

Fifteenth Annual Report



Report 1997-98



BENGAL TEA & FABRICS LIMITED





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AGL	<input checked="" type="checkbox"/>	MA	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

Bengal Tea & Fabrics Limited

BOARD OF DIRECTORS

Sri B D Kanoria
Chairman & Managing Director

Sri A Kanoria
Jt. Managing Director

Sri R S Saraogi
Executive Director

Sri M V Badrinath
IDBI-Nominee Director

Sri U Kanoria

Sri S P Sengupta

Sri G Momen

Sri S K Hada

Sri H Khaitan

COMPANY SECRETARY

Sri D Arya

AUDITORS

M/s. Jain & Co.
Chartered Accountants

BRANCH AUDITORS

M/s. Dalal & Shah
Chartered Accountants

COST AUDITORS

M/s. N D Birla & Co.
Cost Accountants

BANKERS

State Bank of India
Punjab National Bank
ICICI Banking Corporation Ltd.

REGISTERED OFFICE

9, Biplabi Trailokya Maharaj Sarani
(Formerly Brabourne Road), 5th Floor
Calcutta 700 001, India

TEA DIVISION

Ananda Tea Estate
P.O. Pathalipam
Dist. North Lakhimpur (Assam)

Pallorbund Tea Estate

P.O. Banskandi
Dist. Cachar (Assam)

TEXTILE DIVISION

Asarwa Mills

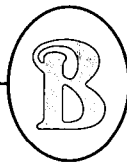
Asarwa Road
Ahmedabad 380 016 (Gujarat)

Industrial Yarn Unit

1402, GIDC Estate, Dholka
Dist. Ahmedabad (Gujarat)

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Bengal Tea & Fabrics Limited**Annual Report & Accounts 1997-98****NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING of BENGAL TEA & FABRICS LIMITED will be held at "KALAKUNJ", 48 Shakespeare Sarani, Calcutta-700 017 on Tuesday, the 22nd day of September, 1998 at 11.30 A.M. for the following purposes :

1. To receive and adopt the Balance Sheet as at 31st March, 1998, Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. S. P. Sengupta, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. H. Khaitan who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass, with or without modifications, the following as an Ordinary Resolution :
 "RESOLVED THAT the re-appointment by the Board of Directors in accordance with the Schedule XIII to the Companies Act, 1956 ("The Act"), of Mr. Adarsh Kanoria, as Joint Managing Director with effect from January 01, 1999 for a period of three years on terms and conditions contained in the Agreement of Appointment entered into by the Company with the said Joint Managing Director be and is hereby approved by the members".
6. To consider and if thought fit to pass, with or without modifications, the following as an Ordinary Resolution :
 "RESOLVED THAT the Board of Directors be and is hereby authorised to appoint individual(s) or firm other than the Company's Auditors at Head Office, as Branch Auditors pursuant to Section 228 of the Companies Act, 1956 and to fix their remuneration, for the audit of accounts of its Textile Division at Ahmedabad for the financial year ending 31st March, 1999".

By Order of the Board

Calcutta,
25th day of July, 1998

D. ARYA
Company Secretary

NOTES :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll in his stead, and such a proxy need not be a member of the Company.**
2. The Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business is appended below.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from September, 17 to September 22, 1998 (both days inclusive).
4. Dividend declared for the financial year ended March 31, 1994 and remaining unpaid/unclaimed has been transferred on 17th October, 1997 and that for financial year ended March 31, 1995 is due to be transferred by December 7, 1998, to the General Revenue Account of the Central Government in accordance with the Section 205 (A) of the Companies Act, 1956.
5. **The members of the Company as on 16th June, 1998 (the Record Date) will be issued fresh share certificates and hence those who have not surrendered their share certificates are requested to do so immediately . Please refer to the Annexure for your immediate action. The said Annexure is being forwarded as a reminder to those members who are yet to surrender the share certificates for exchange.**

Bengal Tea & Fabrics Limited



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NOTICE OF ANNUAL GENERAL MEETING (Contd.)**Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956****Item No. 5**

The Board has, at its meeting held on July 25, 1998 re-appointed Mr. Adarsh Kanoria as Joint Managing Director w.e.f. January 01, 1999. The re-appointment in accordance with Schedule XIII and all other enabling provisions of the Companies Act, 1956 ("The Act"), is subject to approval of the members and accordingly the terms of agreement entered into between Mr. Adarsh Kanoria and the Company are as follows :

Tenure :

The appointment of Sri Adarsh Kanoria as Joint Managing Director is for three years and is effective from January 01, 1999.

