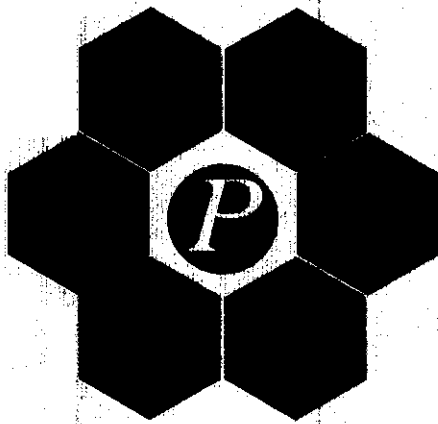


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# POLYCHEM LIMITED



For POLYCHEM LIMITED

(A. H. MENTA)

VP-Corporate Affairs & Company Secretary

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Annual

Report

1998 - 99



(INCORPORATED UNDER THE INDIAN COMPANIES ACT, VII OF 1913)

<b>BOARD OF DIRECTORS</b>	SHRI TANIL KILACHAND <i>Chairman &amp; Managing Director</i> SHRI M. Ct. MUTHIAH SHRI H. C. SHAH SHRI F. M. PARDIWALLA <i>(Nominee Director of ICI)</i> SHRI R. A. SHAH SHRI M. R. B. PUNJA SHRI K. H. KAZI <i>(Nominee Director of UTI)</i> SHRI K. S. K. KHARE <i>(Nominee Director of LIC)</i> SHRI P. T. KILACHAND <i>(Whole-time Director)</i>
<b>COMPANY SECRETARY</b>	SHRI A. H. MEHTA
<b>BANKERS</b>	STATE BANK OF INDIA BANK OF BARODA DENA BANK
<b>AUDITORS</b>	MESSRS C. C. CHOKSHI & COMPANY <i>Chartered Accountants</i>
<b>LEGAL ADVISERS</b>	MESSRS DAPHTARY, FERREIRA & DIVAN
<b>REGISTERED OFFICE</b>	7, Jamshedji Tata Road Churchgate Reclamation Mumbai 400 020

WORKS	CORPORATE MANAGEMENT TEAM
ACRYLONITRILE BUTADIENE STYRENE PLANT 14, PCC Area, P.O. Petrofils VADODARA 391 347	SHRI TANIL KILACHAND <i>Managing Director</i> SHRI P. T. KILACHAND <i>Whole-time Director</i> SHRI A. H. MEHTA <i>VP -- Corporate Affairs &amp; Company Secretary</i>

Note : As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

**NOTICE**

Notice is hereby given that the Forty-second Annual General Meeting of the Members of POLYCHEM LIMITED will be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 on Thursday, 28th October, 1999 at 10.30 a.m. to transact the following business:

- 1 To receive, consider and adopt the Directors' Report and Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on 31st March, 1999.
- 2 To appoint a Director in place of Shri M. R. B. Punja who retires by rotation, but being eligible, offers himself for re-appointment.
- 3 To appoint a Director in place of Shri P. T. Kilachand who retires by rotation, but being eligible, offers himself for re-appointment.
- 4 To consider and, if thought fit, to pass with or without modification/s the following resolution as a Special Resolution:-  
"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. C. C. Chokshi & Company, Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.1,00,000/- (Rupees one lac only) in addition to reimbursement of travelling and all other out of pocket expenses incurred in connection with the audit".

**SPECIAL BUSINESS:**

- 5 RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification thereto or any re-enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby altered in the following manner :

(A) The following new Articles 62A, 62B and 62C be inserted after the present Article 62 :

**NOMINATION OF SHARES:**

- 62A (1) Every holder of shares in or debentures of the Company may at any time nominate, in the manner prescribed under the Act, a person to whom the shares in or debentures of the Company shall vest in the event of his death.
- (2) Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of the shares or debentures where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the shares in or debentures of the Company, the nominees shall on the death of the shareholder or the debenture holder concerned, or on the death of the joint holders become entitled to all the rights in relation to such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the Act.
- (4) Where the nominee is a minor, the holder of the shares or debentures concerned, can make the nomination to appoint in the prescribed manner under the Act, any person to become entitled to the shares or debentures concerned in the event of his death during the minority.

