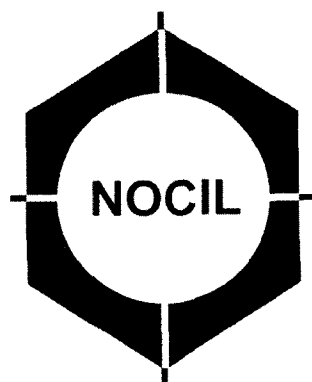
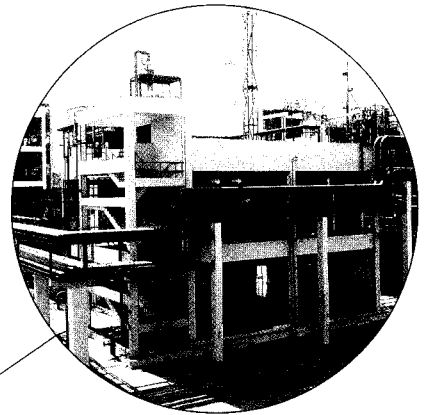
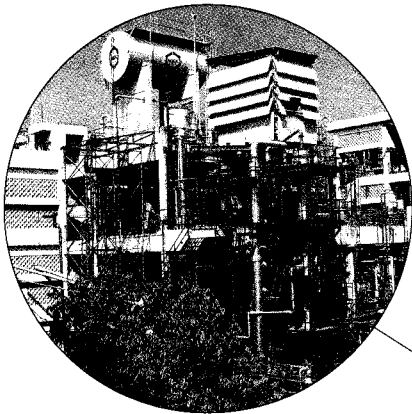
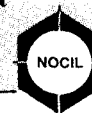


44th Annual Report
2005-2006



NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED





Arvind N. Mafatlal

Chairman – Emeritus

DIRECTORS

Hrishikesh A. Mafatlal

Chairman

Rohit Arora

T.D. Chaudhuri

(upto 2nd Feb. 2006)
(IIBI Nominee)

Berjis Desai

V. R. Gupte

Maj. Gen. (retd) S.C.N. Jatar

(upto 5th Oct.2005)
(ICICI Bank Nominee)

S. K. Mahapatra

(GIC Nominee)

Vishad P. Mafatlal

N. Sankar

C.R. Gupte

Managing Director
(from 1st August, 2005)**REGISTERED OFFICE :**Mafatlal House,
H.T. Parekh Marg,
Backbay Reclamation,
Churchgate,
Mumbai 400 020.**BANKERS**HDFC BANK LIMITED
UTI BANK LIMITED**PLANT:**C-37, Trans Thane Creek
Industrial Area,
Off. Thane Belapur Road,
Navi Mumbai 400 701.
Maharashtra**SECRETARY**

U.M. Karnik

MANAGEMENT TEAM

Hrishikesh A. Mafatlal

Chairman

C.R. Gupte

Managing Director

S.R. Deo

Vice President – Technical

R.M. Gadgil

Vice President - Marketing

S.R. Iyer

Vice President – Manufacturing

U.M. Karnik

Vice President – Legal
& Company Secretary.

S.D. Ghate

General Manager – Personnel
& Administration.

C.S. Inamdar

General Manager – Marketing and
Technical Services.

A. Sivaraman

General Manager – Purchase

P. Srinivasan

General Manager - Finance

AUDITORSC.C. Chokshi & Co.
Chartered Accountants.**SOLICITORS & ADVOCATES**PDS Legal.
Vigil Juris.



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1. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 14th July 2006 to Monday, the 31st July 2006 to ascertain the names of the members who will be entitled to receive the dividend as may be approved by the members at the Annual General Meeting.
2. The Shares of the Company have been brought under compulsory dematerialisation. All the shareholders are requested to convert their shareholdings from physical form to demat form.
3. The members are requested to quote their Folio Number or Client Id/ DP ID in all correspondence and also to notify immediately, change of address, if any to the Registrar and Share Transfer Agents, Sharepro Services (India) Pvt. Ltd., Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099.
4. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends for the financial year 31st March 1998 and unclaimed fixed deposits upto 31st March 1999 to the Investor Education and Protection Fund.
5. 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 their Attendance Slip which may be submitted at the entrance duly signed.

