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ANNUAL REPORT 1999-2000

NRC LIMITED

BOARD OF DIRECTORS	GOENKA G.P.	Chairman
	BANERJEE BHASKAR (Dr.)	
	CORREA W.R. (Dr.)	
	VAIDYA V.C.	
	KAMTE V.N.	
	SHARMA R.S.	
	GHATALIA PRAVIN N.	
	GOENKA ASHOK	
	RAI BODHISHWAR	
	GANESH CHAND	Nominee of IFCI
	PAL D.K.	Nominee of ICICI
	SHARMA P.S.	Managing Director

COMPANY SECRETARY KUMAR BHOJANE

CORPORATE & REGISTERED OFFICE EWART HOUSE (In-house Share Department at the
HOMI MODI STREET Registered Office of the Company)
MUMBAI 400 001

PLANTS	MOHONE 421 102
	DIST. THANE
	MAHARASHTRA STATE
BANKERS	BANK OF BARODA
	DENA BANK
	PUNJAB NATIONAL BANK
	CANARA BANK
AUDITORS	LODHA & CO.
	CHARTERED ACCOUNTANTS

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NOTICE

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

Date : 31st August, 2000
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, 2000 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Dr. Bhaskar Banerjee, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri R. S. Sharma, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ashok Goenka, 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 as 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 a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to all such other approvals as may be necessary, the Company hereby accords its approval and consent to the appointment of Shri P. S. Sharma as the Managing Director of the Company for a period of three years with effect from 1st September, 1999 on the terms and conditions as set out in the Explanatory Statement annexed hereto with liberty and powers to the Board of Directors to alter and vary the said terms and conditions in such

manner as may be agreed to between the Central Government and the Board of Directors and acceptable to Shri P. S. Sharma."

"RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year during the tenure of his service as Managing Director, Shri P. S. Sharma shall be paid the remuneration as set out in the Explanatory Statement."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be considered desirable or expedient to give effect to this Resolution."

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

RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and any statutory modification or re-enactment thereof, for the time being in force, the Articles of Association of the Company be hereby amended or altered or new Articles be incorporated in the manner and to the extent as set out herein below:

- (i) The following interpretations be added at appropriate places in Article 2.

"Beneficial Owner"

"Beneficial Owner" means the Beneficial Owner as defined in clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

"Depositories Act, 1996"

"Depositories Act, 1996" includes any statutory modification or re-enactment thereof for the time being in force.

"SEBI"

"SEBI" means the Securities and Exchange Board of India.

"Depository"

"Depository" means a Company formed and registered under the Companies Act, 1956 (1 of 1956) and which has been granted a certificate of registration under Sub-Section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).

"Record"

"Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the Regulations made by SEBI.

"Regulations"

"Regulations" mean the regulations made by SEBI.

"Security"

"Security" means such security as may be specified by SEBI from time to time.

NRC LIMITED

"Shareholder or Member"

"Shareholder or Member" means the duly registered holder from time to time of the shares of the Company and include the subscribers to the Memorandum of Association of the Company and also every person holding equity shares and/or preference shares of the company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository.

- (ii) The existing Article 13 with the marginal note thereto be deleted and in place thereof the following Article 13 with the marginal note be substituted:

Register and Index of Members

13. "The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors the Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Companies Act, 1956, and the Depositories Act, 1996 with the details of shares held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media;

The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also deemed to be the Register and Index of Members for the purpose of the Companies Act, 1956 and any amendment or re-enactment thereof. The Company shall have power to keep in any state or country outside India a Register of Members for the residents in that state or country."

- (iii) In Article 25 of the Articles of Association of the Company the following proviso shall be included.

"Provided however that no Share Certificate(s) shall be issued for shares held with a Depository"

- (iv) The following new Articles with marginal notes be inserted as Articles 68A & 68B after the existing Article 68.

NOMINATION

Nomination

68A (i) Notwithstanding anything contained in these Articles and subject to the provisions of Sections 109A and 109B of the Companies Act, 1956, every member and debentureholder of the Company may at any time nominate in the prescribed manner, a person to whom his-shares or debentures of the Company shall vest in the event of his death.

- (ii) In case of more than one holder, the joint holders may together nominate, in the prescribed manner a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.

