

POLYOLEFINS RUBBER CHEMICALS LIMITED



YOUR IDEAL PARTNER
India's No. 1 in Fluorochemicals

6th Annual Report
2003-2004

POLYOLEFINS RUBBER CHEMICALS LIMITED**CONTENTS**

Board of Directors etc	1
Notice	2
Directors' Report	4
Auditors' Report	17
Balance Sheet	20
Profit and Loss Account	21
Cash Flow Statement	22
Schedules 1 to 18	24-39

SHAREHOLDERS' INFORMATION

1. Trading in Equity Shares of the Company is permitted only in Dematerialised form as per the notification issued by SEBI.

Demat Code of Polyolefins Rubber Chemicals Limited

ISIN: INE048G01018

2. The Shares of the Company are listed on Mumbai and Ahmedabad Stock Exchanges and the listing fees for both the exchanges have been paid by the Company for the year 2003-2004.
3. The Company's Share Registrar & Transfer Agents :

Sharepro Services :

Satam Estate, 3rd Floor, Above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 099.
Phone : 022-28215168, 28202114, 28202108, Fax : 022-28375646

The Shareholders are requested to notify change in address, if any, immediately to the R & T Agents at the above address mentioning their Folio Numbers.

6th Annual General Meeting

on Tuesday,

the 27th July, 2004

At 3.00 p.m. at S.N.D.T. Womens' University,
Patkar Hall,

1, Nathibai Damodar Thackersey Road,
Churchgate, Mumbai 400 020.

1. Shareholders intending to require information about accounts to be explained in the Meeting are requested to inform the Company at least seven days in advance of the Annual General Meeting.
2. Shareholders are requested to bring their copy of the Annual Report to the Meeting as the practice of handing out copies of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing.

BOARD OF DIRECTORS :

SHRI HRISHIKESH A. MAFATLAL	<i>Chairman & Managing Director</i>
SHRI A.K. PURI	<i>Director</i>
SHRI T.M.M. NAMBIAR	<i>Director</i>
SHRI P.N. KAPADIA	<i>Director</i>
SHRI SUNIL S. LALBHAI	<i>Director</i>
SHRI VISHAD P. MAFATLAL	<i>Director</i>
SHRI D.S. UMALKAR	<i>Chief Executive Officer</i>
SHRI A.K. SRIVASTAVA	<i>Finance Director</i>

COMPANY SECRETARY :

SHRI NIRAJ B. MANKAD

BANKERS :

STATE BANK OF HYDERABAD

AUDITORS :

MESSRS C. C. CHOKSHI & CO.
Chartered Accountants

SOLICITORS :

MESSRS GAGRAT & CO.

REGISTERED OFFICE :

1st floor, Kalpataru Point,
Kamani Marg,
Sion (East),
Mumbai 400 022

UNITS :

Navin Fluorine , Surat 395 023. (Gujarat)
Navin Fluorine, Dewas 455 022 (M.P.)

REGISTRAR & SHARE TRANSFER AGENT :

Sharepro Services,
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Chakala, Andheri (East),
Mumbai 400 099.

NOTICE

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of the Members of the Company will be held on **Tuesday, 27th JULY, 2004, at 3.00 P.M. at S.N.D.T. Womens' University, Patkar Hall, 1, Nathibai Damodar Thackersey Road, Churchgate, Mumbai 400 020,** to transact the following business:

- (1) To consider and adopt the Directors' Report, Audited Financial Statements including Profit & Loss Account for the year ended 31st March, 2004 and the Balance Sheet as at that date and Auditors' Report thereon.
- (2) To declare dividend.
- (3) To appoint a Director in place of Shri A.K. Puri, who retires by rotation, and being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Shri P.N. Kapadia, who retires by rotation, and being eligible, offers himself for reappointment.

- (5) To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to Sections 224 and 224-A and other applicable provisions, if any, of the Companies Act, 1956, M/s. C.C. Chokshi & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board apart from reimbursement of out-of-pocket expenses as may be incurred by them for the purpose of audit."

- (6) To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a **SPECIAL RESOLUTION:**

"RESOLVED THAT subject to the approval of the Central Government, consent of the Members be and is hereby accorded for changing the name of the Company to **"NAVIN FLUORINE INTERNATIONAL LIMITED"**.

