

**AMG**  
ARVIND MAFATLAL GROUP



**NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED**

39th Annual Report  
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# NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED

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## Change in Registrars & Share Transfer Agents Sharepro Services

Office	Investor Relation Centre
Satam Estate	912, Raheja Centre,
Above Bank of Baroda	Free Press Journal Road
Cardinal Gracious Road,	Nariman Point
Chakala, Andheri (East)	Mumbai – 400 021
Mumbai – 400 099.	
Email address: sharepro@vsnl.com	

## 39<sup>TH</sup> ANNUAL GENERAL MEETING

Date : 27<sup>th</sup> December, 2000  
 Day : Wednesday  
 Time : 4.00 p.m.  
 Place : Patkar Hall  
 SNTD Women's University  
 1, Nathibai Damodar  
 Thackersey Road  
 Mumbai – 400 020.

## FOR MEMBERS' ATTENTION

1. The Register of Members and the share transfer books of the Company will remain closed from Friday 15<sup>th</sup> December, 2000 to Tuesday 26<sup>th</sup> December, 2000 (both days inclusive).
2. The shares of the Company have been brought under compulsory dematerialisation. All the shareholders are requested to convert their share holdings from physical form to Demat form.
3. The members are requested to quote Folio Number in all correspondence and also to notify immediately, change of address, if any to the Registrars and Share Transfer Agents, M/s. Sharepro Services, Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai – 400 099.
4. The unclaimed dividends of the Company upto the final dividend paid for the financial year 1994-95 have been transferred to the General Revenue Account of the Central Government pursuant to sub-section (5) of Section 205A of the Companies Act, 1956. Those members who have so far not claimed or collected their dividend for the said financial years, may claim their dividend from the Registrar of Companies, Maharashtra, Mumbai by submitting an application in the prescribed form.
5. Members who have not received the dividend for the subsequent years are requested to immediately forward their claim to the Company to facilitate the payment.
6. Members are requested to bring their copy of the Annual Report along with them to the Annual General Meeting as the practice of distributing copies of the Report at the Meeting has been discontinued, and also to bring with them the Attendance Slip which may be submitted at the entrance duly signed.



# NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED

## DIRECTORS

**Arvind N. Mafatlal** Chairman

**Hrishikesh A. Mafatlal** Deputy Chairman

**N.A. Palkhivala**

**A.C. Shah**

**V.G. Rajadhyaksha**

**R. Kannan** (ICICI Nominee)

**M.K. Tandon** (GIC Nominee)  
(upto 27<sup>th</sup> April, 2000)

**S.K. Mahapatra** (GIC Nominee)  
(from 28<sup>th</sup> April, 2000)

**N.M. Dhuldhoya** Vice Chairman &  
Managing Director

**V.R. Gupte** Executive Director – Finance

**V.K. Rajpal** Executive Director – Marketing  
(upto 31<sup>st</sup> July, 2000)

**SECRETARY**  
**U.M. Karnik**

## REGISTERED OFFICE

Mafatlal Chambers, "B",  
N.M. Joshi Marg, Lower Parel (East)  
Mumbai – 400 013.

## AUDITORS

C.C. Chokshi & Co.  
Chartered Accountants

## SOLICITORS & ADVOCATES

Crawford Bayley & Co.  
Gagrat & Co.  
Manilal Kher Ambatal & Co.

## REGISTRARS & SHARE TRANSFER AGENTS

Sharepro Services  
Satam Estate, Chakala, Andheri (East)  
Mumbai – 400 099.



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**MANAGEMENT TEAM**

**Arvind N. Mafatlal**  
Chairman

**Hrishikesh A. Mafatlal**  
Deputy Chairman

**N.M. Dhuldhoya**  
Vice Chairman & Managing Director

**V.R. Gupte**  
Executive Director – Finance

**V.K. Rajpal**  
Director – Marketing

**C.R. Gupte**  
Senior Vice-President  
Rubber Chemicals Division

**A.B. Modgil**  
Senior Vice-President  
Works and Human Resources Division

**A.R. Parasuraman**  
Senior Vice-President  
Plastics Products Division

**P.D. Saurkar**  
Senior Vice-President  
Nocil Modernisation Project

**BANKERS**

State Bank of India  
ABN-Amro Bank  
Bank of Baroda  
Bank of India  
Barclays Bank p.l.c.  
Canara Bank  
Central Bank of India  
Corporation Bank  
HDFC Bank Limited  
State Bank of Indore  
Union Bank of India  
Standard Chartered Bank

