well during the current financial year.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits covered under Section 58A of the Companies Act, 1956 from the Members or the Public during the year.

AUDITORS

The Joint Auditors M/s Nanubhai Desai & Co. and M/s. Vora & Associates, retire and offer themselves for reappointment at the ensuing Annual General Meeting.

DIRECTORS

Shri Mujib Mundewadi has been nominated as a Director by ICICI Limited on the Board of Directors of the Company in place of Shri Nimesh V. Shah.

Shri Arun R. Gandhi, Shri Hiten V. Parekh and Shri Manish V. Parekh, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of the provisions of The Companies Act, 1956 as amended by Companies (Amendment) Act, 2000, your Directors confirm :

- I. that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- II. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates 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 viz. 31st March, 2002 and of the profit of the Company for the year ended on that date;
- III. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- IV. that the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

AUDIT COMMITTEE

As you are aware your Company has formed Audit Committee on 22nd January 2001. Five meetings were held during the Financial Year 2001-02.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

One of the requirements of the Corporate Governance under Clause 49 of the Listing Agreement with Stock Exchanges is to form Shareholders/Investors Grievance Committee to look into the matters like redressing of shareholder and investor grievances. Your Directors are pleased to inform you that a Shareholders/Investors grievance Committee has been formed for the said purpose.

The following Directors are members of the Shareholders/Investors Grievance Committee.

- | | |
|----------------------------|----------|
| 1. Shri Vamanrai V. Parekh | Chairman |
| 2. Shri Sharad V. Parekh | Director |
| 3. Shri Hiten V. Parekh | Director |

OTHER INFORMATION

The information required under the Clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and as amended and forming part of the Directors' Report for the year ended 31st March, 2002 is given in the Annexure to this Report. In pursuance of Notification No. GSR 288(E) dated 17th April, 2002 the provisions of sub-section (2A) of section 217 of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 are not applicable to the Company for the year under review as there were no employees during the said period who were in receipt of remuneration as prescribed under clauses (i), (ii) or (iii) of the said sub-section.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation for the encouragement and co-operation received by the Company from the Financial Institutions, Bankers, State Government Authorities, Local Authorities, and its Employees during the year.

For and on behalf of the Board

Place : Mumbai
Date : 29th June, 2002

Vamanrai V. Parekh
Chairman

ANNEXURE TO DIRECTORS' REPORT

Additional information given, as required under the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY.

- (a) Energy Conservation measures implemented in recent past:
Continuous efforts are taken by the Company for conservation of Energy.
- (b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy
Steps for reduction of consumption of energy is an on-going process in the Company and all effective steps required are implemented across all factories.
- (c) Impact of Measures at (a) and (b) :
The impact of the above will result in savings in terms of energy cost.
- (d) Total energy consumption and energy consumption per unit as per Form A :
The requirement for Disclosure under Form A is not applicable to the Company for the year under review.

B. TECHNOLOGY ABSORPTION.

Disclosure of particulars in Form B, with respect to Technology Absorption;

RESEARCH AND DEVELOPMENT (R & D):

1. Specific areas in which R & D has been carried out by the Company.

Research and Development activities are carried on in the areas of product design, giving new look and different features to the products of the Company. The Company has installed a CAD software which helps in developing better ideas.

2. Benefits derived as a result of the above R & D.

Due to the aforesaid factors Company's products carry a good brand image in the highly competitive market. It has also resulted in launching new products with different features and reduction in rejection rate. Also with lower costs the quality of the products is maintained. Lower product weight reduces the cost of consumption of raw-material.

3. Future Plan of Action.

Continue efforts for improvement of products by employing available and required means.

4. Expenditure on R & D.

(Rs. in lacs)

a) Capital	Nil
b) Recurring	Nil
c) Total	Nil
d) Total R & D as a percentage of Total Turnover	Nil

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

1. Efforts, in brief, made towards technology absorption, adaptation, and innovation.

Continuous efforts are taken for up gradation of technology. Regular visit to/from the suppliers enable the Company engineers to upgrade the understanding of the machines, moulds, accessories and process.

2. Benefits derived as a result of the above efforts.

The above efforts have resulted into higher productivity, lower down time and enhancing the life of machines, moulds and other equipments.

3. The Company has not imported any technology or process knowhow.

FOREIGN EXCHANGE EARNINGS AND OUTGO.

- 1) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans; Company does not have much of export activity for its products. However all possible avenues for development of exports are considered and implemented in the best interest of the Company.
- 2) Total foreign Exchange used and earned

	2001-02	(Rs. in lacs) 2000-01
Foreign Exchange Earned	519.32	808.10
Foreign Exchange Used	1105.24	2431.40

For and on behalf of the Board

Place : Mumbai
Date : 29th June, 2002

Vamanrai V. Parekh
Chairman

Nilkamal Plastics Limited

Annual Report 2001-02

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies

1	Name of the Subsidiary	Nilkamal Eswaran Plastics Pvt Ltd	Nilkamal Eswaran Marketing Private Limited
2.	The financial year of the Subsidiary ended on	31 st March, 2002	31 st March, 2002
3.	Number of shares held by Nilkamal Plastics Limited with its nominees in the subsidiary at the end of the financial year of the subsidiary company	6,080,000 equity Shares of SLR 10 each fully paid-up.	being a wholly-owned subsidiary of Nilkamal Eswaran Plastics (Pvt.) Ltd. Nilkamal Plastics Limited holds 76% of the equity share capital through its subsidiary.
4.	Holding Company's Interest	76%	76%
5.	The net aggregate amount of the subsidiary company's Profit/(Loss) so far it concerns the members of the holding Company		
	a. Not dealt with in the holding Company accounts		
	i) For the Financial year ended 31st March, 2002	SLR 2,81,96,893	SLR 7,75,510 (Loss)
	ii) For the previous financial years of the subsidiary company since it became the holding Company's subsidiary	SLR 3,59,38,322	SLR 6,25,483 (Loss)
	b. Dealt with in holding Company Accounts -		
	i) For the financial year ended 31 March, 2002	SLR 5,16,80,000	Nil
	ii) For the previous financial year of the subsidiary company since it became the holding Company subsidiary	SLR 6,08,00,000	Nil

For NILKAMAL PLASTICS LTD.**Vamanrai V. Parekh**
Chairman**Sharad V. Parekh**
Managing Director**Hiten V. Parekh**
Executive Director**Manoj Gagvani**
Company SecretaryPlace : Mumbai
Date : June 29, 2002