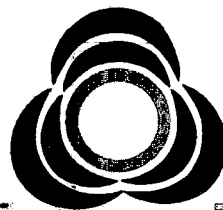


MURGAN GOENKA

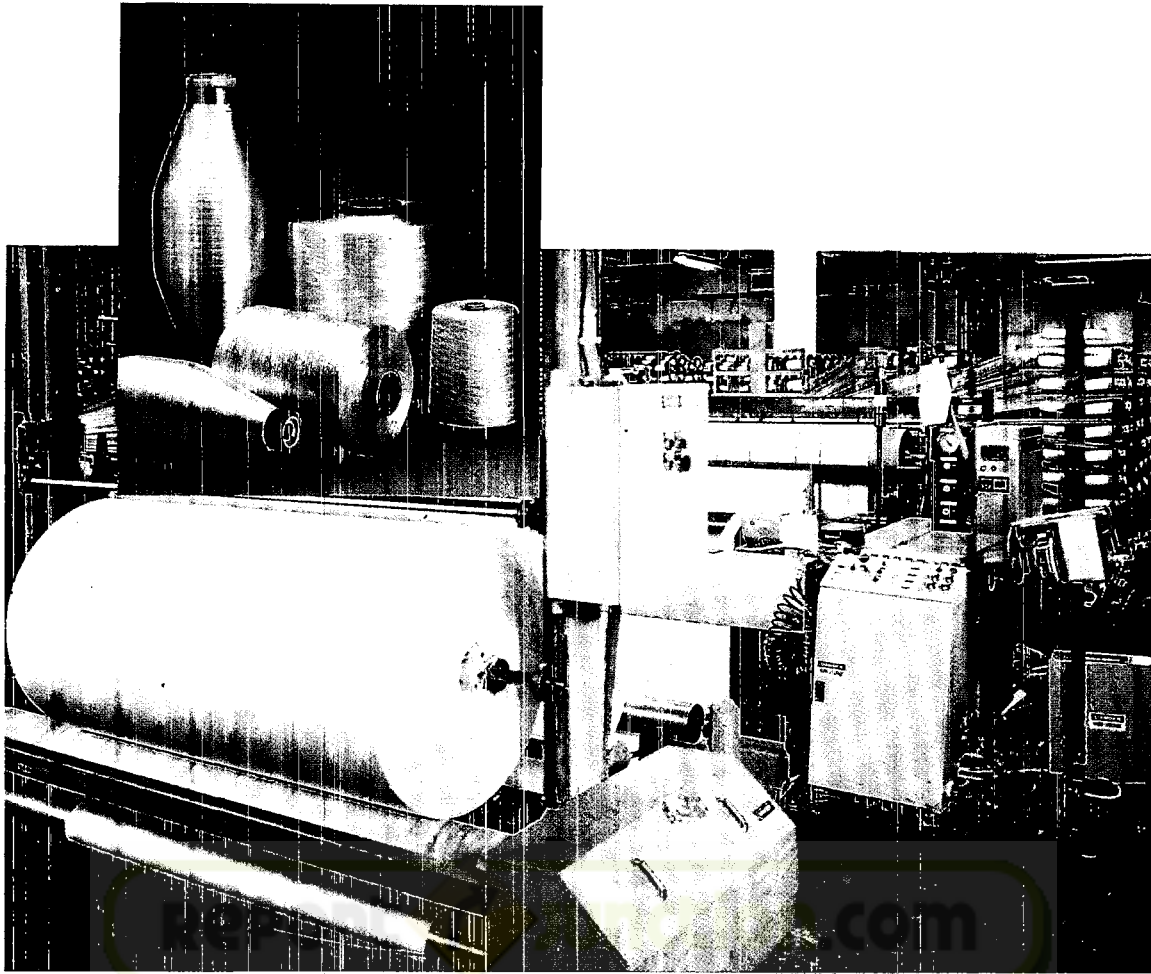
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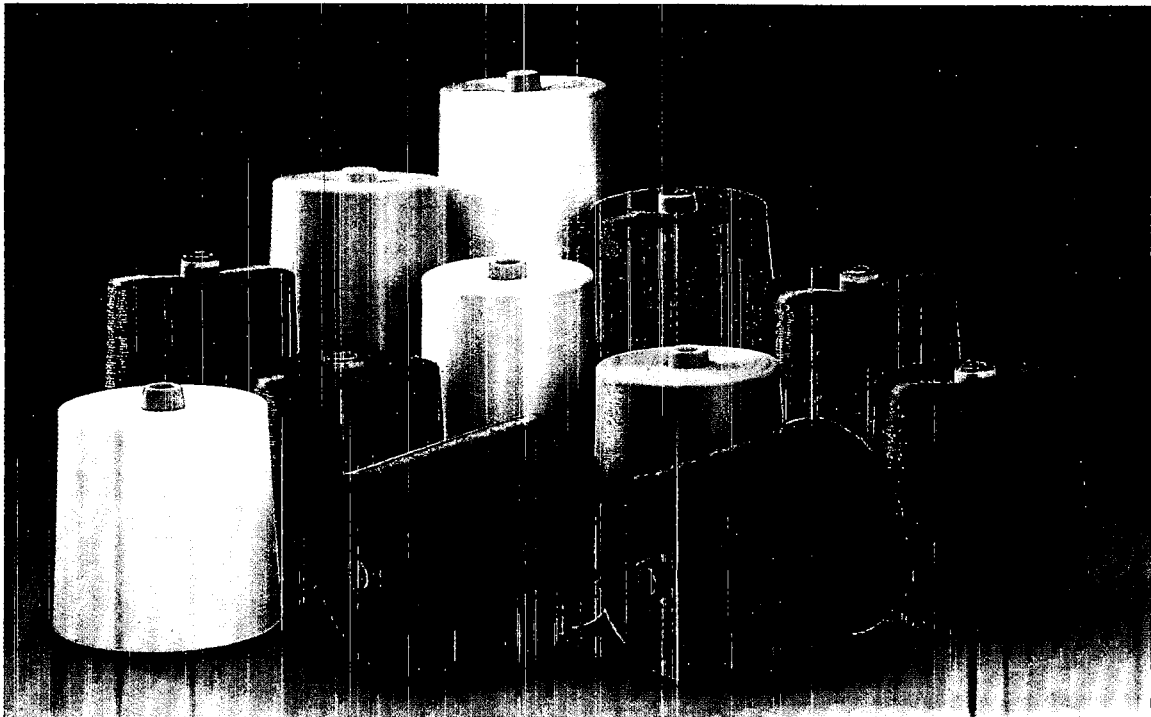


