

SIXTEENTH ANNUAL REPORT 2001-2002

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CENTRAL INDIA POLYESTERS LIMITED

(Formerly DCL Polyesters Limited)

**SIXTEENTH ANNUAL GENERAL MEETING**

Friday, the 16th day of August, 2002 at 10.30 a.m. at Hari Hara Kala Bhavan, MCH Complex, Sardar Patel Road, Secunderabad 500 003

BOARD OF DIRECTORS

I.F. Sheth	-	Chairman
U.P.S. Gill		
Vinay V. Kolte		
V.N. Nadkarni		
K.X.M. John	-	Nominee of IDBI

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COMPANY SECRETARY

G.B.B. Babuji

AUDITORS

Shah Baheti Chandak & Co.

BANKERS

State Bank of India

REGISTRARS & TRANSFER AGENT

Karvy Consultants Limited
 "Karvy House"
 46, Avenue 4
 Street No. 1
 Banjara Hills
 Hyderabad 500 034
 Tel No : 040-3320666/3320711
 Fax No : 040-3323058
 Website : www.karvy.com

REGISTERED OFFICE

"Karvy House"
 46, Avenue 4,
 Street No. 1
 Banjara Hills,
 Hyderabad 500 034

WORKS

Dahali
 Mouda Taluka
 Nagpur District
 Maharashtra State
 Pin 441 104

**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of CENTRAL INDIA POLYESTERS LIMITED will be held on Friday, the 16th day of August, 2002 at 10.30 a.m. at Hari Hara Kala Bhavan, MCH Complex, Sardar Patel Road, Secunderabad 500 003, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2002, the Audited Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Indubhai F. Sheth, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Shri V. N. Nadkarni, who retires by rotation and is eligible for reappointment.

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED that M/s. Shah Baheti Chandak & Co., Chartered Accountants, Nagpur, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration as may be agreed upon between the Board of Directors and the said M/s. Shah Baheti Chandak & Co."

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Vinay Vishnu Kolte, who was appointed as an additional director by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company subject to retirement by rotation."

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

"RESOLVED THAT in accordance with the provisions of Section 269 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions of the said Act (including any statutory modification(s) or re-enactment(s) thereof) the consent of the Company be and is hereby accorded to the appointment of Shri Vinay Vishnu Kolte, as 'Manager' of the Company within the meaning of the Companies Act, 1956, for a period of 5 years with effect from 1st February, 2002.

RESOLVED FURTHER THAT Shri Vinay Vishnu Kolte shall not receive any remuneration from the Company and that his appointment shall be on the terms and conditions as are set out in the agreement to be entered into between the

Company and Shri Vinay Vishnu Kolte, a draft whereof is placed before this meeting, which agreement is hereby specifically sanctioned with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement so as to be in conformity with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and/or any modifications that may hereafter be made thereto by the Central Government in that behalf from time to time and the Board of Directors be and is hereby specifically authorised to take such steps as may be necessary to give effect to this resolution."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the Articles of Association of the Company be and is hereby altered as under:

- (i) After the existing Article 136.2, the following new Article be inserted as Article 136.3

New Article 136.3

"The Board may, if the circumstances so require, meet by means of telephone, television or through any other audio-visual links. The provisions relating to notice, agenda, quorum and minutes stated hereinafter shall mutatis mutandis apply to the meetings held through such audio or audio-visual media."

- (ii) The existing Article 153 of the Articles of Association be and is hereby altered by deleting the same and substituting in its place and stead, the following as new Article 153:

New Article 153:

"Every deed or other instrument to which the Seal of the Company is required to be affixed shall be affixed in the presence of one Director or the Manager or the Secretary or such other person as the Board may appoint for the purpose, who shall sign every instrument to which the seal is to be affixed in his presence; Provided that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificate) Rules, 1960 or any statutory modification thereof for the time being in force."

