

DUNCAN GOENKA



LIMITED
ANNUAL REPORT 2000-01

NRC LIMITED

NOTICE

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

Date : 21st September, 2001
 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, 2001 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Bodhishwar Rai, who retires by rotation, and being eligible, offers himself for re-appointment.
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 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 consent of the Company be and is hereby accorded to the keeping of the Register of Members and Index of Members under Section 163 of the Companies Act, 1956 with M/s. Tata Share Registry Limited. (Registrar & Share Transfer Agent of the Company) at Army & Navy Building, 148, Mahatma Gandhi Road, Mumbai-400 001 instead of the Registered Office of the Company with effect from 1st October, 2001".

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 and 6 is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 3rd September, 2001 to Friday, the 21st September, 2001 (both days inclusive).
- (d) Shareholders are requested to notify change in their addresses along with PIN CODE to the Company at its Registered Office quoting their Folio Numbers.
- (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) 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 Registrar of Companies, Maharashtra, Hakoba Mills Compound, 2nd Floor, Dattaram Lad Marg, Kalachowki, Chinchpokli, Mumbai-400 033.
- (g) 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.
- (h) Members who are holding Company's Shares in dematerialised form are requested to bring details of their DP and Client ID numbers for identification.
- (i) Members desirous of making nomination in respect of their shareholding may approach the Company for obtaining prescribed form and return the same duly filled in and signed for registration with the Company.
- (j) As required under the Listing Agreement with the Stock Exchanges the particulars of Directors who are proposed to be re-appointed are given below:
 - I. (i) **Name:** Shri Bodhishwar Rai
 - (ii) **Age:** 66 Years

- (iii) **Qualifications:** B.Com. (Hons.), M.A.
Experience:
 Chairman & Managing Director (Retired),
 Allahabad Bank, Kolkata.
 Managing Director (Retired),
 SBI Mutual Fund, Mumbai.
 Dy. Managing Director (Retired)
 SBI, Central Office, Mumbai.
 OSD, Ministry of Finance, Banking Division,
 Govt. of India, New Delhi.
- (iv) **Director of the Company since:** April, 1998
- (v) **Other Directorship:**
1. Bharat Forge Ltd. (Nominee Director – UTI)
 2. Domino's Pizza India Ltd.
 3. Foresight Trust Capital Finance Ltd.
 4. Global Trust Capital Finance Ltd.
 5. Hindustan Wires Ltd.
(Nominee Director – SBI)
 6. Madhya Bharat Papers Ltd.
 7. Magma Leasing Ltd.
 8. Oriental Carbon & Chemicals Ltd.
 9. Shristi Infrastructure Development Corporation Ltd.
 10. Sunil Synchem Ltd.
 11. Suven Pharmaceuticals Ltd.
 12. Texmaco Limited
 13. Uniworth International Ltd.
 14. Vam Organic Chemicals Ltd.
 15. West Coast Paper Mills Ltd.
- II. (i) **Name:** Shri V.N. Kamte
- (ii) **Age:** 76 Years
- (iii) **Qualifications:** B.Sc. (Chemistry & Zoology),
 B.Sc. (Forestry) from Edinburg University.
Experience:
1. Executive in-charge of Consumer Products of Ciba Geigy upto 1975.
 2. Managing Director of Everest Building Products Ltd. (Subsidiary of Turner & Newell Manchester, U.K.).
 3. Chief Executive and Consultant of Graham Firth Steel Co. Ltd. in 1980's.
 He was also General Consultant to Bodies Corporate in marketing and management matters.
- (iv) **Director of the Company since:** January, 1988.
- (v) **Other Directorship:**
 Shan Investments Pvt. Ltd.
- III. (i) **Name:** Shri Pravin N. Ghatalia
- (ii) **Age:** 60 Years
- (iii) **Qualifications:** Degree in Accounting from Bombay University. Chartered Accountant
- Career with the firm:**
 Worked in Price Waterhouse, London Office during 1976 on International Development Programme and was actively involved in the professional services of various multinational clients/Banks.
 Travelled all over the Globe for various professional work, seminars and conferences.
- Industry Specialisation:**
 Partner responsible for Energy & Utilities and Mining Industry in India.
 Have been annually attending PwC conferences/seminars in U.S. in this field.
- Client/Industry Specialisation:**
 Multinational engineering, Man-made fibres, Steel, Breweries, Consumer Products, Power, Entertainment, Media & Communication, Airlines, Oil & Gas, Drugs and Pharmaceuticals, Offshore Oil Extraction Drilling Companies and large size Foreign and Nationalised Banks.
- Appointments:**
 Was appointed Member of the Advisory Board of Societe Generale (French Bank) on recommendation by the Reserve Bank of India.
 On the Board of Advisory Board of Priyadarshni Academy Award.
 Member of the Accounting Standards Committee of Securities and Exchange Board of India (SEBI).
 In-charge of Wizcraft Cine Awards.
- Present position:**
 Sr. Partner of Price Waterhouse and all Associate firms
- (iv) **Director of the Company since:** May, 1995

