



# **NRC LIMITED**

56th ANNUAL REPORT 2002-2003

Report Junction

# NRC LIMITED

<b>BOARD OF DIRECTORS</b>	GOENKA G.P.	Chairman
	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
	GOENKA SHRIVARDHAN	
	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 : 022-56568484  
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Website : [www.tatashare.com](http://www.tatashare.com)

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**Front Cover:** NRC's commitment to environment – greenery in the NRC premises at Mohone, Kalyan.

## NOTICE

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

Date : Friday, 26th September, 2003  
 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, 2003 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri V. N. Kamte, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Ashok Goenka, 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 Mr. R. S. Sharma, Director who retires by rotation and does not wish to seek re-appointment.
5. To appoint M/s. Lodha & Co. Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting of the Company until conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS:**

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

"RESOLVED that Shri Shrivardhan Goenka, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the Annual General Meeting and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation".

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

"RESOLVED that subject to the provisions of the Companies Act, 1956 and in accordance with the provisions of Securities and Exchange Board of India — SEBI (Delisting of Securities), Guidelines 2003 (SEBI) and any other approvals, consents, permissions and sanctions as may be required from the Stock Exchanges and under any other applicable laws, rules regulations that may be stipulated in this connection and on the terms and

conditions, alterations, modifications, changes and variations, if any, that may be prescribed in granting consents, permissions and sanctions by the Stock Exchanges and any other Statutory Authority and accepted by the Board of Directors (which term shall include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), consent of the Company be and is hereby accorded to delist the equity shares from The Calcutta Stock Exchange Association Limited, Pune Stock Exchange Limited and The Stock Exchange Ahmedabad."

"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 and expedient to give effect to the resolution including but not limited to make necessary application, furnishing desired information to the Stock Exchanges and to settle all questions, difficulties or doubts whatsoever that may arise in regard to the aforesaid voluntary delisting of the equity shares as it may in its discretion deem fit."

8. 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 include any Committee thereof 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 47,00,000 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.4,70,00,000/- on such terms and conditions in such manner as may be deemed fit by the Board and 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 26, 2003, 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 47,00,000 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."

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"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."

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

"Resolved that subject to the provisions of Section 149(2A) and any other applicable provisions if any, of the Companies Act, 1956 and any other approvals as may be required, consent of the Company be and is hereby accorded to enter into the real estate business consisting of but not limited to buying, selling, leasing or in any other manner dealing and developing immovable properties comprising of land, buildings, appurtenant thereto, setting up commercial complexes/multiplex, amusement parks, granting of transfer of development rights, entering into joint venture with other developers, setting up composite residential complex with facilities of shopping mall, educational institutions, restaurants and other amenities viz. park, road, sewer, water, electricity etc. as may be deemed fit and/or prescribed by local authorities and to undertake any areas of latest developments in this field with a view to add value and without prejudice to the generality of the forgoing, also to do whatever may be regarded as necessary and desirable to run these business."

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

"Resolved that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and any statutory modifications or re-enactment thereof, for the time being in force, the Articles of Association of the Company be and are amended or altered with immediate effect be incorporated in the manner and to the extent set out herein below:

Articles 10, 17 & 211 —

- (a) For the words "Share Premium Account" the words "Securities Premium Account" shall be substituted.
- (b) The following new proviso shall be added after Article 17(2);

"Provided further that notwithstanding anything contained hereinabove, any amount standing to the credit of "Securities Premium Account" or the "Capital Redemption Reserve Account" may also be utilized (other

than for Capitalisation), in accordance with the provisions of law.

Article 178 : The following words be added after the "first sentence" in Article 178 (Chairman of the Board of Directors).

"The Chairman so appointed shall not be liable to retirement by rotation so long as the limits prescribed in Section 255(1) of the Companies Act, 1956 are complied with and in the event the limits prescribed in the Act are exceeded the provisions of Article 164(2) shall apply."

Article 164(2): The following para be added at the end of the Article 164(2) (Managing/Wholetime Directors)

"However, in the event the limits prescribed under Section 255 of the Act are exceeded, the Wholetime Director(s), Managing Director and lastly the Chairman shall become liable to retirement by rotation in the said order read with Article 178."