NRC LIMITED

51st ANNUAL REPORT 1997-98



Nylon Tyre Cord Fabric



Diverse Range of Viscose Filament Yarn



NOTICE

NOTICE is hereby given that the FIFTY-FIRST ANNUAL GENERAL MEETING of the Members of NRC LIMITED will be held as scheduled below:-

Date : Friday, the 11th September, 1998
 Time : 3.30 p.m.
 Venue : Patkar Hall,
 S.N.D.T. Women's University,
 1, Nathibai Thackersey Road,
 Mumbai 400 020

to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 1998 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 Shri V.N. Kamte, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Pravin N. Ghatalia, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Lodha & Co., Chartered Accountants, Mumbai, the retiring Auditors of the Company, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors in addition to reimbursement of travelling and other out-of-pocket expenses incurred by them in connection with the audit."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:
 "RESOLVED that Shri Ashok Goenka who was appointed as an Additional Director of the Company by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956 read with Article 138 of the Articles of Association of the Company upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a Notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
7. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED that Shri Bodhishwar Rai who was appointed as an Additional Director of the Company by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956 read with Article 138 of the Articles of Association of the Company upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a Notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED that pursuant to Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby altered/re-classified from Rs. 75,00,00,000 (Rupees Seventyfive Crores) divided into 7,00,00,000 (Seven Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each to Rs. 75,00,00,000 (Rupees Seventyfive Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and 25,00,000 (Twentyfive Lacs) Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each and consequently the existing Clause V of the Memorandum of Association of the Company relating to Share Capital be and is hereby altered/re-classified by deleting the same and substituting in place and stead thereof the following as new Clause V.

- V. The Share Capital of the Company is Rs. 75,00,00,000 (Rupees Seventyfive Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and 25,00,000 (Twentyfive Lacs) Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each with the rights, privileges, conditions or restrictions attaching thereto as are provided by the Articles of Association of the Company and any statutory modification or re-enactment thereof for the time being in force in this behalf with power to increase and reduce the Share Capital and to divide the Shares in the Share Capital for the time being into several classes and to attach thereto respectively such preferential, priority, deferred, qualified or special rights, privileges, conditions or restrictions whether in regard to dividend, voting, return of Capital, distribution of assets or otherwise howsoever as may be determined by or in accordance with the Articles of Association of the Company and any statutory modification or re-enactment thereof for the time being in force and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner as may from time to time be permitted by the Act or provided by the Articles of Association of the Company and to consolidate or sub-divide or reorganise Shares or issue Shares of higher or lower denominations."