**PETROCHEMICALS PLANT**

5, Trans - Thane Creek Industrial Area  
Thane Belapur Road  
Navi Mumbai – 400 701  
Maharashtra

**RUBBER CHEMICALS PLANT**

C-37, Trans-Thane Creek Industrial Area  
Off Thane Belapur Road  
Navi Mumbai – 400 705.  
Maharashtra

**PLASTIC PRODUCTS PLANT**

C-1, MIDC Industrial Area  
Post: Shivani – 444 104  
Dist. Akola  
Maharashtra



## NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED

## Summarized Financial Data

Rs.Crores

	1989-90	1990-91	1991-92	1992-93	++1993-94	++1994-95	++1995-96	++1996-97	++1997-98	++1998-99	++1999-2000
<b>Profit and Loss Account</b>											
Sales & Other Income **	475.7	522.1	626.0	696.8	981.0	1163.5	1276.4	1229.8	1169.4	1093.0	1055.9
Materials	164.1	173.3	217.6	267.8	414.8	452.6	440.2	470.8	453.0	455.3	504.9
Trading Products	61.4	88.8	90.5	93.8	77.0	85.2	91.6	68.6	51.9	19.3	23.9
Other Expenses	79.7	91.7	113.0	122.1	187.9	208.6	226.4	241.7	259.2	249.3	246.2
Salaries & Other benefits	23.8	25.8	35.3	39.9	64.9	81.2	89.1	89.6	93.9	90.3	70.7
Excise Duty	51.1	51.7	67.0	80.0	127.6	161.5	195.0	190.0	178.1	169.3	154.5
Depreciation	13.3	14.1	14.2	12.5	12.6	14.7	13.7	15.8	17.9	19.0	18.9
Interest	14.1	16.4	21.9	25.5	47.0	49.9	72.7	74.9	73.2	76.9	35.4
Profit before depreciation & tax	81.6	74.4	80.7	67.7	61.8	124.5	161.3	94.2	60.1	32.6	20.3
Profit before tax	68.2	60.3	66.5	55.2	49.2	109.8	147.6	78.4	42.2	13.6	1.4
Taxation	26.0	24.5	34.4	22.6	3.9	35.0	56.4	18.6	4.6	2.5	0.4
Profit after tax	42.2	35.8	32.1	32.6	45.3	74.8	91.2	59.8	37.6	11.1	1.0
<b>Balance Sheet</b>											
Gross Block	222.1	250.2	266.4	284.8	462.8	579.8	615.6	677.2	726.0	735.3	750.6
Net Block	90.2	104.4	107.2	113.7	280.8	382.5	438.2	486.9	520.9	513.1	527.0
Investments	29.5	50.2	56.6	47.4	80.7	149.9	135.0	134.0	133.1	133.0	131.0
Current Assets	215.5	274.0	298.4	345.8	452.1	566.0	603.7	581.0	584.7	536.6	459.7
Share Capital	36.0	36.0	36.0	36.0	61.3	61.3	122.6	122.6	122.6	122.6	122.6
Reserves	109.9	131.2	149.0	167.1	256.3	303.5	302.7	330.1	354.2	391.6	403.3
Net Worth	145.9	167.2	185.0	203.1	317.6	364.8	425.3	452.7	476.8	514.2	525.9
Borrowings	95.8	141.0	143.3	169.9	323.0	495.4	448.5	456.0	511.4	482.1	453.2
Current Liabilities	93.6	120.4	133.9	135.5	174.1	238.9	305.1	300.7	283.1	237.1	183.5
Capital Employed	241.7	308.2	328.3	373.0	640.7	860.2	873.8	908.7	988.3	996.3	979.1
<b>Select Data</b>											
Profit before tax to sales (%)	15.3	12.1	11.0	8.6	5.2	10.0	12.2	6.7	3.8	1.3	0.1
Profit before interest and tax to average capital employed (%)	36.4	27.9	27.8	23.0	19.0	21.3	25.4	17.2	12.2	9.1	3.7
Profit after tax to average equity (%)	32.0	22.8	18.3	16.8	17.4	21.9	23.1	13.6	8.1	2.2	0.2
Book value per share (Rs)#	405.3	464.5	513.8	564.3	*518.1	59.5	*34.7	36.9	38.9	41.9	42.9
Earnings per share (Rs)#	117.3	99.3	89.3	90.6	*74.0	12.2	*7.4	4.9	3.1	0.9	0.1
Dividend per share (Rs)#	40.0	40.0	40.0	40.0	*40.0	4.5	*2.5	2.5	1	---	---
Total Dividend (Rs Crores)	14.4	14.4	14.4	14.4	24.5	27.6	30.7	^32.5	^13.5	---	---
Number of shareholders	32041	32581	36123	41157	62704	73208	105961	111546	110904	108561	113657
Staff Strength	2221	2249	2265	2257	3902	3841	3364	3278	2824	2421	2237