By Order of the Board,

Niraj B. Mankad
Company Secretary

Regd. Office :

1st floor, Kalpataru Point, Kamani Marg,
Sion (East), Mumbai 400 022
Mumbai,

Dated : 23rd June, 2004.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item No. 5 and 6 mentioned in the accompanying Notice dated 23rd June, 2004 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 7th July, 2004 to 9th July, 2004 (both days inclusive) for the purpose of payment of dividend and determining the eligibility for participating in the forthcoming Rights Issue of the Company.
4. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after 29th July, 2004.

ANNEXURE TO NOTICE

Explanatory Statement as required by Section 173 (2) of the Companies Act, 1956.

In conformity with the provisions of Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts in respect of Item No. 5 and 6 mentioned in the above Notice .

In respect of Item No. 5

Section 224A of the Companies Act, 1956, provides that in case of a Company in which not less than 25% of the Subscribed Share Capital is held by Public Financial Institutions or any Government or Nationalised Banks or other Financial Institutions referred to therein, such appointment or re-appointment of Auditors in such Company shall be made by a Special Resolution. As more than 25% of the Subscribed Share Capital of the Company is held by the Institutions as mentioned above, the Special Resolution is required to be passed for the re-appointment of M/s. C.C. Chokshi & Co., Chartered Accountants, Mumbai.

The Board recommends the re-appointment of M/s. C.C. Chokshi & Co. as the Auditors of the Company.

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

In respect of Item No. 6

As the Members are aware, pursuant to the Rehabilitation Scheme of Mafatlal Industries Limited (MIL), Chemicals Division of MIL situated at Bhestan, Surat and Dewas, Madhya Pradesh stood vested and demerged in the Company. The present name of the Company does not signify and reflect the business

area of the Company. It is therefore thought fit to change the name of the Company.

The said erstwhile Chemical Division of MIL was operating under the strong brand name of Navin Fluorine which has, with long usage, earned a lot of goodwill and reputation in the market. Further, the Company is expanding its horizons and focusing on international markets. It is therefore in the interest of the Company to change the name to Navin Fluorine International Limited so as to reflect the business activities and focus of the Company. As required under Section 21 of the Companies Act, 1956 change of name of the Company can be effected only with the approval of the Members of the Company by passing a Special Resolution. Accordingly, a Special Resolution is proposed for approval of the Members.

After passing the Special Resolution necessary application will be made to the Central Government for their approval to the proposed change in the name of the Company.

The Registrar of Companies, Maharashtra, by their letter

dated 23rd June, 2004 informed the Company about availability of the proposed new name.

The Board recommends change of name of the Company.

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

By Order of the Board,

Niraj B Mankad
Company Secretary

Regd. Office :

1st floor, Kalpataru Point,
 Kamani Marg, Sion (East),
 Mumbai 400 022.

Mumbai,

Dated : 23rd June, 2004.

Particulars of the Directors seeking Appointment / Re-appointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

	Mr. A. K. Puri	Mr. Pradip Kapadia
Date of Appointment	21.01.2003	21.01.2003
Expertise in functional area	Banking & Finance	Advocate & Solicitor
Brief Resume	M.Sc., LL.B, CAIIB. He has a vast experience of over 40 years in the field of Banking & Finance. He retired as the Deputy Managing Director of State Bank of India. He was also a Member of the Hon'ble Board for Industrial & Financial Reconstruction, New Delhi.	B.A., LL.B. Experience of more than 27 Years in legal field. He is a Partner of Gagrut & Co., Advocates & Solicitors, Mumbai.
Names of the other Companies in which he holds Directorship / Committee Memberships.	Director in following Companies : <ol style="list-style-type: none"> 1. Ambuja Cement Eastern Limited 2. VLS Finance Limited Membership of other Committees : Audit Committee : <ol style="list-style-type: none"> 1. Ambuja Cement Eastern Limited 2. VLS Finance Limited Remuneration Committee : <ol style="list-style-type: none"> 1. Ambuja Cement Eastern Limited Chairman 	Director in following Companies : <ol style="list-style-type: none"> 1. Hindustan Thompson Associates Pvt. Ltd. 2. Fortune Communications Pvt. Ltd. 3. Sumangala Investments Pvt. Ltd. 4. Sunanda Industries Ltd. 5. Chemplast Sanmar Ltd. Membership of other Committees : Nil

DIRECTORS' REPORT

To :

The Members,
Polyolefins Rubber Chemicals Limited

Your Directors are pleased to present the Sixth Annual Report together with the Audited Accounts for the Year ended 31st March, 2004.

