



55th ANNUAL REPORT 2001-2002

**NRC LIMITED**

## NRC LIMITED

<b>BOARD OF DIRECTORS</b>	GOENKA G.P.	Chairman
	CORREA W.R. (Dr.)	
	VAIDYA V.C.	
	KAMTE V.N.	
	SHARMA R.S.	
	GHATALIA PRAVIN N.	
	GOENKA ASHOK	
	RAI BODHISHWAR	
	PAL D.K.	Nominee of ICICI
	RAMKUMAR N.	Nominee of IFCI
	SHARMA P.S.	Managing Director

**COMPANY SECRETARY** PRASENJIT GUHA

**CORPORATE &  
REGISTERED OFFICE** EWART HOUSE  
HOMI MODI STREET  
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

**REGISTRAR &  
SHARE TRANSFER  
AGENTS** TATA SHARE REGISTRY LIMITED  
(UNIT NRC LTD.)  
ARMY & NAVY BUILDING,  
148, MAHATMA GANDHI ROAD,  
FORT, MUMBAI-400 001.  
TELEPHONE: 287 3831  
Fax: 284 4160  
Email : csg-unit@tatashare.com  
Website : [www.tatashare.com](http://www.tatashare.com)

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## NOTICE

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

Date : 24th September, 2002  
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, 2002 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri G. P. Goenka, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri V. C. Vaidya who retires by rotation, and being eligible, offers himself for re-appointment.
4. To resolve not to fill in for the present, the vacancy caused by the resignation of Dr. W. R. Correa, Director, who retires by rotation and does not wish to seek re-appointment.
5. To appoint Auditors and to fix their remuneration.

**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 in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and subject to the Guidelines issued by the Securities and Exchange Board of India (SEBI) and other appropriate authorities and any other approvals, consents, permissions and sanctions as may be required under applicable laws, rules, regulations and contracts and on the terms and conditions, alterations, modifications, changes and variations, if any, that may be prescribed in granting consents, permissions and sanctions and accepted by the Board of Directors of the Company (hereinafter referred to as the "Board") which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot not exceeding 97,04,028 Equity Shares of Rs. 10/- each for cash on a preferential basis in one or more tranches for an aggregate nominal (face) value up to Rs. 9,70,40,280/- on such terms and conditions in such manner as may be deemed fit by the Board at such price or prices as per applicable SEBI guidelines and any other applicable laws to be computed in connection with the relevant date of August 24, 2002 but not less than Rs.10/- per Equity Share to such Members of the Promoter Group by way of preferential allotment at such time or times and in such manner as the Board may in its absolute discretion deem fit."

"RESOLVED FURTHER that the Board be and is hereby authorised to create, offer, issue and allot, not exceeding 97,04,028 Equity Shares of Rs.10/- each or such number of Equity Shares as may be required to be issued and allotted or as may be necessary in accordance with the terms of the issue all such shares being *pari passu* with the existing Equity Shares of the Company in all respects except the right as to dividend as may be provided under the terms of issue of the Equity Shares."

"RESOLVED FURTHER that for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things and to decide all matters as it may in its absolute discretion deem necessary, or desirable for such purpose and to settle any question, difficulty, or doubt that may arise with regard to any such issue or allotment or otherwise reconsider the matter with changed circumstances as it may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution and to finalise and execute all documents and writings as may be necessary."

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 the provisions of Sections 198, 269 and 309 and Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof and subject to the approval of the Central Government and such other approvals as may be necessary, the Company hereby accords its approval and consent to the re-appointment of Mr. P. S. Sharma as the Managing Director of the Company for a period of three years with effect from 1st September, 2002 on the terms and conditions as set out in the draft agreement submitted to this Meeting and initialled by the Chairman for the purpose of identification which agreement be and is hereby approved subject to such conditions and modifications, if any, that may be imposed by the Central Government in granting their approval and as may be acceptable to the Board of Directors and Mr. P. S. Sharma."

"RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year during the tenure of the Managing Director, Mr. P. S. Sharma shall be paid the remuneration including the perquisites as minimum remuneration as set out in the draft agreement".

"RESOLVED LASTLY 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 including but not limited to entering into an agreement with Mr. P. S. Sharma with such modifications as may be necessary on receipt of approval of the Central Government."

**NOTES:**

- (a) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 6 and 7 is annexed hereto.

