

62nd

ANNUAL REPORT
2008-2009



NRC LIMITED

**BOARD OF DIRECTORS**

GOENKA G. P.	<i>Chairman</i>
GOENKA ASHOK	<i>Director</i>
MISHRA MADHUKAR	<i>Director</i>
MALLIK P.K.	<i>Director</i>
AGARWAL R. S.	<i>Director</i>
JAIN ARUN	<i>Managing Director</i>

COMPANY SECRETARY & D.G.M. (FINANCE)

ASHISH PANDEY

CORPORATE & REGISTERED HOUSE

EWART HOUSE, HOMI MODI STREET
FORT, MUMBAI-400 001

PLANTS

MOHONE 421 102, DIST. THANE
MAHARASHTRA STATE

BANKERS

BANK OF BARODA
DENA BANK
PUNJAB NATIONAL BANK
CANARA BANK
INDIAN OVERSEAS BANK

AUDITORS

LODHA & CO.
CHARTERED ACCOUNTANTS

REGISTRAR & SHARE TRANSFER AGENTS

TSR DARASHAW LIMITED
UNIT: NRC LTD.
6-19, HAJI MOOSA PATRAWALA
INDUSTRIAL ESTATE,
20, DR. E. MOSES ROAD,
MAHALAXMI, MUMBAI 400 011
TEL. : 91-22-66568484
FAX : 91-22-66568494
Email : csg-unit@tsrdarashaw.com
Website : www.tsrdarashaw.com

CONTENTS Page No.

Notice	1
Directors' Report	3
Management Discussion & Analysis	10
Report on Corporate Governance	14
Auditors' Report	25
Balance Sheet	30
Profit and Loss Account	31
Cash Flow Statement	32
Schedules forming part of the Balance Sheet	33
Schedules forming part of the Profit & Loss Account	39
Significant Accounting Policies	43
Notes forming part of the Financial Statements	45
Balance Sheet Abstract	55
List of Group Companies	56
Attendance Slip/Proxy Form	Cover 3

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

Day : Wednesday
 Date : 17th March, 2010
 Time : 11.00 A.M.
 Venue : Rama Watumull Auditorium, K.C. College
 Dinshaw Wacha Road, Churchgate, Mumbai - 400 020.

to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the 15 months period ended 30th September, 2009 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri. P. K. Mallik who retires from the office by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s. Lodha & Co. Chartered Accountants, as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

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) The Register of Members and Share Transfer Books of the Company will remain closed from 8th March, 2010 to 17th March, 2010 (both days inclusive).
- c) Shareholders, holding shares in physical form, are requested to notify change in their addresses along with PIN CODE to the Company at its Registered Office or to the Registrars: TSR Darashaw Ltd. 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011 quoting their Folio Numbers.
 The Shareholders holding shares in demat form may notify change in address to their respective Depository Participants.
- e) Members having multiple folios in relation to physical shares in identical or joint names in same order are requested to intimate the Registrars and Share Transfer Agents to consolidate their holdings into a single folio.
- f) 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 at least seven days in advance of the date of the Meeting so as to enable the Management to keep the necessary information ready at the Meeting.
- g) In the event the combined holding of Financial Institutions/Nationalised Banks/ Insurance Companies, etc. exceeds the limit prescribed in Section 224A of the Companies Act, 1956, the Item No. 3 will be proposed as a Special Resolution.
- h) Pursuant to Section 205-A of the Companies Act, 1956, the unclaimed dividend upto the financial year ended 31.3.1996 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, 1997 for a period of seven years from the date of transfer to unpaid dividend account of the Company is required 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 year(s) ended 31.3.1998 has been transferred to IEPF during 2005-2006 and there was no declaration of dividend in the financial year ended 31.03.1999, 31.03.2000, 31.03.2001 and 31.03.2002, hence there is no dues required to be transferred to IEPF.