++Figures for amalgamated Company

\*Bonus issue

\*\*Includes stock change of finished products and stock-in-process

# Figures for 1994-95 on sub divided face value of Rs 10/- per share

^ Inclusive of tax



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## NOTICE

The THIRTY-NINTH Annual General Meeting of members of National Organic Chemical Industries Limited will be held at 4.00 p.m. on Wednesday 27<sup>th</sup> December, 2000 at the Patkar Hall, SNDT Women's University, 1, Nathibai Damodar Thackersey Road, Mumbai 400 020 to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Profit and Loss Account of the Company for the year ended 31<sup>st</sup> March, 2000 and the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. A. C. Shah, who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. V. R. Gupte, who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.

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

"RESOLVED THAT pursuant to Sections 224, 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. C.C. Chokshi & Co., Chartered Accountants, Mumbai, be and are hereby appointed Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting and that their remuneration be and is hereby fixed at Rs.11,00,000 apart from out-of-pocket expenses incurred by them for the purpose of audit."

**SPECIAL BUSINESS :**

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

"RESOLVED THAT pursuant to section 163 and other applicable provisions, if any, of the Companies Act, 1956, the Register of Members, the Index of Members, Register and Index of Debentureholders in respect of shares and debentures as may be issued by the Company from time to time, and copies of all Annual Returns, prepared under sections 159 and 160, together with the copies of certificates and documents required to be annexed thereto under sections 160 and 161, shall be kept at the office of the Registrars and Share Transfer Agents of the Company viz. Sharepro Services at Satam Estate, Chakala, Andheri (East), Mumbai - 400 099 with effect from 1<sup>st</sup> January, 2001."

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

"RESOLVED THAT

- A. pursuant to sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the re-appointment and the terms of remuneration of Dr. N. M. Dhuldhoya as the Vice-Chairman and Managing Director of the Company be and are hereby approved for a period of one year from 24<sup>th</sup> November, 2000 as set out in the draft letter of appointment submitted to the meeting and for identification initialled by the Chairman of the Company and which terms are hereby approved with liberty to the Board of Directors to alter and vary the same in such manner as may be agreed to between the Board of Directors and Dr. Dhuldhoya.
- B. where in any financial year closing on or after 1<sup>st</sup> April, 2000, the Company has no profits or its profits are inadequate, the Company may pay to Dr. N.M. Dhuldhoya the above remuneration by way of salary, perquisites and other allowances as minimum remuneration, subject to the approval of the Central Government being obtained in terms of section 198 (4) of the Companies Act, 1956, if required.
- C. the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution."

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

"RESOLVED THAT, subject to the approval of the Central Government being obtained in terms of section 198 (4) of the Companies Act, 1956, approval be and is hereby given for payment of remuneration of Rs.29,63,612 during the financial year 1<sup>st</sup> April 1999 to 31<sup>st</sup> March, 2000 to Dr. N. M. Dhuldhoya, Vice Chairman & Managing Director of the Company as minimum remuneration in the event of absence or inadequacy of profits during the said financial year".

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

"RESOLVED THAT, subject to the approval of the Central Government being obtained in terms of section 198 (4) of the Companies Act, 1956, approval be and is hereby given for payment of remuneration of Rs.14,05,646 during the financial year 1<sup>st</sup> April 1999 to 31<sup>st</sup> March, 2000 to Mr. V. R. Gupte, Executive Director - Finance of the Company as minimum remuneration in the event of absence or inadequacy of profits during the said financial year".



## NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED

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

"RESOLVED THAT, subject to the approval of the Central Government being obtained in terms of section 198 (4) of the Companies Act, 1956, approval be and is hereby given for payment of remuneration of Rs. 11,33,030 during the financial year 1<sup>st</sup> April 1999 to 31<sup>st</sup> March, 2000 to Mr. V. K. Rajpal, Executive Director – Marketing of the Company as minimum remuneration in the event of absence or inadequacy of profits during the said financial year".

By Order of the Board  
For NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED

Registered Office :  
Mafatlal Chambers, 'B'  
N.M. Joshi Marg  
Lower Parel (East)  
Mumbai - 400 013.

