

DIRECTORS' REPORT

The Directors have pleasure in presenting the Twenty Third Annual Report and Audited Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

	Year ended 31st March 2001 [Rs/Crores]	Year ended 31st March 2000 [Rs/Crores]
Sales and Other Income	846.69	612.01
Profit before Interest and Depreciation	74.96	63.07
Interest	41.33	34.96
Gross Profit	33.63	28.11
Depreciation	20.64	17.57
Profit before Taxation	12.98	10.54
Provision for Taxation	(0.38)	0.22
Net Profit	13.36	10.32
Profit brought forward from previous year	10.80	12.15
PROFIT AVAILABLE FOR APPROPRIATION	24.16	22.47
Which the Directors have appropriated as follows :		
- Proposed Dividend on Equity shares	3.75	2.89
on Preference Shares	0.58	0.58
- Tax on Dividend on Equity Shares	0.38	0.64
on Preference Shares	0.13	0.06
- Transfer to General Reserve	10.00	7.50
Leaving a balance to be carried forward of	9.32	10.80

DIVIDEND

The Directors are pleased to recommend a dividend as follows:

- a) On Redeemable Cumulative Non Convertible Preference Shares of Rs.100/- each at the rate of 11.5% (already paid as interim dividend for the financial year 1st April, 2000 to 31st March, 2001);
- b) On Equity Shares of Rs.10/- each at the rate of 60% for the year ended 31st March, 2001.

OPERATIONS

The performance of the company for the year 2000-2001 was satisfactory. The sales (including other income) and profit after tax for the year was Rs.846.69 Crores and Rs.13.36 Crores respectively. Export Sales (including export benefits) of the company for the year was Rs.75.85 Crores.

Sales of the company grew during the year by 38% and Net Profits after tax grew by 29% as compared to the previous year. The export sales of the company grew by 98% as compared to the previous year.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, the Directors of your Company confirm:

- * that in the preparation of annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- * that the directors have adopted 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 as at 31st March, 2001 and of profit and loss accounts for the period ended 31.3.2001.
- * that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- * that the Directors have prepared the annual accounts on a going concern basis

FIXED DEPOSITS

The total amount of Fixed Deposits held as on 31st March 2001 was Rs.40.51 crores. There were no overdue deposits. There were however, 752 unclaimed deposits amounting to Rs.1.20 crores. Of these 276 deposits amounting to Rs.0.50 crores have since been repaid/renewed.

SUBSIDIARY COMPANIES

The reports and accounts of the Subsidiary Companies along with the Statement pursuant to Section 212 of the Companies Act, 1956 are annexed.

DIRECTORS

Mr. H. S. Bhartia and Mr. S. Bang, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for reappointment.

PARTICULARS OF EMPLOYEES

Information required under Section 217(2A) of the Companies Act, 1956 read with the Companies [Particulars of Employees] [Amendment] Rules 1994, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv), the Report and Accounts is being sent to all Shareholders of the Company excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Report required to be made pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 is annexed at Annexure - A

MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE

Separate Notes on Management Discussion & Analysis and Corporate Governance are attached as Annexure - B & C

AUDITORS

M/s. K. N. Gutgutia & Co., Chartered Accountants, Auditors of the Company retire and offer themselves for re-appointment. They have confirmed that they are eligible under Section 224 (1) of the Companies Act, 1956 for re-appointment.

ACKNOWLEDGMENTS

The Board wishes to place on record its appreciation for the support given by Shareholders, Financial Institutions, Bankers, other lenders, Government Authorities, Customers and Suppliers and look forward to their continued support.

FOR AND ON BEHALF OF THE BOARD

NOIDA
28th June, 2001

S. S. Bhartia
Chairman & Managing Director

ANNEXURE - A

ANNEXURE TO THE DIRECTORS' REPORT

DISCLOSURE UNDER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

- i) Distillery : Reduction in downtime for cleaning of PHE by providing filters in spent wash line resulting in steam saving;
- ii) Replacement of IR Compressors with screw compressors resulting in power saving
- iii) Non power steam of Fertiliser plant diverted to Pyridine-Picolene plant thereby more generation of captive power from 6 MW TG set
- iv) Discontinued burning of RFO in the Incinerator plant.
- v) Reduced consumption of biogas in the Incinerator plant
- vi) Reduced RFO consumption in the oil/gas fired boiler by replacing the Burner scroll from an avg of 3 tpd to 1.5 tpd
- vii) Replaced 2 Nos high head inefficient pumps with low head efficient Pumps and saved 100 kwh
- viii) Replaced high head pump with low head one for feeding anion water to Mixed bed unit of DM plant
- ix) Reduced the speed of roots blowers in Fertiliser Division and saved power
- x) Stopped one 45 kw CW pump at cooling tower in Fert Div and saved power



(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

Sl. No.	Proposal for reduction of consumption of energy	Investment Planned (Rs.Lacs)
1.	Setting up of Biogas Plant which in turn will save about 24 MT of coal per day	378.00
2.	Installation 3x2 Million K.Cal.Thermic fluid heating units to replace 21Kg. Steam heating in AC20 and Vam plant. Alternate 2x8 TPH 21Kg. Oil/gas Boiler installation (Thermic fluid system costs Rs.175 Lacs) Boiler is justified from the point of view of utilisation of excess biogas generation	90.00
3.	Reduction in steam consumption of Distillation columns by optimising reflux ratio using advanced process control instrumentation by M/s Invensys.	100.00
4.	Debottlenecking of FD system 35 TPH FBC boiler	10.00
5.	Debottlenecking of ID system 34 TPH FBC Boiler	14.00
6.	Increase 8 bar extration of TG3 from existing 39 TPH to 45 TPH by using 8 bar steam in place of 15 bar in Pyridine Picoline plant	24.00
7.	Increase power generation of TG2 from 2.2. MW to 2.4 MW by replacing it's alternator rotor and improving distribution system	24.00
8.	Increase power generation of TG1 from 0.8 MW to 1.1 MW by replacing its governer and improving distribution system.	8.00
9.	480 TR vapour absorption chilled with 3x4 MW Wartsila DG sets and use chilled water in CA coolers to increase generation by 250 KW of each DG set and reduce SFC (3.5gm/KWH) and consequently power cost.	125.00
10.	Replacement of reciprocating Air Compressors with 2 Nos. Centrifugal Air Compressors of 7000 NM3/hr. for ACOH.	180.00
11.	CT Pump E of CT1 A to be replaced with efficient M & P make pump.	1.25
12.	Installation of CT fan on/off switching.	1.70
13.	Modify 5 No. conventional design C.T fan by aerodynamic design FRP fans.	4.50
14.	Replacement of inefficient pumps of Biogas	5.50
15.	Installation of 60TR capacity Chiller operated by NH3 feed in continuous P & P.	7.00
16.	Installation of 25 TR capacity Chiller operated by NH3 feed in 3 C P plant.	3.00

(c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

1. Saving due to a(i) to a (x) : Rs.201.10 lacs per annum
2. Saving due to the proposal (b) (1) to (16) : Rs.615 lacs per annum

(d) Total energy consumption and energy consumption per unit of production:

Sl. No	Particulars	April, 2000 to March, 2001	April, 1999 to March, 2000
	Power and Fuel Consumption		
I.	Electricity		
	(a) Purchased		
	(i) Unit KWH	32572640	20253942
	(ii) Total amount Rs.lacs	1345.76	885.42
	(iii) Rate/Unit Rs/KWH	4.13	4.37
	(b) Own Generation		
	Through Diesel Generator		
	(i) Unit KWH	80986697	64591160
	(ii) Units per ltr. Of Diesel Oil (RFO) KW/Ltr.	3.20	4.06
	(iii) Cost/Unit Rs/KWH	2.25	2.63
	Through Steam Turbine Generator		
	Unit KWH	37885700	45248420
II.	Coal		
	(i) Quantity MT	190813	156858
	(ii) Total Cost Rs.Lacs	3311.26	2610.35
	(iii) Avg.Rate Rs./MT	1735.34	1662.64
III.	FURNACE OIL		
	(i) Quantity LTR	20010845	20924738
	(ii) Total Cost Rs.Lacs	2080.56	1398.20
	(iii) Avg.Rate Rs./LTR	10.39	6.68

Consumption per unit of Production

Sl. No	Particulars	April, 2000 to March, 2001	April, 1999 to March, 2000
A.	Organic Intermediates, Speciality Products & Fertiliser Chemicals		
	Electricity	KWH/MT	272.29
	Steam	KWH/MT	1.83
B.	Performance Chemicals		
	Electricity	KWH/MT	212.40
	Steam	KWH/MT	0.74
C.	Animal Nutrition Prod & V.P.Latex		
	Electricity	KWH/MT	191.08
	Steam	KWH/MT	0.33
	Furnace Oil	LTR/MT	43.62

B. TECHNOLOGY ABSORPTION

(a) Research and Development

The R&D laboratory is recognized by DST, Govt. of India. The R&D is staffed with highly qualified scientific & technical personnel. It strongly supports the activities of various business divisions through new product development, process improvement, absorption of technology and establishing the technology on plant scale.

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

(i) Organic Intermediates, speciality & Fine Chemicals

- Development of pyridine, picolines, Lutidines, Collidines and their derivatives.
- Process improvements for pyridines and picolines
- Fine Chemicals

(ii) Agrochemicals

- Development of agrochemicals

(iii) Performance Chemicals

- Development of emulsion polymers for use in Coating and textile industry
- Development of speciality polymers
- Development of various adhesives eg water based, hotmelts, polyurethane etc.
- Development of specialized wood finishing systems
- Development of Ethoxylates & emulsifiers
- Development of vinyl pyridine latex and SBR latex

(iv) Biotechnology

- Microbial desulphurisation of biogas & recovery of elemental sulfur on pilot scale Improving the fermentation process for the manufacture of alcohol
- Effluent treatment through microbial routes.

(v) Animal Nutrition

- Vitamins , trace mineral , premixes and antibiotic
- Development of Choline and its salts

(vi) Plant Health

- Plant growth regulators , Organic manure etc

(vii) Contract Research

- Organic intermediates for pharmaceuticals and agrochemicals

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D

- Improved competitiveness in the international and domestic market
- Additional business through new product introduction.
- Improved efficiencies

3. FUTURE ACTION PLAN

- Enhancing R&D capabilities and productivity through technological innovation and use of modern scientific and technological techniques, training and development.
- Improvement in the efficiencies of manufacturing processes of chemicals
- Improvement in fermentation technology and effluent treatment.