11. 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 78, 80, 100 and other applicable provisions, if any, of the Companies Act, 1956, Articles 10 and 17 of the Articles of Association of the Company and subject to the confirmation of the Hon'ble High Court of Judicature at Bombay and/or any other regulatory authority as may be prescribed under the Companies Act, 1956 or under any other statute, an amount not exceeding Rs. 4,936.39 lacs in aggregate out of the balance standing in the Securities Premium Account and Capital Redemption Reserve Account of the Company as at April 1, 2003 be utilized for the adjustment of the sum of Rs. 4,936.39 lacs standing to the debit of "Profit and Loss Account" which is the brought forward losses as it stood in the books of the Company as on April 1, 2003.

"Resolved further that for purpose of giving effect to the above Resolution and for removal of any difficulties or doubts, the Board of Directors (which term shall include any Committee thereof or any person/persons that the Board may have constituted/nominated or hereinafter constitute/nominate to exercise its powers including powers conferred under this Resolution) be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to utilization/adjustment of the Securities Premium Account and Capital Redemption Reserve Account including passing of such accounting entries and/or making such other adjustments in the books of the account as considered necessary to give effect to the above Resolution or carry out such modifications/directions as may be ordered by the Hon'ble High Court of Judicature at Bombay to implement the aforesaid Resolution."

## NOTES:

- (a) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 6 to 11 are annexed hereto.

(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 Tuesday, 2nd September, 2003 to Friday, 12th September, 2003 (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 at Tata Share Registry Ltd, Army Navy Bldg, 148 Mahatma Gandhi Road, Mumbai - 400 001 quoting their Folio Numbers, or to their Depository Participants (DPs) 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.

Consequent on the amendment to Section 205-A by introduction of Section 205-C of the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid/unclaimed with effect from 31st March, 1996 for a period of seven years from the date of transfer to unpaid dividend account of the Company would require to be transferred to the Investor Education & Protection Fund (IEPF) set up by the Government of India and no payments shall be made in respect of such claims by the Fund. Accordingly, the unclaimed dividend for the financial years ended 31.3.1996, 31.3.1997 and 31.3.1998 are due for transfer to IEPF as per details given below:

Financial Year	Date of Declaration of Dividend	Due date for transfer to IEPF
1995-96	09.9.1996	17.10.2003
1996-97	24.9.1997	02.11.2004
1997-98	11.9.1998	20.10.2005

Members are requested to submit their claims for unpaid dividends for the aforesaid years at the earliest, atleast fifteen days before the due dates for transfer.

(g) Members who are holding Company's Shares in dematerialised form are requested to bring details of their DP and Client ID numbers for identification.

(h) Members desirous of making nomination in respect of their shareholding may approach the Company or to the Share Registrars for obtaining prescribed form and return the same duly filled in and signed for registration with the Company.

(i) 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 V. N. Kamte

(ii) **Age:** 78 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. Former 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.

4. He was also General Consultant to Bodies Corporate in marketing and management matters.

(iv) **Director of the Company since:** 29th January, 1988.

(v) **Other Directorship:** Shan Investments Pvt. Ltd.

II. (i) **Name:** Shri Ashok Goenka

(ii) **Age:** 72 Years

(iii) **Qualifications:** B.A. (Econ. Honours), MBA

**Experience:**

Former Chairman, General Insurance Corporation of India. Economic Advisor, UNCTAD, Geneva. Faculty member of Nanyang Technological University, Singapore. Mr. Goenka has wide experience in the Insurance Sector and is also an academician with background in economics and management studies.

(iv) **Director of the Company since:** 17th April, 1998.

(v) **Other Directorship:**

1. Birla Sunlife Asset Management Co. Ltd.

2. Oxides & Specialities Ltd.



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- III. (i) **Name:** Shri Shrivardhan Goenka  
 (ii) **Age:** 28 Years  
 (iii) **Qualifications:** B.Com (Hons), Master of Business Administration (Kellogg School of Management, Northwestern University, USA).

**Experience:**

A scion of the famous Goenka family, who were pioneers in banking and industry, 28 years old Mr. Shrivardhan Goenka is the son of Mr. Gouri Prasad Goenka, who is the Chairman of Duncan Goenka Group and the great grandson of Sir Badridas Goenka, who was the Chairman of Imperial Bank, now known as the State Bank of India.

After his graduation in Commerce from St. Xavier's College, Calcutta he has done his Master of Business Administration from Kellogg School of Management, Northwestern University, USA.

- (iv) **Director of the Company since:** 1st October, 2002.