NRC LIMITED

(v) **Other Directorship :**

1. Duncans Industries Ltd.
2. IDL Industries Ltd.
3. Price Waterhouse Coopers Ltd.

Professional activities

4. Institute of Chartered Accountants of India
5. Bombay Chamber of Commerce & Industry
6. The Associated Chamber of Commerce & Industry and Economic Affairs Committee
7. Indo-American Chamber of Commerce
8. Indo-German Chamber of Commerce

Member

9. Indo-Italian Chamber of Commerce
10. Indo-Netherlands Chamber of Commerce
11. Indo-Swiss Business Committee
12. Management Committee, Indian Merchants' Chamber

(k) The Company is registered with National Securities Depository Ltd. and Central Depository Services (India) Ltd. for dematerialisation of its Equity Shares with effect from 23.02.2001 and the ISIN number allotted to the Company's Equity Shares is INE 953C01018. Members are requested to note that pursuant to the SEBI Guidelines with effect from 26th March, 2001 trading and delivery of Company's Equity Shares is compulsorily in dematerialised form only.

(l) 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.

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

In accordance with the guidelines of the Securities & Exchange Board of India (SEBI) the Equity Shares of your Company have been compulsorily brought into demat mode with effect from 26.03.2001. Accordingly, M/s. Tata Share Registry Ltd. have been appointed with effect from 18.01.2001 as Share Transfer Agent in Electronic segment. The Company has also entered into an understanding with M/s. Tata Share Registry Limited in respect of physical segment. The Register of Members as well as the Index of Members shall be maintained by them as long as the Board of Directors decides otherwise. Keeping of the Statutory Registers and Records at a place other than the Registered Office of the Company requires approval of the Shareholders by a Special Resolution and accordingly approval of the Shareholders of the Company is sought thereto.

A copy of the understanding entered into with M/s. Tata Share Registry Limited is available at the Registered Office of the Company for perusal of the Shareholders.

None of the Directors is concerned or interested in the Resolution.

The Board of Directors commend the Resolution for your approval.

Registered Office:
Ewart House
Homi Modi Street
Mumbai 400 001
Dated: 17th May, 2001

By Order of the
Board of Directors

PRASENJIT GUHA
Company Secretary

Registered Office:
Ewart House
Homi Modi Street
Mumbai 400 001
Dated: 17th May, 2001

By Order of the
Board of Directors

PRASENJIT GUHA
Company Secretary

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2001

To The Members

Your Directors present the 54th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	Rs. in Lacs	
	2000-2001	1999-2000
Gross Sales	34,252.20	33,249.58
Profit/(Loss) before Interest, Depreciation and Tax	(66.84)	(353.37)
Interest	1,984.12	1,697.51
Profit/(Loss) before Depreciation and Tax	(2,050.96)	(2,050.88)
Depreciation	1,038.73	902.63
Profit/(Loss) before Tax	(3,089.69)	(2,953.51)
Extraordinary and Prior period items etc.	(0.37)	(21.26)
	(3,090.06)	(2,974.77)
Surplus/(deficit) from Previous Year	(4,044.09)	(1,069.32)
Loss carried to Balance Sheet	(7,134.15)	(4,044.09)