**U.M. Karnik**  
Secretary

Dated : 20<sup>th</sup> November, 2000.

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 15<sup>th</sup> December, 2000 to 26<sup>th</sup> December, 2000 (both days inclusive).
4. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the office of the Company at Noorson House, 257, S.V. Road, Bandra (W), Mumbai 400 050.

## ANNEXURE TO THE NOTICE

[Explanatory Statement (as required under section 173 of the Companies Act, 1956)]

The following Explanatory Statement sets out all material facts relating to items 4 to 9 mentioned in the accompanying Notice dated 20<sup>th</sup> November, 2000.

### Item No. 4

The combined shareholding of public financial institutions, nationalised banks, and insurance companies in the Company exceeds twenty-five percent of the paid up equity share capital of the Company. It is, therefore, necessary to pass the resolution for appointment of Auditors of the Company as a Special Resolution in accordance with the provisions of section 224A of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the said resolution.

### Item No. 5

The Register of Members, the Index of Members, Register and Index of Debentures in respect of shares and debentures and copies of all Annual Returns, prepared under sections 159 and 160, together with the copies of certificates and documents required to be annexed thereto under sections 160 and 161, are kept at the office of the Registrars & Share Transfer Agents of the Company viz. MCS Software Solutions (India) Limited (erstwhile MCS Consultancy Services (India) Limited), BITS House, Jukaso Silk Mills Compound, Andheri Kurla Road, Saki Naka, Andheri (East) Mumbai - 400 072. The Company has appointed M/s. Sharepro Services having its office at Satam Estate, Chakala, Andheri (East), Mumbai - 400 099 as its Registrars and Share Transfer Agents. Consequently, the statutory records of the Company relating to its shareholders/debentureholders will be shifted to the premises of M/s. Sharepro Services at Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Chakala, Andheri (East), Mumbai - 400 099.

According to the provisions of section 163 of the Companies Act, 1956, a special resolution is required to be passed for keeping these statutory books at a place other than the Registered Office of the Company. A copy of the proposed resolution has been forwarded in advance to the Registrar of Companies, Maharashtra as required under the Act.

None of the Directors of the Company is concerned or interested in the said resolution.

### Item No. 6

The term of appointment of Dr. N.M. Dhuldhoya, as Vice Chairman and Managing Director of the Company is expiring on 23<sup>rd</sup> November, 2000. The Board of Directors at its meeting held on 25<sup>th</sup> October, 2000 has re-appointed Dr. Dhuldhoya as Vice Chairman and Managing Director for a further period of one year with effect from 24<sup>th</sup> November, 2000. Dr. Dhuldhoya will be in charge of the management and affairs of the Company under the supervision of the Deputy Chairman and the Chairman and subject to the superintendence and control of the Board of Directors of the Company.



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The terms of remuneration of Dr. N. M. Dhuldhoya as the Vice-Chairman and Managing Director will be as under :

- I. (a) Salary of Rs.1,10,000 per month including Dearness Allowance.  
 (b) Perquisites and allowances the aggregate monetary value of which shall not exceed Rs.9 lakhs per annum or as may be decided by the Board from time to time. These perquisites and other allowances will be in addition to those mentioned in item III below.  
 (c) Subject to the approval of the Central Government being obtained under section 198(4) of the Companies Act, 1956 the salary and perquisites referred to in items (a) and (b) shall be the minimum remuneration in the event of absence or inadequacy of profits.  
 (d) The Company will buy an annuity of Rs.10 lakhs for the benefit of Dr. Dhuldhoya at the end of his tenure.
- II. Commission computed in the manner laid down in section 309(5) of the Companies Act, 1956 subject to a maximum as may be fixed by the Board from time to time on the basis of the performance of the Company.
- III. Apart from his abovementioned remuneration he shall be entitled to :  
 (a) Furnished residential accommodation. In case no accommodation is provided by the Company he will be entitled to a suitable house rent allowance.  
 (b) Medical expenses actually and properly incurred for him and his family.  
 (c) Club membership fees subject to a maximum of two clubs.  
 (d) Personal accident insurance policy  
 (e) Provision for use of car and telephone for both official and personal use.  
 (f) Group Insurance Policy as per rules of the Company.

