



**QUALITY driven!**



**Annual Report**

**2009-2010**

**CENTURY ENKA LIMITED**



**Mr. B.K. Birla - Chairman**



**B K BIRLA GROUP OF COMPANIES**

*The Group Logo - As represented by the 21st Century Atlas*

**Atlas, the Titan - Collective Strength**

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolise the Group's own collective strength. It reflects the combined qualities of astute and dynamic management, while emphasising the Group's tenacity, consistency, reliability and overall leadership.

**The Sun - Enlightenment and Growth**

The Sun, as a source of infinite energy and inspiration, is used here in conjunction with the Atlas head to represent the vitality and powerful presence of the Group - both in its industrial prowess and its financial, technological and intellectual skills.

**The Earth Segments - Diversified Activities**

Each of the latitudes around the Titan represent various sections - industrial, agricultural, financial and other activities of the Group. As with the infinite variety of the world, so is the strength of the Group, made up of its diverse activities.

**The Globe - Global Vision**

The Group's global presence and vision is reflected in the entirety of the Earth's sphere.

**The Base - Solid Foundations**

The strength of the entire edifice depends upon the strength of the foundation embedded in the bedrock, represented here by the Group Name.

**The Symmetry - The Resilience, Versatility and Stability**

Seen in its entirety, each of the elements - Atlas, the Sun, the Earth divisions, the Globe and the Base, together sum up a well conceptualised and balanced conglomerate.

*Strong Foundation*

*Sustained Growth*

*Proven Leadership*



## Forty Fourth Annual Report 2009-10

### CENTURY ENKA LIMITED

#### BOARD OF DIRECTORS

Mr. B. K. Birla (Chairman)  
 Mr. R. A. Shah  
 Mr. B. S. Mehta  
 Mr. V. Dixit (upto 14.10.2009)  
 Mr. S. K. Jain (w.e.f. 11.11.2009)  
 Mr. G. M. Singhvi (Whole-time Director)

#### SECRETARY

Mr. C. B. Gagrani

#### AUDITORS

Messrs. Price Waterhouse

#### SOLICITORS

Messrs. Crawford Bayley & Co.

#### BANKERS

Bank of Maharashtra  
 State Bank of India  
 Axis Bank

HDFC Bank  
 The Royal Bank of Scotland N.V.

#### REGISTERED OFFICE

Birla Building, 7<sup>th</sup> Floor  
 9/1, R. N. Mukherjee Road,  
 Kolkata-700 001  
 Tel. No. 033-2243 6003  
 Fax No. 033-2243 6005

#### HEAD OFFICE

'Bakhtawar', 7<sup>th</sup> Floor  
 Nariman Point  
 Mumbai-400 021  
 Tel. No. 022-4321 5300 / 2202 7375  
 Fax No. 022-4321 5353 / 2287 3952

#### FACTORIES

Bhosari, Pune-411 026  
 Tel. No. 020-66127300/27120423  
 Fax No. 020-27120113

Rajashree Polyfil  
 Rajashree Nagar, Post: Umalla-393120, Dist.: Bharuch  
 Tel. No. 02640-308555  
 Fax No. 02640-308510

Raigad Processors  
 Plot No. C-61, Part-A, MIDC Area,  
 Mahad-402 309, Dist.: Raigad  
 Tel. No. 02145-232136  
 Fax No. 02145-232142

Konkan Synthetic Fibres  
 Plot No. C-61, Part-B, MIDC Area  
 Mahad-402 309, Dist.: Raigad  
 Tel. No. 02145-232138  
 Fax No. 02145-232360

#### SHARE TRANSFER AGENT

##### LINK INTIME INDIA PRIVATE LIMITED

(Formerly Intime Spectrum Registry Limited)

C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai-400 078  
 Tel. No.: 022-2594 6970; Fax No.: 022-2594 6969

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## NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 44th Annual General Meeting of the Shareholders of CENTURY ENKA LIMITED will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017 on Friday, the 2nd July, 2010 at 10.30 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To consider the Report of the Auditors and Directors and to receive, consider and adopt the Audited Statements of Accounts for the year ended 31st March, 2010.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. B.K. Birla who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification the following resolution:

#### AS ORDINARY RESOLUTION

"RESOLVED THAT Mr. S.K. Jain be and is hereby appointed as a Director of the Company, liable to retire by rotation."

### SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification the following resolution:

#### AS ORDINARY RESOLUTION

"RESOLVED THAT resolution passed in the 41st Annual General Meeting of the Company held on 27th June, 2007 approving the appointment and remuneration of Mr. G. M. Singhvi, the Whole-time Director of the Company and partial modification made in the remuneration therein by the resolution passed in the 42nd Annual General Meeting held on 28th June, 2008 be and is hereby further modified the remuneration as follows, subject to provisions of sections 198, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956:-

In the paragraph for overall limits of basic salary and allowances under the head "(A) Salary", the total basic salary be enhanced from Rs.2,00,000/- per month to Rs.2,20,000/- per month and total entertainment allowance from Rs.1,00,000/- per month to Rs.1,35,000/- per month."

"RESOLVED FURTHER THAT other components of remuneration viz., house rent allowance at the rate of 50% of basic salary, perquisites and other benefits and amenities payable/provided to him and as approved by the members at the Annual General Meeting held on 27th June, 2007 and as amended in the Annual General Meeting held on 28th June, 2008 remained the same".

7. To consider and, if thought fit, to pass with or without modification the following resolution:

### AS ORDINARY RESOLUTION

"RESOLVED THAT pursuant to Articles 125 and 126 of the Articles of Association of the Company and provisions of Sections 198, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the Company hereby approves the reappointment of Mr. G.M. Singhvi as Whole-time Director of the Company for a period of 3 (three) years with effect from 16th May, 2010 upon the terms and subject to the conditions as set out hereunder, with further liberty to the Board of Directors to alter and vary the said terms and conditions from time to time, in such manner as may be agreed upon between the Board of Directors and Mr. G.M. Singhvi in the best interests of the Company but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time:

#### (a) Salary:

- (i) Basic Salary: Rs. 2,20,000/- per month,
- (ii) Entertainment Allowance: Rs. 1,35,000/- per month,

with the authority to the Board of Directors/ Chairman of the Board of Directors to grant such annual increments in basic salary (total basic salary not exceeding Rs. 3,00,000/- per month) and entertainment allowance (total entertainment allowance not exceeding Rs. 2,50,000/- per month) from time to time as it may deem appropriate.

- (iii) House Rent Allowance @ 50% of Basic Salary.

#### (b) Perquisites / Amenities:

- (i) Expenses on electricity and water will be borne / reimbursed by the Company.
- (ii) Leave travel and medical expenses/allowances as per the Rules of the Company.
- (iii) Leave on full pay and allowances as per the Rules of the Company.
- (iv) Fees of the clubs subject to maximum of two clubs. This will not include admission or life membership fees.
- (v) Personal Accident Insurance as per the Company's Policy as applicable to Senior Executives of the Company.
- (vi) Company's contribution towards Provident Fund (12%) and Superannuation Fund (15%) as per the Rules applicable to Senior Executives of the Company.
- (vii) Gratuity as per the Rules/Policies of the Company.
- (viii) Ex-gratia as per the Rules/Policies of the Company not exceeding 15% of basic salary.
- (ix) Performance Allowance as may be approved by the Board of Directors/Chairman of the Board of Directors not exceeding 50% of basic Salary.



- (x) A chauffeur driven car provided and maintained by the Company for use on Company's business and personal use.
- (xi) Telephone, telefax and other communication facilities at residence as applicable to Senior Executives of the Company."

Provided that where, in any financial year, the Company has no profit or its profits are inadequate, the Company shall pay the above salary and allowances and provide the perquisites as aforesaid to the Wholtime Director as and by way of minimum remuneration subject to the applicable provisions of Schedule XIII of the said Act and the approval of the Central Government, as may be required.

"RESOLVED FURTHER THAT Mr. G. M. Singhvi shall have the powers and authorities to manage the affairs of the Company on a day-to-day basis subject to the superintendence, direction and control of the Board of Directors."

"RESOLVED FURTHER THAT the aforesaid appointment may be terminated by either party giving to the other three months notice in writing."