1. FINANCIAL RESULTS

The Financial Results of the company for the year ended 31st March, 2004 are as under :

	Current Year Rupees Lacs	Previous Period (13 months) Rupees Lacs
Sales (Net of excise duty)	19373	19454
Other Income (including interest income)	625	700
Gross Profit / (Loss) before Interest, Depreciation, Exceptional Items and Tax	4427	4332
Less Depreciation	536	537
Interest	428	221
Provision for Tax (Net of Deferred Tax Income)	(246)	(654)
Net Profit / (Loss) after Tax but before Exceptional Items	3709	4228
Less Provision for doubtful advances	3959	3270
Profit / (Loss) after Tax and available for appropriation	(250)	958
Add Transfer from Investment Allowance (utilised) Reserve	—	30
Add Surplus / (Deficit) brought forward from previous period	987	(1)
Amount available for Appropriation	737	987
Appropriation		
Proposed Dividend	101	—
Corporate Dividend Tax thereon	13	—
Surplus carried to Balance Sheet	623	987

Note : Figures have been regrouped wherever necessary to make the information comparable.

2. YEAR IN RETROSPECT

The Company maintained satisfactory performance during the year. Your Company witnessed and weathered significant changes in its business profile during the year ended on 31st March 2004. The product mix underwent a further shift during the year.

As envisaged in the Montreal Protocol, the Company remained firm on its commitments to reduce CFC (Chloro Fluoro Carbons) production and sale. The Company adhered to the production and sale quotas as granted by the Ministry of Environment and Forests (MOEF), Government of India for the year 2003.

The downward revision of import tariffs during the year adversely affected prices and margins of many of the dye-intermediates, bulk and specialty chemicals. The continued strengthening of the Indian Rupee against the U S Dollar has also hurt the Company's profitability on two counts namely, a) drop in rupee equivalent of the export realizations and b) intensifying the price pressure in the home markets.

Despite the adverse factors mentioned above, severe decline in the CFC volumes and stiff competition in the other refrigerant gases, your Company has been able to show a modest growth of 8% (on an annualized basis) in turnover primarily fuelled by the organic and inorganic fluorospecialties.

Riding high on technologies developed by in-house R&D efforts, the Company's brand Navin Fluorine further consolidated its position in the Specialty Fluorochemicals business during the year. Six new value-added molecules have been introduced during the year under review, raising the total number of specialty products, currently being offered to the customers, beyond forty. This significant achievement further validated our stated policy of making R&D the growth engine of the organization.

The Bulk Fluoride markets faced stiff competition from cheap imports. In fact this segment registered a negative growth during the year.

Your Company during the year, embarked on the following strategy to combat the challenges brought in by globalization, tariff rationalization and the strengthening of the Indian Rupee vis-à-vis the U S Dollar.

- Develop molecules where NF has a decisive edge over competition.
- Improve process and conversion efficiencies thereby reducing costs.
- Continuously move up the value chain, within our area of core competence.
- Keep fixed costs of operations under tight leash.

Your Company is in the final stages of setting up a 2700 Kwh Gas Based captive power plant with a waste heat recovery system, which will augment the overall energy

balance and reduce the costs as well. The gains from this investment will accrue in the year 2004 – 2005.

The precursor for all the value added fluorine molecules is Anhydrous Hydrofluoric Acid (AHF). The existing AHF plant at Surat, which is more than 37 years old now, has been running beyond its capacity for the last two years. In order to ensure steady and sufficient availability of AHF for captive and market needs, the management has decided to put up a parallel AHF facility at NF, Surat. This new plant will also come on stream in the first quarter of 2004 – 2005, making your company the single largest producer of AHF in the country with a capacity of 22000 tons per year.

The dye-intermediate business continues to operate under severe competitive conditions. The threat is primarily from the small-scale and un-organized sectors. It is also under huge pressure of escalating prices of the input materials, which are driven by the rising crude oil prices.

In order to align itself to the Global operating standards, your Company has implemented SAP, a state of the art ERP (Enterprise Resource Planning) during the year in Sales & Distribution, Materials Management and Financial Information functions. Other functions like Production Planning, Quality Systems, Plant Maintenance and Controlling modules have also gone live with effect from 1st April 2004. With this, all the major business processes have now been integrated at all the five regional offices, two manufacturing sites and the Head Office.