- (iii) The nominee shall, on the death of the holder of shares or debentures of the Company or all the joint holders thereof as

the case may be, become entitled to all the rights in such shares or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

- (iv) Where nominee is a minor, the holder of shares or debentures of the Company may appoint a person to become entitled to such shares or debentures, in the event of his death during the minority of nominee.
- (v) Only individual holders of shares or debentures can make nominations. Non individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family (HUF), Holder of Power of Attorney cannot nominate and none of these can be appointed as a nominee.
- (vi) Transfer of shares or debentures in favour of a nominee and payment of amount of debentures on redemption to nominee shall be valid discharge by the Company against the legal heirs.

TRANSMISSION OF SECURITIES BY NOMINEE

Transmission of Securities by Nominee

68B A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

- (i) to be registered himself as holder of the share or debenture, as the case may be; or
- (ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, could have made;
- (iii) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;
- (iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety

days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

- (v) The following new Article with marginal note be inserted as Article 73A after the existing Article 73.

DEMATERIALIZATION OF SECURITIES

Dematerialisation of Securities

73A Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

Option for Investors

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security;

Securities in Depositories to be in fungible form

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372 of the Companies Act, 1956 shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;

Rights of Depositories and Beneficial Owners

- (i) Notwithstanding anything to the contrary contained in the Companies Act, 1956 or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;

- (iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

Depository to furnish information

Notwithstanding anything to the contrary contained in the Companies Act, 1956 or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.

Option to opt out in respect of any security

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

Sections 83 and 108 of the Companies Act, 1956 not to apply

Notwithstanding anything to the contrary contained in the Articles -

- (i) Section 83 of the Companies Act, 1956 shall not apply to the shares with a Depository.
- (ii) Section 108 of the Companies Act, 1956 shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

Distinctive numbers of securities held in the depository mode

Nothing contained in the Companies Act, 1956 or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.

Register and Index of Beneficial Owners

The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Securityholders as the case may be for the purposes of these Articles.

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Intimation to Depository

Notwithstanding anything contained in the Companies Act, 1956 or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

Stamp duty on securities held in dematerialised form

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

Applicability of the Depositories Act

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository the provisions of the Depositories Act, 1996, shall apply.

Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

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, in respect of Item Nos. 5, 6 and 7 is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 7th August, 2000 to Thursday, the 31st August, 2000 (both days inclusive).
- (d) 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.

- (e) Pursuant to Section 205-A of the Companies Act, 1956, the unclaimed dividend upto the financial year ended 31.3.1995 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 Mills Compound, 2nd Floor, Dattaram Lad Marg, Kalachowki, Chinchpokli, Mumbai 400 033.
- (f) Members are requested to claim from the Company their unclaimed dividends, if any, in respect of the financial years ended 31.3.1996, 31.3.1997 and 31.3.1998 at the earliest.
- (g) 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 400 001
Dated : 23rd June, 2000

By Order of the
Board of Directors

KUMAR BHOJANE
Company 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 No. 6

The Board of Directors has appointed Shri P. S. Sharma as Managing Director of the Company for a period of three years with effect from 1st September, 1999 subject to the approval of the Company in General Meeting and the Central Government on the following terms and conditions:

1. Salary : Rs. 42,500/- per month
2. Special Allowance : Rs. 25,000/- per month
3. Annual Bonus : Rs. 1,00,000/- per annum
4. Perquisites

(i) Housing facility

The expenditure on hiring furnished accommodation shall be subject to the ceiling of 60% of the Salary. If Company's accommodation is not provided, House Rent Allowance equal to 60% of the monthly salary will be paid. The expenditure incurred by the

Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 and shall be subject to a ceiling of 10% of the salary of the Managing Director.

- (ii) **Medical Reimbursement**
Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- (iii) **Leave Travel Concession**
For self and family, once in a year subject to a ceiling of one month's salary.
- (iv) **Club Fees**
Fees of clubs subject to a maximum of two clubs. This will include admission fee for one club within the reasonable limit.
- (v) **Personal Accident Insurance**
Premium not to exceed Rs. 5,000/- per annum.

In addition, the following benefits will also be extended to Shri P. S. Sharma:

- (vi) **Contribution to Provident Fund, Superannuation Fund or Annuity Fund**
The contribution to Provident Fund, Superannuation Fund or Annuity Fund not exceeding 27% of the salary as provided under the Income Tax Act, 1961.
- (vii) **Gratuity**
Half a month's salary for each completed year of service.
- (viii) **Privilege Leave**
30 days paid privilege leave for every year of service and leave accumulated shall be encashable at the end of the tenure.
- (ix) **Car and Telephone**
Company maintained Car for use on Company business and telephone at residence will not be considered as perquisites. However, personal long distance calls on telephones and use of Car for private purpose shall be billed by the Company.

5. Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid same remuneration as stated hereinabove.