**TRANSMISSION IN CASE OF NOMINATION:**

- 62B (1) Notwithstanding anything contained in Articles 58, 59, 60, 61 and 62 any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either -
  - (a) to be registered himself as holder of the share or debenture as the case may be; or
  - (b) to make such transfer of the share or debenture as the case may be as the deceased shareholder or debenture holder as the case may be could have made.
- (2) If the person being a nominee, so entitled, elects to be registered as holder of the share or debenture himself as the case may be, he shall deliver or send to the Company a notice in writing duly signed by him stating that the nominee concerned so elects and such notice shall be accompanied with the death certificate of the deceased shareholder/debenture holder as the case may be.
- (3) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfer of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were signed by that shareholder or debenture holder, as the case may be.
- (4) A person being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payments of all dividends, bonuses, or other monies payable in respect of the share or debenture, until the requirements of the notice have been complied with.

**NOMINATION FOR FIXED DEPOSITS:**

62C (A) depositor may, at any time, make a nomination and the provisions of sections 109A and 109B shall, as far as may be, apply to the nominations made pursuant to the provisions of section 58A(11) of the Act.

(B) "The following new Articles 152A & 152B be inserted after the present Article 152:

**INTER-CORPORATE LOANS, ETC.:**

152A The Company shall -

- (a) make any loan to any other body corporate;
- (b) give any guarantee, or provide security, in connection with a loan made by any other person to, or to any other person by, any body corporate, in accordance with the provisions of Section 372A of the Act.

**INTER-CORPORATE INVESTMENTS :**

152B The Company shall acquire, by way of subscription, purchase or otherwise the securities of any other body corporate in accordance with the provisions of Section 372A of the Act.

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the financial institutions being IDBI, ICICI, IFCI, UTI, LIC, GIC, NIC, NIA, OIC, UII, ICICI as trustees for debentureholders, banks and such other approvals and permission as may be necessary, the Board of Directors of the Company (hereinafter referred to as the "Board") be and is hereby authorised to lease, sell, transfer or otherwise dispose of as a going concern on a slump price or otherwise the whole or substantially the whole of the undertaking(s) pertaining to the manufacture of ABS and SAN located at 14, PCC Area, P.O. Petrofils, Vadodara 391 347, alongwith the various employees associated with it to Bhansali Engineering & Polymers Ltd. and/or to any other party on such terms and conditions (including price, mode of disposal, timing) as may be decided by the Board, provided that the aggregate consideration for the sale/transfer/disposal as aforesaid is Rs. 4.01 crores."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things including finalising and executing deeds, agreements, conveyances, memoranda of understanding and other documents as they may, in their absolute discretion, deem necessary, proper, expedient or desirable."

By Order of the Board of Directors

A. H. MEHTA

VP - Corporate Affairs & Company Secretary

Registered Office :

7, Jamshedji Tata Road

Churchgate Reclamation

Mumbai 400 020

Dated: 25th September, 1999

**NOTES:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, OR WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.
- (b) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items 4, 5, & 6, set out above is annexed herewith.
- (c) The Register of Members and the Share Transfer Books of the Company has remained closed from 17th August, 1999 to 27th August, 1999 (both days inclusive).
- (d) Members are requested to notify any change of their addresses to the Company's Registrar and Share Transfer Agents, Messrs. Tata Consultancy Services at Lotus House, 6, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020 and/or at Marwah House, 1st Floor, Plot No. 3, Marwah Estate, Saki Vihar Road, Andheri (E), Mumbai 400 072.
- (e) All unclaimed Dividends pertaining to the earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205-A of the Companies Act, 1956.
- (f) The Company's securities are listed on the following Stock Exchange :

Sr. No.	Name & Address of the Stock Exchange	Nature of Security
1.	The Stock Exchange Mumbai Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.	1,61,61,808 Equity Shares of Rs. 10/- each

The Company has paid Annual Listing fees to the above Stock Exchange upto 31st March, 2000.

## POLYCHEM LIMITED

## ANNEXURE TO THE NOTICE

## EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.

The following Explanatory Statement, as required by Section 173(2) of the Companies Act, 1956 sets out the material facts relating to business under item nos. 4, 5 & 6 mentioned in the accompanying Notice dated 25th September, 1999:

## 1 Item 4

This item relates to the appointment of Messrs. C. C. Chokshi & Company, Chartered Accountants, Mumbai as the Auditors of the Company and fixation of their remuneration.