By Order of the Board

**C. B. GAGRANI**

Secretary

Place : Mumbai

Date : May 24, 2010

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Register of the Company will remain closed from Friday, the 18th June, 2010 to Monday, the 28th June, 2010, both days inclusive on account of Annual General Meeting and Dividend payment.
3. The payment of dividend, if declared at the said meeting, will be made to those shareholders whose names shall appear on the Company's Register of Members on 28<sup>th</sup> June, 2010 or to their nominees. In respect of shareholding in dematerialised form, dividend will be paid to the beneficial owners as per details to be furnished by the Depositories for the purpose. Dividend Warrants will be despatched or credit will be given under National Electronic Clearing Services (NECS) / Electronic Clearing Services (ECS) as the case may be on or after 6<sup>th</sup> July, 2010.
4. SEBI vide its Letter No. SMDRP/NSDL/3254/00 dated 18.02.2000 issued a directive that shares issued by the companies should be pari-passu in all respect including dividend entitlement. Consequently, NSDL has also issued circular No. NSDL/SG/005/2000 dated 03.03.2000 making reference to the said directive of SEBI that shares issued by Companies should be pari-passu in all respects and that single ISIN will be allotted. In view of meeting the compliance of the said directive of SEBI and NSDL circular, equity shares allotted on conversion of preferential warrants on 27th January, 2010 and 3rd May, 2010 are entitled for dividend at the rate of Rs. 6/- per share for the year ended 31<sup>st</sup> March, 2010.
5. Members desirous of getting any information about the accounts and operations of the Company are requested to address their query to the Secretary at the Registered Office well in advance so that the same may reach him at least 10 days before the date of the meeting to enable the Management to keep the required information readily available at the meeting.

6. (i) The unclaimed dividend upto financial years 1994-95 have been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those shareholders who have so far not claimed their dividend for the financial years upto 1994-95 may claim their dividend from the Registrar of Companies, West Bengal by submitting an application in the prescribed form.
- (ii) Those members who have not encashed dividend warrant for the financial years 2002-03 to 2008-09 may return the time barred dividend warrant or write to the Company's Share Transfer Agent, M/s. Link Intime India Private Limited (formerly: Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078 for issue of duplicate dividend warrant.
- (iii) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year 2002-03 and thereafter which remain unclaimed for a period of 7 (seven) years will be transferred to the Investor Education and Protection Fund (the Fund) constituted by the Central Government under Section 205C of the Companies Act, 1956. **Unclaimed Equity Dividend for the financial year 2002-03 will fall due for transfer to the said Fund on 31<sup>st</sup> July, 2010.**

As regards unclaimed dividend for the financial years 1995-96 to 2001-02, the same have already been transferred to the said Fund.

**It may kindly be noted that once the unclaimed dividend is transferred to the abovesaid Fund of the Central Government, no claim shall lie in respect thereof.**

7. Dividend in respect of shares held in dematerialised form shall be credited to the beneficial owner's bank account directly through NECS / ECS wherever NECS / ECS facility is available subject to availability of bank account details / core banking account number and 9 digits code number. In case the said details have not been provided to the concerned Depository Participant or there is any change, the same may please be intimated to the concerned Depository Participant immediately.





Shareholders holding shares in physical form and desirous of availing NECS / ECS facility, should provide the bank details / core banking account number and 9 digits code number in NECS / ECS Mandate Proforma. Shareholders who have already given their Bank details to avail NECS / ECS facility should furnish the same only if there is any change.

The NECS / ECS Mandate Proforma can be obtained from the Company's Share Transfer Agent, M/s. Link Intime India Private Limited at the address mentioned hereinbelow in Note 8 or can be downloaded from the Company's website [www.centuryenka.com](http://www.centuryenka.com).

8. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. The shareholders who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's **Share Transfer Agent, M/s. Link Intime India Private Limited (formerly: Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078** for nomination form quoting their folio number. Shareholders holding shares in dematerialised form, should write to their Depository Participant for the purpose.
9. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company's Share Transfer Agent at the address mentioned hereinabove in Note 8 to consolidate their holding in one folio.
10. Members who are holding shares in physical form are requested to notify change in address, if any, to the Company's Share Transfer Agent at the address mentioned hereinabove in Note 8 quoting their folio number. Shareholders holding shares in dematerialised form, should intimate change of their address, if any, to their Depository Participant.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No.5

Mr. S. K. Jain has been appointed as a Director of your Company on 11<sup>th</sup> November, 2009 to fill up the casual vacancy caused by the death of Mr. V. Dixit.