The Managing Director so long as he functions as such shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

The Company shall reimburse to the Managing Director entertainment, travelling and other expenses incurred by him for the business of the Company.

Either party shall be entitled to determine the Agreement by giving six months' notice in writing to the other party without assigning any reason and on the expiry of the period of such notice the Agreement shall stand determined. The Company shall be entitled to give six months' salary and perquisites in lieu of notice.

The Managing Director shall not be entitled to any compensation in cases mentioned in Section 318(3) of the Companies Act, 1956.

Shri P. S. Sharma, is B.E. (Chemical) from Kanpur with First Division. He started his career with Shriram Rayon (DCM Group) and worked with them for 35 years. During 1990 to 1999 he was Executive Director there. He has virtually turned around a loss making unit into profit making by his expertise, leadership and his people orientation attitude. He has also extensively travelled abroad and developed good business contacts and goodwill.

The Central Government by its letter No. 1/391/99-CL.VII dated 23/12/1999 has conveyed its approval to the appointment of Shri P. S. Sharma as Managing Director of the Company on the terms and conditions approved by the Board subject to the approval of the Company in General Meeting.

The Draft of the Agreement to be entered into by the Company with Shri P. S. Sharma is available for the inspection of members of the Company at the Registered Office of the Company.

In view of Shri P. S. Sharma's vast experience and expertise in Rayon industry, the Board of Directors is of view that varied experience of Shri P. S. Sharma will be of great advantage to the Company and therefore, recommend the Resolution for your approval.

No other Director except Shri P. S. Sharma may be deemed to be concerned or interested in the Resolution.

Item No.7

The Companies (Amendment) Act, 1999 has introduced the facility of nomination to the shareholders and debentureholders of the Company.

Also consequent upon the setting up of the Depository System and the introduction of the Depositories Act, 1996 there have been significant amendments in the provisions of the Companies Act, 1956 relating to issue, holding, transfer and dealing in shares and other securities as also the issue of certificates thereof in dematerialised form.

It is, therefore, proposed to suitably amend the Articles as set out in the Resolution in order to ensure that the provisions of the Articles of Association are in consonance with the provisions of the Companies Act, 1956 and Depositories Act, 1996 to enable the dematerialisation of securities issued by the Company under the Depository System.

The above Special Resolution is for approval by the members in terms of Section 31 of the Companies Act, 1956.

No Director of the Company is concerned or interested in the Resolution.

Registered Office:
Ewart House
Homi Modi Street
Mumbai 400 001
Dated : 23rd June, 2000

By Order of the
Board of Directors
KUMAR BHOJANE
Company Secretary

NRC LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2000

To The Members

Your Directors present the 53rd Annual Report and Audited Accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS

	Rs. in Lacs	
	1999-2000	1998-1999
Gross Sales	33,249.58	32,911.50
Profit/(Loss) before Interest, Depreciation and Tax	(353.37)	519.68
Interest	1,697.51	2,206.17
Profit/(Loss) before Depreciation and Tax	(2,050.88)	(1,686.49)
Depreciation	902.63	858.92
Profit/(Loss) before Tax	(2,953.51)	(2,545.41)
Taxation (MAT)	—	—
Profit/(Loss) after Tax for the year	(2,953.51)	(2,545.41)
Extraordinary and Prior period items etc.	21.26	—
	(2,974.77)	(2,545.41)
Surplus/deficit from Previous Year	(1,069.32)	453.74
Transfer from General Reserve	—	1,022.35
	(4,044.09)	(1,069.32)

OPERATIONS

The year under review witnessed difficult economic conditions and deteriorating industrial environment for the textile industry. Demand for Rayon Yarn remained depressed throughout the period under review, resulting in unremunerative low prices.

Several operational changes to improve the quality of the product resulted in better acceptance of your Company's Rayon Yarn in the market.

Industry-wide Production capacity for Caustic Soda far exceeds the demand, forcing some of the single product manufacturers out of production. However, during the last quarter of the year there were signs of improvement in demand and realisation.

Performance of Nylon Tyre Cord Division was better than the previous year in terms of production and sales.

As planned the 24MW Co-generation Diesel Power Plant for Company's Captive use was commissioned in July, 1999. The substantial savings expected were largely eroded due to nearly

51% increase in the fuel cost. Higher savings can be expected during the current year, if prices of crude soften.

The Company's turnover was marginally higher at Rs. 332 crores as against Rs. 329 crores last year. Margins eroded due to declining selling prices on the one hand and increase in cost of inputs on the other.