Registrar and Share Transfer Agents
Sharepro Services (India) Pvt. Ltd.

Office :

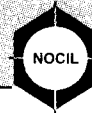
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai 400 099.
Tel.: 2821 5168, 2821 5169
Fax: 2837 5646
e-mail: sharepro@vsnl.com

Investor Relation Centre :

912, Raheja Centre,
Free Press Journal Road, Nariman Point,
Mumbai 400 021.
Tel.: No. 2282 5163 2288 4527
Fax: 2282 5484

44th Annual General Meeting

Date : 31st July 2006
Day : Monday
Time : 4.00 P.M.
Place : Patkar Hall, S.N.D.T. Womens' University,
1, Nathibhai Damodar Thackersey Road,
Mumbai 400 020.



NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY FOURTH Annual General Meeting of the Members of NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED will be held at **4.00 p. m. on Monday, the 31st July 2006, at Patkar Hall, S. N. D. T. Women's University, 1, Nathibhai Damodar Thackersey Road, Mumbai - 400 020**, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account of the Company for the year ended 31st March, 2006 and the Balance Sheet as at 31st March, 2006 and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Rohit Arora who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Berjis Desai, who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
5. 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, M/s. C. C. Chokshi & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors, plus service tax as may be applicable apart from reimbursement of out-of-pocket expenses incurred by them for the purpose of audit."

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:
 "RESOLVED THAT pursuant to sections 198, 269 and 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and the shareholders of the Company being obtained, approval be and is hereby given for increase in the remuneration of Mr. C. R. Gupte, Managing Director of the Company, with effect from 1st April 2006 for a period of three years, on the revised terms and conditions as set out in the Explanatory Statement annexed to the Notice of this Meeting and in the absence or inadequacy of profits in any of the said three years, the said remuneration may be paid to him as minimum remuneration with the liberty to the Board of Directors to alter and vary the said terms and conditions in such a manner as may be agreed to between the Board of Directors and Mr. C. R. Gupte."
 "RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to take such steps as may be necessary 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 pursuant to the provisions of Section 293(1) (e) and other applicable provisions, if any, of the Companies Act, 1956, the Company in General Meeting hereby accords its consent to the Board of Directors contributing, from time to time, to charitable and other funds or institutions not directly relating to the business of the Company or the welfare of the Company notwithstanding, that the moneys to be contributed together with the moneys already contributed by the Company in any financial year will or may in aggregate exceed Rupees fifty thousand or five per cent of the average net profits of the Company as determined in accordance with the provisions of sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceeding, whichever is greater, but so that the aggregate amount of such contributions by the Board of Directors shall not exceed a sum of Rs. 10 lakhs in each of the financial year from 1st April 2006."

By Order of the Board
For National Organic Chemical Industries Limited

(U. M. Karnik)
Secretary

Registered Office:
Mafatlal House
H. T. Parekh Marg, Backbay Reclamation
Churchgate
Mumbai - 400 020.

Date: 30th May 2006.



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 Friday, the 14th July 2006 to Monday, the 31st July 2006 (both days inclusive).
4. The dividend as recommended by the Directors for the year ended 31st March 2006 and as may be approved by the members of the Company at the Annual General Meeting will be payable to those shareholders whose names appear on the Register of Members as on 31st July 2006 on or after 1st August 2006. In respect of shares held in demat form, the dividend will be paid on the basis of the beneficial ownership as per details to be received from the Depositories as at the end of business on 13th July, 2006 .
5. All the documents relating to the accompanying Notice and the Explanatory Statement are open for inspection on any working day during office hours at the Registered Office at Mafatlal House, H. T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai – 400 020.
6. Reappointment of Directors:
 - a) At the ensuing Annual General Meeting Mr. Rohit Arora is due to retire by rotation. Mr. Rohit Arora being eligible, offers himself for re-appointment. The necessary information regarding Mr.Rohit Arora is given below:

Mr. Rohit Arora:

Qualification	Mr. Rohit Arora is a Chartered Accountant and is a Fellow Member of the Institute of Chartered Accountants of India.
Expertise in Specific Functional Areas	Mr. Arora has over two decades of experience in business process outsourcing, investment banking and management consultancy.
Directorships held in other Companies	A.R. Credit Information Services Pvt. Ltd., ARCIS International Pvt. Ltd. (Mauritius), ARCIS e Services Pvt. Ltd., Asia Investments Pvt. Ltd., Caair Travel Pvt. Ltd., EMR Technology Ventures Ltd., Menkel Teroson India Pvt. Ltd., Profile Estates Pvt. Ltd.
Memberships / Chairmanships of Committees across Public Companies	NIL

- b) At the ensuing Annual General Meeting Mr. Berjis Desai is due to retire by rotation. Mr. Berjis Desai being eligible, offers himself for re-appointment. The necessary information regarding Mr.Berjis Desai is given below:

Mr. Berjis Desai:

Qualification	Mr. Berjis Desai has done his graduation from the Elphinstone College. He is a Law Graduate and stood first in the Solicitor's Exams held by the Mumbai Incorporated Law Society.
Expertise in Specific Functional Areas	Mr. Desai is an eminent Lawyer and is the Managing Partner of J. Sagar & Associates.
Directorships held in other Companies	Sterlite Industries (India) Ltd., Praj Industries Ltd., Onward Technologies Ltd., Adlabs Films Ltd., Piramyd Retail Ltd., Emcure Pharmaceuticals Ltd., Bp Ergo Ltd., Watson Wyatt India Pvt. Ltd., 3D PLM Software Solutions Ltd., Isagro (Asia) Agrochemicals Pvt. Ltd., Vadhvan Port Pvt. Ltd., Centrum Fiscal Pvt. Ltd., Seafreight Pvt. Ltd., Ferrari Express (I) Pvt. Ltd., Capricorn Studfarm Pvt. Ltd., Capricorn Agrifarms & Developers Pvt. Ltd., Jakari Express Pvt. Ltd., Jakari Holdings Pvt. Ltd., Capricorn Plaza Pvt. Ltd., Capricorn Group Pvt. Ltd., Capricorn Castle Pvt. Ltd., Capricorn Residency Pvt. Ltd.
Memberships / Chairmanships of Committees across Public Companies	Committee member in Sterlite Industries (India) Ltd., Praj Industries Ltd., Onward Technologies Ltd., Adlab Films Ltd., Emcure Pharmaceuticals Ltd.



ANNEXURE TO THE NOTICE

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

The following Explanatory Statement sets out all the material facts relating to item Nos. 5, 6 and 7 mentioned in the accompanying Notice.

Item No. 5:

According to the provisions of section 224A of the Companies Act, 1956, the appointment of the Auditors of the Company is required to be made by means of a Special Resolution if, the combined share holding of the 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. Even though at present the shareholding of the Financial Institutions is less than 25%, the members are requested 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 as and by way of abundant caution.

The Board recommends the re-appointment of M/s. C. C. Chokshi & Co. as the Auditors of the Company.

None of the Directors of the Company are concerned or interested in the above resolution.

Item No. 6 :

Statement as required under Section II of Part II of Schedule XIII of the Companies Act, 1956 :

I. General Information :

a) Nature of Industry :

The Company is engaged in the business of manufacture and sale of Rubber Chemicals. It has manufacturing facilities at TTC Industrial Area, in Thane and Regional Sales Offices at Mumbai, Delhi, Chennai and Kolkata.

b) Date of Commencement of Commercial Production :

The Company started its commercial production in the year 1976.

c) Financial Performance :

The paid up share capital of the Company is Rs. 160.79 Crores and Reserves of the Company as on 31st March 2006 stood at Rs. 164.40 Crores. The total turnover of the Company during the year 2005-06 was Rs. 403.76 Crores and the profit before tax was Rs. 67.07 Crores.