4. EXPENDITURE ON R&D

	Rs./Lacs
(a) Capital	96.04
(b) Recurring (R & D expenses/chemicals)	318.79
(c) Total	<u>414.83</u>
(d) Total R & D expenditure as a percentage of total turnover	<u>0.49%</u>



(b) Technology Absorption, Adaptation and Innovation

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

Technologies developed for manufacturing the products have been commercialised very quickly through in-house efforts related to design of plants, scale up of the processes on pilot scale and supporting production team in optimizing /establishing the processes in the plant

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction product development, import substitution etc.

- New products developed
- Import substitution carried out
- Cost improvement
- Energy efficient production processes

3. Information about imported technology (imported during the last five years reckoned from the beginning of the financial year)

Technology Imported	Year of import	Technology has been fully absorbed	If not fully absorbed , areas where this has not taken place
Hot melt Adhesives	1996	Yes	Implemented
V.P.Latex	1998	Yes	Implemented
Pyridine Derivatives	1998	No	In progress

C FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on earnings and outgo of foreign exchange is given in Notes 15E to 15H appearing in Schedule 'M' to the Accounts.

ANNEXURE-B

MANAGEMENT DISCUSSION & ANALYSIS

The Management of Vam Organic Chemicals Limited is pleased to present its Business Performance Report covering the company's performance for 2000-01 and the outlook for the current year. The company's assessment is based on the current environment and business situation. However, unforeseen circumstances and those arising from external factors could affect the performance and the results.

FINANCIAL PERFORMANCE

The company has finished the year well, continuing its strategy of double digit growth through emphasis on Exports and on the chemicals and performance chemicals. Revenues rose 38% and PBIDT was Rs.74.96 Crores up from last year's Rs.63.07 Crores.

The Organic Intermediates, Speciality & Fine chemicals division which accounts for 78% of the turnover grew by 53%. This growth was driven by exports and higher realisations for the Acetyls business. Overall, exports grew by 98% and the company expanded its distribution to achieve higher market share both in domestic & international markets.

With high focus on cost containment and improved Supply Chain Management, the management of working capital during the year has significantly improved.

BUSINESS OUTLOOK/INDUSTRY OUTLOOK

The highest sales of the company by end use segment are to the Construction, Pharmaceutical and Agribusiness sectors of the economy. The resurgence within the Pharmaceuticals and Construction sectors will enable strong opportunities for participation. For the present we see stability in the crude oil prices and much reduced volatility in molasses prices. With the monsoon forecast being good, we do not anticipate any shortage of availability. Our integrated process plants provide us with both cost advantages and flexibility in deciding our product mix.

The Current year most definitely promises to continue the double digit growth trend for both turnover and profitability. This will be driven firstly by our continued thrust on exports with last 4 years CARG being 52%. Secondly, through the investments made in improving productivity in all our manufacturing locations; and thirdly, by our focussed efforts on building strong distribution network and continuous introduction of new products and formulations to meet the changing needs of our customers.

We have been domestic market leaders in the business of Organic Intermediates for many years but now we are also acquiring global leadership positions and last year we achieved the No.3 position in the global market for the business of Pyridines/pyridine derivatives. Globally we are the one of the leading producers of Choline.

OPPORTUNITIES, RISKS & CONCERNS

With tariffs being driven downward by WTO regulations the competition from imports will continue to increase and might bring pressure on margins. Through our various initiatives focussed on improving operational efficiency, we are well prepared to deal with the risks of adverse price movements. Besides, being a large integrated producer your company has considerable cost advantage and also by adjusting the product mix we can reduce the impact on margins. With its continuous focus on R&D, your company is well positioned to grow in both domestic and international markets. We shall continue to deliver the highest quality standards and customers satisfaction.

The Company is diversifying into the field of Bio-informatics.

INTERNAL CONTROL SYSTEMS

The Standard Operating Policy, Procedures and Guidelines are issued from time to time to support best practices for adequate control in regard to operations of the company. Comprehensive internal audit is also carried out by an independent internal auditor to ensure compliance and identify weaknesses in the system. Findings of the internal auditor are reviewed by the Audit Committee. Policy and procedures for company operations and internal control systems are regularly monitored to adhere to the best practices adopted by the industry.

HUMAN RESOURCES

At the end of the year, your company had 1704 employees on its rolls. Your company believes in the continuous development of its people and has been making sustained efforts to build its human capital. The employees are encouraged to take initiatives and participate in problem solving. Your company encourages regular training for employees at all levels across the company. It has also benchmarked leading Indian and Multinational organizations for best practices in HR and will be introducing new initiatives in this area. The employee relations have been cordial throughout the year and the Directors wish to put on record their appreciation for the contribution of all employees towards the growth of the organisation.

ANNEXURE - C

REPORT ON CORPORATE GOVERNANCE

a) Company's Philosophy

Corporate Governance has assumed great significance in India in the recent past. Even though the Companies Act, 1956 and Listing Agreement with Stock Exchange provides a framework for Corporate Governance yet Company's endeavour is to adopt Good Corporate Governance Practices to make the business of the Company more transparent for the stakeholders of the Company. Most of the provisions of the Corporate Governance Code prescribed by Companies Act and Listing Agreement have already been complied with and the balance will be complied within the prescribed time limit.

b) Board of Directors

The Board comprises of eight Directors out of which four are Non-Executive Directors two Managing Directors and two Executive Directors. The Board includes one nominee director of the Financial Institution namely Unit Trust of India.

During the year under review, 6 Board Meetings were held on 29th June, 27th July, 10th October, 30th October, 8th December 2000 and 27th March, 2001. The composition of the Board of Directors and attendance of Directors at the Board meetings, Annual General Meeting as also number of other directorships in Indian public limited companies are as follows:

Name of the Director	Attendance at last AGM	No. of Board Meetings attended	Category of Director	Other Directorships
Mr. S S Bhartia	No	6	CMD	12
Mr. H S Bhartia	Yes	6	CCMD	9
Mr. J B Dadachanji	No	4	NED	14
Mr. Bodhishwar Rai	No	3	NED	13
Mr. Arabinda Ray	No	5	NED	3
Mr. S.Sarkar	No	5	ND/NED	1
Mr. S N Singh	Yes	5	ED	3
Mr. Shyam Bang	Yes	4	ED	6

- CMD - Chairman & Managing Director • CCMD - Co-Chairman & Managing Director • NED - Non Executive Director
- ED - Executive Director • ND - Nominee Director



c) Committees of the Board

The Board of Directors had constituted Committees of the Directors with adequate delegation of powers to discharge urgent business of the Company. The Committees are (a) Audit Committee (b) Investors Grievance Committee; (c) Remuneration Committee. The Committees meet as often as required.

1) Audit Committee

(i) Terms of reference:

Apart from all the matters provided in clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956, the Committee reviews reports of the Internal Auditors, meets Statutory Auditors periodically and discusses their findings, suggestions, internal control systems, scope of audit, observations of the auditors and other related matters and reviews major accounting policies followed by the Company. The minutes of the Audit Committee meetings are circulated to and confirmed by the Board of Directors.

ii) Composition

The Committee comprises of 4 Non-Executive Directors and 2 Executive Directors. The Company Secretary is the Secretary of the Committee. The Committee met 3 times during the year and the attendance of members at the meetings was as follows:

Name of the Member	Status	No.of meetings attended
Mr. Bodishwar Rai	Chairman	2
Mr. Arabinda Ray	Member	3
Mr. J B Dadachanji	Member	1
Mr. S N Singh	Member	3
Mr. Shyam Bang	Member	3
Mr. S.Sarkar	Member	2

2) Investors Grievance Committee

(i) Terms of reference:

The Committee has been formed to approve the matters relating to allotment of securities, issue duplicate certificates, review redressal of investors' grievances etc.

ii) Composition

The Committee comprises of 2 Non Executive Director and 1 Executive Director viz. Mr. Bodhishwar Rai, Mr. J.B.Dadachanji and Mr. S.N. Singh, Executive Director. Company Secretary of the Company is also the Secretary of the Committee.

iii) Investors' Complaints received and resolved during the year

The Company had 25,645 investors. During the year under review, the Company has received 11,524 cases of share transfer/transmissions/transposition out of which 11410 were transferred and 103 were rejected on account of technical reasons and 11 cases were pending as on March 31, 2001. During the year the Company has received 207 complaints out of which 203 complaints were resolved and 4 were pending as on March 31, 2001 which were resolved on April 6, 2001.

3) Remuneration Committee

(i) Terms of reference:

The Committee is empowered to decide and approve the remuneration of Senior executives of the Company who are one level below the Board of Directors. The Committee also approves recruitment, compensation package including annual increments, promotions etc. of the aforesaid senior executives.

(ii) Composition

The Committee comprises of 2 Non-Executive Directors namely, Mr Bodhishwar Rai, and Mr J.B.Dadachanji

d) Details of remuneration paid to directors for the year 2000-2001

- i) Mr. S.S.Bhartia, Chairman & Managing Director and Mr. H.S.Bhartia, Co-Chairman & Managing Director were appointed for a period of five years w.e.f. April 01, 1997 and were paid salary, perquisite and commission of Rs. 38.59 lacs and Rs. 31.15 lacs respectively. Mr. S.N.Singh and Mr. Shyam Bang, Executive Directors were appointed for a period of five years w.e.f. November 01, 1998 and were paid salary and perquisite of Rs.35.14 lacs and Rs. 25.02 lacs respectively. Besides this, all the Wholtime Directors were also entitled to Company's Contribution to Provident Fund and Superannuation.
- ii) The company pays sitting fees @ Rs.5000/- to each of the Non-Executive Directors for attending each meeting of the Board of Directors and Committee of Directors. Sitting fees paid to the Non-Executive Directors for year ended 31st March, 2001 was Rs.35,000/- to Mr. Bodhishwar Rai, Rs.40,000/- to Mr.Arabinda Ray, Rs.25,000/- to Mr. J.B.Dadachanji and Rs.35,000/- to Unit Trust of India for meetings attended by its nominee Mr S.Sarkar. Apart from this, subject to provision of section 310 of the Companies Act, 1956 commission of Rs.50,000/- each will also be paid to the non-executive directors.

e) Remuneration Policy

Remuneration of employees consists of basic salary and perquisites. Remuneration to employees is based on the qualifications, experience, responsibilities handled by employee and their performance.