The Company changed its accounting policy in respect of assets taken under lease finance during the year and those continuing as on 1st April, 1999. Under the new policy interest and depreciation in respect of leased assets is booked as lease rental and payments towards principal (net of depreciation) is shown as prepaid expenses.

Further, as per the provisions of the Companies Act, 1956 shares/debentures issue expenses and provision for premium payable on redemption of debentures aggregating to Rs. 47 lacs have also been directly charged to Securities Premium Account.

After providing for lease expenses of Rs. 1073 lacs (previous year Rs. 530 lacs) the Company incurred a loss of Rs. 353 lacs before interest and depreciation as against profit before interest and depreciation of Rs. 520 lacs in the previous year. After making provision in respect of disputed countervailing duty of Rs. 541 lacs and taking credit for the lease expenses of Rs. 512 lacs charged in excess in the earlier year, and for excess taxation provision of Rs. 8 lacs, the Company incurred a net loss of Rs. 2,975 lacs.

DIVIDEND

In view of the loss, the Directors regret their inability to recommend any dividend for the year.

FINANCE

Due to the losses incurred during the last two years the liquidity position of the Company has been adversely affected.

In order to tide over the liquidity crunch the secured long-term lenders were approached for restructuring the Company's term loan and lease finance. The lead institution restructured the long term loans by granting concessions in interest and re-scheduling/converting part of its long term loan. Accordingly, on conversion of outstanding long term loan your Company issued 4,53,727, 8% Cumulative Redeemable Preference Shares of Rs. 100/- each, redeemable at the end of 9th year from the date of allotment, and Zero Percent Secured Redeemable Non-Convertible Debentures of the value of Rs. 1,716.29 lacs redeemable at the end of 6th, 7th and 8th year from the date of allotment, at a premium of 25% of the outstanding amount. On the balance loans of the lead institution, no interest or principal is payable upto 31.03.2002 as per the restructuring. The restructuring by other financial institutions is still under their consideration.

EXPORTS

Despite depressed international market conditions the Company continued its efforts on the export front resulting in entering into new markets like Egypt and Bangladesh. The efforts resulted in the export of Rayon Yarn going up from Rs. 278 lacs in the previous year to Rs. 600 lacs during the year under review. The Company continued to lay emphasis on export efforts and expects further improvement during the current year.

CURRENT YEAR'S PROSPECTS

Your Company has initiated several measures focussing on effective sourcing of raw-materials, better fund management, relentless efforts in improving the quality, productivity and operating efficiency at all levels together with all round cost reduction to overcome the adverse impact of economic slow-down.

These measures had beneficial impact on the overall performance and are expected to result in improvement in the working in the current year.

DIRECTORS

IFCI Limited has nominated Shri Ganesh Chand on the Board of Directors of your Company with effect from 31st August, 1999. ICICI Limited has nominated Shri D. K. Pal on the Board of Directors of your Company with effect from 11th March, 2000 in place of Shri Suresh Vishwanath.

Shri S. K. Budhiraja, tendered his resignation as Managing Director and ceased to be a member on the Board of Directors with effect from the close of working hours on 31st August, 1999.

The Board of Directors place on record their appreciation of the services and guidance rendered by Shri S. K. Budhiraja and Shri Suresh Vishwanath during their tenure.

Shri P. S. Sharma was appointed as Managing Director of your Company by the Board of Directors for a period of three years with effect from 1st September, 1999 subject to the approval of shareholders and Central Government. The Central Government has already accorded its approval to the said appointment.

In compliance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Dr. Bhaskar Banerjee, Shri R. S. Sharma and Shri Ashok Goenka 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.

INDUSTRIAL RELATIONS

Industrial relations during the year under review continued to be cordial and peaceful.

PARTICULARS OF EMPLOYEES

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

Y2K COMPLIANCE

The Company had initiated effective steps well in time to combat the Y2K challenges and all its IT equipments were Y2K compliant by September, 1999. This helped the Company to smoothly enter into new millennium without any adverse impact on its systems and operations.

STOCK EXCHANGE LISTINGS

Equity Shares of the Company are listed on the Stock Exchanges at Ahmedabad, Calcutta, Pune, Mumbai (traded in B1 Group) and the National Stock Exchange. The Company confirms that it has paid annual listing fees to the above Stock Exchanges for the year 2000-2001.

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, 2000 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 acknowledge with gratitude the support received from the Government Agencies, Financial Institutions, Banks, Investors, Business Associates and Employees of the Company at all levels and look forward to their continued support.

On behalf of the Board

G. P. GOENKA
Chairman

Mumbai, 23rd June, 2000