## NRC LIMITED

- (b) 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.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 14th August, 2002 to Friday, 6th September, 2002 (both days inclusive).
- (d) Shareholders are requested to notify change in their addresses along with PIN CODE to the Company at its Registered Office or to the Registrars, Tata Share Registry Ltd., Army & Navy Bldg., 148, Mahatma Gandhi Road, Fort, Mumbai 400 001 quoting their Folio Numbers, or to their respective Depository Participants (DP's), if their Shareholding is in Demat Form.
- (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 or the Share Registrars 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 G. P. Goenka  
(ii) **Age:** 61 Years  
(iii) **Qualifications:** B.Sc. (Hons.)  
**Experience:**  
Shri G. P. Goenka is a reputed industrialist hailing from one of the country's oldest business families. The family has associated itself with the country's industrialisation for five generations since 1820. Mr. Goenka has been the Chairman

of the Company since 1984. He is also Chairman of number of other well known listed Companies.

Shri Goenka has been associated with a number of Trade & Industry Organisations. He is a past President of the Federation of Indian Chambers of Commerce and Industry (FICCI). He is also the President of the Indian Tea Association and a Member of the Consultative Committee of Plantation Associations. He has also served as a Member of the Prime Minister's Council on Trade and Industry.

(iv) **Director of the Company since:** August, 1983.

(v) **Other Directorship:**

1. Andhra Cements Ltd. – Chairman
2. Consolidated Fibres & Chemicals Ltd. – Chairman
3. Duncans Industries Ltd. – Chairman
4. Energy Development Company Ltd.
5. Gujarat Carbon & Industries Ltd. – Chairman
6. Jay Shree Tea & Industries Ltd.
7. Nicholas Piramal India Ltd.
8. Stone India Ltd. – Chairman
9. Star Paper Mills Ltd. – Chairman
10. Texmaco Ltd.
11. Unimers India Ltd. – Chairman
12. Alfred Herbert (India) Ltd. – Alternate Director

### Other Professional Membership:

Federation of Indian Chambers of Commerce & Industry – Committee Member.

II. (i) **Name:** Shri V. C. Vaidya

(ii) **Age:** 82 Years

(iii) **Qualifications:** L.L.B. and Solicitor, Bombay

### Experience:

Ex-Chairman and Managing Director of New India Assurance Co. Ltd. Shri Vaidya is experienced in legal, insurance and investment fields.

(iv) **Director of the Company since:** July, 1981

(v) **Other Directorship:**

1. Antifriction Bearings Corp. Ltd.
2. Chika Ltd.
3. Goodlass Nerolac Paints Ltd.
4. Grover Vinyards Ltd.
5. Unimers India Ltd.
6. The Industrial Investment Trust Ltd.
7. The Industrial & Prudential Investment Co. Ltd.
8. Standard Industries Ltd.
9. Tata Investment Corporation Ltd.
10. Victoria Mills Ltd.

**Trustee of:**

1. GIC Mutual Fund
2. Madgaonkar Trust
3. Mahalaxmi Temple Trust
4. Pransukhlal Mafatlal Bath & Boat Club Trust
5. Willington Sports Club, Mumbai.

(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.

**Registered Office:**  
Ewart House  
Horn Modi Street  
Mumbai 400 001  
Dated: 24th July, 2002

**By Order of the  
Board of Directors**  
  
PRASENJIT GUHA  
Company Secretary

**EXPLANATORY STATEMENT**

The following Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 sets out the material facts relating to the business at Item Nos. 6 and 7 of the accompanying Notice dated 24th July, 2002.

**Item No. 6**

The Members are aware that the Company is engaged in the manufacture and sale inter-alia of Rayon Yarn, Nylon Tyrecord/Fabric and Chemicals. The general economic slowdown in the Indian economy for more than three years resulted in unfavourable market conditions for the products manufactured and sold by the Company. The difficult business climate resulted in lower off-take of Rayon Yarn, Caustic Soda and Nylon Tyrecord and pushed down the prices to unremunerative levels. The working of the Company resulted in cash losses from the year 1998-1999. Consequently, the instalments due and interest accrued on the secured term loans remained unpaid to the Financial Institutions.