- I. Salary :** Rs. 40,000/- (Rupees Forty Thousand) only per month.
 - II. Commission :** Nil
 - III. Perquisites :** Perquisites shall be restricted to an amount equal to the annual salary.
 - (i) Housing :**
 - (a) The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary; or
 - (b) In case the accommodation is owned by the Company, ten percent of the salary shall be deducted by the Company; or
 - (c) In case no accommodation is provided by the Company, the said Joint Managing Director shall be entitled to house rent allowance as per (a) above.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.
 - (ii) Medical Reimbursement :** Reimbursement of the expenses incurred for self and family subject to ceiling of one month's salary in a year or three months' salary over a period of every three years.
 - (iii) Leave Travel Concession :** Leave Travel Concession for self and family once in a year, incurred in accordance with the rules of the Company.
 - (iv) Earned Leave :** On full pay and allowances and perquisites as per rules of the Company. Encashment of leave at the end of service shall not be included in the computation of the aforesaid ceiling on perquisites and/or salary.
 - (v) Personal Accident Insurance :** The annual premium not to exceed Rs. 4,000.
 - (vi) Club Fees :** Fees of Club, subject to maximum of two Clubs.
 - (vii) Provision of the Company's car with Driver for use of Company's business.** He will be billed by the Company for use of car for private purpose, if any.
 - (viii) Free Telephone facility at residence.** Personal long distance call, if any, will be billed by the Company to him.
 - (ix) The said Joint Managing Director will also be entitled to reimbursement of the entertainment expenses actually and properly incurred for the Company and such payment shall not form part of his remuneration.**
 - (x) Retirement Benefits :** Company's contribution towards Provident Fund and Superannuation Fund and Gratuity as per the rules of the Company. Gratuity shall be payable at the rate provided in the Schedule XIII.
- The aforesaid, comprising retirement benefits shall not be included in the computation of ceiling on perquisites mentioned elsewhere in this Agreement, to the extent these either singly or collectively are not taxable under the Income Tax Act, 1961.

In the event of loss or inadequacy of Profits

In the event of loss or inadequacy of profits, the said Joint Managing Director shall be paid a monthly remuneration not exceeding the applicable ceiling laid down in the Schedule XIII.

Termination of Agreement

The said Joint Managing Director and the Company shall have the right to terminate the agreement by giving the other party six months' clear notice in writing subject, however to the discretion of the Board to agree to a shorter notice.

Variation in accordance with the Schedule XIII

The terms and conditions of this Agreement of appointment may be varied or enhanced from time to time by the Board, within the maximum amount payable to Joint Managing Director in accordance with Schedule XIII to the Act or any amendments thereto made hereafter that may be applicable.

Memorandum of Interest of Directors

None of the Directors of the Company except Mr Adarsh Kanoria, Joint Managing Director is concerned or interested in the above.

A copy of the resolution appointing the said Joint Managing Director passed by the Board of Directors at its meeting held on July 25, 1998 and relevant Agreement of Appointment may be inspected at the Registered Office of the Company on any working day during 11A.M. to 1.30 P.M.

Item No. 6

The Company appoints every year Branch Auditors other than the Statutory Auditors for carrying out audit of the accounts of its Textile Division in Gujarat. The resolution seeks to obtain the members' consent as required by Section 228 of the Companies Act, 1956. The Directors recommend passing of the resolution.

None of the Directors is concerned or interested in the resolution.

Bengal Tea & Fabrics Limited**Annual Report & Accounts 1997-98****DIRECTORS' REPORT**

Dear Shareholders,

The Directors are pleased to present their Fifteenth Annual Report and Audited Accounts for the year ended March 31, 1998.

FINANCIALS

The Company's financial performance during the year under review improved substantially as compared to the last financial year. However, the figures for 1996-97 are not given hereinunder due to non-comparability arising out of transfer of the Maple Group of the Company under a Scheme of Arrangement.

	(Rs. in lacs) 1997-98	
Profit before Interest, Depreciation and Tax	1,282.42	
Less : Interest	728.85	
Gross Profit for the year		553.57
Less : Depreciation	371.90	
: Taxation	122.20	494.10
Profit for the year		59.47
Adjustments/Appropriations :		
Add : Adjustment in respect of earlier years (net)	1.33	
: Profit/Loss on Sale of Stock of Tea Season 1996-97	3.18	4.51
		63.98
Less : Short Provision of Bonus for earlier year	32.52	
: Short Provision of Income Tax for earlier years (net)	0.03	
: Balance Brought Forward from last year	438.57	471.12
Debit Balance carried to Balance Sheet		407.14

DIVIDEND

In the absence of available surplus, the Directors regret their inability to recommend any dividend for the year under review.