The Company has demerged certain assets and liabilities of the Petrochemicals Division and Plastic Products Division in two separate companies under a sanctioned Scheme of Arrangement in terms of the provisions of Section 391/394 of the Companies Act, 1956. The Appointed Date for the said Scheme of Arrangement was 30th September 2003 and the Effective Date was 20th July 2005. The Company has settled dues of all the Secured Creditors of the Petrochemicals Division as per the said sanctioned Scheme of Arrangement. Consequent upon the restructuring of the business as stated above the Company continues to operate the Rubber Chemicals Business as its main business. The operation of this business has been profitable for the last several years on a stand alone basis.

d) Export Performance :

The Company achieved export turnover of Rs. 138 Crores during the period 1st October 2003 to 31st March 2005 and Rs. 146 Crores during the financial year ended 31st March 2006. The foreign exchange earnings of the Company for the year 2005-06 amounted to Rs. 142.90 Crores.

e) Foreign Investments or Collaborators :

The Company does not have any substantial foreign investment or collaborators.

II. Information about Mr. C.R. Gupte :

a) Background details :

Mr. C.R. Gupte completed his graduation in Science and is a Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants of India.

Mr. C.R. Gupte is currently the Managing Director of the Company. Mr. C.R. Gupte joined the Rubber Chemicals Division from its inception in 1976 as Head of Internal Audit and held important positions of Chief Accountant, Marketing Manager, General Manager – Marketing, Vice President - Sales & Marketing and eventually as Chief Executive of the said Division from 1995.

b) Details of past and proposed remuneration :

As the Chief Executive of the Rubber Chemicals Division, Mr. C.R. Gupte was drawing a gross remuneration of Rs. 11.39 lakhs per month prior to his appointment as Managing Director.



The Board of Directors at its meeting held on 29th July 2005 appointed Mr. C.R. Gupte as the Managing Director of the Company with effect from 1st August 2005 for a period of five (5) years. His appointment as Managing Director and his terms of remuneration were also approved by the Members of the Company at the Annual General Meeting held on 15th September 2005. Mr. Gupte is currently in charge of the entire management and affairs of the Company subject to the superintendence and control of the Board of Directors of the Company. However, due to the fact that there was an inadequacy of profits under Section 349 as explained earlier, Mr. Gupte could not be paid remuneration as per the terms approved by the Members of the Company and therefore, as recommended by the Remuneration Committee, the Board of Directors at its meeting held on 30th January 2006 decided to revise the remuneration payable to Mr. C.R. Gupte with effect from 1st April 2006 for a period of three years subject to the approval of the Central Government, if necessary, and the Shareholders in the Annual General Meeting.

The terms of revised remuneration of Mr. C.R. Gupte as Managing Director will be as under :

- A)
 - (i) Salary of Rs.2,50,000/- (Rupees Two Lac Fifty Thousand only) per month including Dearness Allowance.
 - (ii) Perquisites and Allowances the aggregate monetary value of which shall not exceed Rs. 9,00,000/- (Rupees Nine Lakhs only) per annum or as may be decided by the Board from time to time. These perquisites and other allowances will be in addition to items mentioned in Clause C) below.
 - (iii) The salary and perquisites as mentioned under (i) and (ii) above will be exclusive of:
 - Contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent they are not taxable under the Income Tax Act, 1961.
 - Gratuity at the rate of one month's salary for every completed year of service or part thereof in excess of six months on the basis of the last drawn salary.
 - Encashment of leave as per Company's Rules at the end of the tenure of service from the Company.
- B) Performance Bonus as may be fixed by the Board from time to time on the basis of the performance of the Company subject to a maximum of Rs. 90 lakhs per annum.
- C) Apart from the above mentioned remuneration, he shall be entitled to:
 - (i) Furnished Residential Accommodation. In case no accommodation is provided by the Company he will be entitled to a suitable House Rent Allowance.
 - (ii) Leave as per the rules of the Company.
 - (iii) Reimbursement of Domiciliary Medical Expenses actually and properly incurred by him and his family and Mediclaim Policy for hospitalisation.
 - (iv) Expenses actually and properly incurred by him in the course of legitimate business of the Company.
 - (v) Long Service benefit at the rate of one and half month's salary for every completed year of service or part thereof in excess of six months on the basis of last drawn salary.
 - (vi) Club Membership Fees subject to a maximum of two Clubs.
 - (vii) Personal Accident Insurance Policy.
 - (viii) Provision for use of motor car with driver for both official and personal use and reimbursement of telephone, gas and electricity expenses incurred at his residence.
 - (ix) Life Insurance as per the rules of the Company.
- c) **Job Profile and his suitability :**