The objective of the remuneration policy is to motivate employees to excel in their performance, recognise their contribution, retain talent in the organisation and reward merits.

f) General Body Meetings

The last three Annual General Meetings of the Company were held as under:

Financial Year	Date	Time	Location
1999-2000	28.09.2000	11.30 a.m.	RegisteredOffice: Bhartiagram, Gajraula District Jyotiba Phoolay Nagar, U.P.
1998-1999	28.09.1999	11.30 a.m.	RegisteredOffice- Bhartiagram, Gajraula District Jyotiba Phoolay Nagar, U.P.
1997-1998	28.09.1998	11.30 a.m.	Registered Office- Bhartiagram, Gajraula District Jyotiba Phoolay Nagar, U.P.

g) Disclosures

- (i) There are no materially significant transaction with the related parties viz. Promoters, directors or the management, their subsidiaries or relatives, etc. that may have a conflicting potential conflict with the interest of the Company at large.
- (ii) No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any Statutory authority on any matter related to capital markets for non-compliance by the Company during the year.

h) Means of Communication

- (i) The quarterly, half- yearly and annual audited financial results of the Company are sent to the Stock Exchange immediately after they are approved by the Board. The results are published in accordance with the guidelines of Stock Exchanges.
- (ii) The results are also posted on the website of the Company at <http://www.vamorganic.com>.
- (iii) Management Discussion and Analysis Report forms part of this Annual Report.

i) General Shareholder's Information

- (i) 23rd Annual General Meeting
Venue: Registered Office at Bhartiagram, Gajraula, District Jyotiba Phoolay Nagar, Uttar Pradesh 244 223.
Time : 1130 A.M.
Date : September 13, 2001
- (ii) **Tentative Financial Calendar**
Publication of Audited Results By June 30, 2001
First Quarter Results By July 31, 2001
Half Yearly Results (Limited Review) By October 31., 2001
Third Quarter Results By January 31,2002
Audited Annual Results (2001-2002) By June 30, 2002

(iii) Book Closure

The register of members and share transfer books of the Company shall remain closed from 12th September, 2001 to 13th September, 2001 (both days inclusive)

(iv) Dividend Payment Date: October 8, 2001

(v) Listing on Stock Exchange and Stock codes

The names of the Stock Exchanges at which the equity shares of the Company are listed and the respective stock codes are as under:

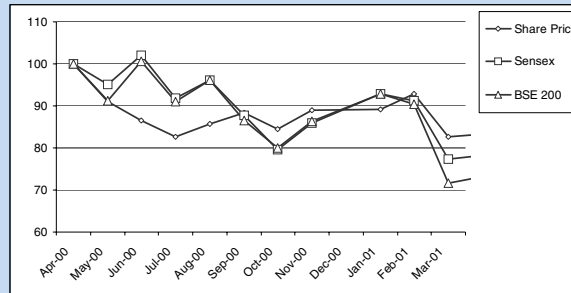
S.No.	Name of the Stock Exchange	Stock Code
1.	The Stock Exchange Mumbai	30019
2.	The Delhi Stock Exchange Association Ltd.	3840
3.	The Calcutta Stock Exchange Association Ltd.	32007
4.	The Uttar Pradesh Stock Exchange Association Ltd.	Zz-920

(vi) Market price data

High/low of market price of the Company's equity shares traded on The Stock Exchange, Mumbai during the last financial year was as follows:

Month	High	Low	Month	High	Low
April, 2000	87.00	71.00	October, 2000	73.00	58.00
May, 2000	78.00	63.00	November, 2000	72.00	66.00
June, 2000	72.00	62.00	December, 2000	76.00	61.00
July, 2000	68.00	61.00	January, 2001	75.00	63.15
August, 2000	72.00	61.00	February, 2001	77.00	67.60
September, 2000	74.00	63.00	March, 2001	70.00	58.20

(vii) Performance of Company's equity shares in comparison to BSE Sensex and BSE 200



(viii) Registrar and Transfer Agent

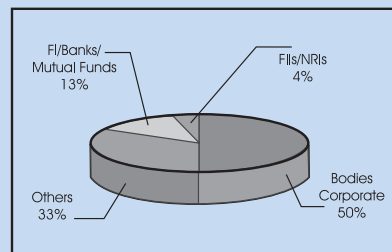
The Company has appointed M/s Alankit Assignments Limited 205-208 Anarkali Complex, Jhandewalan Extension, New Delhi 110 055 as Registrar and Share Transfer Agent for physical as well as electronic connectivity with the depositories for dematerialised shares .

(ix) Share Transfer System

The Company has appointed M/s Alankit Assignment Limited as Registrar and Share Transfer Agent. Investor Grievance Committee and designated officials of the Company are authorised to approve transfer of securities as and when they are received. The average time taken in transfer of securities is 14 days.

The dematerialised shares are directly transferred to the beneficiaries by the Depositories.

(x) Distribution of Shareholding as on 31st March, 2001



(xi) (a) Dematerialisation of Shares

The shares of the Company fall under the category of compulsory delivery in dematerialised mode by all categories of investors. The Company has signed agreements with National Securities Depository Limited (NSDL) and Central Depositories Services (India) Limited (CDSL). Over 77% of the share capital of the Company have already been dematerialised. The Company also offers simultaneous transfer cum demat facility to its investors.

(b) Liquidity

The Equity Shares of the company are traded in Group B1 at the Stock Exchange, Mumbai. Equity shares are also listed on The Delhi Stock Exchange Association Ltd. The Calcutta Stock Exchange Association Ltd. and The Uttar Pradesh Stock Exchange Association Ltd.

(xii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity

Nil

(xiii) Location of the Plants

- Plant - 1 : Bhartiagram Gajraula, District Jyotiba Phoolay Nagar, U.P.
- Plant - 2 : Block 133, Village Samlaya, Taluka Savli, District , Vadodara, Gujarat
- Plant - 3 : Village Nimbut, Nira, Distt. Pune, Maharashtra

(xiv) Address for Correspondence

Vam Organic Chemicals Limited
Plot No.1A, Sector-16-A
Noida, U.P. 201 301
Tel: 0118-4516601/ 4516611
Fax: 0118-4516629
e-mail: akrishna@vamorganic.com

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Board of Directors of
Vam Organic Chemicals Ltd.

We have received implementation of Corporate Governance procedure set by Vam Organic Chemicals Ltd. (The Company) for the year ended 31st March, 2001 with the relevant records and documents maintained by the Company and furnished to us for our review.

Based on our verification and information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange.

Yours faithfully

for K.N. Gutgutia & Company

(B.R. Goyal)
Partner

Chartered Accountants.

Place : NOIDA
Dated : 28.06.2001

AUDITORS' REPORT TO THE MEMBERS OF VAM ORGANIC CHEMICALS LIMITED

We have audited the attached Balance Sheet of VAM ORGANIC CHEMICALS LIMITED as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

- 1.0 As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2.0 Further to our comments mentioned in the Annexure referred to in paragraph 1 above, we state that:
 - 2.1 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 2.2 In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - 2.3 In our opinion, the Profit & Loss Account and Balance Sheet, referred to in our Report, comply with the applicable Accounting Standards referred to in Sub-Section 3 (c) of Section 211 of the Companies Act, 1956 (as amended).
 - 2.4 On the basis of written representations received from the Directors as on 31st March, 2001 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2001, from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
 - 2.5 Proper returns from branches not visited by us have been received by the Company.
 - 2.6 The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
 - 2.7 In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account; subject to Note No. 14 (i) Schedule 'M' as to commission to Directors requiring approval of the Shareholders of the Company together with the other notes thereon and Significant Accounting Policies, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) insofar as it relates to the Balance Sheet, of the state of affairs of the company as at 31st March, 2001;
AMD
 - (ii) insofar as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For K.N. GUTGUTIA & CO.
CHARTERED ACCOUNTANTS

B.R. GOYAL
Partner

Place : NOIDA
Dated : June 28, 2001

ANNEXURE TO THE AUDITORS' REPORT

RE: VAM ORGANIC CHEMICALS LTD

Referred to in paragraph 1 of our report of even date.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The Company has a programme of physical verification of its fixed assets in a phased manner and accordingly the exercise was carried out and in our opinion the same is reasonable having regard to the size of the Company and the nature of assets. No material discrepancy was noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. The stocks of finished goods, spare parts and raw materials have been physically verified during the year by the management excepting those lying with third parties for which necessary confirmations are not available. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the books records were not material and have been properly dealt with in the books of account of the Company.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper, except that stock of damaged/defective materials have been shown at nil value instead of its estimated realizable value, and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken loans from companies, firms or other parties required to be listed in the register maintained under section 301 of the Companies Act, 1956.
8. In our opinion the rate of interest on which loans have been granted to companies required to be listed in the register maintained under section 301 of the Companies Act, 1956 is not, prima facie, prejudicial to the interest of the Company. Other terms and conditions have not been stipulated, hence we cannot make any comment in this respect and as regards interest wherever applicable, the same are being recovered on a regular basis.
9.
 - a) In respect of loans and advances in the nature of loans given by the Company, the parties have repaid the principal amounts on demand, as there are no specific stipulations prescribed for repayment periods, and have also been generally regular in the payment of interest wherever applicable, except in respect of few parties where the realization of interest is not regular for which reasonable steps have been initiated to recover the over-dues.
 - b) In respect of interest free loans and advances given to employees, the same are being recovered generally regularly.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets, and with regard to the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 and aggregating during the year to Rs.50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
12. As explained to us, the company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods and provision has been made in the accounts for the losses arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realizable by-products and scrap.
15. In our opinion, the company has an internal audit system commensurate with size of the company and nature of its business.
16. We have broadly reviewed the books of account maintained by the Company pursuant to the Order made by the Central Government for the maintenance of Cost records under section 209(1) (d) of the Companies Act, 1956 for Industrial Alcohol and Sulphuric Acid and Fertilizers and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records.
17. According to the records of the company Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, custom duty and excise duty were outstanding as at 31st March, 2001, for a period of more than six months from the date they become payable.
19. During the course of our examination of the books of account carried out in accordance with generally accepted auditing practices we have not come across any personal expenses which have been charged to Profit & Loss Account, nor have we been informed of any such case by the management.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of trading activities of the Company, we have been informed that there was stock of damaged goods for which adequate provisions have been made in the accounts for the loss arising on the item so determined.