According to Section 224A of the Companies Act, 1956 the Company in which not less than 25% of the subscribed Share Capital is held, either singly or in combination amongst others, by Public Financial Institutions, Nationalised Banks and Insurance Companies, the appointment or re-appointment of the Auditors has to be made by a Special Resolution at the Annual General Meeting.

The holdings of the aforesaid categories of shareholders exceed 25% of the subscribed share capital of the Company and hence a Special Resolution is required to be passed to appoint Messrs. C. C. Chokshi & Company on the terms and conditions contained in the Resolution.

## 2 Item 5

As per the provisions of Sections 109A, 109B & 58A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999, every holder of shares in, or holder of debentures or deposits of the Company, may at any time nominate in the prescribed manner, a person to whom his shares in, or debentures or deposits of, the Company, shall vest in the event of his death.

The Companies (Amendment) Act, 1999 has also introduced new Section 372A to cover intercorporate loans and investments. The provisions of Sections 370 and 372 would not apply to intercorporate loans and investments, respectively, made by a Company on or after 31st October, 1998.

It is therefore, proposed to insert new Articles 62A, 62B & 62C and add Articles 152A and 152B in the Articles of Association of the Company to give effect to the said provisions as detailed in the Special Resolution set out at Item No. 5 of the accompanying Notice.

Pursuant to the provisions of the Companies Act, 1956, a Company may by a Special Resolution alter its Articles of Association. Accordingly your Directors recommend the Special Resolution for approval by the Shareholders.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

## 3 Item 6

The company is carrying on the business of manufacturing ABS and SAN in its undertaking situated at 14, PCC Area, P.O. Petrofils, Vadodara 391 347. As the Members are aware due to globalisation and liberalisation of the Indian economy company's Vadodara unit has been incurring losses since the past 3 years. The undertaking is run at a very low rate and that too intermittently. The sale of ABS and SAN has been affected due to low international prices, severe local competition because of over supply and low demand. The price for natural ABS resin fell from above Rs. 60/Kg a few years ago to Rs. 30/Kg on account of local competition and cheap imports due to down turn in demand in the ASEAN region. This region is the largest producer of ABS resins in the world. Increase in rate of interest and power coupled with low selling prices, and decline in production as a result of shortage of working capital has continuously resulted in cash operating losses by the Company for past several years. The plant is uneconomical to run due to its smaller capacity in comparison to the bigger international plant and old technology. This situation, it is expected is not likely to change in the near future.

As a part of restructuring activities, the Company has been exploring various alternatives in consultation with the Financial institutions and Banks in order to enable the Company to pay the dues/debts of Institutions and Banks. These institutions have vigorously been following up for settlement of their dues from the proceeds of the sale of assets/undertakings.

The Directors of the Company, after due consideration relating to the above referred matter, are of the opinion that it will be in the best Interest of the Company in the long term, to sell, transfer or otherwise dispose of the said undertaking at Vadodara so as to repay the dues of the Institutions and Banks and put an end to the heavy cash losses incurred by the Company since the past few years.

Bhansali Engineering and Polymers Ltd. a manufacturer of ABS resins and having established market presence has evinced interest in the purchase of the aforesaid undertaking. Accordingly, consent of the shareholders is sought pursuant to the provisions of Section 293(1)(a) to authorise the Board to lease/sell/transfer/dispose of the aforesaid undertakings on such terms and conditions as may be decided by the Board.

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

By Order of the Board of Directors

A. H. MEHTA

VP – Corporate Affairs & Company Secretary

Mumbai

Dated : 25th September, 1999



## DIRECTORS' REPORT

To  
The Members of  
POLYCHEM LIMITED

Your Directors present the Forty-second Annual Report and Statement of Accounts for the year ended 31st March, 1999.