Mr. C.R. Gupte has been responsible for leading the Rubber Chemicals Business successfully and has been instrumental in achieving substantial benefits for the Company during his tenure as the Chief Executive of the Rubber Chemicals Division. To name a few, the operating profits of the Company as percentage of capital employed and of sales rose to the level of 22.34% and 11.35% respectively during the term of Mr.C.R. Gupte as the Chief Executive of the Rubber Chemicals business. The Rubber Chemicals Division itself earned a total pre-tax profit of Rs. 302 crores till 31st December 2005 during his tenure.

Mr. C.R. Gupte as the Chief Executive of the Rubber Chemicals Division has been instrumental in making the said division a profitable one. The Company has also made considerable progress in the area of R & D and Technology under the leadership of Mr. Gupte. Looking to the contribution made by Mr.C.R. Gupte for the growth of Rubber Chemicals business during the last ten years, it is in the interest of the Company and its shareholders to retain his services as Managing Director.



d) Comparative Remuneration :

Having regard to the present remuneration of Chief Executive Officers and Managing Directors of this size of companies in India, it is imperative for the Company to pay the said proposed remuneration to Mr. C.R. Gupte.

e) Pecuniary Relationship :

Mr. C.R. Gupte does not have any pecuniary relationship directly or indirectly with the Company, or any relationship with the managerial personnel of the Company. He is the brother of Mr. V.R. Gupte, a non-executive Director of the Company.

III. Other information :

a) Reasons for inadequacy of profits :

It will be observed that the Annual Accounts for the year 2005-06 being a part of this Annual Report show a profit of Rs. 67.07 Crores before tax. However, the profits calculated according to the provisions of Section 349 of the Companies Act, 1956 for payment of managerial remuneration are inadequate due to accumulated losses of the demerged Petrochemicals Division which have resulted into excess of expenditure over income. Whilst the divesting of assets and liabilities of the Petrochemicals and Plastic Product Divisions under the said Scheme of Arrangement has resulted into surplus on demerger amounting to Rs. 152.39 Crores, the aforesaid demerger surplus is required to be excluded while computing the profit for payment of managerial remuneration according to the provisions of Section 349 of the Act. This exclusion has resulted in inadequacy of profits for the purpose of payment of managerial remuneration to Mr. C.R. Gupte. This has caused unnecessary hardship to Mr. Gupte since these carry forward losses do not pertain to the Rubber Chemicals business which he heads and in fact, they belong to the now demerged business of Petrochemicals with which he had no connection. Therefore, in order to remove the undue hardships to Mr. Gupte, the approval of the members is being sought by means of a special resolution for payment of the proposed increased remuneration. The said remuneration may also be paid as minimum remuneration in the event of loss or inadequacy of profits.

b) Increase in productivity and profits :

The Company under the leadership of Mr. C.R. Gupte has been instrumental in establishing business with world leaders in tyre industry such as Bridgestone, Yokohama, Pirelli, Continental and Michelin, etc., and, as a result, the export performance of the Company leaped by nearly 4 times to touch above Rs. 100 crores for the year ended 31st March 2005. For the year 2005-06, the figure for export has in fact, reached Rs.146 Crores.

There is an overall increase in the worldwide demand of tyres and rubber based products due to which the Company is proposing to develop new products and expand the volume of its existing products. The Company is looking for alternative site to augment the production of some of its key products. All these efforts are likely to result into substantial increase in the productivity of the Company.

None of the Directors except Mr. V.R. Gupte and Mr. C.R. Gupte shall be deemed to be concerned or interested in the said Resolution.