(v) **Other Directorship:**

1. Odyssey Travels Ltd.
2. Stone India Ltd.
3. Consolidated Fibres & Chemicals Ltd.
4. Continuous Forms (Calcutta) Ltd.
5. Octave Technologies Pvt. Ltd.
6. Marleybone Travels & Resorts Pvt. Ltd.
7. Pallmall Edusystems and Medicare Services Pvt. Ltd.

8. Gujarat Carbon & Industries Ltd.

9. Duncans Tea Ltd.

10. Unimers India Ltd.

11. Star Paper Mills Ltd.

- (vi) **Other Professional Membership:** Indian Chamber of Commerce — Member.

- (j) 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.

- (k) 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

By Order of the  
 Board of Directors

Prasenjit Guha  
 Company Secretary

Dated : 25th July, 2003

## 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 to 11 of the accompanying Notice dated 25th July, 2003.

**Item No. 6**

Shri Shrivardhan Goenka was appointed an Additional Director of the Company by the Board of Directors effective from 1st October, 2002. According to the provisions of Section 260 of the Companies Act, 1956 (the Act) read with Article 138 of the Articles of Association of the Company, Shri Shrivardhan Goenka holds office of Director upto the date of the ensuing Annual General Meeting of the Company. A notice has been received from a member as required by Section 257 of the Act signifying his intention to propose the appointment of Shri Shrivardhan Goenka as a Director.

The Board of Directors is of the view that the appointment of Shri Shrivardhan Goenka with his skill in finance and management would be of immense benefit to the Company and recommends of his appointment for your approval.

No other Director except Shri Shrivardhan Goenka and Shri G. P. Goenka are concerned or interested in the Resolution.

**Item No. 7**

Presently the Company's equity shares are listed on The Stock Exchange, Mumbai (BSE), National Stock Exchange of India Limited (NSE), The Calcutta Stock Exchange Association Limited (CSE), Pune Stock Exchange Limited (PSE) and The Stock Exchange Ahmedabad (ASE).

The bulk of the trading takes place on BSE and NSE. The trading volumes on the CSE, PSE and ASE are negligible and disproportionate to the cost in terms of listing fees payable by the Company to these Exchanges. The drop in volume has arisen due to expansion of BSE and emergence of NSE having nationwide terminals with facility to investors to access online the trading in the shares. As the members are aware, trading in the equity shares of the Company is permitted only in dematerialised form effective from 26th March, 2001.

The Board of Directors after a careful consideration of the matter at their meeting held on July 25, 2003 have decided to apply for voluntary delisting of the Company's equity shares from the three stock exchanges as set out in resolution at item no.7 of the Notice in accordance with the guidelines of SEBI (Delisting of Securities) Guidelines, 2003. These Guidelines have dispensed with the requirement of providing an exit option to the investors covered in delisted Exchanges, provided the Company continues to be listed with Stock Exchanges having nationwide terminals such as BSE, NSE or any other Stock Exchange to be specified by SEBI. The delisting of shares from the Stock Exchanges would avoid

considerable administrative work besides savings on account of the listing fees being paid.

The Company's equity shares will be continued to be listed on both BSE and NSE which have nationwide terminals thereby giving opportunity to investors to freely trade in the shares of the Company. Hence, the proposal is not considered to be prejudicial to the interest of investors.

In terms of the said Guidelines, a public announcement will be made in due course and the delisting shall become effective once all approvals, sanctions, permissions are received.

The Directors commend the Special Resolution for your approval.

None of the Directors are interested in the proposal, except as shareholders in general.

**Item No. 8**

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.

In terms of the restructuring packages sanctioned by the Financial Institutions viz. ICICI, IDBI, IFCI, IIBI and LIC had restructured the term loans by converting major part of the unpaid principal instalments/interest of the loans into 8% & 4% Cumulative Redeemable Preference Shares 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. 19.92 crores into Equity Shares.

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 the Institutions.

The Board after careful consideration of various alternatives have issued and allotted the following equity shares at par to Promoter Group Companies, as detailed in the table below:

Financial Year	Approval accorded by the Shareholders at:	No. of Shares approved	Allotment by Committee of Board	Amount (Rs. in Crores)	Allottee Companies	No. of Shares allotted
2001-02	54th AGM held on 21.9.2001	1,09,23,548	1,02,19,520	10.21	Duncans Industries Ltd.	64,24,751
					Dail Investments Ltd. (Now, D.I. Trading Co. Ltd.)	19,70,000
					Golconda Investments Ltd. (Now, Veeryalaxmi Trading Co. Ltd.)	18,24,769
2002-03	55th AGM held on 24.9.2002	97,04,028	36,00,000	3.60	Shubh Shanti Services Ltd.	36,00,000

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During the year 2002-03, the Committee of the Board could allot a maximum of 36,00,000 equity shares only since the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 (known as Takeover Code) was amended thereby withdrawing the exemption granted to preferential allotment from the provisions of the Code. During the financial year 2003-04 the Company can issue a maximum of 47,00,000 equity shares to the Promoter Group as per the SEBI Takeover Code.