	01.04.98 to 31.03.99 (12 months) Rs. in lacs	01.01.97 to 31.03.98 (15 months) Rs. in lacs
<b>FINANCIAL RESULTS</b>		
Sales including Excise duty	2,567.01	6,810.50
Loss before Interest, Depreciation & Tax	(1,147.68)	(955.73)
Interest	1,860.74	2,190.47
Depreciation	322.01	438.86
Loss before tax & Extraordinary items	(3,330.43)	(3,585.06)
Extraordinary items	292.33	—
Provision for wealth tax	(0.60)	(4.00)
Short Provision for taxation in respect of earlier year	(127.34)	(23.77)
Loss after Taxes and Extraordinary items	(3,166.04)	(3,612.83)
	(3,166.04)	(3,612.83)
Balance brought forward	(5,989.36)	(2,376.53)
	(9,155.40)	(5,989.36)
General Reserve deducted per contra	1,127.62	1,127.62
Amount available for Appropriation	(8,027.78)	(4,861.74)
Balance carried forward	(8,027.78)	(4,861.74)
	(8,027.78)	(4,861.74)

During the year ended 31st March, 1999 your Company incurred a loss of Rs. 3,166.04 lacs against loss of Rs. 3,612.83 lacs during the fifteen months period ended 31st March, 1998 after considering extraordinary items. In view of the loss, Directors regret their inability to pay any dividend on Equity and Redeemable Cumulative Preference Shares.

- 1 Sales including excise duty during the year ended 31st March, 1999 was Rs. 25.67 crores compared to Rs. 68.10 crores during the previous period (January 1997 — March 1998).

### 2 PRODUCTION & SALES :

#### (i) Chemical Division :

VAM PLANT: VAM production was NIL as compared to 5,221 MT during the previous report period (January 1997 to March 1998). 43 MT of VAM was sold as compared to 5,384 MT during the previous period.

PVA PLANT: PVA production was NIL as compared to 43 MT during the previous report period. 10 MT of PVA was sold as compared to 156 MT during the previous report period.

ACETIC ACID: 5,204 MT of Acetic Acid was produced during the year as compared to 6,933 MT during the previous report period. 5,463 MT of Acetic Acid was sold as compared to 2,896 MT during the previous reporting period.

DISTILLERY: Rectified Spirit production during the period was 5,856 KL as compared to 8,053 KL during the previous report period.

The reduction in sales was primarily due to non-operation of two plants and partial operation of the balance plants. VAM is the major product of the Company but the plant could not be operated for the entire 12 months period due to liquidity constraints, local competition, historically low international selling prices and large imports. There was no correspond-



## POLYCHEM LIMITED

ing drop in the raw material prices which led to meager operating margins or loss. The local selling prices of VAM which had gone as high as Rs. 58/per kg a few years ago, came down drastically to a level of Rs. 30/per kg during the year. The international producers with huge capacities dropped prices to USD 440/per MT CIF India in order to sell their output which was badly affected due to the South East Asian monetary crisis. In earlier year the international price had gone as high as USD 1150/per MT and had maintained an average of around USD 800/per MT. It was considered prudent not to deploy the scarce resources of the Company into this business which requires large raw material inventories as well as extended credits to the customer.

The PVA plant was not operated for the period under review on account of economic unviability. The Company was able to make various financial arrangements with customers, distributors and users to partially operate the Acetic Acid and Alcohol Distillery plants.

**(ii) Styrenics Division :**

The production of ABS and SAN at Vadodara plant were 1,445 MT and 1,093 MT during the period April 1998 to March 1999 respectively as compared to 1,120 MT and 1,216 MT during the previous report period (January 1997 to March 1998). During the period sale of ABS and SAN were 1,487 MT and 271 MT respectively as compared to 1,246 MT and 535 MT during the previous report period (January 1997 to March 1998).

The sale of ABS/SAN has been affected due to low international prices, severe local competition and low demand. The prices of natural ABS resins fell from above Rs. 60/per Kg a few years ago to Rs. 30/per Kg on account of local competition and cheap imports due to the down turn in demand in ASEAN region. This region is the largest producer of ABS resins in the world. Sales of the Company were also seriously affected due to lack of working capital, low operating rates due to poor market and distribution conditions. Uneconomic size plant based on old technology. All these factors have resulted into cash losses for this division.

As revival of this unit is difficult due to continued losses and no possibility of capital expenditure to improve its operations, Company proposes to lease, sell, transfer or otherwise dispose off the undertakings at Vadodara to repay part of the dues of the institutions and banks and put an end to the heavy cash losses incurred by the company at Vadodara since the past few years, subject to all necessary approvals.