By Order of the Board
For Central India Polyesters Limited

Mumbai,
Date: May 24, 2002

G B B Babuji
Company Secretary



NOTES :

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. Explanatory Statement setting out the material facts in respect of the Special Business under Item Nos.5 to 7 is annexed hereto.
3. All documents referred to in the accompanying Notice and Explanatory Statement including Articles of Association of the Company are open for inspection at its Registered Office during the office hours on all working days except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m., upto the date of the Annual General Meeting.
4. Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting.
5. The Register of Members and Share Transfer Books shall remain closed from Tuesday, the 13th August, 2002 to Friday, the 16th August, 2002 (both days inclusive).
6. Shareholders seeking any information with regard to accounts are requested to write to the Company at the earliest to keep the information ready.
7. Shareholders are requested to bring their copy of Annual Report to the meeting.
8. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
9. Appointment / Reappointment of Director:
 - a. Shri Indubhai F. Sheth, a Director and also the Chairman of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment. The information or details to be provided under the Corporate Governance code for the aforesaid director is as under:

Shri Indubhai F. Sheth is a Director of the Company since 18th September, 2000. He was appointed as the Chairman from 30th June, 2001. Shri Sheth is a senior business executive, having 40 years rich experience in varied areas of operations in the industry. He has attained expertise in locating the areas of weakness of sick industrial enterprises, planning and implementing tailor made revival and restructuring plans to suit the enterprise and achieving the objective of converting the sick units into viable and profitable entities.
 - b. Shri V. N. Nadkarni, a Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The information or details to be provided under the Corporate Governance code for the aforesaid Director is as under :-

Shri V. N. Nadkarni is a Director of the Company since 4th April, 1987. Shri Nadkarni is a financial consultant and senior banker, having over 40 years of rich experience in

finance and banking. He was the Chairman of the State Bank of India.

EXPLANATORY STATEMENT

The Explanatory Statement under Section 173 (2) of the Companies Act, 1956, for Item Nos.4 to 7 of the accompanying notice is as under:

Item No.4

Section 224A of the Companies Act 1956, inter alia, provides that in the case of a company in which not less than 25% of the subscribed share capital is held either singly or in any combination by Public Financial Institutions, Government Companies, etc., appointment or reappointment at each Annual General Meeting of an Auditor or Auditors shall be made by a Special Resolution. The subscribed share capital of the Company held collectively by Public Financial Institutions is more than 25% thereof. It is, therefore, necessary that the reappointment of Auditors be made by a Special Resolution.

The Directors commend the Special Resolution for approval of the members.

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

Item No.5

Shri Vinay Vishnu Kolte was appointed as an additional director of the Company by the Board of Directors of the Company on 1st February, 2002. Pursuant to Section 260 of the Companies Act, 1956, Shri Vinay Vishnu Kolte will hold office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri Vinay Vishnu Kolte for the office of Director of the Company pursuant to the provisions of Section 257 of the Companies Act, 1956.

Shri Vinay Vishnu Kolte is B.Tech in Chemical Engineering having 34 years' experience in Organic Chemicals, Petro Chemicals and Polyesters Industries in Process Plant Management and General Management. Keeping in view his vast knowledge and experience, it will be in the interest of the Company that Shri Vinay Vishnu Kolte is appointed as a Director of the Company.

The Directors commend the resolution set out in Item No.5 of the Notice, for approval of the members.

Save and except Shri Vinay Vishnu Kolte, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

Item No.6

The Board of Directors has, as its meeting held on 30th January 2002, also appointed Shri Vinay Vishnu Kolte as 'Manager' within the meaning of the Companies Act, 1956, for a period of five years with effect from 1st February, 2002. The draft Agreement to be entered into by the Company with Shri Vinay Vishnu Kolte in respect of his appointment for a period of five years, inter alia, states that:

1. Shri Vinay Vishnu Kolte shall not be entitled to any remuneration from the Company.
2. The terms and conditions for appointment may be altered and varied from time to time by the Board of Directors of the Company as it may, in its discretion, deem fit so as to be in



conformity with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), or any amendments made thereto.