Shubh Shanti Services Limited a Promoter Group Company has expressed its intention and willingness to subscribe to the proposed issue not exceeding 47,00,000 equity shares.

The present holding of the Promoter Group is 62.16% of the total Paid-up Equity Capital of the Company and their shareholding after the preferential allotment of equity shares would be 67.15% of the enhanced Paid-up Equity Capital of the Company. The present holding of Shubh Shanti Services Limited consists of 36,00,000 shares (11.64 %) and post allotment its holding would be 83,00,000 shares (23.30%) of the enhanced 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 1.7.2003)		Enhanced Capital	
	No. of Shares	%	No. of Shares	%
Promoter Group	1,92,19,943	62.16	2,39,19,943	67.15
Financial Institutions	37,70,389	12.19	37,70,389	10.59
Public	79,28,666	26.65	79,28,666	22.26
Total	3,09,18,998	100.00	3,56,18,998	100.00

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.15/- 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 26, 2003, 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.

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. 9

For commencing the new line of real estate business for undertaking the activities of buying, selling, leasing or in any other manner developing and dealing in immovable properties consisting of land, buildings, appurtenant thereto, developer, builder, setting up multiplexes, composite residential complexes with all amenities, transfer of developmental rights, entering into joint venture with other developers etc. the approval of shareholders is sought by means of a Special Resolution under item 9 of the Notice.

The objects clause of the Memorandum of Association permits to undertake the new line of business, however it is deemed fit that approval of shareholders is sought by means of a Special Resolution pursuant to the provisions of Section 149(2A) of the Companies Act, 1956.

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

## Item No. 10

### Articles 10, 17 and 211

Under the Companies (Amendment) Act, 1999 all references to the "Share Premium Account" appearing under Section 78 of the Companies Act, 1956 were substituted with "Securities Premium Account". In view of the said amendment consequential changes are required to be made in Articles 10, 17 and 211 suitably.

Further, in order to implement the financial restructuring proposal as set out in the resolution and explanatory statement at item No.11 hereinafter, it is proposed to amend Article 17(2) to allow utilisation of the Capital Redemption Reserve Account and the Securities Premium Account (which term is synonymous with Share Premium Account), for any application as may be permitted by law including writing off accumulated brought forward losses.

### Articles 164 and 178

It is felt desirable that to maintain continuity and in view of the esteemed position held by the Chairman, that he should not be liable to retirement by rotation.

It is therefore, proposed to suitably amend the Articles as set out in the Resolution to provide for provision of non-retirement of the Chairman. Approval of the Central Government under the Companies Act, 1956 or any other approvals, if necessary, will be obtained in due course.

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

None of the Directors are deemed to be interested or concerned in the Resolution relating to the captioned Articles 10, 17 & 211.

Shri G. P. Goenka, Chairman, Shri Shrivardhan Goenka, Director and Shri P. S. Sharma, Managing Director may be deemed to be concerned or interested in the Resolution in respect of the captioned Articles 164 & 178.