Notice along with deposit of Rs.500/- has been received under Section 257 of the Companies Act, 1956 from a member of the Company signifying the intention to propose Mr. S. K. Jain as a candidate for the office of the Director of the Company, liable to retire by rotation.

Mr. S. K. Jain is a leading advocate, practising at Pune and Mumbai and have rich experience in the field of civil, criminal and commercial laws.

The Board, therefore, commend this item of the accompanying notice for approval of the shareholders.

None of the Directors, except Mr. S. K. Jain is interested or concerned with this resolution.

#### Item No. 6 and 7

Mr. G. M. Singhvi was appointed as Whole-time Director of

the Company for a period of three years with effect from 16<sup>th</sup> May, 2007 and his appointment was also approved by the shareholders in the 41<sup>st</sup> Annual General Meeting held on 27<sup>th</sup> June, 2007 and his remuneration was partially modified by the Shareholders in the 42<sup>nd</sup> Annual General Meeting held on 28<sup>th</sup> June, 2008.

The shareholders while approving payment of remuneration to Mr. G. M. Singhvi also authorised the Board/Chairman of the Board of Directors to give annual increments in his remuneration from time to time upto the limits set out in the said resolutions.

The remuneration of Mr. G. M. Singhvi was revised from time to time by the Board of Directors with the result the limit of the basic salary and entertainment allowance fixed in the aforesaid resolutions have been exhausted. Like other Senior Executives of the Company, the Board of Directors, subject to approval of shareholders for enhancing the overall limit of basic salary and entertainment allowance has given an annual increment to Mr. G. M. Singhvi with effect from 1<sup>st</sup> January, 2010 where basic salary has been increased from Rs. 2,00,000/- per month to Rs. 2,20,000/- per month and entertainment allowance from Rs. 1,00,000/- per month to Rs. 1,35,000/- per month. Other components of remuneration viz., House Rent Allowance at the rate of 50% of basic salary, perquisites and other benefits and amenities remained the same as provided in aforesaid resolutions.

Accordingly, the resolution in item no. 6 of the notice for enhancing the overall limit of basic salary from Rs. 2,00,000/- per month to Rs. 2,20,000/- per month and entertainment allowance from Rs. 1,00,000/- per month to Rs. 1,35,000/- per month as set out in resolution is being proposed for consideration of the shareholders.

With reference to resolution in item no. 7 of the notice, Mr. G. M. Singhvi is reappointed as Whole-time Director w.e.f. 16<sup>th</sup> May, 2010 by the Board of Directors in its meeting held on 3<sup>rd</sup> May, 2010 subject to the approval of the shareholders of the Company in the ensuing Annual General Meeting.

Mr. G. M. Singhvi's experience and performance eminently qualifies him for reappointment as a Whole-time Director who will have the powers and authorities to manage the affairs of the Company on a day-to-day basis subject to superintendence, direction and control of the Board of Directors.

Accordingly, the resolution in item no. 7 of the notice, for approving the reappointment of Mr. G. M. Singhvi as a Whole-time Director of the Company upon the terms and conditions as set out in the resolution, is being proposed for consideration of the shareholders. The said terms and conditions may be altered/changed by the Board of Directors in conformity with the Companies Act, 1956 or any amendments thereto.

The above along with this explanatory statement together with the accompanied notice be treated as an abstract as required under Section 302 of the Companies Act, 1956 to be circulated to the members for the item nos. 6 and 7.

The Board, therefore, commend item nos. 6 and 7 of the accompanying notice for approval of the shareholders.

None of the Directors, except Mr. G. M. Singhvi, is interested or concerned with these resolutions.



## DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

Dear Shareholders

We have great pleasure in presenting the 44<sup>th</sup> Annual Report and Audited Statements of Accounts of the Company for the year ended 31st March, 2010. The performance has improved significantly. The revival of demand in Nylon Tyre Cord Fabrics (NTCF) and the efforts made by your Company in improving efficiencies in all areas of operations including working capital management resulting in lower interest cost and foreign currency risk management, have contributed greatly towards the improved performance. We trust you will be quite satisfied with the performance of your Company.

### FINANCIAL RESULTS

	Rs. / Crores	
	This Year	Previous Year
<b>Sales/Income from Operations (Less Excise Duty)</b>	<b>1,230.87</b>	1,162.33
<b>Profit before Depreciation, Interest, Exceptional Items and Tax</b>	<b>224.37</b>	109.00
<i>Add/(Less):</i>		
Depreciation	(61.06)	(59.10)
Interest (Net)	(7.41)	(23.82)
Taxation (Net)	(52.38)	(5.96)
Voluntary Retirement compensation	(3.36)	(3.50)
<b>Net Profit</b>	<b>100.16</b>	16.62
<i>Add: Balance brought forward from previous year</i>	<b>116.29</b>	113.10
<b>Profit available for appropriation</b>	<b>216.45</b>	129.72
<i>Less: Dividend</i>	<b>13.11</b>	10.03
Tax on Dividend	2.18	1.70
General Reserve	15.00	1.70
<b>Balance carried forward to next year</b>	<b>186.16</b>	116.29

### DIVIDEND

We recommend a dividend on 2,18,50,589 fully paid equity shares of Rs.10/- each (including 8,00,000 equity shares allotted on 27th January, 2010 and 10,00,000 equity shares allotted on 3rd May, 2010 on conversion of equal number of preferential warrants) at the rate of Rs. 6/- (Rupees six) per equity share for the year ended 31st March, 2010 (previous year Rs. 5/- (Rupees five) per equity share on 2,00,50,589 equity shares).

### COURSE OF BUSINESS AND OUTLOOK

As required under Corporate Governance, the Management's Discussion and Analysis Report which is forming a part of this report is a reflection of the current state of business. It also deals with opportunities and threats faced by your Company and the future outlook.

The main raw material of the Company are crude oil derivatives. The fluctuation in their prices are not in line with the movement in crude oil prices. The volatility and high raw material prices may affect margins of the Company.

The mid-term outlook is fairly good and the long term outlook remains positive as the Indian economy is growing steadily.

### ISSUE OF PREFERENTIAL WARRANTS TO PROMOTERS

Pursuant to Special Resolution passed by the shareholders by Postal Ballot and the result of which was announced on 9th December, 2009, your Company has allotted 18,00,000 preferential warrants to promoters of the Company viz. Century Textiles and Industries Limited and TGS Investment and Trade Pvt. Ltd. on 17th December, 2009 at a price of Rs. 189.16 per warrant in compliance with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations) entitling the holder one equity share of Rs. 10/- each face value on conversion of each preferential warrant. Your Company received Rs. 8.51 crores from the promoters on 17th December, 2009 towards 25% upfront of warrant amount on allotment of warrants. The promoters have exercised their rights by converting 8,00,000 preferential warrants on 27th January, 2010 and 10,00,000 preferential warrants on 3rd May, 2010 into equal number of equity shares and paid Rs. 11.35 crores and Rs. 14.19 crores being the balance 75% of the warrant amount on the respective conversion dates.

### EXPANSION AND MODERNISATION

Your Company has undertaken expansion of Nylon Tyre Cord Fabric (NTCF) capacity by 7,500 tons per annum including NTCF dipping at Bharuch and Nylon Polymerisation capacity of 21,000 tons per annum at Mahad. In addition to this it has decided to modernise some of its old machineries at Pune and Mahad and also to add some new equipment to enhance value chain of its existing products. The orders for critical equipment for NTCF expansion have already been placed. Expansion of NTCF and dipping facilities are likely to be completed in the fourth quarter of the financial year 2010-11.

Your Company has also decided to install 6.6 MW gas based power generating set at Pune and 3.3 MW LNG based power generating set at Bharuch. The power generating sets are expected to be commissioned in the fourth quarter of the financial year 2010-11.

The total capital expenditure on above will involve about Rs.350 crores (Rupees three hundred and fifty crores).