RESTRUCTURING OF BUSINESSES

The Scheme of Arrangement for restructuring of the Company's businesses and the Reduction of the Share Capital as part of rationalisation process, was duly sanctioned and confirmed by the Hon'ble High Court at Calcutta and became effective from May 15 & 18, 1998 respectively. Accordingly, the Maple Group comprising Mackeypore & Poloi Tea Estates and Asarwa Overseas, Walthera were transferred to another Company w.e.f. the Appointed Date, i.e. April 01, 1997; and the Company's Share Capital has been reduced to Rs. 4,00,86,900. The members of the Company on the Record Date, i.e. 16th June, 1998 will be issued and allotted by the transferee company, without further payment or act, 13 Equity Shares of Rs. 10 each fully paid up for every 10 Equity Shares of Rs. 10 each fully paid in the Company, held after the reduction.

Hence the Directors' Report is on the performance of the remaining Units, namely Ananda Tea Estate, Pallorbund Tea Estate (Tea Division) and Asarwa Mills, Ahmedabad & Industrial Yarn Unit, Dholka (Textile Division) of the Company.

OPERATIONS**Tea Division**

The year under review was extremely good for tea industry and the Tea Division of your Company achieved commendable results in the wake of prices remaining firm almost throughout the year. Your Company's tea crop was more than satisfactory, registering an increase of 5.75% which was better than the increase of about 3% for the Industry. The production of teas increased to 27.07 lac kgs as against 25.6 lac kgs last year and sales at Rs. 2014 lacs were higher by over 40% as compared to Rs. 1436 lacs in the financial year ended March 31, 1997. The sales realisation sought new levels, specially during the last quarter and the average realisation of about Rs. 76 for the year under review improved by about 36% over the last year's average of Rs. 56.

The efforts to improve productivity, better cost control and emphasis on manufacture of quality teas continue to receive the deserved priority as part of the Company's policy. The continual stress on better quality is reflected in growing popularity of your Company's teas.

As a part of the consistent developmental activities, about 30 Hectares were added to the areas under tea by way of new planting during the year under review.

Your Company is availing during the current year, incentive extended by the Government through Tea Development Account Scheme with NABARD under Section 33AB of the Income Tax Act, 1961 applicable to 20% of income from tea business. For your Company, the amount eligible for the fund under the said Scheme is about Rs. 110 lacs and this amount is to be utilised

Bengal Tea & Fabrics Limited



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DIRECTORS' REPORT (Contd.)

for developmental and other specified purposes. Sales realisation for the current year may be affected by imposition of excise duty @ 8% on packaged teas, the extent of impact of which however, is subject to the Government's announcement(s) awaited. With favourable weather conditions prevailing, tea crop of your Company may improve further in the current year and despite fluctuations witnessed at the start of the season, the prices are expected to stabilise at reasonable levels making the prospects for the year, barring unforeseen circumstances, look encouraging.

Textile Division

General Review : The year under review was another difficult year for the textile industry due to unprecedented failure of cotton crop and increase in prices. Cotton crop for the year 1997-98 was affected due to adverse climatic conditions in Northern & Southern parts of India, as a result of which production was 148 lacs bales only against 176 lacs bales in 1996-97. This led to scarcity of good quality cotton. Moreover, there was a steep increase in power costs and other inputs. The margins were under pressure due to recessionary conditions and the domestic and international markets of yarn and fabrics also remained sluggish through out the year under review.

Further, the performance of this Division was adversely affected due to lock out at the Textile Unit at Dholka since July 1997. Most of the workers opted for the Voluntary Retirement Scheme introduced by the Company and the manufacturing activity remained suspended. Since the market for the products of this Unit had become uneconomical, the Company has decided on closure of this Unit to eliminate the burden of fixed costs.

Exports : Exports have been consistently recording appreciable improvement every year, a mark of growing presence of the quality products manufactured by Asarwa Mills, the Textile Unit of your Company. The sales in international markets at Rs. 27.10 crores were higher by over 8% as compared to the previous year's exports.

Although the recent devaluation in rupee has thrown open more opportunities for exports growth, the fierce undercutting of prices may eat into the gains. However, with more stress on better quality, your Company is reasonably confident of improving the performance by way of need based modernisation of its Unit.