**Item No. 11**

1. The Members are aware that due to economic slow down since 1998 the rayon industry was under intense pressure and the difficult business climate resulted in lower off take of rayon yarn, caustic soda and allied chemicals. Despite curtailment in production, the finished goods inventory levels increased. Due to unremunerative market the Company was forced to sell its products even at prices which could not recover the variable costs. As a result the Company incurred losses since 1998-99 which had gone up steeply during 1999-2000 and 2000-2001.
2. The various initiatives taken by the Company towards cost reduction, product quality improvements, technological improvements in manufacturing techniques, business process re-engineering, increase in labour productivity etc. have started yielding results and during 2002-2003 there is a remarkable turnaround. The Company has during the fiscal year just ended achieved a profit before tax of Rs.1837.59 lacs and a profit after tax of Rs.1459.53 lacs. As a result the accumulated losses have come down to Rs. 4936.39 lacs at the end of 2002-2003.
3. In view of the past brought forward losses, capital of the Company is not adequately represented by the available assets. It is felt that improvements in the performance of the Company cannot be appropriately reflected unless the past losses are written off.
4. The Board of Directors consider it desirable to undertake an internal financial restructuring of the Company which would result in the right sizing of the Balance Sheet of the Company leading to enhancement of shareholder value through improvement in EPS and Return on Capital Employed etc.
5. Having regard to the substantial amount standing to the credit of the Securities Premium Account and also the balance in Capital Redemption Reserve Account of Rs. 5,099.58 lacs and Rs.174.25 lacs respectively as on 1st April, 2003 and in accordance with the provisions of Section 78, 80 read with Section 100 of the Companies Act, 1956, the Board of Directors at their meeting held on July 25, 2003, approved the application/utilization of Securities Premium Account and Capital Redemption Reserve Account for writing off the brought forward losses represented in the Balance Sheet by the debit balance in Profit and Loss as on 1.4.2003 not exceeding Rs. 4936.39 lacs.
6. The Securities Premium Account will stand reduced to Rs. 337.44 lacs and the entire balance of Capital Redemption Reserve Account will be extinguished with the proposed set off.
7. The restructuring is expected to enhance shareholder value of the Company and reflect better its operational efficiency improvements in future. Further, there would be a positive impact on key financial ratios. The restructuring would have no impact in the book value of the shares as for all practical purposes, the debit balance of profit and loss account is deducted from Net Worth while computing Book Value.
8. The restructuring will also not cause any prejudice to the Creditors of the Company, since the reduction of capital does not involve either the diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital. The creditors of the Company are in no way affected by the proposed restructuring of the share capital as there is no reduction in the amount payable to any of the creditors, no compromise or arrangement is contemplated with the creditors arising out of these restructuring. Further, the proposed adjustment would not in any way adversely effect the ordinary operations of the Company or the ability to honour its commitments or to pay its debts in the ordinary course of business.
9. The restructuring proposal does not in any manner, alter, vary or affect the rights of the creditors of the Company.
10. Though the proposed restructuring does not include any reduction in the value of share capital or any compromise or arrangement with the creditors, however as an abundant caution in terms of the Listing requirement it is confirmed that there would be no change in the capital structure of the Company and in the shareholding pattern which would remain same after the proposed restructuring.
11. Article 10 read with Article 17(both as amended) of the Articles of Association of the Company provide for the reduction in the capital of the Company and utilization of the Capital Redemption Reserve and the Securities Premium Account in accordance with the provisions of the Act.
12. The Resolution at Item No. 11 is subject to the confirmation of the Hon'ble High Court of Judicature at Bombay and/or approval of such other regulatory authority as may be required according to the laws in force.
13. The Directors recommend the Special Resolution for acceptance by Members.
14. None of the Directors are interested in the proposed resolution, except as shareholders in general.

Registered Office:

Ewart House  
Homi Modi Street  
Mumbai 400 001

Dated : 25th July, 2003

By Order of the  
Board of DirectorsPrasenjit Guha  
Company Secretary

# NRC LIMITED

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2003

### To The Members

Your Directors present the 56th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2003.

### FINANCIAL RESULTS

	Rs. in Lacs	
	2002-2003	2001-2002
Gross Sales	<b>35,228.98</b>	37,301.67
Profit before Interest, Depreciation and Tax Interest	<b>3678.03</b>	2363.45
	<b>741.60</b>	2049.10
Profit before Depreciation and Tax	<b>2936.43</b>	314.35
Depreciation	<b>1098.84</b>	1121.38
Profit/(Loss) before Tax	<b>1837.59</b>	(807.03)
Deferred Tax Asset/(Liability)	<b>(378.06)</b>	183.19
Profit/(Loss) after Tax	<b>1459.53</b>	(623.84)
Surplus/(deficit) from Previous Year	<b>(6395.92)</b>	(7134.15)
Deferred Tax Asset (net)		
Relating to earlier years	—	1362.07
Loss carried to Balance Sheet	<b>(4936.39)</b>	(6395.92)

### OPERATIONS

Your Company's performance has witnessed a sharp turnaround despite slow growth rate of the domestic economy. There was an illegal stoppage of production by the workmen for a period of twenty days in the second quarter of the year. But for this, results would have been better. Despite the drop in turnover during the year, the operating profits have increased by 56% over the previous year 2001-02 as a result of better operating efficiencies achieved. The profit after taxation for the year under review is Rs. 14.60 crores after taking into account net deferred tax liability of Rs. 3.78 crores. The loss carried forward to the balance sheet is Rs. 49.36 crores after considering the brought forward losses of the last year of Rs. 63.96 crores.