Your Company therefore, approached the Financial Institutions to restructure the secured term loans and the Financial Institutions viz. ICICI, IDBI, IFCI, IIBI and LIC have restructured/agreed to restructure the term loans by converting major part of the unpaid principal installments of the loans into 8% & 4% Cumulative Redeemable preference Shares respectively and Zero Coupon Secured Debentures, redeemable at a premium of 25% of the outstanding amount on the condition that inter-alia the promoters shall infuse fresh Equity Capital of Rs. 16.10 crores alongwith conversion of their Inter Corporate Deposits and Interest accrued upto the date of sanctioning the proposal for restructuring the

outstanding term loans amounting to Rs. 3.82 crores, aggregating to Rs. 19.82 crores into Equity Shares at par.

Your Board have accepted the proposal of the Financial Institutions to restructure the term loans on the terms and conditions stipulated by them, subject to requisite approvals. The issue and allotment of necessary instruments have been completed with majority of the Institutions.

The Board after careful consideration of various alternatives, pursuant to the Special Resolution passed by the shareholders at the 54th Annual General Meeting held on 21st September, 2001 issued and allotted on 12th December, 2001 1,02,19,520 Equity Shares of Rs.10/- each credited as fully paid-up on preferential basis aggregating to Rs. 10.22 crores to the Promoter Group Companies in the following manner:

Name of the Company	No. of Shares Allotted
1. Duncans Industries Limited	64,24,751
2. Dail Investments Limited	19,70,000
3. Golconda Investments Limited	18,24,769
<b>Total</b>	<b>1,02,19,520</b>

As per the proposals of the Financial Institutions for restructuring the outstanding terms loans and interest accrued thereon, the Promoters are required to bring in the balance Equity Capital of Rs. 9,70,40,280/-.

Shubh Shanti Services Limited, Duncans Industries Limited and other Promoter Group Companies have expressed their willingness to subscribe to these shares.

The present holding of the Promoter Group is 57.18% of the total paid-up Equity Capital of the Company and their total shareholding after the preferential allotment of shares would be 68.40% of the increased paid-up Equity Capital of the Company. The Shareholding Pattern before and after the preferential allotment would be as under:

Category	Existing Capital (As on 12.07.2002)		Enhanced Capital	
	No. of Shares	%	No. of Shares	%
Promoter Group	1,56,19,943	57.18	2,53,23,971	68.40
Financial Institutions	38,38,277	14.05	38,38,277	10.37
Public	78,60,778	28.77	78,60,778	21.23
<b>Total</b>	<b>2,73,18,998</b>	<b>100.00</b>	<b>3,70,23,026</b>	<b>100.00</b>

No change in the composition of the Board of Directors or in the control over the Company is expected to take place consequent to the allotment of the shares under the proposed issue. The pricing of the issue will be determined strictly in accordance with Chapter XIII of SEBI (Disclosure & Investor Protection) Guidelines, 2000 pertaining to preferential allotment. According to present indications such price may be about Rs. 10/- per Equity Share of the face value of Rs. 10/- each. This is only indicative price and the actual price may vary as per the share price quotations during the relevant period preceding the relevant date of August 24, 2002, but will not be less than Rs. 10/- each being face value of shares. The Auditors' Certificate as prescribed by SEBI Guidelines will be tabled at the Meeting.

The Allotment procedure will be completed within the stipulated time of three months of passing the resolution as prescribed by SEBI.



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The Resolution set out in the Notice is required having regard to the provisions of Section 81 (1A) of the Companies Act, 1956 which *inter-alia* provides that any further issue of shares other than issue of shares on Rights Basis requires passing of a Special Resolution in General Meeting. Authority is also proposed to be given to the Board to decide the tranches and the terms at which such shares should be issued.

The Directors are deemed to be concerned or interested in the said Resolution to the extent the Equity Shares which may be offered to them and to the Companies in which they together with their relatives if any are holding the Equity Shares and/or they are Directors of the said Companies.

### Item No. 7

The Board of Directors at its Meeting held on July 24, 2002 reappointed Mr. P. S. Sharma as the Managing Director of the Company for a period of three years with effect from 1st September, 2002 subject to the approval of the Company in General Meeting and the Central Government on the following terms and conditions:

- (1) **Salary:** Salary of Rs. 1,25,000 per month in the salary scale of Rs. 1,00,000 to Rs. 2,00,000 with such increases as may be determined by the Board of Directors of the Company or a Committee thereof that may be constituted by the Board in this regard from time to time.
- (2) **Special Allowance :** Rs. 35,000 per month.
- (3) **Performance Related Pay:** As may be approved for each year by the Board or a Committee thereof that may be constituted by the Board subject to a maximum of 90% of the annual salary (excluding special allowance) in a financial year.
- (4) **Perquisites & Allowances:** In addition to the salary, special allowance and performance related pay; perquisites in the form of rent free furnished residential accommodation (including society charges and any other outgoings or tax) together with reimbursement of expenses for utilities such as gas, electricity, water, soft furnishings, gardener, servant salaries, medical reimbursement, club fees, leave travel assistance, personal accident insurance and such other perquisites as per rules of the Company applicable to Senior Management Staff, aggregate value thereof to be restricted to an amount not exceeding the annual salary (excluding special allowance) drawn in a financial year. For computing the foregoing ceiling, all perquisites to be evaluated as per the Income-tax Rules, 1962. In the absence of any such rule, evaluations to be at actual cost and that the following shall not be included in computing the ceiling on perquisites as aforesaid:-
  - (a) Residential telephone;
  - (b) Car with driver for official use;  
Use of car for personal purposes and long distance personal calls will be billed at actuals;
  - (c) Company's contribution to Provident Fund and Superannuation Fund to the extent that these either singly or in the aggregate are not taxable under the Income Tax Act, 1961;
  - (d) Gratuity payable as per Rules of the Company and encashment of leave at the end of tenure.  
The overall remuneration to the Managing Director as stated above shall be within the limits prescribed

under Schedule XIII as if the same were applicable to the Company.

- (5) **Minimum Remuneration:** In the event of absence or inadequacy of profits in any year during the tenure of Mr. P. S. Sharma as Managing Director the remuneration as stated above including perquisites will be granted to him as minimum remuneration.
  - (i) The Managing Director so long as he functions as such shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.
  - (ii) The Company shall reimburse to the Managing Director entertainment, travelling and other expenses incurred by him for the business of the Company.
  - (iii) 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.
  - (iv) The Managing Director shall not be entitled to any compensation in cases mentioned in Section 318(3) of the Companies Act, 1956.
  - (v) The Managing Director shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission and any other commission or become interested or concerned directly or through his wife and/or minor children, relatives in any selling agency of the Company, without the prior approval of the Central Government.

Mr. P. S. Sharma holds a B. E. (Chemical) degree having passed in the first class. He served with the DCM group for 35 years including the last nine years as Executive Director of DCM Shriram Industries Ltd. before joining the Company.

Mr. Sharma during his tenure has successfully implemented effective cost reduction measures, brought in improvement in product quality, technological improvements in manufacturing techniques, business process re-engineering, increase in labour productivity and other initiatives. The operating results in 2001-2002 have shown marked improvement. Considering the above contributions and his expertise in Rayon Industry, the Board of Directors is of the view that it will be of advantage to the Company to have the varied experience of Mr. Sharma at a juncture when it is making efforts to wipe out its losses and turn the corner. The Board therefore commends the resolution for the approval of the Shareholders.

This may be treated as an Abstract of the terms of the draft Agreement proposed to be entered into between the Company and Mr. Sharma and Memorandum of Interest under Section 302 of the Companies Act, 1956.

The draft agreement proposed to be entered into between the Company and Mr. P. S. Sharma is available for the inspection of the Members at the Registered office of the Company during business hours on any working day between 10.30 a.m. and 1.00 p.m.

No other Director except Mr. P. S. Sharma is concerned or interested in the above Resolution.

Registered Office:  
Ewart House  
Homi Modi Street  
Mumbai 400 001  
Dated: 24th July, 2002

By Order of the  
Board of Directors  
PRASENJIT GUHA  
Company Secretary

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2002

**To The Members**

Your Directors present the 55th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2002.

**FINANCIAL RESULTS**

	Rs. in Lacs	
	2001-2002	2000-2001
Gross Sales	<b>37,301.67</b>	34,252.20
Profit/(Loss) before Interest, Depreciation and Tax	<b>2,363.45</b>	(66.84)
Interest	<b>2,049.10</b>	1,984.12
Profit/(Loss) before Depreciation and Tax	<b>314.35</b>	(2,050.96)
Depreciation	<b>1,121.38</b>	1,038.73
Profit/(Loss) before Tax	<b>(807.03)</b>	(3,089.69)
Extraordinary and Prior period items etc.	—	(0.37)
Deferred Tax Asset	<b>183.19</b>	—
Profit/(Loss) after Tax	<b>(623.84)</b>	(3090.06)
Surplus/(deficit) from Previous Year	<b>(7,134.15)</b>	(4,044.09)
Deferred Tax Asset (net) relating to earlier years	<b>1,362.07</b>	—
Loss carried to Balance Sheet	<b>(6,395.92)</b>	(7,134.15)