For K.N. GUTGUTIA & CO.
CHARTERED ACCOUNTANTS

B.R. GOYAL
Partner

Place : NOIDA
Dated : June 28, 2001

BALANCE SHEET AS AT 31st MARCH, 2001

	SCHEDULES	Lac/Rs	AS AT 31st March, 2001 Lac/Rs	AS AT 31st March, 2000 Lac/Rs
SOURCES OF FUNDS :				
Shareholders funds				
Share Capital	A		1125.90	1125.90
Reserves & Surplus	B		14152.36	13423.28
			<u>15278.26</u>	<u>14549.18</u>
LOAN FUNDS :				
Secured Loans	C		28025.90	26990.61
Unsecured Loans			7120.89	5514.32
			<u>35146.79</u>	<u>32504.93</u>
			<u>50425.05</u>	<u>47054.11</u>
APPLICATION OF FUNDS :				
Fixed Assets :				
Gross Block	D	50373.25		43072.23
Less: Depreciation		19300.53		17347.40
Net Block		<u>31072.72</u>		<u>25724.83</u>
Capital Work-in-Progress		531.80		3714.90
			31604.52	29439.73
Investments				
	E		2353.58	2349.19
Current Assets, Loans and Advances :				
Inventories	F	9859.00		7990.04
Sundry Debtors		8443.74		8881.45
Cash & Bank Balances		705.44		1178.95
Loans and Advances		3762.53		4071.81
		<u>22770.71</u>		<u>22122.25</u>
Less: Current Liabilities & Provisions				
Liabilities	G	6139.64		5842.44
Provisions		816.96		1278.09
		<u>6956.60</u>		<u>7120.53</u>
Net Current Assets			15814.11	15001.72
Miscellaneous Expenditure	H		652.84	263.47
(To the extent not written off or adjusted)			<u>50425.05</u>	<u>47054.11</u>
NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES	M			

In terms of our report of even date attached.

for K M GUTGUTIA & CO
CHARTERED ACCOUNTANTS

B. R. GOYAL

Partner
NOIDA

Date : 28-June-2001

AJAY KRISHNA

Company Secretary

PANKAJ GUPTA

Senior Vice President (Finance) Co.Chairman & Managing Director

S.S. BHARTIA

Chairman & Managing Director

H.S. BHARTIA

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2001

	SCHEDULES	Lac/Rs	YEAR ENDED	YEAR ENDED
			31st March, 2001 Lac/Rs	31st March, 2000 Lac/Rs
INCOME :				
Sales		84247.66		60665.92
Other Income	I	421.27		535.30
Increase in Stock	J	1037.86		208.16
			85706.79	61409.38
EXPENDITURE :				
Manufacturing & Other Expenses	K	71985.78		50352.72
Excise Duty		6225.58		4749.73
Depreciation (Net)		2187.02		1942.94
Less: Transferred from Revaluation Reserve for Depreciation on Revalued Amounts (see Note (V) of Schedule "M")		122.79		185.75
		2064.23		1757.19
INTEREST	L	4133.34		3495.95
			84408.93	60355.59
PROFIT BEFORE TAX			1297.86	1053.79
Tax provision for the current year including Wealth Tax		54.00		4.00
Tax adjustments of Earlier Years		(92.25)		18.19
			(38.25)	22.19
PROFIT AFTER TAX			1336.11	1031.60
Balance Brought Forward from Previous Year			1080.35	1215.71
BALANCE AVAILABLE FOR APPROPRIATION			2416.46	2247.31
APPROPRIATIONS :				
Dividend on Equity Shares		375.45		289.46
Dividend on Preference Shares (including Dividend Tax)		70.50		63.82
Tax on Distributed Profits on Equity Shares		38.29		63.68
			484.24	416.96
Transfer to General Reserve		1000.00		750.00
			1000.00	750.00
BALANCE CARRIED TO BALANCE SHEET			932.22	1080.35
NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES				
	M			

In terms of our report of even date attached.

for K N GUTGUTIA & CO
CHARTERED ACCOUNTANTS

S.S. BHARTIA
Chairman & Managing Director

B. R. GOYAL
Partner

NOIDA
Date : 28-June-2001

AJAY KRISHNA
Company Secretary

PANKAJ GUPTA
Senior Vice President (Finance) Co.Chairman & Managing Director

H.S. BHARTIA

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE "A" SHARE CAPITAL

	AS AT 31st March, 2001 Lac/Rs	AS AT 31st March, 2000 Lac/Rs
Authorised		
14600000 Equity Shares of Rs. 10/- each	1460.00	1460.00
4040000 Redeemable Cumulative Preference Shares of Rs. 100/- each	4040.00	4040.00
	5500.00	5500.00
Issued & Subscribed		
6257399 Equity Shares of Rs. 10/- each	625.74	625.74
500000 11.5 % (Net of Dividend Tax) Redeemable Cumulative Preference Shares of Rs.100/- each.	500.00	500.00
	1125.74	1125.74
Paid up		
6257399 Equity shares of Rs. 10/- each fully paid up *	625.74	625.74
Add: Forfeited Shares (paid up)	0.16	0.16
500000 11.5% (Net of Dividend Tax) Redeemable Cumulative Preference Shares of Rs.100/- each fully paid up. **	500.00	500.00
	1125.90	1125.90

***Includes:**

- i) 256522 Equity Shares of Rs.10/- each allotted and issued pursuant to the Scheme of Amalgamation of Erstwhile Ramganga Fertilizers Ltd. with the company for consideration other than cash ; and
- ii) 839897 Equity shares allotted and issued as fully paid up shares pursuant to the Scheme of Amalgamation of Erstwhile Anichem India Ltd. and of Erstwhile Enpro Speciality Chemicals Ltd. with the company for consideration other than cash.

** Redeemable on 19 th Nov , 2003 with an option of redemption either by the Company or by the Preference Shareholders, after three years from the date of allotment by giving three months prior notice in writing.

SCHEDULE "B"

RESERVES AND SURPLUS

[Rupees in lacs]

	AS AT 31st March, 2000	ADDITIONS/ CREATED DURING YEAR	DEDUCTIONS	AS AT 31st March, 2001
Capital Reserve	228.25			228.25
Capital Redemption Reserve	38.50			38.50
Amalgamation Reserve	105.40			105.40
Revaluation Reserve	772.38		122.79	649.59
Debenture Redemption Reserve	999.00			999.00
General Reserve	10199.40	1000.00		11199.40
	12342.93			13220.14
Add : Surplus as per Profit & Loss Account	1080.35	1336.11	1484.24	932.22
Total	13423.28	2336.11	1607.03	14152.36
Previous Year	12888.99	1887.00	1352.71	13423.28

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE "C" LOANS	AS AT 31st March, 2001 Lac/Rs	AS AT 31st March, 2000 Lac/Rs
SECURED		
A. Debentures		
13.50% Non Convertible Debentures (IX series) of Rs.100/- each at par	2000.00	2000.00
B. Term loans		
- Housing Development Finance Corporation Ltd	29.28	104.53
- Industrial Development Bank of India. (ACS)	2160.00	3527.79
- ICICI Ltd - Corporate Loan	6380.00	535.87
- Rabo India Finance Pvt. Ltd.- Rupee Term Loan	1520.00	
- Industrial Development Bank of India - Corporate Loan	656.25	1031.25
- Industrial Finance Corporation of India Ltd -Rupee Term Loan	3215.60	3938.80
- Industrial Investment Bank of India Ltd - Rupee Term Loan	900.00	422.00
- State Bank of India - Rupee Term Loan		2186.00
- State Bank of India, Los Angeles - Foreign Currency Loan (US\$3 Million)	942.42	1318.81
- ABN Amro - Rupee Term Loan		1350.00
- Canara Bank - Rupee Term Loan	1403.23	1023.36
C. Cash Credit Accounts (Including foreign currency loan Rs. 2336 lacs)	8819.12	9552.20
	<u>28025.90</u>	<u>26990.61</u>
UNSECURED		
Short Term & other Deposits/Debentures(X series) with a Bank	500.00	500.00
Fixed Deposits	4050.87	3642.94
From Bodies Corporate (including Interest Accrued & Due)	2516.09	1317.45
Deferred Sales Tax Loan	53.93	53.93
	<u>7120.89</u>	<u>5514.32</u>

NOTES:

- Debentures comprised in series IX [mentioned under A above] are secured on a pari passu basis by way of mortgage of all the immovable assets and charge by way of hypothecation on the movable assets of the Company's present and future [save and except specified exclusions listed in notes 4 & 6] pertaining to the Company's Manufacturing Facilities at Bhartiagram, Gajraula, District Jyotiba Phoolay Nagar in the State of Uttar Pradesh as also at Village Samlaya, Taluka, Savli, Dist. Vadodara in the State of Gujarat. Debentures comprised in series IX are also secured on pari-passu basis by way of mortgage of all the immovable assets and charge by way of hypothecation on the movable assets of the Company's present and future situated at Taluka Kadi, District Mehsana in the State of Gujarat.

Date of Redemption of 13.5% Non-convertible Debentures [IX Series] of Rs.2000 lacs redeemable at par in three equal annual installments commencing on January 2002, January 2003 and January 2004 respectively.
- Loans from Housing Development Finance Corporation Ltd. (HDFC) are secured by way of exclusive mortgage over the specified land and buildings situated at Bhartiagram, Dist. Jyotiba Phoolay Nagar, Uttar Pradesh and constructed out of financial assistance granted by HDFC.
- Financial Assistance from Industrial Development Bank of India [under its Asset Credit Scheme and Corporate Loan Scheme] as also Rupee Term Loan(s) from IFCI, IIBI, ICICI and Rabo India Finance Pvt. Ltd. are secured by a charge by way of mortgage over the immovable assets and by way of hypothecation of movable assets both present and future pertaining to the Company's Manufacturing Units (Save & except Book debts and Bankers Goods and exclusive mortgage mentioned in 2. above) situated at Bhartiagram, Dist. Jyotiba Phoolay Nagar, Uttar Pradesh as also at Village Samlaya, Taluka, Savli, Dist. Vadodara in the State of Gujarat, such charges to rank pari-passu with other chargeholders listed in Note 1 above.
- Working Capital Facilities are secured by charges by way of hypothecation, ranking pari passu interse the Banks of the entire current Assets including Book Debts both present and future of the Manufacturing Facilities at Bhartiagram, Gajraula at Nimbut Village, Mira, Dist. Pune (Maharashtra) and at Village Samlaya, Taluka, Savli, Dist. Vadodara and also by way of second charge over immovable properties [save and except specified exclusions listed in Notes 2]. However, the creation of second charge for Mira is pending.
- External Commercial Borrowing of US\$3 Million availed from the Los Angeles Agency of State Bank of India is secured by a charge by way of hypothecation over the entire current assets of the Company's Chemical Division at Bhartiagram, Dist. Jyotiba Phoolay Nagar, Uttar Pradesh, such charge ranking pari passu with the charges created / to be created in favour of the Working Capital Consortium of the Company enumerated at Note 4 above.
- Financial assistance from Canara bank by way of Rupee Term Loan (of Rs. 1500 Lacs) is secured by way of a exclusive charge in the form of mortgage of the immovable assets of the Company and charge by way of Hypothecation of movables situated at Nimbut Village, Mira.
- Financial Facilities mentioned in 1 & 3 above are further secured as and by way of a second charge over the current assets of the Company.
- Secured Loans includes loans of Rs.3182 Lacs repayable within one year.