The agreement may be terminated by either party giving to the other party three months' prior notice in writing.

The draft Agreement to be entered into between the Company and Shri Vinay Vishnu Kolte is available for inspection at the Registered Office of the Company during business hours on all working days excluding Saturdays and holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

The Directors commend the resolution, set out in Item No. 6 of the Notice, for approval of the members.

The above may also be treated as an abstract of the terms of contract/agreement between the Company and Shri Vinay Vishnu Kolte pursuant to Section 302 of the Companies Act, 1956.

Save and except Shri Vinay Vishnu Kolte, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

Item No.7

1. The Board of Directors of the Company has constituted several Committees of the Board. The Directors take active part in the deliberations. Some of these meetings are often held to transact items of business requiring speedy consideration by the Directors.

For attending to these meetings, it takes several hours for Directors to commute to and from the venue of the meeting and even greater time for Directors travelling to the venue of the meeting from outstations. With the advent of modern

technology, it appears that Directors are no longer required to be personally present in every meeting. The Board meetings or its Committees can now be held with the aid of telephone, multimedia computer and other telecommunication media. This will enable the Directors to conduct the business speedily, cost effectively, most efficiently and without loss of time. It is therefore proposed to insert Article 136.3 in the Articles of Association of the Company as set out in Item No.7(i) of the Notice to facilitate conduct of meetings through audio-visual media.

2. The existing Article 153 of the Articles of Association of the Company provide for affixing the Common Seal in the presence of any two Directors or one Director and the Secretary, if any, or one Director and some other person appointed by the Board for the purpose. It is proposed to amend the said Article 153 of the Articles of Association of the Company to provide for affixing the Common Seal of the Company in the presence of any one of the Directors or the Manager or the Secretary or some other person appointed by the Board for the purpose, for the sake of administrative convenience.

The Directors commend the Special Resolution set out in Item No.7 of the Notice for approval of the members

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

**By Order of the Board
For Central India Polyesters Limited**

Mumbai,
Date: May 24, 2002

**G B B Babuji
Company Secretary**



**DIRECTORS' REPORT**

Dear Shareholders,

Your directors have pleasure in presenting the Sixteenth Annual Reprt together with the Audited Statement of Accounts of the Company for the year ended 31st March 2002.

Financial Results

	(Rs. in lacs)	
	For the year ended 31 st March, 2002	For the year ended 31 st March, 2001
Gross Sales	28950.58	29909.98
Less: Excise Duty	6966.12	7165.79
Net Sales	21984.46	22744.19
Gross Profit/(Loss) before interest depreciation and write off	1416.26	(2185.61)
Less : Interest	208.15	984.50
Depreciation	1689.86	1685.88
Miscellaneous Expenditure written off	-	-
Net profit/(Loss) for the year	(481.76)	(4869.56)

Dividend

Your directors regret their inability to propose any dividend in view of the loss for the year under review.

Operations

During the year under review, the total production of polyester filament yarn was 33,250 MTs (previous year 33,472 MTs) and the sales of yarn was 32,412 MTs (previous year 32,746 MTs). The total production of draw texturised/twisted yarn was 2,209 MTs (previous year 5,990 MTs) and the sales was 2,346 MTs (previous year 6056 MTs). Gross value of sales for the year was Rs. 28950.58 lacs compared to Rs. 29,909.98 lacs for the previous year.

Financial Restructuring

Your directors are pleased to inform that the Scheme of Arrangement and Reconstruction pursuant to Section 391 of the Companies Act, 1956 (the Scheme), was sanctioned by the Hon'ble High Court of Judicature, Andhra Pradesh at Hyderabad, vide its Order dated 29th January, 2002 and pursuant to this Order the Scheme is effective from 1st April, 2001 (the Appointed Date).

Your Company has fully implemented the said Scheme.

