

*Annual Report 1998 - 99*



### ***Towards the Next Millennium***

*DCW has been at the helm of development of the chemical industry in India for decades. And now, at the onset of the new millennium, the company is all set to explore newer horizons.*

*The cover visually depicts DCW hurtling into the new millennium as a solid, stable entity. A millennium that promises greater challenges and laurels for DCW.*



## Corporate Directory

### BOARD OF DIRECTORS

Dr. Shashi Chand Jain  
*Chairman and Managing Director*

Shri Sharad Kumar Jain  
*Vice Chairman & Managing Director*

Smt. Satyawati Jain

Shri F.H. Tapia

Dr. V.H. Joshi

Shri YuvRaj Saheb of Dhrangadhra

Shri J. Narayana Murthy  
*(Nominee of I.D.B.I.)*

Shri J.S. Mascarenhas  
*(Nominee of U.T.I.)*

Shri Pramod Kumar Jain  
*Managing Director*

Shri Bakul Jain  
*Executive Director*

Shri T.S. Ravikumar  
*Sr. Vice President (Corporate)  
and Secretary*

### BANKERS

Punjab National Bank  
State Bank of Saurashtra  
State Bank of India  
ABN AMRO Bank N.V.  
Citi Union Bank Ltd.

### AUDITORS

V. Sankar Aiyar & Co.,  
Chartered Accountants, Mumbai.

### BRANCH AUDITORS

Rajeev Sushil Kumar & Co.,  
Chartered Accountants, Mumbai.

Virmani, Roy & Kutty,  
Chartered Accountants, New Delhi.

### REGISTERED OFFICE

Dhrangadhra 363 315, Gujarat.

### HEAD OFFICE

"Nirmal", 3rd Floor,  
Nariman Point,  
Mumbai 400 021.

### BRANCH OFFICE

Indra Palace, 1st Floor,  
H-Block, Connaught Circus,  
New Delhi 110 001.

### WORKS

Soda Ash Division : Dhrangadhra 363 315,  
Gujarat.

Caustic Soda Division : Arumuganeri P.O.,  
Sahupuram 628 202,  
Tamil Nadu.

PVC Division : Arumuganeri P.O.,  
Sahupuram 628 202,  
Tamil Nadu.

Salt Works : Kuda, Gujarat.

Arumuganeri P.O.,  
Sahupuram 628 202,  
Tamil Nadu.

### 60th

**Annual Report**  
**1998-99**

Note : The Balance Sheet, Profit and Loss Account and key Financial Data are also presented in US\$ on Page Numbers 10, 11 & 12 respectively.



## Directors' Report

### TO THE MEMBERS

Your Directors present their 60th Annual Report and Audited Accounts for the Financial Year ended 31st March, 1999

#### 1. Financial Results :

	31-3-1999 (Rs. in lacs)	31-3-1998 (Rs. in lacs)
Gross Profit	2,050.11	2,053.83
Add : Balance brought forward	482.36	980.51
	<u>2,532.47</u>	<u>3,034.34</u>
Less : Provisions :		
Depreciation	1,811.98	1,749.95
Tax	6.00	2.00
Balance	<u>714.49</u>	<u>1,282.39</u>
Appropriations :		
Debtore Redemption Reserve	—	500.00
General Reserve	300.00	300.00
	<u>300.00</u>	<u>800.00</u>
Balance carried forward	<u>414.49</u>	<u>482.39</u>

#### 2. Dividend :

In order to conserve the resources of the Company, the Directors have not recommended any dividend for this year.

#### 3. Operations :

During the year under review, the performance of the Company was adversely affected due to the continuing global demand recession and generally adverse market conditions. An illegal strike in Sahapuram unit

in September/October, 1998 has also adversely affected the turnover during the year. The gross turnover at Rs. 363.39 crores was 15% lower compared to previous year. The gross profit is marginally lower at Rs. 2050.11 lacs against Rs. 2053.83 lacs in the previous year.