- i) Members who are holding Company's Shares in dematerialised form are requested to bring details of their DP and Client ID numbers for identification at the meeting.
- j) Members holding shares in physical form, 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. The Members holding shares in demat form may register their nominations with their respective DPs.
- k) As required under the Listing Agreement with the Stock Exchanges the particulars of Director/s who is/are proposed to be re-appointed are given below:

Sr. No.	Name	Age	Qualifications	Experience	Shareholding in the Company	Director of the Company since	Other Directorships	No. of Committee Membership
1	Shri P. K. Mallik	78	B.Com., C. A., (Scotland), F.C.A	Partner in Price Waterhouse from 1965 to 1993. President Institute of C.A. of India, Chairman, Director of the Banks, Public Companies in India Chairman of Educational Foundation engaged in Undergraduate Studies.	Nil	28/06/2007	Kesoram Industries Ltd., Nagarjuna Agrichem Ltd., International Combinations Ltd., Peerless Financial Services Ltd., CHNHB Association,	6

- l) 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 trading and delivery of Company's Equity Shares are compulsorily in dematerialised form only.
- m) The Company has created e-mail address to enable the Members to e-mail their complaints to the Company. The said e-mail address is secretarial@nrclimited.com the members may use this speedier mode of communication.
- n) All documents referred to in the Notice 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, Fort,
Mumbai 400 001

By Order of the
Board of Directors

Ashish Pandey
Company Secretary &
D.G.M. (Finance)

Dated : February 5, 2010



DIRECTORS' REPORT FOR THE PERIOD OF FIFTEEN MONTHS ENDED 30th SEPTEMBER, 2009.

To
The Members,

Your Directors present the 62nd Annual Report and Audited Accounts of the Company for the period of 15 months ended 30th September, 2009.

FINANCIAL RESULTS

Rs. in lacs

Particulars	15 months period ended 30/09/2009	15 months period ended 30/06/2008
Gross Sales	3032	35597
Profit before Interest, Depreciation and Tax	(9400)	(11307)
Interest	3046	3287
Profit before Depreciation and Tax	(12447)	(14594)
Depreciation	1974	1916
Profit/(Loss) before Exceptional items & Tax	(14421)	(16511)
Provision for diminution in the value of long term investments.	(82)	(550)
Taxation - Current Tax(including MAT/FBT) - Deferred Tax Asset/(Liability)	(9) -	(15) (1156)
Profit/(Loss) After exceptional items and Tax	(14512)	(18232)
Surplus /(Deficit) from Previous Year	(19902)	(1671)
Profit/(Loss) available for Appropriation	(34414)	(19902)

OPERATIONS AND PERFORMANCE

The performance of your company for the period continued to be severely affected due to stretched financial conditions, non availability of working capital, high fixed costs etc. resulting in the suspension of production in Rayon division since 1st July, 2008. The production in Nylon division continued to remain suspended during the period. The Chemical division too worked intermittently at very low capacity utilisation. The production activity could not be resumed/stepped-up because of delay in receipt of land sale proceeds, the only source of fund inflow under approved CDR Package for revival of the operations could not be received due to non-receipt of various statutory approvals coupled with the order of BIFR dated 16th July 2009.



REFERENCE TO BIFR

In a reference made to the Board of Industrial and Financial Reconstruction (BIFR), the Company has been declared as sick industrial undertaking by BIFR under section 3 (1) (o) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) vide order dated 16.07.2009 with a direction to submit Draft Rehabilitation Scheme (DRS) and the Punjab National Bank was appointed as Operating Agency to finalise the DRS under section 18(d) of the said Act for approval by BIFR. The BIFR further directed that the CDR could be the basis of Rehabilitation Scheme provided it satisfies the provisions of SICA.

While passing the said order, BIFR imposed restriction on sale of assets in the normal course without specifically excluding the already contracted sale of Land thereby resulting in further delay in receipt of balance land sale proceeds amounting to Rs. 124.55 Crs. To facilitate the early receipt of proceeds from sale of land and investments and revision in the cutoff date, the Company, filed an appeal with Appellate Authority of Industrial and Financial Reconstruction (AAIFR) and the same is pending for final orders. Favorable outcome is expected. The DRS will be filed with BIFR and further necessary steps will be taken towards revival of the Company as soon as the status is clarified.