**3 DEVELOPMENT OF LAND AT GOREGAON :**

Construction of two more buildings at the Goregaon Project has been taken up by the developer, M/s. Mahindra Realty & Infrastructure Developers Limited during the year, besides achieving steady progress in constructing the first two buildings started earlier.

The real estate market in Mumbai is going through a prolonged depression, resulting in a low off-take of flats. The company is countering the depression through an aggressive marketing strategy based on press advertisements, hoardings and direct mailers. The market response appears to be encouraging.

**4 SALE OF NIRA UNITS:**

As approved by the members at the Extraordinary General Meeting of the Company, held on 23rd November, 1998 Company has sold as a going concern on a slump price undertakings pertaining to manufacture of Alcohol, Acetic Acid, Vinyl Acetate Monomer located at Nira, Nimbut to Vam Organic Chemicals Limited (VOCL) with effect from 25th March, 1999 after obtaining the necessary approvals. VOCL has also takenover the employees of the Nira Units.

**5 STEPS FOR REDUCTION IN LOSSES :**

A Voluntary Retirement Scheme was introduced at Nira which was availed of by 120 workmen. Another VRS at Vadodara resulted in the reduction of 20 workmen. At H.O. and Branches, the staff was reduced in keeping with the reduced requirement. The expenses have been reduced all around.

**6 IMFL JOINT VENTURE :**

The overall sales of International Distillers (India) Ltd. (IDI) increased in volume terms as well as in sales turnover. The increases were below expectations due to a general slackening of the overall liquor business in India. However the IDI continues to be an important player in the liquor business in the country and various steps were taken to further consolidate the important brands of IDI. In view of the merger of Grand Metropolitan Plc and Guinness Plc in U.K., IDI has undertaken sales and distribution responsibility for the product manufactured by United Distillers (India) Ltd. including Black & White Whisky, Vat 69 Whisky and White Horse Whisky.

IDI has declared and paid dividend at the rate of Rs. 5/- per share for the year ended 30th June, 1998 amounting to Rs. 35 lakhs.

**7 GUJARAT POLY-AVX ELECTRONICS LIMITED (GPAEL) :**

The sales turnover of GPAEL have improved considerably for the year in comparison with the sales turnover for the previous year. The sales during the year was Rs. 358.57 lacs in comparison to the sales of Rs. 284.64 lacs in the



previous year. Order booking during the financial year has increased by around 61% despite deep recession in the market. The order booking and sales turnover is expected to improve further with Telecom Policy being implemented. The operations for the year have resulted into a loss of Rs. 362.50 lacs. There is surplus Rs. 46.71 lacs before interest and depreciation.

As informed in the 41st Annual Report, GPAEL has been declared a sick company. ICICI has been appointed as the Operating Agency (OA) for the Company.

At the last hearing held on 18th May, 1999, BIFR while keeping the said show cause winding up notice under 20 of the SICA Act, in operation directed the Operating Agency to formulate the revival scheme in favour of the intending new promoter/s who have evinced interest in the takeover and rehabilitation of the Company. The OA is expected to forward the revival scheme to BIFR with its comments and recommendations, if and when the consensus proposal emerges in favour of a new promoter. Thereafter, BIFR will consider the same and take further course of action in accordance with the law.

## 8 FINANCE

The Company has repaid loans to Financial Institutions aggregating to Rs. 21 lacs during the period and Rs. 788 lacs thereafter and has not received any loan during the period.

## 9 REFERENCE TO THE BOARD OF BIFR

As informed to members last year, the Company has filed a reference to the Board for Industrial and Financial Reconstruction (BIFR) under section 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985 and the Company was registered as a Sick Industrial Company from 11th December, 1998. The first hearing of BIFR took place on 10th May, 1999 and at the hearing the Company was declared as "sick" company in terms of provisions of SICA. As advised by BIFR, the Company has submitted a Revival Scheme to financial institutions, banks and BIFR and is awaiting their approval.

- 10 As regards the future of the company it will depend entirely on the position which will emerge after the approval of revival scheme by BIFR of the quantum of repayment of the accumulated debts and the available balance resources of the company.