#### 4. Exports :

The Company has exported 18,365 M.T. Beneficiated Ilmenite and other products valued at Rs. 43.03 crores during the year as against 7,980 M.T. (Rs. 24.46 crores) in the previous year. The exports in terms of value went up due to increase in export of BI, Caustic Soda Flakes,

Hydrochloric acid and Trichloroethylene.

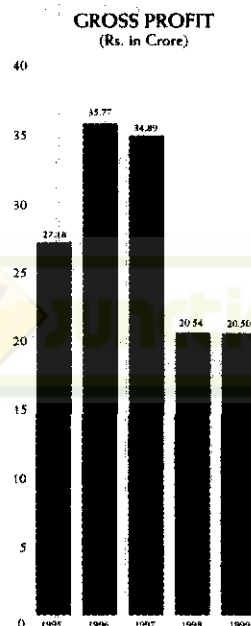
#### 5. Divisionwise Performance :

##### a) Soda Ash Division :

The turnover of this division declined to Rs. 81.50 crores from Rs 86.87 crores in the previous year. The gross margins were under pressure because of imports and excess capacity in the industry.

##### b) Caustic Soda Division :

The turnover of this division declined marginally to Rs. 119.78 crores from Rs. 121.17 crores in the previous year. The Caustic Industry is facing problem of over capacity with poor realisations. This is mainly due to new capacities becoming operational. Closure of Chlorine based small scale units and reduced off-take by paper and viscose consumers have also affected the realisations. There is also competition from cheap imports. The nominal rate of growth and the excess supply are likely to continue for some time.





### c) PVC Division :

The turnover declined to Rs. 154.28 crores from Rs. 214.74 crores last year, as production had to be restricted due to un-remunerative selling prices.

### 6. New Projects :

The proposal for setting up project for recovery of Ferrite Grade Iron Oxide and Regeneration of Hydrochloric Acid has been kept on hold as the plant with similar technology supplied to another Indian Company by the foreign party is yet to be satisfactorily commissioned. In the meanwhile the Company is examining proposals for making value added products such as Red and Black Iron Oxide in addition to our Yellow Iron Oxides and recovery of free acid out of effluents to increase Beneficiated Ilmenite production and Chlorine sales. The modified proposals will have the same purpose for treatment of existing effluent for neutralising the same as the earlier proposal.

### 7. Subsidiary Companies :

The Reports and Accounts of the subsidiary Companies namely DCW Finance Limited for the

year ended 31st March, 1999 and DCW Power Corporation Limited for the year ended 30th September, 1998 are annexed.

### 8. Fixed Deposits :

The total amount of deposits outstanding with the Company as on March 31, 1999 was Rs. 1.17 crores. Deposits matured but not claimed as at the end of the financial year amounted to Rs. 9.61 lacs. Since then, deposits amounting to Rs. 3.23 lacs have been repaid.

### 9. Y2K Compliance

A detailed inventory has been prepared for all the Computer

Hardware, Software as well as Non IT Equipments for Y2K Compliance. The Company does not envisage any serious threat to its manufacturing activities from Y2K problems. The Company has a contingency plan in place in the event of systems breakdown/failure due to the year 2000 problem. The Company expects to be Y2K compliant by September 30, 1999.

### 10. Commercial Paper :

During the year the Company has not issued any Commercial Paper.

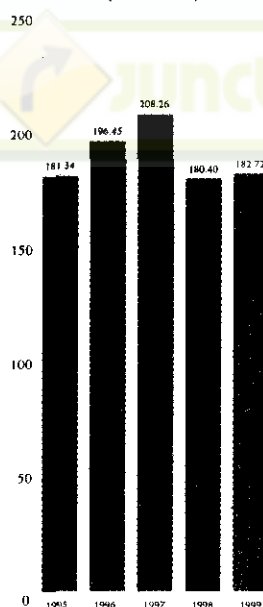
### 11. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo :

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is set out in the Annexure forming part of this Report.