The market conditions for Rayon Yarn improved during the year under review resulted in increased volume and realisation. However, the market was adversely affected during the last quarter due to increased imports from China at very low prices and lower export of fabric in view of Iraq war coupled with continued recessionary trends in the global economy. In the Union Budget 2003 excise duty (CENVAT) was imposed on fabric produced on power looms. This and proposed introduction of VAT has led to agitation by the Textile industry across the country and severely affected the off-take.

The market for the other main product of the Company viz. Nylon tyre Cord Fabric remained slack and erratic throughout the year. Dumping of cheap Chinese material and weakening of international market resulted in increase in imports thereby adversely affecting the off-take from domestic producers. The impact of these factors on the Company was more due to absence of Spin Draw Technology.

Further, the demand for Caustic Soda remained stagnant and realisation unremunerative. However, over all the market for the chemical products was slightly better as compared to the previous year leading to improved capacity utilisation. The ECU realisation improved from Rs. 17051 per MT in 2001-02 to Rs. 18778 per MT in 2002-03.

Sustained efforts in the areas of cost reduction, improvement in quality, operating efficiencies and product mix, should lead to significant improvement in operations in the coming year. Impact of Iraq war, continued global economic slowdown and agitation by user industry are, however, a cause for concern.

### FINANCE

As per the approval granted by Shareholders at the 55th Annual General Meeting the Promoters have brought in additional equity by subscribing to the Preferential issue of 36,00,000 equity shares of Rs. 10/- each credited as fully paid up aggregating to Rs. 3.60 crores which resulted in increase in the paid up capital to Rs. 30.92 crores. Though approval was accorded to issue and allot 97,04,028 equity shares and Promoters had brought in Rs. 8.00 crores, your Board as per the revised request of the subscriber could allot a maximum 36,00,000 equity shares only consequent to withdrawal of the exemption granted under SEBI Takeover Code to Preferential Issues. It is proposed to seek fresh approval of the shareholders to issue additional 47,00,000 equity shares to the Promoter Group during the financial year 2003-04 in terms of the restructuring package.

Further, as a part of restructuring package sanctioned by the financial institutions, the Company has allotted to IDBI during the year 3,33,600 Zero coupon secured non-convertible debentures of Rs. 100/- each fully paid aggregating to Rs. 3.34 crores and 2,31,826, 8% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up aggregating to Rs. 2.32 crores. Other legal documentations are being completed.

During the year, ICICI Bank Ltd. (formerly : ICICI Ltd.) has securitised its debts in the Company to a Promoter Group Company. Your Company has entered into suitable arrangements for paying the securitised debts on mutually beneficial terms.

Further, your Company has entered into a one-time settlement with UTI and paid the agreed amount in full and final discharge of their claims. Consequent to this, UTI has withdrawn the proceedings filed by it before Debt Recovery Tribunal.

The Board places on record its deep appreciation to the financial institutions and banks for extending support to the Company during the period.

### EXPORTS

The total exports of Viscose Filament Yarn (VFY) during the year was lower at Rs. 1.10 crores compared to Rs. 2.47 crores in the previous year. There was less thrust on exports due to better realisation in the domestic market. However, efforts are being made to develop overseas markets and exports are expected to pick up during the current year.

### DIRECTORS

During the year the Board appointed Shri J. Jayaraman and Shri Shrivardhan Goenka as additional Directors with effect from 1st October, 2002. As per provisions of the Companies Act, 1956 both the Directors hold office up to the 56th Annual General Meeting and are eligible for re-appointment. Your Company has received notices from members proposing their candidature for the office of the Director and considering the experience and expertise of Mr. J. Jayaraman and Shri Shrivardhan Goenka, your Board recommends for their appointment as Directors.

In terms of Articles of Association of the Company Shri V. N. Kamte and Shri Ashok Goenka retire by rotation at the forthcoming Annual General Meeting and offer themselves for re-appointment. However, Shri R. S. Sharma, who also retires at the forthcoming Annual General Meeting does not wish to seek re-appointment and has expressed his desire to relinquish the Directorship. Shri Sharma joined the Board of your Company in 1987.

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