Modernisation : The Division replaced 8064 spindles with balancing preparatory machines together with Autoconers during the year under review. As a long term policy, your Company has continued the process of modernisation of its Textile Division. In order to keep pace with technological developments in the textile industry, modernisation of the Division's spinning, sizing, warping and processing sections together with additional D G Sets to overcome the erratic power supply and become self sufficient in captive power generation, is being undertaken.

Future Prospects : With increased thrust on exports, gradual technological upgradation of the manufacturing facilities, aided by captive power generation at the Textile Unit for value added products, the Directors expect reasonable improvement in the performance of this Division for the current year.

FIXED DEPOSITS

Your Company had outstanding deposits aggregating Rs. 144.02 lacs out of which a sum of Rs. 0.98 lac relating to 27 deposit-holders remained unclaimed as on 31st March, 1998 although these had matured for repayment.

COMPARATIVES PURSUANT TO CLAUSE 43

The comparative figures of projections made in the Prospectus/Letter of Offer against that achieved are given pursuant to the Clause 43 of the Listing Agreement.

Financial Year ended 31st March, 1998
(Rs. in lacs)

	Actuals	Projected **
Turnover	12047	15046
Profit Before Depreciation, Interest & Tax	1255	2408
Gross Profit	526	1755

** The projected figures were prepared prior to the Scheme of Arrangement for restructuring of the Company's businesses and hence are not comparable with the Actuals which are for Anand Group comprising Ananda & Pallorbund Tea Estates and Asarwa Mills, Ahmedabad & Industrial Yarn Unit at Dholka.

SUBSIDIARY

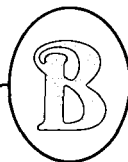
The Annual Report and Accounts of Kanoria Exports Limited, a subsidiary of the Company for the financial year ended 31st March, 1998 are annexed to this Report.

DIRECTORS

The Directors regret to inform you that Mr. M. D. Almal passed away on 29th March, 1998 and express their deep appreciation of the valuable counsel extended by him during his association with the Company. Mr. U. Kanoria resigned from the office of Joint Managing Director w.e.f. 16th May, 1998.

Mr. S. P. Sengupta and Mr. H. Khaitan retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Bengal Tea & Fabrics Limited



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DIRECTORS' REPORT (Contd.)**AUDITORS**

Messrs Jain & Company, Auditors of the Company retire at the conclusion of the Fifteenth Annual General Meeting and have expressed their willingness to continue if so appointed.

AUDITORS' REPORT

As regards the Auditors' comments, the Note No. 19 in the Notes on Accounts under Schedule 'P' is self-explanatory.

PERSONNEL

The Board expresses appreciation of the contribution of employees at all levels. A statement pursuant to Section 217 (2A) of the Companies Act, 1956 read with the relevant rules framed in that respect, is annexed to this Report.

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

A Statement showing the requisite information on conservation of energy, technology absorption, foreign exchange earnings and outgo, pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this Report.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the Financial Institutions/Banks and of all the associates concerned for their continued co-operation.

For and on behalf of the Board

Calcutta,
27th day of June, 1998

B. D. KANORIA
Chairman

ANNEXURE TO DIRECTORS' REPORT**STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998**