**OPERATIONS**

The turnover of your Company during the year under review increased to Rs. 373.02 crores from Rs. 342.52 crores during the previous year resulting in an operating profit of Rs. 23.63 crores as against the operating loss of Rs. 0.67 crores in the previous year. The operating profit for the year under review is after making provision for doubtful debts and advances amounting to Rs. 9.78 crores. After providing interest of Rs. 20.49 crores and depreciation of Rs. 11.21 crores, the operations resulted in a net loss of Rs. 8.07 crores as against a net loss of Rs. 30.90 crores during the previous year. The loss after taxation for the year under review is Rs. 6.24 crores after taking into account net deferred tax asset of Rs. 1.83

crores. The loss carried forward to the balance sheet is Rs. 63.96 crores after taking into account net deferred tax asset of Rs. 13.62 crores relating to earlier years and carried forward loss from the last year.

The market condition for Rayon Yarn improved during the second half of the year under review, but the market for the other two main products of the Company viz. Nylon Tyre Cord and Caustic Soda remained slack and erratic throughout the year. Reduction in import duties on Nylon Tyre Cord Fabrics and weakening of prices in the international market resulted in increase in imports in the country, thereby adversely affecting the off-take from domestic producers. Further, due to the dumping of Caustic Soda from Middle East and South East Asian Countries, the capacity utilisation in the domestic industry including your Company remained at around 70%. Taking these developments into account performance of your Company is quite satisfactory.

Sustained efforts in the areas of cost reduction, business process re-engineering, improvement in quality and operating efficiencies have and will continue to result in significant growth in turnover leading to better working results during the current financial year.

**DIVIDEND**

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

**FINANCE**

As per the approval granted by the Shareholders at the 54th Annual General Meeting and in terms with the restructuring sanctioned by the Institutions, the promoter group has converted their existing as well as fresh Inter Corporate Deposits along with overdue interest into equity shares. Accordingly, 1,02,19,520 Equity Shares of Rs. 10/- each credited as fully paid-up have been allotted on preferential basis aggregating to Rs. 10.22 crores, which has resulted in the increase in Equity Capital to Rs. 27.35 crores. This has improved liquidity as also the Net Worth of the Company. The balance amount of equity required to be infused by the Promoters is proposed to be brought in during the current financial year.

As a part of the restructuring package sanctioned by the Financial Institutions the Company executed the legal documents with IFCL Limited for conversion of the lease finance along with the overdue lease rentals aggregating to Rs. 55.13 crores into a Term Loan. Allotment of 1,67,200 Zero Coupon Secured Non-Convertible Debentures of Rs. 100/- each fully paid up aggregating Rs. 1.67 crores and 70,578, 8% Cumulative Redeemable Preference Shares of

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Rs. 100/- each fully paid up aggregating Rs. 0.71 crores was also made during the year for conversion of their long term Rupee Term Loan.

Execution of documents with Industrial Development Bank of India for their restructuring package sanctioned earlier is being completed. The lead institution viz. ICICI Limited and all other institutions except Unit Trust of India (UTI) have restructured the long term loans of the Company to help it to turn around. Despite repeated requests to UTI to sanction their package in line with that of other Institutions, UTI has not agreed to the proposal and has filed an application before Debt Recovery Tribunal for recovery of the principal amount of Rs. 8.75 crores outstanding along with interest. Efforts are being made to reach an amicable settlement with UTI with the cooperation of other institutions and banks.

The Board places on record its deep appreciation to the Financial Institutions and Banks for extending timely support to the Company at a stage when it is making all out efforts to turn around.

### EXPORTS

Overall the exports of Viscose Filament Yarn (VFY) from India have declined by 17% as against the quantity exported in the previous year mainly due to post September 11, 2001 impact and onslaught of Chinese materials in the international market. These factors depressed the international prices and the export prices from India were comparatively lower than domestic prices.

Your Company however continued its efforts by developing samples for the new markets overseas and exported material worth Rs. 2.47 crores during the year under review as against Rs. 10.73 crores in the previous year. These efforts are likely to give results in the current financial year once the prices of exports from China improve and stabilise in the international market.