## 11 INDUSTRIAL SAFETY AND POLLUTION CONTROL

- (i) Nira Complex was awarded prize-plaque for achieving lowest accident frequency rate in the 33rd Safety Award Competition, 1997 organised by The Council of Industrial Safety, Mumbai. This award was given in Group 'B' i.e. Chemicals & Fertilizers Industries working more than 1 million man-hours in the year 1997.
- (ii) Baroda plant has received Safety Award from Gujarat Safety Council and Gujarat Factory Inspectorate for 'zero' accident in the year 1996. Mr. V.J. Shah, Manager (Process Development) was awarded "Shram Veer" award by Gujarat Government for the year 1996.
- (iii) Pollution Control — All treated effluent discharge to ECP during the year was within the tolerable limits of GPCB. All pollution control norms were strictly observed.

## 12 TAXATION

The Company's Income Tax assessments have been completed upto year ended 31st March, 1996.

## 13 DEPOSITS

Deposits aggregating to Rs. 74.49 lacs due for repayment remain unclaimed as on 31st March, 1999. Deposits of Rs. 10.25 lacs have since been repaid.

## 14 SUBSIDIARY COMPANIES

Information under Section 212 of the Companies Act, 1956 in respect of Subsidiary Companies is attached. During the year M/s. Lokranjan Breweries Pvt. Ltd. has ceased to be a subsidiary of the Company.

## 15 INDUSTRIAL RELATIONS

Industrial Relations with the employees at all the Units of the Company were cordial during the period under report.

## 16 PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Registered office of the Company.



# POLYCHEM LIMITED

## 17 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure I forming part of this report.

## 18 DIRECTORS

Shri M.R.B. Punja and Shri P.T. Kilachand retire from Office by rotation but, being eligible, offer themselves for reappointment.

LIC has nominated Shri K.S.K. Khare as their Nominee Director on the Company's Board.

## 19 Y2K COMPLIANCE

Company has taken all necessary steps to make hardware & software of the Company Y2K compliant by September 1999. Company will be incurring approximately Rs. 5 lakhs for this.

## 20 AUDITORS' REMARKS

As regards the remarks in the Auditors' Report, please refer to the Notes on Accounts which are self explanatory.

## 21 AUDITORS

You are requested to appoint Auditors for the current year. The retiring Auditors, M/s. C. C. Chokshi & Company, Chartered Accountants, Mumbai are eligible for reappointment.

The Directors extend their sincere thanks to the Company's valued customers, the State and Central Government authorities, Depositors, Financial Institutions, Bankers and Shareholders for their co-operation and continued financial support during the difficult times being experienced by the Company.

Sincere thanks are also due to the management team, the staff and workers for their valuable contribution despite adverse circumstances being faced by the Company.

7, Jamshedji Tata Road,  
Churchgate Reclamation  
Mumbai 400 020

Dated: 25th September, 1999

On Behalf of the Board of Directors

**TANIL KILACHAND**

Chairman & Managing Director



## ANNEXURE II

### A. CONSERVATION OF ENERGY

- (a) Energy Conservation steps undertaken :

In view of the intermittent operations of all plants, no additional efforts towards Conservation of Energy could be made during the period under review.

- (b) Additional investments and proposals are being considered:

In view of paucity of funds, no further additional investments are proposed to be made.

- (c) Impact is expected to reduce the cost of production.

Not applicable.

- (d) Data in respect of Energy Consumption are tabulated in Form A.

### FORM 'A'

#### POWER AND FUEL CONSUMPTION

	1998-99 (12 months) Total	1997-98 (15 months) Total
<b>(1) Electricity</b>		
(a) Purchased units (Kwh)	10027656	17015841
Total Amount (Rs.)	47834513	69534191
Rate, Kwh	4.77	4.09
(b) Own Generation (Diesel)		
Units (Kwh)	108442	64225
Units/Ltr. HSD	2.36	2.49
Cost, Rs./Unit	4.35	5.44
<b>(2) Coal (for steam raising)</b>		
Quantity (MT)	7222	16078
Total Cost (Rs.)	16562645	35375798
Avg., Rate, Rs./MT	2293.36	2200.26
<b>(3) Furnace Oil/LDO (for steam raising and process heating)</b>		
Quantity (KL)	743	1058
Total Cost (Rs.)	5199606	9711660
Rate (Rs./KL)	7001	9179