Name	Designation/ Nature of Duties	Annual Remuneration Rs.	Qualifications	Experience (Years)	Date of Comm. of the Employment	Age (Years)	The last Employment	Designation	Left on
Head Office :									
1. Sri B. D. Kanoria	Managing Director	5,19,873	I.A.	55	1.1.1988	74	Bengal Tea & Industries Limited	Managing Director	—
2. Sri Umang Kanoria	Joint Managing Director	4,91,473	B.Com., A.I.C.W.A., M.B.A.	15	1.6.1991	38	The Eastern Cachar Tea Co. Ltd.	Managing Director	—
3. Sri G. R. Bagai	Chief Executive (Plantation)	3,84,514	B.Sc., M.Sc.	29	11.9.1996	54	Duncan Brothers & Co. Ltd.	Vice President (Production)	—
4. Sri K. P. Khandelwal	Chief Executive (Commercial)	3,44,233	B.Com. (Hons.)	24	1.1.1990	42	The Eastern Cachar Tea Co. Ltd.	Executive (Sales)	—
5. Sri D. S. Pagaria	Chief Executive (Accts. & Admn.)	3,02,254	M.Com., F.I.C.W.A.	34	1.10.1985	51	Bengal Tea & Industries Limited	Chief Accountant	—
Tea Division :									
6. Sri R. K. Pareek	Senior Manager (Ananda Tea Estate)	3,25,226	B.Sc. (Botany)	27	1.4.1981	50	The Eastern Cachar Tea Co. Ltd.	Garden Assistant	—
7. Sri A. K. Tiwari	Manager (Pallorbund Tea Estate)	3,04,705	M.Sc. (Botany)	17	24.11.1992	41	Cheviot Agro Industries Limited	Sr. Assistant Manager	—
Textile Division :									
8. Sri Adarsh Kanoria	Joint Managing Director	3,67,830	B.Com.	9	1.1.1992	32	—	—	—
9. Sri R. S. Saraogi	Executive Director	4,76,482	B.Com.	36	1.6.1994	57	Madhusudan Industries Ltd.	Executive Director	—
10. Sri S. K. Kasera	General Manager (Finance)	3,76,997	B.Com.	29	26.3.1975	52	The Reliance Jute & Industries Ltd.	Senior Assistant Sales	—
11. Sri V. K. Tewary	General Manager (Marketing)	3,60,024	Intermediate	45	28.8.1988	62	Binny Ltd.	Manager	—
12. Sri S. K. Gautam	Spinning Manager	3,09,204	B.Sc. (B.Text. Tech.)	22	18.9.1993	45	Rustam Mills & Ind. Ltd. (Ahmedabad)	Spinning Manager	—
13. Sri S. R. Agarwal*	General Manager (Dholka Division)	3,03,759	B.E. (Tech.)	35	7.9.1995	57	Gujarat Ambuja Cotspin Limited	Vice President (Works)	1.1.1998

*Employed for a part of the year.

Notes : (1) The Managing Director and the Joint Managing Directors are related to each other.

(2) Remuneration includes Salary, House Rent Allowance, Commission, Children Education Allowance, Leave Encashment, Bonus, Gratuity, Reimbursement of Travelling & Medical Expenses, Soft Furnishing Allowances, Contribution to Provident, Superannuation and Gratuity Funds and Personal Accident Insurance Premium and taxable value of perquisites.

(3) The appointment of the Managing Director, Joint Managing Directors and Executive Director are contractual. All other appointments are not contractual and are governed by the rules and conditions of the Company.

For and on behalf of the Board

Calcutta,
27th day of June, 1998

B. D. KANORIA
Chairman

Bengal Tea & Fabrics Limited



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ANNEXURE TO DIRECTORS' REPORT (Contd.)

INFORMATION AS PER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1998

CONSERVATION OF ENERGY

(a) Energy Conservation measures taken :

In order to stop wastage of energy, the Company has given a great deal of importance for conserving energy which could keep the energy cost of our manufacturing process under a tight control. The Textile Division has taken various steps to reduce consumption of energy by increasing productivity levels etc. However, reduction in per unit consumption of energy has been effected in the following manner.

During the year under review :

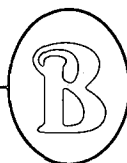
- (i) The process of installing spindles having less diameter of spindle wharve in Ring Frames is continued this year also. Further, old spindles have been replaced by 8064 new spindles. These spindles have proven in energy saving and quality.
- (b) Additional investments and proposals, if any, are being implemented for reduction of consumption of energy : The measures mentioned above are part of the continued efforts of the Company to conserve energy. Proposals are under consideration to install certain energy saving and pollution control equipments, like high efficiency motors, one more D. G. Set "SKODA" 1525, replacement of conventional aluminium fans by FRP fans in humidification plant etc. at the Company's Textile Units.
- (c) In its Textile Division, in order to reduce cost of captive power generation, L. D. O. has been used instead of H.S.D. for D. G. Sets.
- (d) In its Textile Division, efforts have been made to increase power generation per litre of fuel consumed on the "SKODA" D. G. Sets.
- (e) At Textile Division, one Autoconer Model No. 338 with Loepfe 930 F was also installed to reduce the consumption of power, which result in lower consumption by 25% compared to Autoconer Model No. 238.
- (f) At one of the Tea Estates, Auto Voltage Regulator system was installed to save the consumption of energy.
- (g) Total energy consumption per unit of production is furnished in the prescribed Form "A" annexed hereto.