### 12. Particulars of Employees :

Information in accordance with Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is set out

NET WORTH  
(Rs. in Crore)





in the Annexure forming part of this Report.

#### 13. Directors :

Dr. S.C. Jain, Shri S.K. Jain, and Shri F.H. Tapia, Directors, retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

The tenure of appointment of Shri S.K. Jain as Managing Director of the Company expires on 30th September, 1999. The Board of Directors have reappointed him as Managing Director for a further period of five years with effect from 1st October, 1999. The reappointment and payment of remuneration to Shri S.K. Jain is subject to the approval of members. Necessary Resolution in this respect has been incorporated in the Notice convening the Annual General Meeting.

#### 14. Auditors and Auditors' Report :

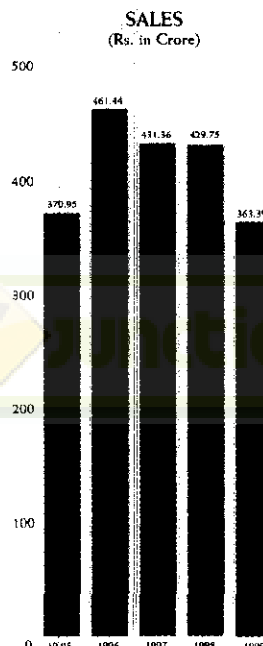
Messrs V. Sankar Aiyar & Co., Chartered Accountants - Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for reappointment. The notes to the accounts referred to in the

Auditors' Report are self explanatory and therefore do not call for any further explanation.

Messrs Rajeev Sushil Kumar & Co., Chartered Accountants, and Messrs Virmani, Roy & Kutty, Chartered Accountants were appointed Branch Auditors of the Company's Head Office at Bombay and Sales Depot at Delhi respectively for the Financial Year 1998-99. Resolutions for their reappointment for the Financial Year 1999-2000 have been incorporated in the Notice convening the Annual General Meeting.

#### 15. Cost Audit :

In accordance with the



directions received from the Department of Company Affairs, the Cost Audit of the Company's Soda Ash and Caustic Soda Divisions are being conducted for the Financial Year 1998-99 by Cost Auditors, Messrs N.D. Birla & Company and Messrs R. Nanabhoy & Company respectively. Their appointments were approved by the Department of Company Affairs. The Cost Audit of these Divisions are conducted every year and the Reports are submitted by the Cost Auditors to the Central Government.

#### 16. Insurance

All the properties of the Company are adequately insured.

#### 17. Prospects :

The Caustic and Soda Ash Industry continues to be threatened by over capacity and imports at predatory pricing. The MRTP commission has issued order restraining imports of Soda Ash from China below USD 150. Further Ministry of Commerce has also issued notification on 5th July, 1999 initiating anti-dumping investigation concerning import of Soda Ash from China. This may reduce competition from imports.

The Company has also appealed





to the regulatory authorities to investigate into price bids of International Companies against Global Tender for Caustic Soda requirements by a major Indian consumer.

With this background, the long term prospects seems to be reasonably good. The immediate future however appears difficult unless anti-dumping duty is levied.

With the signs of revival in the Indian Economy and exit of NOCIL from Polymer business, the PVC business is likely to

grow. However, the market is likely to remain competitive in the short-term but in the long-term the business appears promising.

#### 18. Industrial Relations :

Except for an illegal strike in Sahupuram unit in September/October, 1998 relations between the employees and the management were cordial and an atmosphere of understanding prevailed throughout the year. The Company has signed a long term wage agreement with

Unions at Sahupuram in October, 1998.

#### 19. Acknowledgement :

The Board places on record their grateful appreciation for the assistance and co-operation received from the Financial Institutions and the Banks.

On behalf of the  
Board of Directors

Dr. Shashi Chand Jain  
Chairman and Managing Director

Mumbai, July 30, 1999

Names & Address of the Stock Exchanges, where the Securities of the Company viz. Equity Shares, 16.5 percent Non-Convertible Debentures\* and 14 percent Non-Convertible Debentures\*\*, are listed. The Company has paid the listing fees to these Stock Exchanges upto and including for the financial year 1999-2000.