Your company has always been highly conscious of its responsibility, as a good corporate citizen, in health, safety and environment management. This is demonstrated by the fact that the year under review passed without a single accident in both the manufacturing plants and recorded more than a million accident free man-hours in its Surat plant. British Safety Council who awarded Navin Fluorine the Five Star rating in February 2004, acknowledged your company's outstanding performance in safety management.

3. ADVANCES TO MAFATLAL INDUSTRIES LIMITED (MIL)

Pursuant to the Scheme for Rehabilitation (SS) of Mafatlal Industries Limited (hereinafter referred to as MIL) sanctioned by the Hon'ble Board for Industrial & Financial Reconstruction (BIFR), vide its Order dated 30th October 2002, the Company is required to fund Rs.9,000 lacs to MIL by September 2004. Out of this Rs.8,505 lacs have been funded till 31st March 2004.

The Company is consistently following the policy of writing down this advance to MIL to the extent of 85 % of the value of such advance by taking an appropriate charge in the Profit & Loss Account and creating a provision for doubtful advances in the relevant financial year.

4. DIVIDEND

Your Directors are pleased to recommend a maiden dividend of Rs. 2/- per Equity share for the year ended 31st March 2004.

5. RIGHTS ISSUE

Pursuant to the obligation cast upon the Company under the SS of MIL, the Board of Directors of the Company at their Meeting held on 10th March 2004, decided to make a Rights Issue of 50,49,999 equity shares of Rs.10/- each on the following terms and conditions :-

(a) Ratio : 1 equity share of Rs. 10/- to be offered on rights basis for every 1 equity share of Rs.10/- held in the Company on the record date to be fixed by the Board of Directors.

(b) Price : Price band of Rs. 50/- to Rs. 60/- (including premium)

Approval of SEBI is awaited for the draft Letter of Offer filed by the Company.

6. BORROWINGS

The Sanctioned Scheme of MIL also envisaged term loans aggregating to Rs.6,500 lacs to be raised by the Company to fulfill the aforementioned obligation of funding MIL, which has been tied up by the Company during the year.

7. INDUSTRIAL RELATIONS

The relations between the employees and the Management have remained cordial.

8. INSURANCE

The properties and insurable interest of your Company like Building, Plant & Machinery, Stocks, etc., are properly insured.

9. PARTICULARS OF EMPLOYEES

In compliance with the provisions of Section 217(2A) of the Companies Act, 1956, a statement giving requisite information is annexed hereto.

10. ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

11. REPORTS ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

As required under the Listing Agreement with Stock Exchanges, reports on "Corporate Governance" as well as "Management Discussion and Analysis" are attached and form part of the Directors' Report.

12. DIRECTORATE

Shri A.K.Puri and Shri P.N.Kapadia retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

13. DIRECTORS' RESPONSIBILITY STATEMENT

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors report that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) 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 and of the loss of the company for the year under review;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a going concern basis.

14. LISTING

During the year, trading in the equity shares of the Company commenced on Bombay Stock Exchange and Ahmedabad Stock Exchange w.e.f. 30th September, 2003 and 7th October 2003 respectively.

15. AUDITORS

At the Annual General Meeting, Members are requested to appoint Auditors for the current year and fix their remuneration. The specific notes forming part of the accounts referred to in the Auditors' Report are self-explanatory and give complete information.

16. DONATION

During the year under review, the Company has made donation of Rs.11.00 Lacs for charitable and other purposes.

17. APPRECIATION

The Directors wish to place on record their appreciation of the devoted services of the workers, staff and the officers who have largely contributed to the efficient management of the Company.

For and on behalf of the Board

H. A. MAFATLAL
Chairman

Mumbai,
Dated : 6th May, 2004

ANNEXURE TO THE DIRECTORS' REPORT 2003-2004 :

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of Particulars in the Board of Directors' Report) Rules, 1988.

(1) CONSERVATION OF ENERGY

A) Energy Conservation Measures taken

1. During the year the Company is implementing a project to set up an environment friendly 2700 Kwh natural gas based captive power plant with waste heat recovery system. This will come on stream in the first quarter of 2004-2005 thereby reducing the 'per unit cost' of power substantially.
2. In the new cooling tower the cooling fan has been optimized to reduce power consumption.
3. New Capacitor Banks have been installed in the Sub-station to improve power factor.
4. Drives of heavy-duty motors are being progressively rationalized to reduce the fixed power consumption losses.
5. In the H2SO4 Plant steam condensate is collected and recycled back to the H2SO4 boiler resulting in energy savings.
6. Boiler capacity has been improved by optimization of parameters of the burning system.

B) ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION IN CONSUMPTION OF ENERGY

The 2700 Kwh Captive Power Plant with waste heat recovery system is on the final stages of implementation and the benefits from this investment of Rs.600 lacs (approx.) will start accruing in the fiscal year ending March, 2005. This will bring down the per unit cost of power and also augment the overall steam capacity at our Surat facility.

C) IMPACT OF THE MEASURES AT (A) AND (B) ABOVE FOR REDUCTION OF THE ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS

As indicated in (A) and (B) above

D) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

The above information is furnished in the prescribed Form 'A' annexed hereto.

(2) TECHNOLOGY ABSORPTION

Efforts made in technology absorption are furnished in prescribed Form 'B' annexed hereto.

(3) FOREIGN EXCHANGE EARNINGS AND OUTGO

- A) Activities relating to export initiatives taken to increase exports, developments of new export markets for products and services and export plans. The export teams regularly visits the markets, customers and end users of the different products. Alongwith the technical team, the export group also attends important industry exhibitions in different continents, where they get exposed to the newer developments in the industry, markets, and end users of the products.

B) Total Foreign Exchange used and earned

	(Rs. in Lacs)	
	Current Year	Previous Period
		(1.3.2002 31.3.2003)
Total foreign exchange used	4791.92	4226.38
Total foreign exchange earned	6634.66	5347.62

FORMA

Form for Disclosure of Particulars with respect to Conservation of Energy.

	Current Year TOTAL	Previous Period TOTAL
A. POWER AND FUEL CONSUMPTION :		
1. Electricity :		
a) Purchased:		
Units(Kwh)	17688110	17299017
Total Cost (Rs.)	89732251	88541443
Rate/Unit(Rs.)	5.07	5.12
b) Own Generation:		
i) Through Diesel Generator:		
Units (in Kwh)	84382	729198
Unit per litre of diesel oil (Kwh)	2.27	2.86
Cost/Unit (Only Diesel) (Rs.)	33.20	6.45
HSD used(Ltrs.)	37170	255227
Total Cost (Rs.)	2801714	4700952
2. Furnace Oil :		
Quantity(K.Ltrs.)	1665	2070
Total Amount (Rs.)	17754076	24583313
Average Rate (Rs./K.Ltr.)	10660.19	11876.00
3. Others/Internal Generation:		
A. High Speed Diesel (HSD)		
Quantity (K.Ltrs.)	26.60	108.68
Total Cost (Rs.)	585057	2163983
Rate/Unit.(Per K. Ltr.)	21994.62	19911.51
B. Natural Gas		
Quantity (Cub.Mtrs)	4092829	3446727
Total Cost (Rs.)	37346097	30586288
Rate (Rs./Cub.Mtrs.)	9.12	8.87
C. Water		
Quantity (K.Ltrs.)	1348998	1261550
Total Cost (Rs.)	3836533	4275801
Rate (Rs./K.Ltrs.)	2.84	3.39
D. Light Diesel Oil (L.D.O.)		
Quantity (K.Ltrs.)	185	252
Total Cost (Rs.)	3048339	3311307
Rate (Rs./K.Ltrs.)	16449.94	13126.15
B. CONSUMPTION PER UNIT OF PRODUCTION :-		
1. Electricity (Kwh/Mt.)	1058	965
2. Furnace Oil (K.Ltrs/Mt.)	0.10	0.11
3. Natural Gas (Cub.Mtrs/Mt)	243.57	184.47
4. Others (K.Ltrs/Mt.)	80.28	67.53

FORM B

Form for disclosure of particulars with respect to Technology Absorption.

A) RESEARCH AND DEVELOPMENT

1. Specific areas in which R&D is carried out by the Company

The Company carried out R&D efforts in the following areas :

- A) Process Chemistry
 - i) Catalytic hydrogenation using internal gas rediffusion system
 - ii) Catalytic dechlorination and nitro dechlorination processes
 - iii) Esterification of trifluoroacetic acid
 - iv) Acylation and Fries rearrangement of fluorochemicals
 - v) Diazotizations
- B) CFC Substitutes
 - i) Synthesis and isolation of HCFC R123a, was successfully carried out to produce R123a, which is a substitute of CFC 11.
 - ii) Work is continuing at IICT, Hyderabad for the process development of HFC 134a.