FUTURE PLANS:

Demand scenario in all Business segments in which the Company is dealing is reasonably good. Market scenario of Viscose Rayon Yarn is expected to be better in view of low stock level in the industry, contraction in domestic capacity and rationalisation in the anti dumping duties. Chemical industry is one of the fastest growing sectors in Indian economy. The demand of Nylon Tyre Cord will depend on the continued pick up in automotive industry. The Company needs to rationalize its workforce to downsize it in line with the Industry norms to make the Company's operations viable. The Company has already drawn up plans to rationalise the manpower cost to bring it in line with the competing industries. For this purpose, a settlement with the recognized labour union has already been entered into for Early Retirement Scheme for the workmen, absorption of Nylon division workmen in other business segments, outsourcing the non-critical activities in addition to increasing the manpower efficiency comparable to best in the industry to become cost competitive. The company shall start implementing the business re-engineering strategy as soon as the balance land sale proceeds is received, which shall be utilised in accordance with the CDR package and/or direction of BIFR/AAIFR.

FINANCE

Due to delay in receipt of land sale proceeds as explained earlier, the Company was not able to meet its liabilities including payment to financial institutions, employees and other creditors. With the cooperation of all secured lenders, employees, recognized labour union and all other stake holders, Management is confident of early sanction of DRS, restarting the plant, implementing the business re-engineering strategy and revival of the financial health of the Company.

DIVIDEND

In view of the losses, your Directors regret their inability to recommend any dividend for the period of 15 months ended 30th September, 2009.

DIRECTORS

In terms of the Articles of Association of the Company and Section 256 of the Companies



Act, 1956, Shri P. K. Mallik retire by rotation at the forthcoming Annual General meeting and being eligible, offers himself for re-appointment.

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 15 months period ended 30th September, 2009, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments 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 period of 15 months ended 30th September, 2009 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 15 months period ended 30th September, 2009 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. The records of the same are maintained.

INDUSTRIAL RELATIONS

Industrial Relations during the period under review continued to remain cordial and peaceful barring few instances involving certain groups of workmen

The Company was constrained to declare Lock-out in Mohone plant w.e.f. 15.11.09, arising out of the actions of groups of workmen not honoring the subsisting and binding settlement signed with the recognised union in conciliation, litigating and using coercive method to obstruct the restarting of the plant contrary to the terms and conditions agreed under the said settlement and thereby contributing further delay in receipt of balance land sale proceed.

PUBLIC DEPOSITS

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

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 period of 15 months ended 30th September, 2009 subject to the approval of the Central Government.

**APPOINTMENT OF AUDITORS**

M/s. Lodha & Co., Chartered Accountants, Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. Members are requested to re-appoint them Statutory Auditors and authorize the Board of Directors to fix their remuneration.

As regards the observations in the Auditor's report, the management's explanations are:

1. Point No. 4(a) of the Auditors' Report regarding preparation of these Accounts on going concern basis has been clarified in Note No. 4(a) of schedule 23 Notes to the accounts.
2. Point No. 4(b) of the Auditors' Report regarding accounting of Impairment of assets has been clarified in Note No. 4(b) of schedule 23 Notes to the accounts.
3. Point No. 4(c) of the Auditors' Report regarding pending reconciliation/confirmation of certain accounts of Debtors, Creditors and Lenders has been explained in Note No. 6 of Schedule 23 Notes to the Account.
4. Point No. 4(d) of the Auditors' Report regarding delay in realization of sale proceeds of investments has been explained in Note No. 5 of Schedule 23 Notes to the Account.
5. Point No. 4(e) of the Auditors' Report regarding liability as may arise from delay in payment of certain creditors/statutory dues has been explained in Note 1(g) of Schedule 23 Notes to the Account.
6. Point No. 9(a) and 11 of the Annexure to the Auditors' Report regarding delay in meeting financial/statutory obligations has been explained in Note No. 7 of Schedule 23 Notes to the Account.