Change of Name

Pursuant to the Special Resolution passed at the last Annual General Meeting of the Company, the Company has obtained a fresh Certificate of Incorporation dated 25th February, 2002, from the Registrar of Companies, Andhra Pradesh, Hyderabad, changing the name of the Company from DCL Polyesters Limited to Central India Polyesters Limited

Directors

Dr. Subhas Chandra Basu, Director and Manager of the Company has resigned and ceased to be a Director and Manager with effect from 1st February, 2002.

Shri Vinay V. Kolte was appointed as an Additional Director and as a Manager with effect from 1st February, 2002, pursuant to Section 269 of the Companies Act, 1956, subject to the approval of the shareholders.

Shri D.R. Mehta ceased to be a Director with effect from 14th February, 2002 consequent to the withdrawal of his nomination by ICICI Limited.

Your Directors place on record their deep appreciation of the valuable services rendered, advice and guidance provided by Dr. Subhas Chandra Basu and Shri D.R. Mehta during the tenure of their respective offices.

Shri Indubhai F. Sheth and Shri V. N. Nadkarni Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed.
- the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review.
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The directors have prepared the annual accounts on a going concern basis

Fixed Deposits

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

Insurance

All the properties of the Company including its buildings, plant and machinery and stocks have been adequately insured.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure I forming part of this report.

Environment

Your Company is glad to report that it continues to ensure that the air, water and other environmental standards are achieved as

**FORM - A****Annexure - I****Form of disclosure of particulars with respect to Conservation of Energy**

	Current Year (2001-02)	Previous Year (2000-01)
(A) POWER & FUEL CONSUMPTION :		
1. ELECTRICITY:		
(a) Purchased		
Units-Kwh	39536160	42834270
Total amount (Rs lacs)	1479.68	1734.51
Rate/Unit (Rs/Kwh)	3.74	4.05
(b) Own generation		
Through Diesel Generator		
Units- Kwh	20510	2416930
Units-Kwh per Ltr of diesel	2.99	4.14
Cost/Unit (Rs/Kwh)	5.49	2.75
2. COAL (FOR STEAM GENERATION) :		
Quantity (Mt)	7378.870	7329.000
Total Amount (Rs Lacs)	102.52	103.69
Average rate (Rs/ Mt)	1389	1415
3. FURNACE OIL :		
Quantity (Mt)	3091.682	3278.56
Total Amount (Rs Lacs)	316.96	389.57
Average rate (Rs/ Mt)	10252	11882
(B) CONSUMPTION PER UNIT OF PRODUCTION :		
Production - POY / Chips / FDY (MT)	42051	38306
Electricity (units/Mt)	823.82	870.50
Furnace Oil (Mt/Mt)	0.0735	0.0856
Coal (Mt/Mt)	0.1755	0.1913
Production- Processed Yarn	2209	5990
Electricity (Units/Mt)	2224.45	1987.62

FORM - B**Form for disclosure of particulars with respect to Technology Absorption****A. Research and Development:****1. Specific areas in which Research and Development was carried out by the Company :-**

- Extensive trials with different spin finish application system were taken to improve the yarn quality and runnability on downstream processing machines. Based on the trials, the spin finish application system found suitable was adopted for various products.
- New method of checking of on-line spin finish application uniformity introduced as process control checks for enhancing performance in downstream process.
- Extensive studies/trials were conducted on quenching system for better product uniformity. Based on the trials, changes were effected on all the spinning machines.
- Studies were conducted on draw winder for producing value added products (high tenacity yarns).

- Production of some new deniers has been started and added to the existing product range of POY.
- Extensive studies were conducted to improvise upon the packing system for POY bobbins. New packing type was introduced for better transportation of bobbins and for minimizing defects during transportation and enhancing product performance on downstream machines.