### HUMAN RESOURCE DEVELOPMENT AND ENVIRONMENT

The report on Management's Discussion and Analysis



includes its observations on human relations, approach to human resource development, safety, health and environment.

Your Company in pursuit of human development, continuously impart training to its employees culminating in functional as well as behavioural competency and create an healthy environment for work place and performance.

The Directors place on record their appreciation for workmen, staff and management in bringing improvement at all levels in factories and offices of the Company and effective response to changing environment.

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

Energy conservation measures, progress made in technology absorption and foreign exchange earnings and outgo, as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in a separate statement attached hereto and forming part of the report.

### **CORPORATE GOVERNANCE**

Your Company reaffirm its commitment to Corporate Governance and is fully compliant with the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with Stock Exchanges. A separate section on compliance with the conditions of Corporate Governance and a Certificate from the firm of practising Company Secretaries dated 3rd May, 2010 in this regard is annexed hereto and forms a part of the Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 and on the basis of explanation and compliance certificate given by the executives of the Company, and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the directors had prepared the annual accounts on a going concern basis.

### **DIRECTORS**

Your Directors inform with grief the sad demise of Mr. V. Dixit on 14th October, 2009 who had been associated with your Company as Director since 26th June, 1990. He was very valuable provider of matured advice. Your Directors place on record their appreciation for the valuable services rendered by Mr. V. Dixit.

Mr. S. K. Jain has been appointed as a Director of the Company w.e.f. 11th November, 2009 to fill up the casual vacancy caused by the death of Mr. V. Dixit. Mr. S. K. Jain will hold office upto the date of the ensuing AGM in which Mr. V. Dixit would have retired by rotation had he not died.

Notice has been received under Section 257 of the Companies Act, 1956 from a Member of the Company signifying Mr. S. K. Jain, who has filled the casual vacancy caused by the death of Mr. V. Dixit as a candidate for the office of the Director.

Mr. G. M. Singhvi, Whole-time Director of your Company whose tenure of 3 years comes to an end on 15th May, 2010 has been reappointed by the Board of Directors in its Meeting on 3rd May, 2010 for a period of 3 years, commencing from 16th May, 2010 subject to approval of the shareholders of the Company at the forthcoming Annual General Meeting.

In accordance with Articles of Association of the Company, Mr. B.K. Birla, Director of the Company will retire by rotation and being eligible, offer himself for reappointment.

### **AUDITORS**

Messrs. Price Waterhouse, the Auditors of the Company will retire from the office of the Auditors and being eligible offer themselves for reappointment. Their remuneration for the current year is to be fixed by you.

### **COST AUDITORS**

The Cost Accounts Records maintained by your Company for both the products – Polyester and Nylon are subject to yearly audit by qualified Cost Auditors. Your Company has appointed M/s. N.I. Mehta & Co., a firm of Cost Auditors for conducting the audit of such records for the financial year 2009-10.

### **PARTICULARS OF EMPLOYEES**

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company. Any member, who is interested in obtaining such particulars about employees may write to the Company Secretary at Registered Office of the Company.

For and on behalf of the Board of Directors

**R. A. Shah**  
**G. M. Singhvi**  
Directors

Place : Mumbai  
Date : May 03, 2010





## ANNEXURE TO THE DIRECTORS' REPORT

(Additional information given in terms of Notification 1029 of 31.12.1988 issued by the Department of Company affairs)

### (A) CONSERVATION OF ENERGY

The Company continuously pursue the process of energy conservation through improved operational and maintenance practices :

#### a) Energy Conservation measures taken :

1. Optimisation in compressed air consumption and pressure in spinning / winding and draw warper machines.
2. Recycling of tertiary treated water in place of raw water.
3. Partitions in various areas to reduce air conditioning load.
4. Optimisation of air handling units and ducting to reduce air flow and cooling load.
5. Optimisation of vacuum system in spinning / winding machines.
6. Bypassing of feed roll drive on draw winders and texturising machines.
7. Stoppage of one cooling tower pump by optimising cooling water consumption.
8. New centrifugal compressor in place of existing reciprocating compressors.
9. Replacement of rewound motors by energy efficient motors.