OPERATIONS

The unfavourable market conditions witnessed during the last two years continued throughout the year under report and the economy in general was in the grip of a recession. The demand remained slack and erratic, resulting in high inventories and consequential increase in costs. Intense competition in the market resulted in heavy pressure on sales and sales realisation. Despite general sluggishness in the market conditions, the total sales marginally increased to Rs. 342.52 crores from Rs. 332.50 crores resulting in an operating loss of Rs. 0.67 crores as against the operating loss of Rs. 3.53 crores in the previous year. The unprecedented rise in international crude prices resulted in steep hike in the cost of major petroleum products consumed by the Company such as Furnace Oil, LSHS and Caprolactum

also contributed to the adverse working during the year under review. The interest cost during the year 2000-2001 increased to Rs. 19.84 crores from Rs. 16.98 crores in the previous year mainly due to conversion of lease finance for DG Power Plant into Term Loan with effect from 1.9.2000. Provision for doubtful debts and advances amounting to Rs. 3.06 crores has also been made. After providing for interest and depreciation, the operations resulted in net loss of Rs. 30.90 crores as against Rs. 29.75 crores in the last year.

DIVIDEND

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

FINANCE

Due to overall recessionary trend in economic activities, the flow of money has been very sluggish. Your Company has taken several remedial measures to control expenditure in order to conserve funds for meeting working capital and other requirements.

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 viz. ICICI Limited had restructured the long term loans by granting concessions in interest and re-scheduling/converting part of its long term loan during the year 1999-2000.

The other Financial Institutions viz. Industrial Investment Bank of India Limited, IFCI Limited, Industrial Development Bank of India, and Life Insurance Corporation of India have also agreed to restructure the long term Rupee Term Loan and interest partly into Cumulative Redeemable Preference Shares and partly into Zero Coupon Secured Non-Convertible Debentures redeemable at a premium of 25%, subject to certain conditions to be complied with by the promoters.

IFCI Limited has also agreed to convert the lease finance along with overdue lease rentals aggregating to Rs. 55.13 crores into Rupee Term Loan of Rs. 55.13 crores.

The Board places on record their appreciation of the gesture of the said Financial Institutions in extending timely support to the Company.

NRC LIMITED

EXPORTS

Despite depressed international market conditions the Company continued its efforts on the export front and entered into new markets. The efforts resulted in the export of Rayon Yarn going up from Rs. 600 lacs in the previous year to Rs. 1073 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 for controlling material and labour costs, overheads and other expenses and at the same time is striving to achieve higher level of operations. The Management hopes to improve operational efficiency and productivity substantially in the current year.

The measures initiated are expected to result in beneficial impact on the overall performance and the Company is likely to achieve better results in the working in the current year.

DIRECTORS

IFCI Limited has nominated Shri N. Ramkumar on the Board of Directors of your Company with effect from 28.03.2001 in place of Shri Ganesh Chand.

The Board of Directors place on record their appreciation of the services and guidance rendered by Shri Ganesh Chand during his tenure.

In compliance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri Bodhishwar Rai, 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.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000 given below is the Directors' Responsibility Statement;

The Board of Directors state:

- (i) that in the preparation of the Annual Accounts for the year ended 31st March, 2001, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2001 and of the loss of the Company for that period.
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the Annual Accounts for the year ended 31st March, 2001 had been prepared on a going concern basis.

AUDIT COMMITTEE

Your Company has been observing certain key principles of Code on Corporate Governance and has had an Audit Committee of the Board for more than a decade. The Audit Committee presently comprises of five independent Directors viz. Shri V.N. Kamte, Shri R.S. Sharma, Shri P.N. Ghatalia, Shri D.K. Pal (ICICI nominee) and Shri N. Ramkumar (IFCI nominee).

SAFETY

Adequate safety measures and safe working practices have been implemented to ensure safety of workforce, plant and machinery as well as of the environment.