2. Benefits derived from successfully completed Research & Development projects:

- Increase in % 1st quality (by ~ 2.5%), increase in the yield achieved.
- Improvement in POY quality and runnability at high speeds in downstream process was established.
- The product uniformity and product performance has improved.
- Successful development of high tenacity yarns on draw winder.
- New products (Bright yarns, micro yarns) developed were found acceptable in the market.
- With the use of new packing the texturing performance of the product has improved.

3. Future Plan of Action:

- Conversion of three extruder spinning lines to direct spinning lines using in-house expertise. This is targeted to achieve better quality of POY, reduction in downgradation, reduction in cost of production and increase in production.
- Addition of four spinning machines to the existing CP for enhancing melt utilisation for yarn production.
- Further de-bottlenecking of CP plant for enhancing the capacity to 150 TPD from current level of 120 TPD capacity without affecting the product quality. The design CP capacity is 90 TPD.
- Production of coarse denier (530/72 single end) on 4 positions in one of the spinning lines for new applications other than apparel use.
- Production of mass coloured yarn on one of the spinning machines.
- EG re-cycling for better economy of the process.
- Trials for production of high performance POY on one spinning machine by physical modification of PET using loss-in-weight feeder.
- Development of fine micro deniers yarns.
- Specialty yarn production on Zinser such as NSY yarns, Grindle yarns etc.

4. Expenditure on Research and Development:

(a) Capital Expenditure	Nil
(b) Recurring Expenditure	-do-
(c) Percentage of Expenditure on turnover	-do-
(d) Expenditure on R&D	Rs.6.0 lacs.



per the prescribed norms. Annexure II to this report presents a summary of the standard achieved in relation to those prescribed.

Personnel and HRD

None of the employees of the Company are in receipt of the prescribed remuneration and as such the list of employees as required under Section 217 (2A) of the Companies Act, 1956, is not enclosed with this report.

As a part of restructuring, the Company has suspended the operations of Texturising Unit at Mouda. Consequently a Voluntary Separation Scheme was introduced and all the 131 workers of this unit have opted for the same with effect from 15th June, 2001, entailing an additional cost of Rs.290.63 lacs.

The employee relations continued to be cordial during the year under review.

Auditors & Auditors' Report

M/s. Shah Baheti Chandak & Co., Chartered Accountants, Nagpur, the Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a consent letter from them to the effect that their appointment, if made,

would be within the prescribed limit under Section 224 (1B) of the Companies Act, 1956. The Notes to Accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

Compliance Certificate

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

Acknowledgements

Your directors place on record their appreciation of the assistance and support extended by all Financial Institutions, Banks, Government Authorities and Shareholders. Your directors express their appreciation for the dedicated and sincere services rendered by all the employees of the Company.

For and on behalf of the Board

Mumbai,
Date : May 24, 2002

Indubhai F. Sheth
Chairman

ANNEXURE TO DIRECTORS' REPORT

Annexure – I

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

A) Conservation of Energy

(i) Energy conservation measures taken during 2000-01

S.No.	Details	Savings Rs./Yr.
1	Water audit was carried out and consumption was reduced by approx. 250 m3 per day by taking corrective measures.	Rs.16 Lacs.
2	Power factor was maintained at 0.98 and incentive of 3% was obtained from MSEB on energy bill.	Rs.32 Lacs
3	Nitrogen Consumption reduced by 50 CU.M/Day by taking effective measures in the plant.	Rs. 4 Lacs
4	Fuel additives trial was taken for furnace oil to reduce the consumption of FO.	Rs. 1 Lacs

(ii) Additional investments and proposals for reduction in consumption of energy

S.No.	Details	Savings rs./yr.
1	Installation of new 700 TR VAC to reduce energy by approx. Rs.1.0 per TR.	Rs.33 Lacs
2	New Booster air compressor installation For Line-10 & 12 reduction of overall air pressure by 1.0 kg/cm2 and separate air compressor for Nitrogen-Plant.	Rs.2 Lacs
3	FRP fan blades for Air-Washer return air fan to reduce energy consumption.	Rs.5 Lacs
4	Stoppage of Nitrogen plant intermittently in view of reduction in Nitrogen consumption in the plant thereby reducing air consumption.	Rs.9 Lacs