FORM-A

Particulars with respect to Conservation of Energy

	TEA		TEXTILE	
	Current Year	Previous Year	Current Year	Previous Year
(A) POWER & FUEL CONSUMPTION				
1. Electricity				
(a) Purchased (Units)	5,51,948	13,65,216	2,00,10,019	3,54,95,127
Total Amount (Rs.)	20,71,629	49,66,984	7,37,25,368	11,34,03,352
Rate/Unit (Rs.)	3.75	3.64	3.68	3.19
(b) Own Generation				
i) Through Diesel (Units)	16,52,337	18,01,761	1,51,56,651	2,23,14,080
Unit per ltr. of Diesel	2.34	2.44	3.39	3.40
Cost/Unit (Rs.)	4.01	3.31	2.83	2.24
ii) Through Steam Turbine/Generator (Units)	—	—	—	—
Unit per ltr. of Fuel/Gas (cm3)	—	—	—	—
Cost/Unit (Rs.)	—	—	—	—
2. Coal (Specify quality and where used)				
Quantity (Tonnes)	2,103	2,393	8,030	8,239
Total Cost (in Rs.)	32,87,155	38,68,612	96,39,399	89,87,554
Average Rate (Rs.)	1,563	1,617	1,200	1,091
Quality : Dust khasi, 4500 kilo calories/kg. used in drier : Ash 40% to 60% and 30% to 35%				
3. Furnace Oil				
Quantity (K. Ltr.)	214	241	—	—
Total Amount (Rs.)	16,41,279	16,00,936	—	—
Avg. Rate (Rs.)/K.Ltr.	7,670	6,641	—	—
4. Others/Internal Generation				
(a) Gas :				
Quantity (cm3)	—	15,67,791	—	—
Total Cost (Rs.)	—	12,80,700	—	—
Rate/Unit (Rs./cm3)	—	817	—	—

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ANNEXURE TO DIRECTORS' REPORT (Contd.)

FORM-A (Contd.)

(B) CONSUMPTION PER UNIT OF PRODUCTION

	Unit	Current Year	Previous Year
(i) Black Tea	Kgs.		
Electricity	Unit	0.81	0.90
Furnace oil	Ltrs.	0.08	0.08
Coal (Quality as above)	Kgs.	0.78	0.82
Gas	cm3	—	1.15
(ii) Yarn	Kgs.		
Electricity	Unit	3.05	3.12
Coal	Kgs.	1.47	1.72
(iii) Cloth	Mtr.		
Electricity	Unit	0.75	0.80
Coal	Kgs.	0.76	0.70
(iv) Industrial Yarn	Kgs.		
Electricity	Unit	2.10	1.79
Coal	Kgs.	—	—
(v) Asarwa Overseas Yarn	Kgs.		
Electricity	Unit	—	4.77
Coal	Kgs.	—	—

For the above, there is no prescribed standard.

The variation in consumption of power and fuel from previous year is due to change of quality and process.

FORM-B

RESEARCH & DEVELOPMENT (R & D)

	TEA	TEXTILE
(1) Specific areas in which R & D carried out by the Company	The Division subscribes to Tea Research Association which is registered u/s 35(1) (ii) of the Income Tax Act, 1961.	<ul style="list-style-type: none"> (a) Optimisation of mechanical processing parameters for the manufacture of cotton yarn for export and blended yarn. (b) Installation of USER TESTER 4 for testing yarn and controlling the process parameters. (c) Installation of computerised monitoring system cascade to examine variability of yarn. (d) Installation of ring data monitoring system. (e) Optimisation of mechanical parameters for yarn and fabric. (f) Complying with statistical quality control methods in monitoring the quality of yarn. (g) Testing of effluent water and development of methods for treating effluent. (h) Cost reduction.
(2) Benefits derived as a result of the above R & D	The Division benefits from the suggestions received from the Association out of R & D activities.	<ul style="list-style-type: none"> (a) Improvement in quality of yarn and fabric quality to meet the requirement of highly competitive export market. (b) Proper selection of raw material and better process control. (c) Reduction in cost of production and improvement in machine efficiency. (d) The quality of the end product is of international standards. (e) Improvement in the parameters of treated effluent. (f) Production of yarn with low contamination level.
(3) Future plan of action	The Division wishes to continue the membership of Tea Research Association	<ul style="list-style-type: none"> (a) Planning to install machinery to increase cotton yarn production and further to improve quality of yarn. (b) Installation of warping and sizing machinery. (c) Implementation of energy savings measures i.e. replacement of spindles having bigger spindle wharve dia, replacement of old capacitors, old inefficient motors to be replaced by optimum size of motors. (d) Pollution control for better environment. (e) Installation of new machinery in blow room and Loepfe Barco cotton sorter.