2. Benefits derived as a result of the above R&D

- A) Following products were developed on commercial scale- Bromobenzotrifluoride Fluoroacetophenone, Fluorohydroxyacetophenone, Fluoroanisole, Methyl and Ethyl Trifluoro acetate, Hydroxyacetophenone BF3 adducts in Methanol and THF
- B) Import substitution and savings in foreign currency outgo.
- C) Commercialization of the molecules consolidated the Company's product basket and boosted exports and domestic turnover.
- D) Helped the Company emerge as a low cost producer of high quality fluorochemicals in the face of global competition.
- E) Enabled the Company to offer environmentally friendly CFC substitutes like R123a in the near future.

3. Future Plan of Action

Your Company is committed to emerge as a global supplier of repute for

- a) value added fluorochemicals and
 - b) environment friendly CFC substitutes.
- All the R&D efforts are singularly directed towards achieving this goal.

4. Expenditure on R & D

	Rs. in Laacs	
	Current Year 2003-2004	Previous Period 2002-2003
a) Capital Expenditure	3.66	8.78
b) Recurring Expenditure	77.76	98.10
c) Total	81.42	106.88
d) Total R & D Expenditure As a % of total turnover	0.38	0.49

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation:

As stated earlier, the Company primarily works on its in-house R&D strengths. Once a process is developed on the lab scale, the in-house technical team takes on the job of scaling up and commercialization of the process and product. Thereafter, these capabilities are commercially exploited.

2. Benefits derived as a result of the above efforts

As stated in B1 above.

3. Information regarding technology imported during last 5 years.

- A) Technology imported -LiPF6 (Lithium Hexafluorophosphate)
- B) Year of Import - Part of the Technology is imported during the year 2003 -04
- C) Has Technology been fully absorbed-Not yet
- D) If not fully absorbed, not taken place, reasons therefor and future plans of action - the Company has not yet received the complete technology. Only the process and engineering know-how is being imported. The Company, on its own, proposes to undertake the implementation.

Statement of Particulars of Employees pursuant to the provision of Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 31st March, 2004.

Name & Age (Years)	Designation/ Nature of duties	Remuneration (Rupees)	Qualification & Experience (Years)	Date of commencement of employment	Last Employment held Name of Employer, Post held and period (years)
(1)	(2)	(3)	(4)	(5)	(6)
A.	Names of Employees employed throughout the year and were in receipt of not less than Rs. 24,00,000/- NIL				
B.	Names of Employees employed for part of the year and were in receipt of remuneration of not less than Rs. 2,00,000/- per month				
I) Mr. H.A.Mafatlal (50)	Chairman & Managing Director	Rs.64,26,823/-	B.Com (Hons.) (28)	01-05-2003	The Mafatlal Fine Spg. & Mfg. Co. Ltd.- Vice-Chairman (17 years) He is also the Vice-Chairman of Mafatlal Industries Ltd. (11 years)
II) Mr. A.K. Srivastava (52)	Finance Director	Rs. 31,16,049/-	B.Sc. (Hons.) FCA (27)	01-05-2003	Mafatlal Industries Ltd. Sr. V.P. - Finance (5 years)
III) Mr. D.S. Umalkar (52)	Chief Executive-Officer	Rs. 74,87,643/-	M.Tech (26)	01-05-2003	Mafatlal Industries Ltd. Executive Director (Chemicals Division) (17 years)

* includes Rs. 13,23,811/- as Executive Director of the Company.

NOTES:

1. Remuneration, as above, includes Salary, Dearness Allowance, Company's contribution to Provident Fund and Superannuation Scheme, Leave Encashment, Holiday Travel Benefits, Reimbursement of Medical Expenses, Medical Insurance Premium, House Rent Allowances, Additional House Rent Allowance, Compensatory Allowances, Personal Allowance, Voluntary Retirement Benefit, Commission, where applicable, Personal Accident Insurance, monetary value of perquisites calculated in accordance with provision of Income Tax Act, 1961 and Rules made thereunder in respect of Housing, Company's furniture and equipments etc. but does not include Company's contribution to Gratuity Fund.
2. The nature of employment in all the above cases is contractual.
3. None of the above employees is related to any Director of the Company.