Dr. Dhuldhoya shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

Dr. N.M. Dhuldhoya has been associated with the petrochemicals industry for more than 30 years. The Board is of the opinion that the reappointment of Dr. Dhuldhoya as the Vice-Chairman and Managing Director would be in the interest of the Company at this critical juncture when the Company has undertaken the process of restructuring and demerger of its various divisions. The draft of the letter of appointment referred in the resolution is open for inspection by the members of the Company at the office of the Company at Noorsons House, 257, S. V. Road, Bandra (W) Mumbai 400 050 between 10 hours and 12.30 hours on any working day.

None of the Directors except Dr. N.M. Dhuldhoya is concerned or interested in the said Resolution.

This explanation, together with the accompanying Notice, is and should be treated as an abstract under section 302 of the Companies Act, 1956

### Item Nos. 7, 8 and 9

The Company in the Annual General Meeting held on 28<sup>th</sup> December 1999 had approved the reappointment and the terms of remuneration of Dr. N. M. Dhuldhoya as the Vice Chairman & Managing Director of the Company and Mr. V. R. Gupte as Executive Director – Finance of the Company. Similarly, in the Annual General Meeting held on 7<sup>th</sup> August, 1995 the members had approved the appointment and the terms of remuneration of Mr. V. K. Rajpal as Executive Director – Marketing. It was provided under the said terms of appointment/reappointment of all the three whole time Directors that the remuneration approved by the members in the General Meetings as aforesaid will also be treated as minimum remuneration in the absence or inadequacy of profits during any financial year.

The Company has showed substantial profits in all the years since commencement of production. There was substantial increase in the prices of most of the inputs used by the Company for manufacture of its end products. This severely affected the margins of the Company and the Company was not able to show sufficient profits during the financial year 1999-2000.

According to the provisions of section 198(4) of the Companies Act, 1956 the Company is required to obtain the approval of the Central Government in case the remuneration paid to the whole time Directors in the year in which the Company has inadequate profits is in excess of the limits prescribed under Section II of Part II of Schedule XIII of the said Act. After the Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2000 were finalised, it was observed that the actual remuneration paid to the three whole time Directors is in excess of the limits prescribed under the aforesaid provision of Schedule XIII to the Act. It is proposed to submit separate applications to the Central Government for approval of the exact remuneration paid to the three whole time Directors as minimum remuneration in view of inadequacy of profits during the year 1999-2000 as required under section 198(4) of the Companies Act, 1956. The approval of the members is sought for treating the said actual remuneration as minimum remuneration under the provisions of the Companies Act, 1956.

None of the Directors except Dr. N.M. Dhuldhoya and Mr. V. R. Gupte are concerned or interested in the proposed resolution relating to their remuneration.

By Order of the Board  
For NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED

Registered Office :  
Mafatlal Chambers, 'B'  
N.M. Joshi Marg  
Lower Parel (East)  
Mumbai - 400 013.  
Dated : 20<sup>th</sup> November, 2000.

U.M. Karnik  
Secretary



# NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED

## Directors' Report

TO THE MEMBERS  
NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED

Your Directors present their Report together with the Audited Accounts of the Company for the year ended 31st March, 2000.

### FINANCIAL RESULTS

(Rupees in Lakh)

	Year Ended 31.3.2000	Year Ended 31.3.1999
Profit before Depreciation	2032	3265
Provision for Depreciation	1893	1901
Profit before tax	139	1364
Provision for tax	40	250
Net Profit	99	1114
Balance of Profit from previous year	13896	20162
Excess provision for taxes of earlier years	1073	2620
	15068	23896
Transfer to Reserve for Contingency	5000	10000
	10068	13896

The year under review was a very difficult year for the Company due to volatility of prices in most of its products and very high cost of Naphtha which is the main raw material for Petrochemicals Division. The cost of Naphtha increased by about 80% during the year while the Company could not increase the prices of its products in the same ratio due to softening of prices in the international as well as domestic markets. This severely affected the margins of the Company.

### DIVIDEND

In view of insufficient profits, the Directors have not recommended payment of any dividend.

### TRANSFER OF UNPAID DIVIDEND TO GENERAL REVENUE ACCOUNT OF CENTRAL GOVERNMENT

As per the provisions of Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 all unpaid dividends including and upto final dividend for the year 1994-95 have been transferred to the General Revenue Account of the Central Government. Members of the Company whose final dividend for the year 1994-95 and dividend for the earlier years remain unclaimed are individually requested to approach the Registrar of Companies, Maharashtra for claiming the same.