The Mumbai Stock Exchange	- Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.
National Stock Exchange of India Ltd.	- Mahindra Towers 'A' Wing, 1st Floor, RBC, Worli, Mumbai 400 018.
Madras Stock Exchange Ltd.	- Exchange Building, 11, Second Line Beach, Madras 600 001.
The Delhi Stock Exchange Association Ltd.	- West Plaza, I.C. Stadium, Indraprastha Estate, New Delhi 110 002.
Vadodara Stock Exchange Ltd.	- Fortune Towers, Sayajigunj, Vadodara 390 005.

\* 16.5 percent Debentures of Rs. 45 each have been redeemed on 10th May, 1999.

\*\* 14 percent Debentures of Rs. 100 each are due for redemption on 17th August, 1999.



## Annexure to the Directors' Report

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.

### A. CONSERVATION OF ENERGY

#### 1. Installation of supermizers

Supermizers are being used continuously in the plant to save power and so far 155 supermizers have been installed resulting in average saving to the tune of 3.2 lac units per month.

#### 2. The proposals of Confederation of Indian Industry (CII) for energy saving measures have been implemented. Inhouse cost improvement programme (CIP) was conducted in which 78 proposals were received out of which 19 were selected for implementation, 12 have been already implemented and 7 proposals are under implementation.

#### 3. The other energy saving measures like replacement of Aluminium fans in cooling towers to FRP fans and energy efficient lighting systems are being implemented in a phased manner.

### REQUISITE DATA IN RESPECT OF ENERGY CONSUMPTION

#### (A) Power and Fuel Consumption

Particulars	CAUSTIC SODA UNIT		PVC UNIT		SODA ASH UNIT		BROMINE UNIT	
	Current Year 1998-99	Previous Year 1997-98	Current Year 1998-99	Previous Year 1997-98	Current Year 1998-99	Previous Year 1997-98	Current Year 1998-99	Previous Year 1997-98
<b>1. ELECTRICITY</b>								
a) Purchased								
Unit (Lacs KWH)	4.92	31.75	0.84	7.67	12.79	13.75	2.33	2.12
Total Amount	38.89	201.95	3.69	42.87	66.09	65.42	10.03	9.16
(Rs. in Lacs)								
Rate/Unit (Rs.)	7.91	6.36	4.39	5.59	5.17	4.76	4.30	4.32
b) Own Generation								
i) Through Diesel								
Generator								
Unit (Lacs KWH)	1688.21	2028.42	149.56	158.61	---	---	13240	101092
Unit/Ltr. of								
LSHS/Diesel Oil	4.14	4.11	4.14	4.11	---	---	---	---
Cost/Unit (Rs.)	1.78	1.75	1.78	1.75	---	---	---	---
ii) Through Steam								
Turbine Generator								
Unit (Lacs KWH)	---	---	---	---	219.06	206.32	---	---
Unit/Ltr. of Fuel	---	---	---	---	---	---	---	---
Oil/Gas	---	---	---	---	---	---	---	---
Cost/Unit (Rs.)	---	---	---	---	---	---	---	---
<b>2. COAL</b>								
Quantity (MT)	---	---	---	---	308.00	216.00	---	---
Total Cost (Rs. in Lacs)	---	---	---	---	6.89	4.89	---	---
Average Rate (Rs.)	---	---	---	---	2237.00	2266.00	---	---
<b>3. FURNACE OIL/LSHS/LSFO</b>								
Quantity (KL)	49415.84	60609.65	1665.00	1238.00	---	---	---	---
Total Amount	2872.15	3886.88	92.08	76.39	---	---	---	---
(Rs. in Lacs)								
Average Rate (Rs.)	5812.20	6477.09	5530.49	6170.19	---	---	---	---
<b>4. OTHERS</b>								
i) Hydrogen								
Quantity (MT)	279.40	534.20	---	---	---	---	---	---
Total Amount	---	---	---	---	---	---	---	---
(Rs. in Lacs)	48.70	97.52	---	---	---	---	---	---
Rate/Unit (Rs.)	17429.62	18254.94	---	---	---	---	---	---
ii) Lignite								
Quantity (MT)	---	---	---	---	103303.00	95781.00	562.00	1078.00
Total Amount	---	---	---	---	1043.62	959.38	5.94	10.21
(Rs. in Lacs)	---	---	---	---	---	---	---	---
Rate/Unit (Rs.)	---	---	---	---	1010.00	1002.00	1057.00	947.00
iii) LSHS								
Quantity (MT)	---	---	---	---	---	---	---	---
Total Amount	---	---	---	---	---	---	---	---
(Rs. in Lacs)	---	---	---	---	---	---	---	---
Rate/Unit (Rs.)	---	---	---	---	---	---	---	---
iv) HSD								
Quantity (MT)	138.55	20.00	3.39	2.56	---	---	7871.00	40598.00
Total Amount	---	---	---	---	---	---	---	---
(Rs. in Lacs)	15.78	1.99	0.39	0.30	---	---	0.87	3.69
Rate/Unit (Rs.)	11389.70	9959.86	11389.70	11755.95	---	---	11.05	9.09