NRC LIMITED

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

"RESOLVED that in terms of Sections 80, 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as may be enacted from time to time and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and subject to the approval of the Financial Institutions and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall also include a Committee thereof) in its absolute discretion, the consent of the Company be and is hereby accorded to the Board to offer/issue/allot 25,00,000 Cumulative Redeemable Preference Shares of the face value of Rs. 100/- each of an aggregate nominal amount not exceeding Rs. 25,00,00,000 (Rupees Twentyfive Crores only) (hereinafter referred to as "Preference Shares") to be subscribed in Rupees by such person or persons including Financial Institutions, Banks, Mutual Funds, Bodies Corporate, and other entities, whether Shareholders of the Company or not, as the Board may in its absolute discretion decide in one or more combinations thereof whether through Public Issue, Rights Issue or Private Placement for Working Capital requirement and capital expenditure and in one or more tranches and on such terms and conditions as the Board may deem fit including the rate of dividend, amount of premium, if any, on redemption, redemption period, manner of redemption, fixing of record date or book closure and matters incidental thereto."

"RESOLVED FURTHER that such of these Preference Shares to be issued as are not subscribed may be disposed of by the Board in favour of and to such person(s) and in such manner and on such terms as the Board in its absolute discretion think to be in the interest of and beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board may in its absolute discretion decide."

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue/allotment and utilisation of the proceeds of the issue of the Preference Shares and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

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

"RESOLVED that pursuant to the provisions of Section 31(1) of the Companies Act, 1956 the Articles of Association of the Company be and are hereby altered by the addition of a new Article 29A after Article 29 as follows:

29A Notwithstanding anything contained in the preceding Article 29, the Company shall have power, subject to and in accordance with applicable provisions of the Companies Act, 1956 as amended from time to time to purchase any of its own fully paid Equity Shares and shall make payment in respect of such purchase(s) in accordance with the provisions of law".

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

"RESOLVED that subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification/s or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions as may be considered necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), the consent of the Company be and is hereby accorded to the Board to buy back Equity Shares from the existing Shareholders of the Company and/or from the open market and/or from the lots smaller than market lots of the Equity Shares (odd lots) and/or through negotiated deals and/or by purchasing the Equity Shares issued to the employees pursuant to scheme of preferential allotment from and out of its free reserves or out of the share premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time provided that the aggregate of the Equity Shares so bought back shall not exceed 25% of the present Paid-up Equity Share Capital of the Company."

"RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts, deeds and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

"RESOLVED FURTHER that nothing hereinabove contained shall confer any right on any Shareholder to offer or any obligation on the Company or the Board to buy back any Equity Shares."

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (b) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 17th August, 1998 to Friday, the 11th September, 1998 (both days inclusive).
- (d) Members who are holding Shares in identical order of names in more than one folio are requested to send to the Company the details of all such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.
- (e) Members desiring any information as regards accounts or operation of the Company are requested to send their queries to the Corporate & Registered Office of the Company in writing atleast seven days in advance of the date of the Meeting so as to enable the Management to keep the necessary information ready.
- (f) Equity Dividend as recommended by the Directors, if declared at the Annual General Meeting, will be paid within the stipulated period to those Members whose names appear on the Company's Register of Members on 11th September, 1998 or to their mandatees.
- (g) Pursuant to Section 205-A of the Companies Act, 1956, the unclaimed dividends upto the financial year ended 31.3.1994 has been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants are requested to claim the amount from the Registrar of Companies, Maharashtra, Hakoba Compound, 2nd Floor, Dattaram Lad Marg, Kalachowki, Chinchpokli, Mumbai 400 033.
- (h) Members are requested to claim from the Company their unclaimed dividends, if any, in respect of the financial years ended 31.3.1995, 31.3.1996 and 31.3.1997 at the earliest.
- (i) All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 10.30 a.m. and 1.00 p.m. on any working day prior to the date of the Meeting.