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 read with the Companies (Particulars of Employees) Rules, 1975 are appended.

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance as stipulated under the Revised Clause 49 of the Listing Agreement with the Stock Exchanges forms part of Annual report. A certificate from Auditors of the Company confirming compliance of conditions of Corporate Governance as per aforesaid clause 49 is annexed to this Report. Management Discussion and Analysis report is also part of this Annual Report.

ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation for assistance and cooperation received from the Government Agencies, Financial Institutions, Banks, Investors and Business Associates and look forward to their continued support. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the employees of the Company.

For and on behalf of the Board of Directors

Mumbai,
5th February, 2010.

G. P. GOENKA
Chairman



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

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- Capacitors installed at load end in both high frequency and normal frequency power supply for improving power factor and reducing transmission losses.
- Energy efficient copper ballast system for lighting system.
- High HP motors were replaced with low HP motors based on power requirement.
- Power supply to all non operational areas was cut off.
- Leakages kept under control. Strict manual monitoring was done to maintain the norms.
- Layout re-engineering of high frequency supply to Spinning machines to reduce power distribution losses.
- Maximum utilization of distribution transformer by putting off 2 nos. 6 MVA transformers.

b) Following proposals are being implemented:

- As the plant is not in operation all the energy saving proposal are kept under abeyance.

c) Impact of the measures taken for saving the energy consumption is reflected in the per ton consumption figures.

The total energy consumption and energy consumption per unit of production:

	2008-2009	2007-2008
I. Power and Fuel Consumption:		
1. Electricity:		
a) Purchased Units (KWH in Thousands)	25,183	71,223
Total amount (Rs. In Lacs)	1,584.20	2,819.83
Rate/Unit (Rs.) includes maximum demand charges	6.30	3.96
b) Own Generation:		
i) Through D G Power Plant		
Units (KWH in Thousands)	2,010	99,997
Fuel Cost / Unit (Rs.)	6.08	4.79
ii) Through Diesel Generator		
Units (KWH in Thousands)	0	1
Fuel Cost / Unit (Rs.)	0.00	70.32



	2008-2009	2007-20 08
iii) Through Steam Turbine Generated by Coal/Oil Units (KWH in Thousands) Fuel Cost / Unit (Rs.)	12,804 1.12	10,679 1.24
2. Coal		
Quantity in M.T.	9,756	55,818
Total Cost (Rs. In Lacs)	366.09	1,691.78
Average Rate (Rs./M.T.)	3,753	3,031
3. Furnace Oil		
Quantity in K. Ltrs.	19,914	24,685
Total Cost (Rs. In Lacs)	5.48	5,028.34
Average Rate (Rs./M.T.)	27.519	20,370
4. L S H S		
Quantity in M.T.	-	-
Total Cost (Rs. In Lacs)	-	-
Average Rate (Rs./M.T.)	-	-
5. Others - Internal Generation		

II. Consumption per unit of Production:

1. Electricity (KWH/M.T.)		
Viscose Rayon Yarn	5,800	5,764
Nylon Tyre Cord - Old Plant	0	4,603
Nylon Tyre Cord - New Plant	0	6,522
Caustic Soda	2,959	3,360
Sulphuric Acid	68	71
Carbon-di-Sulphide	1,516	1,529
2. Coal (M.T./M.T.)		
Viscose Rayon Yarn	5.69	4.55
Nylon Tyre Cord - Old Plant	-	0.68
Nylon Tyre Cord - New Plant	-	0.49
Caustic Soda	0.05	0.04
Sulphuric Acid	0.09	0.07
Carbon-di-Sulphide	0.97	0.91
3. Furnace Oil (M.T./M.T.)		
Viscose Rayon Yarn	-	0.05
Nylon Tyre Cord	-	0.01
Carbon-di-Sulphide	-	0.01
4. L S H S / Furnace Oil (M.T./Th. KWH) D G Power Plant	0.270	0.235

B. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

a) Specific area in which R & D carried out by the company:

- Comparative studies of different type of coning oils to improve the tenacity and elongation of viscose filament yarn.