### PERFORMANCE OF THE COMPANY

The turnover of the Company for the year was Rs.996 crores as compared to Rs.1,026 crores in the year 1998-1999. The decline in turnover was mainly due to stoppage of manufacturing operations of PVC and PVC Compounding products. The year was marked by steep increase in the prices of most of the inputs required by the Company for its manufacturing operations. At the same time, the competition in Industrial Chemicals and Polymer businesses of the Company was very severe due to some new Petrochemical Plants being commissioned within the country. The prices of some of the Polymers and Petrochemicals in the international market showed a downward trend which also had an impact on the prices of these products of the Company.

The sale of Industrial Chemicals decreased by about 11% due to lower sales of major products like Monoethylene Glycol, Normal Butanol and 2-Ethyl Hexanol. The polymer prices also were constantly under pressure and had to be revised often and at times more than once a month. In spite of these adverse conditions, the Company was able to achieve record sales in EVA, Butadiene and Isopropyl Alcohol.

The turnover of Rubber Chemicals was higher by 10% than the previous year. The raw material usages, yield and utility consumption have shown further improvement during the year. The Company undertook quality improvement measures in the manufacture of various products in the Rubber Chemicals Division. Even though the prices of most of the Rubber Chemicals remained depressed during the year while the prices of raw materials increased sharply on account of galloping crude oil prices, the Division was able to show a higher turnover due to aggressive marketing in the various segments and by maintaining a good balance between the domestic and export businesses.



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The Plastic Products business of the Company showed an increase of about 10% as compared to last year. The pipe business also registered a growth of 15% over the previous year. The Plastic Products Division adopted various measures to improve its operations so as to effect cost reduction and thereby making its products more competitive in the market.

### EXPORTS

The Company achieved a turnover of Rs.53 crores of rubber chemicals during the year. The said Division has withstood competition in its exports by creating sales opportunities in the international market. The Company is now well known in the international market as a reliable and competitive source of Rubber Chemical products.

### Y2K COMPLIANCE

The Company has been able to achieve a smooth transition into the new millenium. All the Process Control Systems which were likely to be adversely affected were kept under close observation. Several action plans and contingency plans were drawn up for taking remedial action in the event of any problem due to non-compliance. The Company maintained a continuous and elaborate follow-up with suppliers of critical materials and services and obtained Y2K certificates from most of the major vendors such as IBM, Yokogawa Instrumentation Limited, Tata Honeywell Limited, Datapro Electronics Limited etc. The Company was able to complete all the tasks in relation to the Y2K compliance by 31<sup>st</sup> October, 1999. The Company spent an amount of Rs.130 lakhs for achieving the Y2K compliance.

### FIXED DEPOSIT

Out of the Fixed Deposits aggregating to Rs.57.12 crores as at 31<sup>st</sup> March, 2000, outstanding deposits amounting to Rs.0.89 crores have not been claimed by the depositors on that date.

### DONATIONS AND CONTRIBUTIONS

During the year under review, the Company has contributed Rs.60 lakhs by way of donations to various institutions and charitable organisations.

### INSURANCE

The Company has taken appropriate steps to insure all the properties and insurable interest of the Company as required under the various legislative enactments.

### STATUS OF THE MODERNISATION PROJECT

The implementation of the modernisation and substantial expansion of its Petrochemicals Complex at Thane is progressing smoothly. The Company has obtained Environmental Clearance from the local authorities and is awaiting final clearance from the Central Government. The Company has already received a Letter of Intent for manufacture of most of its products at the Thane site.

The Company has received overwhelming support from its shareholders and creditors for its demerger into three separate Companies. The petition filed by the Company in the Bombay High Court is likely to be disposed off very soon after which the Company will initiate necessary steps for commencing the operations of these three divisions as separate entities.

### HEALTH SAFETY AND ENVIRONMENT

The Company's efforts on the protection and improvement of health and welfare of the employees and the environment were continued during the year. In spite of reduced number of personnel, the safety performance of the company was well maintained.

The Petrochemicals Division underwent a major shutdown in October 1999 without any injuries. The Company continued its thrust towards achieving improvement in its safety records.

### TOTAL QUALITY MANAGEMENT

During the year 1999-2000 two surveillance audits of ISO 9002 were successfully conducted. The Company aims to achieve high standards of quality by its total commitment towards Quality of goods as well as in services rendered to its customers. Rubber Chemicals Division as well as the Petrochemicals Division undertook steps to prepare and get the divisions certified for ISO 14000. Both these divisions aim to be certified in the next year.

### SUBSIDIARY COMPANIES

The Audited Profit and Loss Account of the subsidiary companies for the year ended 31<sup>st</sup> March 2000 and the Balance Sheet as at that date are forming a part of the Annual Report.