Registered Office:
Ewart House,
Homi Modi Street,
Mumbai 400 023
Dated: 25th June, 1998

By Order of the
Board of Directors

SANJAY N. JAGTAP
Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**Item No. 5**

Pursuant to Section 224A of the Companies Act, 1956 the appointment or re-appointment of Auditors is required to be made by a Special Resolution, as the holding of the Public Financial Institutions, Insurance Companies and Nationalised Banks, etc. in the Company, exceeds 25% of the Subscribed Share Capital of the Company. The retiring Auditors, M/s. Lodha & Co., Chartered Accountants, are eligible for re-appointment.

None of the Directors may be deemed to be concerned or interested in the Resolution.

Item Nos. 6 & 7

Pursuant to Section 260 of the Companies Act, 1956 read with Article 138 of the Articles of Association of the Company, Shri Ashok Goenka and Shri Bodhishwar Rai were appointed as Additional Directors of the Company on 17th April, 1998. In terms of Section 260 of the Companies Act, 1956 they will hold office only upto the date of the ensuing Annual General Meeting of the Company. Notices in writing have been received from some members of the Company under the provisions of Section 257 of the Companies Act, 1956 signifying their intention to propose the names of Shri Ashok Goenka and Shri Bodhishwar Rai as candidates for the office of the Directors alongwith deposit of Rs. 500/- each.

Shri Ashok Goenka was the former Chairman of General Insurance Corporation of India and is Director of several Companies.

Shri Bodhishwar Rai was the former Chairman of Allahabad Bank and is Director of several Companies.

The Directors consider that the knowledge and experience of Shri Ashok Goenka and Shri Bodhishwar Rai will be of great advantage to the Company and it would be in the interest of the Company to appoint them as Directors of the Company.

Shri Ashok Goenka and Shri Bodhishwar Rai may be deemed to be concerned or interested in the respective Resolutions relating to their appointments. No other Director is concerned or interested in the said Resolutions.

Item No. 8

The present Authorised Share Capital of the Company is Rs. 75 Crores comprising of Equity Share Capital of Rs. 70 Crores and Preference Share Capital of Rs. 5 Crores.

In order to raise long term funds for working capital and also to part finance the cost of various capital expenditure schemes envisaged by the Company, it may become necessary to raise the funds by issue of Cumulative Redeemable Preference Shares upto an aggregate amount of Rs. 25 Crores. To enable

the Company to make such issue of Preference Shares, it is necessary to alter/re-classify the Company's present Authorised Share Capital and therefore, your approval is sought for the purpose. The relevant extracts from Clause V at present vis-a-vis the proposed alteration are given below for ready reference of the members:-

**EXTRACTS FROM
CLAUSE V AS AT
PRESENT**

The Share Capital of the Company is Rs. 75,00,00,000 (Rupees Seventyfive Crores) divided into 7,00,00,000 (Seven Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each.

**WITH THE
PROPOSED
ALTERATION**

The Share Capital of the Company is Rs. 75,00,00,000 (Rupees Seventyfive Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs.10/- (Rupees Ten) each and 25,00,000 (Twentyfive Lacs) Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each.

The Directors recommend the Resolution for approval of the Shareholders.

A copy of the existing Memorandum and Articles of Association together with the proposed alterations thereto is available for inspection by the Members at the Registered Office of the Company.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 9

As set out in the Resolution at Item No. 8, with a view to raising funds for long term working capital requirement and to part finance the cost of various capital expenditure schemes being taken up, the Company proposes to issue 25,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each for an aggregate value not exceeding Rs. 25 Crores as and when necessary in one or more tranches. These Preference Shares shall be offered for subscription to Person(s), Financial Institutions, Banks, Mutual Funds, Bodies Corporate and other entities, whether Shareholders of the Company or not.

Section 81 of the Companies Act, 1956 and the Listing Agreements with the Stock Exchanges provide *inter alia* that when it is proposed to increase the Subscribed Share Capital of the Company by allotment of further Shares, such further Shares shall be offered to the existing Shareholders of the Company in the manner laid down in Section 81 unless the Shareholders in a General Meeting decide otherwise. Accordingly, consent of the Shareholders is being sought to authorise the Board to issue the Cumulative Redeemable Preference Shares in the manner as set out in the Resolution.

The Directors recommend the Resolution for approval of the Shareholders.

The Directors may be deemed to be interested or concerned to the extent the Cumulative Redeemable Preference Shares which would be offered to the Companies/Institutions of which they are Directors, Nominees or Members.

Item Nos. 10 & 11

In terms of Section 77 of the Companies Act, 1956 read with Article 29 of the Articles of Association of the Company, Company has no power to buy its own Shares. It is anticipated that in the near future, the Central Government will promulgate an Ordinance or amend the Companies Act, 1956 to allow Companies to buy back their own Shares.