### DIRECTORS

Dr. Bhaskar Banerjee resigned from the Board of Directors of the Company with effect from February 8, 2002. Dr. Banerjee had joined the Board of your Company in 1984. The Board places on record its deep appreciation for the valuable services and contribution of Dr. Banerjee during his long association with the Company.

The Board proposes to re-appoint Mr. P. S. Sharma as Managing Director of the Company for a period of three years with effect from September 1, 2002 on the terms and conditions to be finalised with him subject to the approval of the Shareholders and the Central Government. The detailed terms and conditions will be included in the Notice of the forthcoming Annual General Meeting.

In compliance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. G. P. Goenka and Mr. V. C. Vaidya retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. However, Dr. W. R. Correa who also retires at the forthcoming Annual General Meeting does not wish to seek re-appointment and expressed his desire to relinquish the Directorship.

The Board places on record its deep appreciation for the valuable services and contribution of Dr. Correa during his long association with the Company.

### 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.

### REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Report on Corporate Governance Code and Auditors' Certificate regarding compliance of the conditions of the Code and Management Discussion and Analysis are part of this Annual Report.

### 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, 2002, 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, 2002 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, 2002 had been prepared on a going concern basis.

### **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**

Consequent upon erosion in excess of 50% of the peak net worth of the Company, Report as to such erosion under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 has been sent to BIFR. The Company has not received any order of the BIFR on its Report.

### **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 Company has so far dematerialised 75,84,584 Equity Shares representing 27.76% of the total Paid up Capital of the Company as on the date of this Report.

The Company confirms that it has paid annual listing fees to the above Stock Exchanges for the year 2002-2003.

### **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, 2002 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. Members are requested to appoint the Auditors and fix their remuneration.

### **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 to improve the performance of the Company in the emerging competitive environment.

On behalf of the Board

Mumbai  
20th May, 2002

G. P. GOENKA  
Chairman

# NRC LIMITED

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

A. CONSERVATION OF ENERGY		2001-2002	2000-2001
(a) Energy conservation measures taken:	(ii) Through Diesel Generator		
	Units (KWH in Thousands)	6	10
	Fuel Cost/Unit (Rs.)	7.88	4.78
	(iii) Through Steam Turbine		
	Generator by Coal/Oil		
	Units (KWH in Thousands)	1,17,22	1,33,96
	Fuel Cost/Unit (Rs.)	0.82	0.80
	2. Coal		
	Quantity in M.T.	49,438	54,308
	Total Cost (Rs. in Lacs)	1,079.71	1,142.57
	Average Rate (Rs./M.T.)	2,184	2,104
(b) Following proposals are being implemented:	3. Furnace Oil		
	Quantity in K.Ltrs.	902	14,133
	Total Cost (Rs. in Lacs)	84.28	1,512.28
	Average Rate (Rs./K.Ltrs.)	9,344	10,700
	4. L S H S		
	Quantity in M.T.	38,203	23,781
	Total Cost (Rs. in Lacs)	3,542.98	2,261.56
	Average Rate (Rs./M.T.)	9,274	9,510
	5. Others — Internal Generation	—	—
(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.			
<b>The total energy consumption and energy consumption per unit of production:</b>			
		2001-2002	2000-2001
<b>I. Power and Fuel Consumption</b>			
1. Electricity:			
(a) Purchased Units		35,16	1,12,62
(KWH in Thousands)			
Total amount		296.53	566.36
(Rs. in Lacs)			
Rate/Unit (Rs.)		8.43	5.03
includes maximum demand charges			
(b) Own Generation:			
(i) Through D G Power Plant			
Units (KWH in Thousands)		17,89,43	16,67,51
Fuel Cost/Unit (Rs.)		2.02	2.23
<b>II. Consumption per unit of Production</b>			
1. Electricity (KWH/M.T.)			
Viscose Rayon Yarn		5,134	5,260
Nylon Tyre Cord		4,645	4,716
Caustic Soda		2,930	2,894
Sulphuric Acid		59	66
Carbon-di-Sulphide		1,531	1,647
2. Coal (M.T./M.T.)			
Viscose Rayon Yarn		3.91	4.10
Nylon Tyre Cord		1.42	1.40
Caustic Soda		0.03	0.04
Sulphuric Acid		0.06	0.06
Carbon-di-Sulphide		0.60	0.62