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE "D"

FIXED ASSETS

Description	GROSS BLOCK / COST / BOOK VALUE					DEPRECIATION					NET BLOCK	
	Total As at 31 st , March 2000	Additions consequent to Amalgamation	Additions/adjustments during the year	Deductions/adjustments during the year	Total As at 31 st , March 2001	Total As at 31 st , March 2000	Depreciation of Amalgamated Companies	Provided during the year	Deductions/adjustments during the year	Total As at 31 st , March 2001	As at 31 st , March 2001	As at 31 st , March 2000
	Lac/Rs	Lac/Rs	Lac/Rs	Lac/Rs	Lac/Rs	Lac/Rs	Lac/Rs	Lac/Rs	Lac/Rs	Lac/Rs	Lac/Rs	Lac/Rs
Land												
(a) Free Hold	837.39		35.26		872.65						872.65	837.39
(b) Lease Hold	234.76				234.76						234.76	234.76
Buildings												
(a) Factory	1441.88		171.74	85.32	1528.30	278.99	65.18	85.32	258.85	1269.45	1162.89	
(b) Others	1587.00		13.46		1600.46	189.02	26.15		215.17	1385.29	1397.98	
Plant & Machinery	36719.08		7067.37		43786.45	15805.54	1940.66		17746.20	26040.25	20913.54	
Vehicles	462.01		9.95	80.26	391.70	163.41	36.32	32.56	167.17	224.53	298.60	
Office Equipments	875.27		207.93	69.59	1013.61	472.14	85.51	36.81	520.84	492.77	403.13	
Electric Fittings	31.47				31.47	14.68	1.38		16.06	15.41	16.79	
Furniture & Fixtures	638.19		239.18	208.70	668.67	178.44	31.82	79.20	131.06	537.61	459.75	
Technical Know-how	245.18				245.18	245.18			245.18			
TOTAL	43072.23		7744.89	443.87	50373.25	17347.40	2187.02	233.89	19300.53	31072.72	25724.83	
Previous Year	34408.09	3591.61	5142.62	70.09	43072.23	14772.54	520.65	2088.34 ***	34.13	17347.40		
Capital Work in Progress & Capital Advances											531.80	3714.90
*** Includes Rs145.40 adjusted at the time of Amalgamation											31604.52	29439.73

NOTES :

1. Building includes Rs.500 being cost of share in Co-operative Housing Society.
2. Vehicles includes Rs. 12.72 Lacs being acquired on Hire/Purchase Basis.

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE "E"

INVESTMENTS : (Long Term)

Number	Face value per unit Rupees		AS AT 31st	
			March, 2001 Lac/Rs	March, 2000 Lac/Rs
(Unquoted, unless otherwise stated)				
INVESTMENT IN SUBSIDIARY COMPANIES				
Fully paid equity shares :				
180000 (180000)	10.00	- Vam Investment Limited	18.00	18.00
270000 (270000)	10.00	- Vam Leasing Limited 12% Optionally Convertible Non Cumulative Redeemable Preference Shares	27.00	27.00
1514000 (1514000)	100.00	- Vam Investment Limited	1514.00	1514.00
590000 (590000)	100.00	- Vam Leasing Limited	590.00	590.00
15000 (15000)	US\$1	- Vam Organic Chemicals (USA) Inc.	6.56	6.56
		Advance Against Share Application in - Vam Organic Chemicals (USA) Inc.	4.39	
INVESTMENTS IN GOVERNMENT SECURITIES				
		National Savings Certificate (pledged with Government Authorities)	0.72	0.72
NON-TRADE INVESTMENTS				
1600 (1600)	1000.00	11% Corporate Bonds III series of Housing Development Finance Corporation Ltd.	16.00	16.00
1263286 (1263286)	10.00	Units in Unit Trust of India (Unit Scheme - 1964)	176.89	176.89
			2353.56	2349.17
Quoted :-				
NON TRADE INVESTMENTS				
200 (200)	10.00	Fully paid equity shares Tamilnadu Petro Products Ltd	0.02	0.02
			0.02	0.02
Aggregate market value of quoted investments			0.03	0.04

Note : a) Repurchase value of Units under Unit Scheme , 1964 was Rs.179.38 Lacs(Previous Year Rs.181.28 Lacs).

b) Figures in () indicates in respect of previous year.



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE "F"

CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS

Stocks : (Including in Transit & with Third Parties)

- Stores, Spares, Process Chemicals, Catalyst, fuels & Packing Material
- Raw Materials
- Process Stocks
- Finished Goods

Sundry Debtors :

- Unsecured
- Over Six Months - Good
- Doubtful
- Other Debts - Good

Less: Provision for Doubtful Debts

Cash & Bank Balances :

- Cash in hand and as Imprest
- Cheques/Drafts in hand
- With Scheduled Banks
 - On Current Account
 - On Dividend Account
 - On Deposit Accounts
- With Non Scheduled Banks in Current Account *

LOANS AND ADVANCES:

(Unsecured, Considered good)

- Advances recoverable in cash or in kind or for value to be received **
- Deposits
- Deposits with Excise / Sales Tax Authorities
- Advance Payment of Income Tax/Wealth Tax (including TDS)

* Maximum Balance outstanding with Bank of China during the Year Rs.9.96 lacs.

** Includes Rs410.90 lacs Export Incentives Receivables

SCHEDULE "G"

CURRENT LIABILITIES AND PROVISIONS

A) CURRENT LIABILITIES

- Sundry Creditors and Expenses Payable
- Acceptances
- Trade deposits & Advances
- Interest Accrued but not due
- Unclaimed/unpaid Dividends
- Other Liabilities

B) PROVISIONS

- For Dividends on Equity Shares
- For Income Tax & Wealth Tax
- For Expenses
- For Retirement/Post retirement Employee Benefits

	AS AT 31st March, 2001 Lac/Rs	AS AT 31st March, 2000 Lac/Rs
CURRENT ASSETS		
Stocks : (Including in Transit & with Third Parties)		
- Stores, Spares, Process Chemicals, Catalyst, fuels & Packing Material	2157.99	1832.09
- Raw Materials	3044.08	2590.58
- Process Stocks	1169.48	1453.26
- Finished Goods	3487.45	2114.11
	<u>9859.00</u>	<u>7990.04</u>
Sundry Debtors :		
Unsecured		
- Over Six Months - Good	1862.27	2179.67
- Doubtful		85.54
- Other Debts - Good	6581.47	6681.38
	<u>8443.74</u>	<u>8946.59</u>
Less: Provision for Doubtful Debts		65.14
	<u>8443.74</u>	<u>8881.45</u>
Cash & Bank Balances :		
- Cash in hand and as Imprest	40.29	31.70
- Cheques/Drafts in hand	32.39	138.39
- With Scheduled Banks		
- On Current Account	161.07	672.71
- On Dividend Account	41.85	60.61
- On Deposit Accounts	429.73	275.31
- With Non Scheduled Banks in Current Account *	0.11	0.23
	<u>705.44</u>	<u>1178.95</u>
LOANS AND ADVANCES:		
(Unsecured, Considered good)		
- Advances recoverable in cash or in kind or for value to be received **	1322.71	1708.93
- Deposits	697.03	623.00
- Deposits with Excise / Sales Tax Authorities	1511.49	1413.14
- Advance Payment of Income Tax/Wealth Tax (including TDS)	231.30	326.74
	<u>3762.53</u>	<u>4071.81</u>
	<u>22770.71</u>	<u>22122.25</u>
CURRENT LIABILITIES AND PROVISIONS		
A) CURRENT LIABILITIES		
Sundry Creditors and Expenses Payable	4223.52	4281.22
Acceptances	581.00	446.09
Trade deposits & Advances	480.76	263.07
Interest Accrued but not due	596.14	595.03
Unclaimed/unpaid Dividends	49.85	60.61
Other Liabilities	208.37	196.42
	<u>6139.64</u>	<u>5842.44</u>
B) PROVISIONS		
For Dividends on Equity Shares	413.74	353.14
For Income Tax & Wealth Tax	97.12	43.12
For Expenses		647.00
For Retirement/Post retirement Employee Benefits	306.10	234.83
	<u>816.96</u>	<u>1278.09</u>
Total (A+B)	<u>6956.60</u>	<u>7120.53</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE "H"

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

	AS AT 31st March, 2001 Lac/Rs	AS AT 31st March, 2000 Lac/Rs
Balance at the beginning of the year	263.47	331.29
Add: Incurred during the year	603.99	26.00
	<u>867.46</u>	<u>357.29</u>
Less: Amortised during the year	214.62	93.82
	<u>652.84</u>	<u>263.47</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE "I"

OTHER INCOME

	YEAR ENDED 31st, March 2001 Lac/Rs	YEAR ENDED 31st, March 2000 Lac/Rs
Miscellaneous Sales		1.12
Income from Investments - Dividend	17.38	19.34
Insurance / Other Claims (Net)	60.53	44.94
Income from Construction Chemicals Application (Tax deducted at source Rs.0.00 (Previous year Rs. 1.41 lacs))		76.73
Profit on Sale of Fixed Assets		2.82
Balance of Inter- corporate Deposit & Interest thereon written off (Net after debit of Rs.977.92 lacs)		42.47
Profit on Sale of Investments		4.08
Miscellaneous Receipts **	343.36	343.80
(Including sale of unserviceable spares used Drums, residual catalyst etc.)	<u>421.27</u>	<u>535.30</u>

** Includes Income from Utilities provided Rs.55.63 lacs
(Tax Deducted at source Rs. 2.64 lacs)

SCHEDULE "J"