It is in the interest of your Company to buy back its own Equity Shares for various reasons such as bringing down the overall cost of capital or when the market value of the Company's Equity Shares are unduly undervalued and do not reflect the real value thereof, upto the maximum limit permissible under the law from time to time but not exceeding 25% of the present Paid-up Equity Capital from the existing holders of Equity Shares and/or from the open market and/or from the lots smaller than market lots of the Equity Shares (odd lots) and/or through negotiated deals and/or by purchasing the Equity Shares issued to the employees of the Company subject to necessary enactment in this regard. The buy back of Equity Shares would be from and out of its free reserves or out of the share premium account of the Company or from the funds permitted by law.

The Board is of the opinion that it will be advantageous to the Company if Shareholders approve the said Resolution permitting such buy back of Equity Shares so that the Company will be able to implement this Resolution once the law is amended.

The Resolution, if approved, will be operative and given effect to from the applicable date and within such time limit as may be prescribed by law in this regard.

In order to enable the Company to buy back its own Equity Shares, it is necessary to amend the Articles of Association of the Company by inserting a new Article 29A as set out at Item No. 10 of the Notice.

The alteration of the Articles of Association of the Company and to buy back Company's own Equity Shares require the approval of the Shareholders by passing Special Resolutions.

The Directors recommend the Resolutions for approval of the Shareholders.

A copy of the existing Memorandum and Articles of Association together with the proposed alterations thereto is available for inspection by the Members at the Registered Office of the Company.

None of the Directors of the Company is in any way concerned or interested in Resolution No. 10 and in respect of Resolution No. 11 the Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent of their shareholding in the Company.

Registered Office:
Ewart House,
Homi Modi Street,
Mumbai 400 023
Dated: 25th June, 1998

By Order of the
Board of Directors
SANJAY N. JAGTAP
Secretary

NRC LIMITED

BOARD OF DIRECTORS

GOENKA G.P.	<i>Chairman</i>
BANERJEE BHASKAR	
CORREA W.R. (Dr.)	
VAIDYA V.C.	
KAMTE V.N.	
MOGRELIA Y.J. (Mrs.)	<i>Nominee of ICICI</i>
SHARMA R.S.	
GHATALIA PRAVIN N.	
BAJAJ J.L. (I.A.S. Retd.)	<i>Nominee of IFCI</i>
GOENKA ASHOK	
RAI BODHISHWAR	
DAGA B. G.	<i>Nominee of UTI</i>
BUDHIRAJA SATISH K.	<i>Managing Director</i>

SECRETARY

JAGTAP SANJAY N.

CORPORATE & REGISTERED OFFICE

EWART HOUSE
HOMI MODI STREET
MUMBAI 400 023

PLANTS

MOHONE 421 102
DIST. THANE
MAHARASHTRA STATE

BANKERS

BANK OF BARODA
DENA BANK
PUNJAB NATIONAL BANK
CANARA BANK

AUDITORS

LODHA & CO.
CHARTERED ACCOUNTANTS

NRC LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 1998

To The Members

The Directors have pleasure in presenting the 51st Annual Report and Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS

	Rs. in Lacs	
	1997-98	1996-97
Gross Sales	39,194.97	44,256.88
Profit before Interest, Depreciation and Tax	3,151.90	3,014.25
Interest	1,994.27	1,765.08
Profit before Depreciation and Tax	1,157.63	1,249.17
Depreciation	822.22	775.59
Profit before Tax	335.41	473.58
Taxation (MAT)	35.22	61.09
Profit after Tax	300.19	412.49
Profit of erstwhile Caristrap Limited brought forward	7.96	—
Surplus from Previous Year	433.69	503.34
Available for appropriation	741.84	915.83

Appropriations

General Reserve	100.00	200.00
Proposed Dividend	171.00	256.49
Corporate Dividend Tax	17.10	25.65
Surplus carried to Balance Sheet	453.74	433.69
	741.84	915.83

OPERATIONS

The Company's turnover during the year amounted to Rs. 391.95 Crores as against Rs. 442.57 Crores last year.

The Gross Profit was marginally higher at Rs. 31.52 Crores as against Rs. 30.14 Crores last year. After providing for interest and depreciation, the Profit before Tax amounted to Rs. 3.35 Crores. Minimum Alternate Tax (MAT) required a provision of Rs. 35.22 Lacs leaving

a Profit after Tax of Rs. 300.19 Lacs as against Rs. 412.49 Lacs last year.