This explanatory statement together with the accompanying Notice, is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

Item No. 7 :

According to the provisions of Section 293(1)(e) of the Companies Act, 1956, the Company is required to obtain the consent of the Members in General Meeting for making contribution to charitable and other funds not directly related to the business of the Company or the welfare of its employees in case the aggregate of such contribution in any financial year is likely to exceed a sum of Rupees fifty thousand or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956, which ever is greater immediately three preceding financial years. The approval of the Members is, therefore, being sought under the provisions of Section 293(1) to enable the Board of Directors of the Company to contribute to charitable and other funds in excess of the prescribed limits the aggregate amount of which in any financial year with effect from 1st April 2006 will not exceed a sum of Rs. 10 lakhs.

None of the Directors of the Company shall be deemed to be concerned or interested in the proposed resolution.

By Order of the Board
For National Organic Chemical Industries Limited

(U.M.Karnik)
Secretary

Registered Office:
Mafatlal House
H.T. Parekh Marg, Backbay Reclamation,
Churchgate, Mumbai 400 020.

**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 2006.

FINANCIAL RESULTS

(Rupees in Crores)

	For the year ended 31 st March, 2006	For the period 1 st October, 2003 to 31 st March, 2005
Operating Profit before Depreciation, interest and taxation & exceptional items	73.83	35.23
Add: Exceptional / Non-recurring items	-	152.39
Less: Depreciation	6.07	8.91
Less: Interest	0.69	3.99
Profit before Tax	67.07	174.72
Provision for Taxation (including wealth tax and fringe benefit tax)	(5.97)	(0.04)
Provision for deferred tax (including MAT credit)	(1.41)	8.69
Profit after Tax	59.69	183.37
Excess provision for taxes of earlier years	1.24	-
Transferred from Contingency Reserve	-	40.00
Transferred from Debenture Redemption Reserve	3.08	2.32
(Deficit) / Surplus brought from previous period	(75.35)	(301.04)
Proposed Dividend	8.04	-
Tax on Dividend	1.13	-
Balance carried to Balance Sheet	(20.51)	(75.35)

During the current year as per the terms of the Scheme of Arrangement approved by the Bombay High Court by its order dated 8th June 2005, the specified net current assets of the Plastic Products Division have been transferred to RELPOL Plastics Products Limited (formerly known as NOCIL Petrochemicals Limited, a business associate of Reliance Industries Limited) with effect from 20th July 2005 which was the "Effective Date" in terms of the said Scheme of Arrangement. Consequently as mentioned in the previous Annual Report the Rubber Chemicals business remains with the Company and accordingly the core business of your Company will be manufacture and sale of rubber chemicals.

You are aware that the net worth of the Company which was completely eroded as on 30th September 2003 due to the accumulated losses of the Petrochemicals Division, has become positive on account of the transfer of certain liabilities of the Petrochemicals Division to Relene Petrochemicals Private Limited under the Scheme of Arrangement and your Company has ceased to be a sick company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. You will be pleased to know that BIFR has by its order dated 30th November 2005 declared that your Company is no longer a sick company.

Consequent to the demerger of the divisions, the Company during the year made provisions and has written back liabilities pertaining to such divisions as per the understanding and the terms of the demerger.

DIVIDEND

We are pleased to announce that considering the healthy performance of the rubber chemicals business subsequent to the restructuring of your Company, the Board has recommended payment of dividend of 5% on the equity share capital of the Company.

TRANSFER OF UNPAID DIVIDEND TO GENERAL REVENUE ACCOUNT OF CENTRAL GOVERNMENT

As per the provisions of section 205-C of the Companies Act, 1956 all unpaid dividends including and upto final dividend for the year 1997-98 have been transferred to the Investor Education and Protection Fund.

PERFORMANCE OF THE COMPANY

The turnover of the Company for the period under review was Rs.398 crores as compared to Rs.440 crores during the 18 month period ended 31st March 2005. The production of rubber chemicals and their intermediates was 30922 MT for the year under review. The production of finished products during the year was higher by 5% than that of the corresponding previous period.