INCREASE /(DECREASE) IN FINISHED AND PROCESS STOCKS

Stock at close -Process	1169.48	1453.26
Stock at close -Finished	3487.45	2114.11
	<u>4656.93</u>	<u>3567.37</u>
Stock Adjustment: Stocks lying out of Trial Run Transferred to regular Stocks	51.70	148.22
Stock at commencement-Process	1453.26	1383.47
Stock at commencement-Finished	2114.11	1827.52
	<u>3619.07</u>	<u>3359.21</u>
Increase (Decrease) in Stocks	<u>1037.86</u>	<u>208.16</u>



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE "K"

MANUFACTURING AND OTHER EXPENSES

	YEAR ENDED 31st, March 2001 (Lac/Rs)	YEAR ENDED 31st, March 2000 (Lac/Rs)
Inter Divisional Transfers	23614.66	15011.05
Purchases - Traded Goods	2762.34	4383.58
Raw Materials	20283.69	14237.66
Power and Fuel	7429.98	5136.30
Stores, Spares, Process Chemicals, Catalyst & Packing Material	4313.11	1924.03
Processing Charges	133.68	
Repairs - Plant & Machinery	1152.00	697.25
- Buildings	116.39	113.80
Salaries, Wages, Bonus, Gratuity & Allowances	3099.71	2725.32
Contribution to Provident & Superannuation Funds	387.51	344.73
Staff Welfare Expenses	285.82	247.49
Rent (Net)	289.43	291.06
Rates & Taxes	66.65	45.07
Insurance (Net)	246.90	242.52
Advertisement & Publicity	175.44	167.03
Travelling & Other Incidental Expenses	583.84	573.63
Offices Maintenance (including Water, Electricity & Repairs)	346.64	173.35
Vehicle Operation Expenses (Including Vehicle Taxes & Insurance)	214.44	180.53
Printing & Stationery	79.58	88.20
Communication Expenses	357.96	314.75
Staff Recruitment & Training	89.87	84.03
Donation	13.11	1.29
Auditors Remuneration - As Auditors	7.00	7.00
- for Taxation Matters	1.63	1.66
- for Certification/Advices	2.84	1.79
- out of Pocket Expenses	0.31	0.13
Legal & Professional Charges	171.11	193.27
Freight & Forwarding (including Ocean freight)	984.74	565.37
Amortisation of Deferred Revenue Expenditure	214.62	93.82
Directors' Sitting Fees	1.45	0.54
Miscellaneous Expenses	197.19	134.23
Financial Charges (incl. Bank Charges ,Fixed Deposit expenses & Foreign Exchange fluctuations Rs. 108.20 **)	409.09	448.02
Discounts & Claims to Customer and Other Selling Expenses	2282.02	1623.59
Prior Period Expenses/Adjustment	67.17	
Commission on Sales *	207.32	118.24
Lease Rentals & Hire Purchase charges	248.72	182.39
Loss on sale/disposal of Fixed Assets	190.07	
Bad Debts/irrecoverable Advances woff (Net after adjustments of Provision for Rs.65 lac)	957.75	
	<u>71985.78</u>	<u>50352.72</u>

The above expenses are Netted off, after taking into account credit of Rs.63.24 Lacs (Previous year Rs.49.85 lacs).

* Includes Rs 87.31 lacs to a wholly owned Subsidiary Company

*** Total foreign exchange gain of Rs.96.36 lacs (Previous year Rs.55.64 lacs) is adjusted against foreign exchange losses as above.

SCHEDULE "L"

INTEREST

On Debentures	376.70	363.11
On Term Loans	2434.27	2277.50
On Deposits	625.49	456.21
On Others	1477.15	1112.45
	<u>4913.61</u>	<u>4209.27</u>
Less : Interest Capitalized	504.71	570.52
	<u>4408.90</u>	<u>3638.75</u>
Less: Interest Income [Tax deducted at source Rs. 18.74 lacs (previous year Rs. 15.13 lacs)]	275.56	142.80
(Including Rs.2.00 lacs (Previous year Rs.3.34 lacs) Interest Income on Investments)	<u>4133.34</u>	<u>3495.95</u>

SCHEDULE " M"

[RUPEES IN LACS]

NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2001 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

1. Statement of Significant Accounting Policies:

A Recognition of Income & Expenditure

The Company follows accrual method of Accounting except for Interest receivable on overdue debts and matters referred to in B(H) below.

B a. Fixed Assets & Depreciation

- i. Fixed Assets are recorded at cost inclusive of such expenses as referred to in viii hereunder and/or at the revalued value as ascertained by approved valuers and at Book Value in case of Assets acquired at the time of amalgamation of certain entities with the Company.
- ii. Depreciation is provided on Straight Line Method in terms of rates mentioned and in the manner specified in Schedule XIV to the Companies Act, 1956 (as amended), on the original cost/fair acquisition cost of assets and as mentioned in iii, iv, vi & vii hereunder on the revalued portion of the assets including R & D assets at the rates suggested by the valuers and/or at such rate arrived at with reference to residual life. Certain plants were classified as continuous process plant from the financial year ended 31-03-2000 and such classification has been done on technical assessment, (relied upon by the auditor being a technical matter) and depreciation has been provided accordingly.
- iii. Depreciation, in respect of assets added/installed upto 15th December, 1993, is provided at the rates applicable at the time of additions/installations of the assets as per Schedule XIV to the Companies Act, 1956;
- iv. Depreciation, in respect of assets added/installed during the subsequent period, is provided at the rates, mentioned in Schedule XIV to the Companies Act, 1956 read with Notification dated 16th December, 1993 issued by Department of Company Affairs, Government of India;
- v. Freehold Land, Buildings and Plant and Machinery was again revalued in the year 1991-92 on the basis of Report obtained from an Approved Valuer and Rs.2456.50 lacs was added to the Gross Block of such assets and accordingly Depreciation has been provided on the revalued figures. The first revaluation of said Assets was done during the year 1987-88. A sum of Rs.122.79 lacs (Previous Year Rs.185.75 lacs) has been transferred from Revaluation Reserve to Profit and Loss Account, which represents the difference between the depreciation on the revalued value and the original cost of the assets.
- vi. Technical Know-how for which all the installments have been remitted have been shown as Fixed Assets and is written off in six equal annual installments as Depreciation, as per the policy being consistently followed.
- vii. Depreciation on assets added/disposed off during the year has been provided on pro-rata basis with reference to the month of addition/disposal.
- viii. Interest on loans and other financial charges and preoperative expenses including Trial Run Expenses (Net) for new projects and/or substantial expansion upto the date of commencement of commercial production/ stabilization of the plant, have been capitalized.

b Leased Assets: Amortization/charging off

- a. Leasehold Land value is not amortized in view of the long tenure of the unexpired lease period.
- b. Other lease assets: Lease rentals paid on other leased assets are being charged in full to the revenue.

C Inventories

- a. Finished Products - at lower of cost or market price/Net realisable value.
- b. Stock in Process - at cost and/or at net realisable value, as the case may be.
- c. Raw material - at cost (at lower of cost or net realisable value)
- d. Stores, Spares, Process - at cost (at lower of cost or net realisable value)
Chemicals, Catalyst,
Packing Material & Fuel etc.

Cost includes all direct cost, cost of conversion and appropriate portion of overheads and such other costs incurred as to bring the inventory to its present location and condition. Cost formula used is based upon weighted average cost.

D Investments: All Long Term investments are stated at cost.

E Conversion or translation of Foreign Currency items:

Transaction in foreign currencies are generally recorded at prevailing rate on/or near to the date of transactions. Assets and liabilities denominated in foreign currency and not covered by forward contract are restated at year end rates. All exchange gains and losses, except those relating to acquisition of fixed assets, which are adjusted to the carrying cost of such assets, are accounted for in profit and loss account. Forward contract premium is accounted over the period of contract. Investment in foreign subsidiary company is expressed in Indian Currency at the rates prevailing on the date when the remittance for the purpose was made.

F Contingent Liabilities:

Contingent liabilities are generally not provided for in the accounts and are shown separately as notes to the accounts.

G Research & Development:

Research & Development expenditure are booked to the respective heads of accounts and charged to revenue in the year in which the same are incurred.



H Recognition of Income & Expenditure:

The Company accounts for the following on cash basis:

- a) Leave Travel Assistance
- b) Medical Reimbursement

I Retirement Benefits:

Contribution to Gratuity-fund is made on the basis of actuarial valuation, and charged off to the Profit & Loss Account.

Provision for leave encashment for the current year is made on the basis of actuarial valuation, and charged off to the Profit & Loss Account.

Contribution to Superannuation fund is given to LIC, (which administrates the fund) and is charged off to Profit & Loss Account.

Employer's contribution to Employees Provident Fund Trust is charged off to Profit & Loss Account.

J Borrowing Cost:

Borrowing costs attributable to acquisition and construction of assets are capitalised as a part of the cost of such assets upto the date as mentioned in Note No.B (a) VII above. Other borrowing costs are charged to Profit & Loss Account.

K Deferred Revenue Expenditure:

Expenses in relation to Software System Development and the Study on Strategy, Business Review, prepayment premium with upfront fee payable on account of Debt Swap Deal, Interest arbitrage and study on Corporate Identity are treated as deferred expenditure and are amortized over a period of 5 years.

L Inter Divisional Transfers:

Inter Divisional Transfer of goods as marketable products produced by separate manufacturing facilities of the company for Captive consumption are included in Turnover and purchases. Any unrealized Profit on unsold/unutilized stocks out of the such transfers are eliminated while valuing inventories.

M Sales & Export Benefits:

Sales includes Inter-Divisional transfers.

Export benefits on account of entitlement to Import, Duty Free material under DEPB Scheme is accounted for, in the year of export.

N Custom Duty:

Custom Duty are accounted for on payment basis and no provision are made for stock lying at bonded warehouses and/or port. However, such non-provision has no impact on the profitability of the Company.

O Catalyst:

In case of Company's Mira Plant, Catalyst consumption has been arrived at after netting of the estimated realisable residual value, spread over the effective useful life of the catalyst and in case of Gajraula Plant the consumption is booked on the basis of utilisation of its contents.