Particulars	CAUSTIC SODA UNIT		PVC UNIT		SODA ASH UNIT		BROMINE UNIT	
	Current Year 1998-99	Previous Year 1997-98	Current Year 1998-99	Previous Year 1997-98	Current Year 1998-99	Previous Year 1997-98	Current Year 1998-99	Previous Year 1997-98
(B) Consumption per Unit of Production								
Electricity (KWH)	3088.00	3142.00	340.00	300.00	242.00	237.00	1395.00	1140.00
Fuel Oil (MT)	0.088	0.076	0.035	0.021	—	—	—	—
Coal (MT)	—	—	—	—	0.0035	0.0030	—	—
Others								
- Hydrogen (Kgs)	12.62	16.31	—	—	—	—	—	—
- LSHS (MT)	—	—	—	—	—	—	—	—
- Lignite (MT)	—	—	—	—	1.031	1.007	3.18	3.92
- HSD (Litre)	0.0009	0.0001	—	—	—	—	45.00	148.00

## B. TECHNOLOGY ABSORPTION

### Research and Development :

#### 1. BENEFICIATED ILMENITE AREA :

Based on our experience with the 60 TPA Pilot Plant of Yellow Iron Oxide, capacity of the plant was expanded to semi commercial scale of 450 TPA and the plant was successfully commissioned during March 1999. The quality of the product is satisfactory and the process parameters are also being kept up to the standard. The plant is being continuously operated to achieve the rated capacity.

#### 2. MODERNISATION OF ROASTERS IN BENEFICIATED ILMENITE PLANT :

The installation of 2 Nos. Roasters of 3 Tons per hour capacity is in an advanced stage and the Roasters are expected to be commissioned by end of August, 1999.

#### 3. EXPENDITURE ON RESEARCH & DEVELOPMENT :

##### (i) Capital

Rs. NIL

##### (ii) Recurring

Rs. 3.05 lakhs

Rs. 3.05 lakhs

(iii) Total Research & Development Expenditure as a percentage of total turnover (Net of Excise) : 0.01 percent.

### Technology Absorption, Adaptation and Innovation :

Continuous efforts are made towards technology absorption, adaptation and innovation. The emphasis is on improving the quality of the finished product and reducing energy consumption.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars regarding foreign exchange earnings and outgo appear in Schedule 6 forming part of the Profit and Loss Account.



## Annexure to the Directors' Report

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies  
(Particulars of Employees) Rules, 1975 and forming part of the Directors' Report.