Difficult business climate throughout the year resulted in depressed demand for all the business segments of the Company. Margins eroded due to declining selling prices on the one hand and increase in the cost of major inputs on the other. Caustic Soda was the worst hit as the combined realisation for Caustic-Chlorine dropped by nearly 30%. Caustic Soda production had to be curtailed due to unremunerative prices and sluggish demand. Creation of new capacities by Large-sized Plants further aggravated the situation. The working was also severely affected due to strike by the Transporters and unprecedented power failures in the beginning of the year. The activity level for Rayon and Nylon Tyre Cord Divisions was generally maintained despite prevalent recession and stringent liquidity position.

In the wake of the given market situation, efforts were concentrated in the areas of cost reduction, rationalisation of work-force, disposal of surplus and non-performing assets.

DIVIDEND AND APPROPRIATIONS

Your Directors are pleased to recommend a Dividend of 10% on the Equity Shares which will absorb Rs. 171 Lacs. After providing for Rs. 17.10 Lacs towards Corporate Dividend Tax and transfer of Rs. 100 Lacs to General Reserve, the surplus of Rs. 453.74 Lacs has been carried forward.

EXPORTS

During the year under review, exports amounted to Rs. 180 Lacs. With the improved outlook for Rayon Yarn and the depreciation in the value of Rupee, exports are likely to increase this year.

ISO 9002 ACCREDITATION

The Viscose Filament Yarn Division has also received ISO 9002 accreditation for its quality management system. With this, all the Divisions of the Company now enjoy this accreditation. Surveillance audits were successfully conducted for the Nylon Tyre Cord and Chemical Divisions for consistence in quality system and further improvement therein.

EXPANSION AND MODERNISATION

As mentioned in the previous report, the Company is pursuing a captive power project envisaging installation of 4 Diesel Generating Sets of 6 MW capacity each. The project is expected to be commissioned by the second quarter of 1999.

AMALGAMATION

At the Meeting held on 22nd October, 1997, Shareholders approved the amalgamation of Caristrap Limited, a wholly owned subsidiary, with your Company. The Scheme of Amalgamation was sanctioned by the Hon'ble High Court, Bombay vide Orders dated 20th February, 1998. All formalities were completed by both the Companies by 25th March, 1998 to give effect to the above Orders. Consequently, all the assets and liabilities of Caristrap Limited stand transferred and vested in your Company with effect from 1st April, 1997.

DIRECTORS

Shri B.D. Basu ceased to be Director of your Company with effect from 23rd February, 1998 on withdrawal of his nomination by Industrial Investment Bank of India Limited. Your Directors place on record their sincere appreciation of the valuable services and guidance rendered by Shri Basu during his tenure.

Shri Ashok Goenka and Shri Bodhishwar Rai were appointed as Additional Directors of the Company with effect from 17th April, 1998 and hold office upto the date of the ensuing Annual General Meeting. The Company has received Notices under Section 257 of the Companies Act, 1956 in writing from members signifying their intention to propose the appointment of Shri Ashok Goenka and Shri Bodhishwar Rai as Directors.

Unit Trust of India has nominated Shri B.G. Daga on the Board of Directors of your Company with effect from 4th May, 1998.

In compliance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri V.N. Kamte and Shri Pravin N. Ghatalia retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Particulars of Energy conservation and research & development activities undertaken by the Company as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed and form part of the Directors' Report.

PARTICULARS OF EMPLOYEES

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 are appended.

COST AUDIT

M/s. R. Nanabhoy & Co., Cost Accountants have been appointed as Cost Auditors to conduct the audit of Cost Accounts of the Company relating to Rayon Yarn, Nylon Tyre Cord, Caustic Soda and Sulphuric Acid for the financial year ended 31st March, 1998 with the approval of the Central Government.

AUDITORS' REPORT

The notes to the Accounts referred to by the Auditors in their report are self-explanatory.

APPOINTMENT OF AUDITORS

M/s. Lodha & Co., Chartered Accountants, the Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The appointment of the Auditors is required to be made by a Special Resolution pursuant to Section 224A of the Companies Act, 1956.

ACKNOWLEDGEMENTS

Your Company and its Directors place on record appreciation for the valuable co-operation and continued support from Financial Institutions, Bankers, Investors and Business Associates.

On behalf of the Board

G.P. GOENKA
Chairman

Mumbai, 25th June, 1998