2. Estimated amount of Contracts remaining to be executed on Capital Account (Net of Advances) Rs.313.67 (Previous Year Rs. 624.13) [Advances Rs.26.12 (Previous Year Rs.421.64)].
3. Contingent liabilities, not provided for :
 - a) (In respect of demands under dispute/ under appeal)
 - Central Excise Rs. 67.83 (Previous Year Rs.53.85)
 - Sales Tax Rs. 9.73 (Previous Year Rs.8.71)
 - Income Tax Rs.100.66 (Previous Year Rs.100.66)
 - b) Excise Claims against Company not acknowledged as Debt and being contested Rs.92.25.
4. Loans and advances includes;
 - (a) Loans to Bodies Corporate and Interest Accrued thereon Rs.201.64 (Previous Year Rs.244.03).
 - (b) Loans to employees includes Rs1.60 (Previous Year Rs.2.17) given to Executive Director towards Housing Loan. Maximum amount due at any time during the year Rs.2.17 (Previous Year Rs.2.64).
5. Outstanding Bank Guarantees/ L/Cs /Bonds Executed in favor of various parties as at 31.03.2001 Rs.2067.28 (Previous Year Rs.2217.90).
6. i) Sales include subsidy amounting to Rs.623.16 (Previous Year Rs.633.49) and inter-divisional transfers made at market rates aggregating to Rs.23614.66 (Previous year Rs.15011.05). However, the said transfers at such method has no bearing on profitability of the Company.
ii) Sales include Export Incentives of Rs.523.63 (Previous year Rs. 234.60).
7. Debtors include Rs.850.46 receivable as Fertilizer Subsidy from the State Government. (Previous Year Rs.227.30).
8. Assets aggregating Rs.1132.75 (previous year - Rs.1046.08) have been acquired on financial lease. The obligation for future lease rentals in respect of such assets aggregate to Rs.1095.44 (previous year - Rs.916.43) payable over a period of 5 / 7 years.
9. Capitalization of Interest, etc: In line with the applicable Accounting Standard, interest on funds utilized and preoperative expenses including trial run expenses (net) for new projects and/or substantial expansions have been capitalized up to the date of commercial production/stabilization, amounting to Rs.559.42 (Previous Year Rs.776.52). All preoperative expenditure including interest so capitalised and Trial Run Expenditures (net of trial run receipts) accumulated as Capital work in progress is allocated to fixed assets on a pro-rata basis calculated with reference to the Prime Cost of the respective Assets.

10. The company has given guarantee on behalf of a body corporate to ABN-Amro Bank for Rs. NIL (Previous year Rs.500) and to Canara Bank for Rs.NIL (Previous Year Rs.282.25), to BNP for Rs.NIL (Previous Year Rs.550) & to Duetsche Bank Rs.NIL (Previous Year Rs.265) to secure financial facility granted by them. Effective Guarantee as on 31-03-2001 Rs.NIL (Previous Year Rs.891.22).
11. I) Details of expenses treated as Deferred Revenue Expenses during the year:
- | | |
|---|-------------|
| a) Software System Development | - Rs. 89.08 |
| b) Brand Architecture and Corporate Identity | - Rs. 65.00 |
| c) Up-front Fees for Loan Swap & Interest Arbitrage | - Rs.449.91 |
- II) Total Deferred Revenue Expenditure amortised during the year Rs.214.62
12. Sundry Creditors includes:
- Amount due to Small Scale Industrial Undertaking amounting to Rs.18.29
 - The parties being Small Scale/ancillary Industrial Undertaking to whom amount exceeding Rs.1.00 are outstanding for more than 30 days but not overdue;
 - Star Barrels Ind. Pvt. Ltd.,
 - Niranjan Containers (P) Ltd.
 - There are no amounts overdue to small scale and / or Ancillary Industrial Suppliers on account of Principal and / or interest as at the close of the year.
 - The above disclosures are based on the Information/Documents available with the Company.
13. Excise Duty (Dr.) is net after write back of provision Rs.167.

14. i) Details of Remuneration to the Managing Directors & Executive Directors under section 198 of the Companies Act 1956

	2000-2001	1999-2000
	Lac/Rs	Lac/Rs
i) Salaries	52.57	49.14
ii) Perquisite Value of House	26.06	23.48
iii) Contribution to Provident Fund and Superannuation Fund	14.19	13.26
iv) Perquisite value of other Benefits	13.85	13.80
v) Commission*	24.00**	-
	<u>130.67</u>	<u>99.68</u>

Calculation of Profit in accordance with Section 198 of the Companies Act, 1956 for the purpose of calculation of Commission payable to Directors.

Profit before tax as per Profit & Loss Account	1297.86
Add: Managerial Remuneration as above	130.67
	<u>1428.53</u>
Commission to Directors other than Managing Directors	2.00
Directors Sitting Fees	1.45
Depreciation as per Accounts	2064.23
Net Profits	<u>3496.21</u>
Less: Profit on sale of fixed assets	
Depreciation under Section 350 of the Companies Act 1956	2064.23
Net Profits in accordance with Section 198 (I) /349 of Companies Act 1956 for calculation of Commission to Directors	<u>1431.98</u>
Directors Commission within overall remuneration limit of 11%	157.52
Restricted to:	
**Managing Directors	24.00
Other Directors(Excluding Executive Directors)	2.00

* Subject to approval of the Shareholders at the next Annual General Meeting/
Central Government

Note: There are no previous year's figures as there was no commission payable for the previous year.

15 (A). CAPACITIES, STOCKS, PRODUCTION AND TURNOVER

Sl. No.	CLASS OF GOODS	QUANTITATIVE DENOMINATION	CAPACITY		OPENING STOCK		PRODUCTION	TURNOVER		CLOSING STOCK	
			LICENSED*	INSTALLED	Quantity	RUPEES		Quantity	RUPEES	Quantity	RUPEES
1.	Alcohol	KBL KBL	N.A. N.A.	131,300 (131300)	1,329 (1,779)		97,002 (97,540)			2,453 (1,329)	
2.	ENA	KL	N.A.	7,300 (7,300)	62 —		— (385)	12 (523)	3 (101)	49 (62)	
3	Vinyl Acetate Monomer and its Intermediates (including Acetic Acid & Acetic Anhydride)	M.T M.T	N.A. N.A.	## 268000 ## (268000)	1,889 (4,059)		148,301 (124,916)	83,470 (77,924)	28,406 (19,704)	4,159 (1,889)	
4	Polymers including Co-polymers	M.T M.T	N.A. N.A.	21,150 (21150)	331 (424)		11,902 (13,351)	11,829 (13,341)	6,526 (6,042)	321 (331)	
5	Speciality Chemicals	M.T M.T	N.A. N.A.	48,560 (48560)	943 (727)		32,020 (27,676)	15,900 (13,401)	11,575 (8,325)	1,044 (943)	
6.	Single Superphosphate	M.T M.T	N.A. N.A.	132,000 (132000)	13,411 (1,325)		82,996 (82,707)	86,438 (70,621)	2,898 (2,505)	9,953 (13,411)	
7.	Sulphuric Acid **	M.T M.T	N.A. N.A.	57,750 (57750)	1,563 (2,152)		53,035 (51,746)	53,989 (52,335)	413 (498)	609 (1,563)	
8.	VP Latex / SBR Latex	M.T	N.A.	5,000 (2,500)	4 (3)		1,817 (912)	1,689 (909)	1,156 (641)	134 (4)	
9.	Dry Choline Chloride	M.T	N.A.	10,000 (10,000)	96 (119)		3,944 (1,203)	3,666 (1,227)	1,349 (474)	374 (96)	
10.	Aqueous Choline Chloride & Ethoxyates	M.T	N.A.	12,000 (10,000)	59 (63)		3,732 (1,953)	3,749 @(1957)	272 (430)	42 (59)	
11.	Feed Premixes	M.T	N.A.	3,500 (3,500)	20 (19)		376 (125)	372 (124)	99 (62)	24 (20)	
12	Ethyl Acetate	M.T	N.A.	20,000	—		7,556	6,769	2,228	409	
13	Agro Chemicals#	K.L	N.A.	—	—		328	298	526	30	

* Under the Industrial Policy Statement dated 24th July, 1991 and the notifications issued thereunder, no licensing is required for the Company's products.

** Sales include Captive consumption of 29914 MT (Previous year 31175)

Does not include Acetic Acid recovery from VAM plant.

Notes:

- 1) Acetaldehyde is also produced which is mainly for captive consumption for VAM & its intermediates, as well for Picoline & Pyridine.
- 2) Closing Stock has been arrived at after considering Captive Consumptions.
- 3) Installed capacities are as certified by the Management, being a technical matter and relied upon by the Auditors accordingly.
- 4) TEP & Formaldehyde is also produced which is mainly used captively as process chemicals.
- 5) @ Includes captive consumption 3203 MT (Previous Year 954.763 MT)
- 6) V.P. Latex / SBR Latex installed Capacity is on Wet Basis.
- 7) # Toll manufacturing at third party locations.
- 8) Difference in quantitative tally represent materials damaged / obsolete / issue for samples.

15. (B) Particulars in respect of Trading goods.

Particulars	2000-2001		1999-2000	
	Quantity	Rs	Quantity	Rs
i) Opening Stock				
Polymers,Adhesives & Chemicals (MT)	399.34		974.23	
Others (Nos)	6607.00		6462.00	
NovaSil & Feed Additives (MT)			0.33	
Agrochemicals (Ltr.)	46285.10			
ii) Purchases				
Polymers,Adhesives & Chemicals (MT)	4787.67	2570.13	4947.21	2610.29
Fertilizers . (MT)	3362.00	79.35	21253.00	491.94
Others (Nos)				
NovaSil & Feed Additives (MT)	23.00	12.79	18.21	7.17
DAP (MT)			6647.62	518.51
Agrochemicals (Ltrs.)	50757.50	55.70	600645.00	440.76
Organic Manure (MT)	2010.50	36.30		
iii) Sales				
Polymers,Adhesives & Chemicals (MT)	5037.74	4557.00	5522.10	4824.73
Fertilizers . (MT)	3362.00	84.75	21253.00	577.00
Others (Nos)				
NovaSil & Feed Additives (MT)	17.67	11.38	18.53	9.23
DAP (MT)			6647.62	522.35
Agrochemicals (Ltrs.)	81001.50	138.96	554359.90	498.86
Organic Manure (MT)	2005.10	87.27		
iv) Closing Stock				
Polymers,Adhesives & Chemicals (MT)	149.26		399.34	
Others (Nos)	7323.00*		*6607.00	
NovaSil & Feed Additives (MT)	5.33			
Agrochemicals (Ltrs.)	16041.10		46285.10	
Organic Manure (MT)	5.40			

* Includes Sales Return.