The working environment is periodically monitored by drawing samples and records are maintained.

INDUSTRIAL RELATIONS

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

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public under Section 58A of the Companies Act, 1956.

SICK INDUSTRIAL COMPANIES (Special Provisions) ACT, 1985

As on 31st March, 2001 the accumulated losses of the Company were in excess of 50% of the peak net worth during the immediately preceding four financial years, thereby attracting the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985. Report of the Board of Directors as to erosion in the peak net worth of the Company and the causes for such erosion is being sent along with the Notice of the Extra-ordinary General Meeting scheduled to be held on Friday the 21st September, 2001 at 4.30 p.m. or immediately after the conclusion of the 54th Annual General Meeting on that day whichever is later.

STOCK EXCHANGE LISTINGS & DEMATERIALISATION OF EQUITY SHARES

The Equity Shares of the Company are listed on the Stock Exchanges viz. Mumbai, Ahmedabad, Kolkata, Pune and the National Stock Exchange. The Shares of the Company have been traded at the said Stock Exchanges. To facilitate dealing in the Shares in electronic mode, the Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (I) Limited (CDSL). All dealings in the Company's Equity Shares such as buying and selling are now compulsorily required to be done with effect from 26.03.2001 only through electronic mode as announced by SEBI. For dealing in Shares in electronic

mode, the Equity Shares are required to be dematerialised. The Company has so far dematerialised 37,16,230 Equity Shares representing 21.73% of the Paid-up Capital of the Company.

The Company confirms that it has paid annual listing fees to the above Stock Exchanges for the year 2001-2002.

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, 2001 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 of the Company 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, 17th May, 2001

NRC LIMITED

INFORMATION UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY		2000-2001	1999-2000
(a) Energy conservation measures taken:	(ii) Through Diesel Generator		
	Units (KWH in Thousands)	10	15
	Fuel Cost/Unit (Rs.)	4.78	3.59
	(iii) Through Steam Turbine Generator by Coal/Oil		
	Units (KWH in Thousands)	1,33,96	1,55,44
(b) Following proposals are being implemented:	Fuel Cost/Unit (Rs.)	0.80	0.81
	2. Coal		
	Quantity in M.T.	54,308	53,201
	Total Cost (Rs. in Lacs)	1,142.57	1,119.76
	Average Rate (Rs./M.T.)	2,104	2,105
(c) Impact of the measures taken for saving the energy consumption in Rayon Plant is reflected in the per tonne consumption figures of Viscose Rayon Yarn.	3. Furnace Oil		
	Quantity in K.Ltrs.	14,133	8,478
	Total Cost (Rs. in Lacs)	1,512.28	662.65
	Average Rate (Rs./K.Ltrs.)	10,700	7,816
	4. L S H S		
The total energy consumption and energy consumption per unit of production:	Quantity in M.T.	23,781	27,004
	Total Cost (Rs. in Lacs)	2,261.56	2,320.94
	Average Rate (Rs./M.T.)	9,510	8,595
	5. Others — Internal Generation	—	—
		2000-2001	1999-2000
I. Power and Fuel Consumption	II. Consumption per unit of Production		
1. Electricity:	1. Electricity (KWH/M.T.)		
(a) Purchased Units (KWH in Thousands)	Viscose Rayon Yarn	5,260	5,606
Total amount (Rs. in Lacs)	Nylon Tyre Cord	4,716	4,583
Rate/Unit (Rs.)	Caustic Soda	2,894	2,850
includes maximum demand charges	Sulphuric Acid	66	68
	Carbon-di-Sulphide	1,647	1,486
(b) Own Generation:	2. Coal (M.T./M.T.)		
(i) Through D G Power Plant	Viscose Rayon Yarn	4.10	4.47
Units (KWH in Thousands)	Nylon Tyre Cord	1.40	1.26
Fuel Cost/Unit (Rs.)	Caustic Soda	0.04	0.04
	Sulphuric Acid	0.06	0.06
	Carbon-di-Sulphide	0.62	0.60