5	Running Process Cooling Water pump on Inverter.	Rs. 13 Lacs
6	Reduction in water consumption by recycling approx. 100 m3 of effluent water per day.	Rs. 5 Lacs
7	Installation of energy efficient Centrifugal compressor in place of Reciprocating compressor.	Rs. 60 Lacs
8	Improvement of Power Factor from 0.98 to 0.99	Rs. 20 Lacs
9	Changing APH with modified design to reduce Fuel consumption.	Rs. 9 Lacs
10	Conversion of Extruder Spinning Lines 10,11 and 12 to Direct Melt Spinning.	Rs.200 Lacs

(iii) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods:

The measures taken in (a) above resulted in a saving of Rs.53 lacs, and the measures taken in (b) above resulted in a saving of Rs.356 lacs.

B. Foreign Exchange Earnings and Outgo:

(i) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services, and export plans:

Company's exports during the year 2001-2002 are Nil..

(ii) Total foreign exchange used and earned:

	Rs. In lacs
Total foreign exchange used (including cost of stores, spare parts)	531.44
Total foreign exchange earned (FOB value of exports)	Nil

**B. Technology Absorption, Adaptation and Innovations:****1. Efforts made towards technology absorption, adaptation and innovation:**

The Company has continuous interaction with the collaborators as well as main spinning equipment suppliers.

2. Benefits derived as a result of the above efforts:

The Company has been able to increase productivity, increase first quality production and reduce waste generation.

3. Information relating to the technology imported during the last 5 years:

The Company has obtained process know how/ technology from Inventa Fischer AG, Switzerland and Barmag for the manufacture of POY and related specialties.

For and on behalf of the Board

Mumbai,
Date: May 24, 2002

Indubhai F. Sheth
Chairman

ANNEXURE-II**INFORMATION ON POLLUTION CONTROL MEASURES FORMING PART OF DIRECTORS' REPORT**

	MPCB Norms	Compliance/ Achievement
A AIR POLLUTION		
1. SPM(mg/cum)	Not More than 150	20-100
2. SO ₂	Not More than 450	120-280
3. Coal Fired Boiler	Dust Collector to be installed	Bag filter installed
B DISCHARGE OF LAND		
1. Ph	Between 5.5-9.0	7.5-8.5
2. BOD 5 days(mg/l)	Not to exceed 30	20-29
3. Suspended Solids(mg/l)	Not to exceed 100	30-90
4. COD(mg/l)	Not to exceed 250	100-247
5. DO(mg/l)	Not less than 5	5
6. Oil & Grease (mg/l)	Not to exceed 10	Traces
7. TDS(mg/l)	Not to exceed 2100	300-600
8. PO ₄ (mg/l)	Not to exceed 5	Traces
9. SO ₄ (mg/l)	Not to exceed 1000	40-60
10. Chlorides(mg/l)	Not to exceed 600	30-80

For and on behalf of the Board

Mumbai,
Date: May 24, 2002

Indubhai F. Sheth
Chairman

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Central India Polyesters Ltd.
HYDERABAD.

We have examined the compliance of the condition of Corporate Governance by Central India Polyesters Ltd., for the year ended on 31st March 2002, as stipulated in clause 49 of the Listing Agreement of the same Company with the Stock Exchanges.

The compliance of the condition of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the condition of Corporate Governance. It is neither an audit nor an expression opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, and representations made by the Directors and the management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the clause 49 of the abovementioned Listing Agreement w.e.f. 30.06.2001.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that as on 31st March 2002 there were no investor grievances remaining unattended/ pending for a period exceeding one month against the company as per the records maintained by the Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Shah Beheti Chandak & Co.
Chartered Accountants

Nagpur,
Date : May 27, 2002

Manoj Agrawal
Partner