Sr No	Name	Designation/ Nature of Duties	Remune- ration  (Rupees)	Qualifications	Experience  (Years)	Date of commence- ment of Employment	Age  (Years)	Last employment held, Name of the Company, Designation and Period of Service
<b>Employed for whole of the year</b>								
1	Shri Amitabh Gupta	Sr. Vice President (Marketing)	750,631	M.Sc.	28	15.07.1971	48	—
2	Shri Bakul Jain	Executive Director	1,333,500	B.Com., MBA	15	01.09.1984	43	—
3	Shri Pramod Kumar Jain	Managing Director	1,333,500	B.A. (Hon.) Economics	40	01.04.1969	60	Sahu Brothers (Saurashtra) Pvt. Ltd. Director - 11 years
4	Dr. Shashi Chand Jain	Chairman & Managing Director	1,333,500	Ph.D. (Economics)	43	01.04.1969	66	Sahu Brothers (Saurashtra) Pvt. Ltd. Director - 11 years
5	Shri Sharad Kumar Jain	Vice Chairman & Managing Director	1,333,500	B.A. (Hons.) Economics	41	01.04.1969	64	Sahu Brothers (Saurashtra) Pvt. Ltd. Director - 11 years
6	Shri T.M. Bhandari	Sr. Vice President (Finance)	738,903	B.Com., ACA	40	11.01.1982	63	Bombay Wire Ropes Ltd. Chief Accountant - 11 years
7	Shri T.S. Ravikumar	Sr. Vice President (Corporate) & Secretary	812,765	B.Com., FCA, ACS, PGDPM	19	01.07.1987	42	Indian Oil Corporation Ltd. Assistant Manager (Finance) - 4 years
<b>Employed for part of the year</b>								
1	Shri A. Bascal Fernando	IVth Grade Pump Operator	115,497	VIIIth Std.	39	01.04.1959	58	—
2	Shri C. Rajendran	Dy. General Manager (Ilmenite)	415,253	B.E. (Chemical)	32	01.12.1966	58	Travancore Chemicals, Cochin. Shift Chemist - 1 1/2 years
3	Shri D. Ganapathy	Vice President (Human Resources)	932,015	M.A., LL.B., PGDPM	42	07.12.1987	60	Colgate Palmolive (I) Ltd. Personnel Officer - 31 years
4	Shri D. Samuel	Foreman	127,191	VIIIth Std., ITI	39	10.02.1959	58	—
5	Shri G. Sivakumar	General Manager (Finance)	217,622	B.Com., A.C.A.	16	03.06.1991	40	M/s. Carburators Ltd., Chennai Senior Accounts Officer - 7 year
6	Shri G.V. Srinivasan	Dy. General Manager (Electrical)	512,053	B.E. (Electrical)	32	01.07.1966	58	Madras State Elect. Board as Junior Engineer - 3 years
7	Shri K. Chandra Sekaran	Dy. General Manager (Accounts)	154,128	B.Sc., ACA	8	17.05.1990	36	Bahrain as Chief Accountant - 1 year
8	Shri K.S. Mani	Sr. Ex. Sales Administration	275,597	S.S.L.C.	36	09.10.1962	58	—
9	Shri M. Kanthimati	VIIth Grade Tractor Driver	122,328	VIIIth Std.	39	06.03.1959	58	—
10	Shri N. Sudalai	VI Grade Fitter	93,442	S.S.L.C., I.T.I.	31	01.03.1967	58	—
11	Shri Nitish Jain	President	766,488	B.Com., MBA	13	01.06.1986	38	—
12	Shri P. Kani	V Grade Operator	115,012	Vth Form	36	01.09.1962	58	—
13	Shri P. Rajamanickam	VIIth Grade DP Operator	105,039	Vth Std.	33	01.04.1965	58	—
14	Shri R.D. Nailwal	Supervisor	204,468	S.S.C.	32	03.10.1966	58	—
15	Dr. S. Chandrasekaran	Dy. General Manager (R & D)	169,037	M.Tech (Tribology) Doctor of Philosophy	6	14.09.1992	43	M/s. Spectrum Paints (P) Ltd. as Tech Manager - 4 years