(C) Raw Materials Consumed

Item	2000-2001		1999-2000	
	Quantity	Rs	Quantity	Rs
*Molasses(MT)	456199.72	6091.30	432078.12	5062.27
Alcohol(KL)	65833.45	7132.66	29329.95	3170.65
Production Chemicals (MT)	10897.00	3082.59	13166.62	2989.61
Rock Phosphate (MT)	50057.00	1267.95	49931.00	1359.00
Sulphur (MT)	18564.45	595.93	17895.00	670.13
Ethylene Oxide (Kgs)	1066242.00	385.83	460888.00	170.28
Tri Methyl Amine (Kgs)	1324641.00	403.45	521763.00	140.72
Ethylene-Di-Chloride (Kgs)	276095.00	46.40	313140.00	60.81
Butadiene [MT]	460.93	164.74	260.02	88.18
VP Monomer [MT]	92.42	325.35	50.40	179.21
Agrochemicals (Ltrs.)	320994.00	369.70	—	—
Others [MT] (none of which individually account for more than 10% of total consumption)	—	417.79	—	346.80
		20283.69		14237.66

*Net after claims, rebates & withdrawals from provisions - Rs.647 lacs.

(D) Value of imported and indigenous raw materials, stores and spare parts consumed and percentage thereof for the year.

	2000-2001		1999-2000	
	Rs	%	Rs	%
Consumption of Raw Materials				
- Imported *	2655.79	13.09	3306.61	23.22
- Indigenous	17627.90	86.91	10931.05	76.78
	<u>20283.69</u>	<u>100.00</u>	<u>14237.66</u>	<u>100.00</u>
Consumption of Stores & Spare Parts				
- Imported	812.60	18.84	359.54	18.69
- Indigenous	3500.51	81.16	1564.49	81.31
	<u>4313.11</u>	<u>100.00</u>	<u>1924.03</u>	<u>100.00</u>

* Includes not Directly Imported by the company Rs. 512.41 lacs (Previous Year Rs. 697.33 lac)



SCHEDULE " M " (CONT.)

	2000-2001 Lac/Rs.	1999-2000 Lac/Rs.
(E) Expenditure in foreign currency (on remittance basis)		
- Technical Knowhow Fee/Services/Royalty	58.86	168.77
- Travel /Entertainment Expenses	50.29	47.39
- Commission on Export Sales	113.27	12.95
- Interest on ECB/FCNRB	291.18	78.79
- Others	59.73	66.14
- Overseas Office Expenses	45.56	36.78
(F) Value of Imports on C.I.F. basis		
- Raw Materials	1393.34	993.21
- Spare Process Chemicals & Catalyst	859.87	820.08
- Capital Goods	32.19	16.43
- Trading Goods	5.91	35.42
(G) Remittance in Foreign Currency on account of Dividend		
a) Amount of Dividend Remitted (Net of Tax)*	1.07	2.01
b) Number of Non-Resident Shareholders	1139	1158
c) Number of Equity Shares held by Non- Resident Shareholders	108497	61894
d) The Year to which Dividend related	1999-2000	1998-99
* excluding for those shareholders for whom Dividend has been credited to their N.R.I. Account in India.		
(H) Earnings in Foreign Exchange		
- Commission	5.93	13.36
- Export Sales (FOB Value)	7061.37	3601.96

16 Previous Year's figures have been regrouped/rearranged wherever found necessary to conform to this year's classification.

Signatures to Schedule A to M forming part of the Balance Sheet and Profit and Loss Account

for K M GUTGUTIA & CO
CHARTERED ACCOUNTANTS

B. R. GOYAL
Partner

S.S. BHARTIA
Chairman & Managing Director

NOIDA

AJAY KRISHNA
Company Secretary

PANKAJ GUPTA
Senior Vice President (Finance)

H.S. BHARTIA
Co.Chairman & Managing Director

Date : 28-June-2001

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2001

	2000-2001 Lac/Rs.	1999-2000 Lac/Rs.
A. Cash flow arising from Operating Activities :		
Net profit before tax and Extraordinary items	1,297.86	1,053.79
Add back :		
i) Depreciation	2,064.23	1,757.19
ii) Loss on Sale of Assets	190.07	—
iii) Interest (Net)	4,133.34	3,495.95
iv) Amortization - Deferred Revenue Expenditure	214.62	93.82
v) Exchange Difference	155.51	142.51
	<u>6,757.77</u>	<u>5,489.47</u>
	<u>8,055.63</u>	<u>6,543.26</u>
Deduct :		
i) Dividend Income	17.38	19.34
ii) Surplus in Sale of Assets/Investments	—	6.90
	<u>17.38</u>	<u>26.24</u>
Operating Profit before Working Capital Changes	<u>8,038.25</u>	<u>6,517.02</u>
Deduct :		
i) Increase/(Decrease) in Trade and other Receivables	(596.17)	685.05
ii) Increase/(Decrease) in Inventories	1,868.96	89.95
iii) Increase/(Decrease) in Miscellaneous Expenditure	603.99	26.00
	<u>1,876.78</u>	<u>801.00</u>
	<u>6,161.47</u>	<u>5,716.02</u>
Add :		
i) Increase/(Decrease) in Trade payables	(265.10)	1,018.32
Cash inflow from Operations	<u>5,896.37</u>	<u>6,734.34</u>
Deduct :		
i) Interest Paid	4,407.79	3,365.66
ii) Direct taxes Paid(net of refunds)	(187.69)	21.69
	<u>4,220.10</u>	<u>3,387.35</u>
Net Cash Inflow/(Outflow) in course of Operating Activities	<u>1,676.27</u>	<u>3,346.99</u>
B. Cash Flow arising from Investing Activities :		
Outflow		
i) Acquisition of Fixed Assets	4,561.79	7,126.24
ii) Purchase(Sale) of Investments	4.39	(20.30)
iii) Loans to other Companies	(67.00)	(454.50)
	<u>(4,499.18)</u>	<u>(6,651.44)</u>
Deduct :		
Inflow		
i) Sale of Fixed Assets	19.91	38.78
ii) Interest Received	263.94	640.37
iii) Dividend Received	17.38	19.34
	<u>301.23</u>	<u>698.49</u>
Net Cash Inflow/(Outflow) in course of Investing Activities	<u>(4,197.95)</u>	<u>(5,952.95)</u>
C. Cash flow arising from Financing Activities		
Inflow		
i) Proceeds from Long Term & Short term Borrowings	2,641.86	3,202.71
Deduct :		
Outflow		
i) Dividend Paid (including Corporate Dividend Tax)	438.18	358.20
ii) Exchange Difference	155.51	142.51
	<u>593.69</u>	<u>500.71</u>
Net Cash Inflow/(Outflow) in course of Financing Activities	<u>2,048.17</u>	<u>2,702.00</u>
Net Increase in Cash & Cash equivalents(A+B+C)	<u>(473.51)</u>	<u>96.04</u>
Add: Cash & Cash Equivalents at the beginning of Year	1,178.95	1,040.41
Add: Cash & Cash Equivalents of erstwhile Anichem India Ltd & Enpro Speciality Chemicals Ltd pursuant to Merger with Company.	—	42.50
Cash & Cash Equivalents at the close of the Year	<u>705.44</u>	<u>1,178.95</u>

for and on behalf of the Board

NOIDA, 28th June, 2001

S.S.Bhartia
Chairman & Managing Director

AUDITORS CERTIFICATE

The Board of Directors,
VAM ORGANIC CHEMICALS LTD

We have examined the attached Cash Flow Statement of VAM ORGANIC CHEMICALS LTD. for the year ended 31st March, 2001. The Statement has been prepared by the Company in accordance with requirements of Clause No 32 of the Company's Listing Agreement with the Stock Exchanges. The Statement is based on and is derived from the Profit and Loss Account and the Balance Sheet of the Company for the year ended 31st March, 2001, covered by our Report dated 28th June, 2001 to the members of the Company.

for K.N. GUTGUTIA & CO
CHARTERED ACCOUNTANTS
B.R.GOYAL
Partner

NOIDA, 28th June, 2001

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

State Code (Refer Code List)

Balance Sheet
Date Month Year

II. Capital Raised During the Year

(Amount in Rs.Thousands)

Public Issue

Bonus Issue

Rights Issue

Private Placement

III. Position of Mobilization and Deployment of Funds

(Amount in Rs.Thousands)

Total Liabilities

Total Assets

Source of Funds

Paid-Up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

IV. Performance of Company

(Amount in Rs. Thousands)

Turnover**

Total Expenditure

**Includes other Income

+ - Profit/Loss Before Tax

+ - Profit/Loss After Tax

(Please tick appropriate box + for Profit - for Loss)

Earning per share in Rs.

Dividend rate %

V. Generic names of three principal products/Services of Company

(as per monetary terms)

Item Code

(ITC No.)

Product Description

Item Code

(ITC No.)

Product Description

Item Code

(ITC No.)

Product Description

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1 Name of the Company	Vam Leasing Limited	Vam Investments Limited	VAM Organic Chemicals USA
2. Financial year of the Subsidiary ended	31st March, 2001	31st March 2001	31st March 2001
3. a) No. of shares held in Subsidiary Company on the above date			
- Equity	2,70,000	1,80,000	\$15,000
- Preference	5,90,000	15,14,000	
b) Extent of holding	99.99%	99.99%	
4. i) Net aggregate amount of Subsidiary company's Profits/losses so far as they concern members of the Holding company and not dealt with in the Holding Company's accounts :			
a) for financial year of the	4,46,638	6,52,961	\$46,067
b) for previous financial years of the Subsidiary since it became Holding Company's Subsidiary aforesaid	5,353	7,27,608	
ii) Net aggregate amount of Subsidiary Company's Profit/losses so far they concern members of the Holding Company and dealt with in the holding Company's Accounts :			
a) for financial year of the aforesaid	Nil	Nil	
b) for previous financial years of the Subsidiary since it became Holding Company's Subsidiary	Nil	Nil	
5. Changes in Holding Company's interest in the Subsidiary between the end of the Subsidiary and of the Holding Company's financial year	Nil	Nil	
6. Material change which have occurred between the end of the financial year of the Subsidiary and the end of the Holding Company's financial year in respect of the Subsidiary's:	Nil	Nil	
i) Fixed Assets			
ii) Investments			
iii) Money lent by the Subsidiary			
iv) Money borrowed by the Subsidiary for any purpose other than that of meeting current liabilities			