#### b) Additional Investment and Proposals, if any, being implemented for conservation of Energy.

1. Optimisation of compressors for low pressure applications.
2. Replacement of existing chillers with energy efficient chillers
3. Installation of vapor absorption chiller to recover process waste heat.
4. Use of vacuum pump in place of steam ejector in Dryer.

#### c) Impact of Measures at (a) and (b) above for reduction of energy consumption and on the cost of production of goods :

The above measures have resulted in reduction in consumption of electricity and fuel oils with consequent reduction in the cost of production .

#### d) Total energy consumption and energy consumption per unit of production as per prescribed Form - A given hereafter.

### (B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form - B

#### a) Research & Development (R & D)

#### (I) Specific areas in which R & D is carried out by the company :

1. Productivity enhancement of spinning machines and draw winder machines.
2. Development of new products.
3. Further development in indigenous spin finish to replace imported spin finish.
4. Installation of pearl mill to recycle residual titanium dioxide
5. Modifications in spin pack assembly to improve its performance
6. Modification in yarn path to improve spinning machine performance
7. Modifications in packing to improve quality.
8. Development of fully drawn yarn with alternate rout on POY Nylon Spinning machines
9. Modification of creel and tangling on draw warper to accommodate more ends.
10. Further development and indigenisation of spares through local vendors
11. Installation of creep speed logic on spinning machines to reduce waste.
12. Modifications in filters to replace old candle filter with disposable filter.

#### (II) Benefits derived as a result of the above R & D

1. Reduction in operating and maintenance cost.
2. Improvement in quality, customer satisfaction and enlargement of market base.
3. Better quality resulting greater customer satisfaction.

#### (III) Future Plan of Action

1. Productivity enhancement of spinning machines and draw winder machines.
2. Development of new products.

#### (IV) Expenditure on R & D

Rs. Crores

	2009-10	2008-09
1. Capital	(See Note Below)	
2. Recurring	1.05	1.37
3. Total	1.05	1.37
4. Total R & D expenditure as a Percentage of total turnover	0.09%	0.11%

Note: The Company has spent Rs.0.48 Crores (2009-10) & Rs. 1.94 Crores (2008-09) and shown as normal capital expenditure, although it is also used for R & D activities.



**b) Technology Absorption, Adaptation & Innovation**

**(i) Efforts in brief, made towards technology absorption, adaptation & innovation**

1. Adoption of technology for usage of bagasse briquette in oil fired heat transfer media.
2. Retrofitting to existing spinning winding and draw winder machines for productivity increase.

**(ii) Benefits derived as a result of above efforts**

1. Flexibility of fuel use in heat transfer media.
2. Improvement in capacity utilisation.

**(iii) Future Plan of Action**

1. Adoption of technology for air texturing process.

**(iv) Information regarding imported technology**

[Imported during the last 5 years (from the beginning of the financial year)]

1. Technology Imported : NIL
2. Year of Import :Not applicable
3. Has the technology been fully absorbed : Not applicable

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

The Company continuously explore export market for its various products, but have not been able to identify lucrative market so far. The realization in the domestic market is much more rewarding. However, in the process, the Company has supplied some of its products to 100% E.O.U units, which are considered as deemed exports.

2. Total foreign exchange used and earned is contained in Schedule I item 17(c),(d),(e) and (f) in notes on Accounts.

**(PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956)**

**FORM - A (SEE RULE 2)**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

<b>A. POWER AND FUEL CONSUMPTION</b>			<b>B. ENERGY CONSUMPTION PER UNIT OF PRODUCTION</b>		
	<b>Current Year 2009-10</b>	<b>Previous Year 2008-09</b>		<b>Current Year 2009-10</b>	<b>Previous Year 2008-09</b>
<b>1. ELECTRICITY</b>			<b>PRODUCTS (With Details) UNIT</b>		
(a) Purchased			<b>1. ELECTRICITY (Kwh/Ton of Product)</b>		
Units (KWH)	<b>61934866</b>	72034450	(a) Synthetic Textile Yarns	<b>1701</b>	1580
Total Amount (Rs. in Lacs)	<b>3488.85</b>	3560.56	(b) Industrial Yarn / Fabric	<b>3444</b>	3684
Rate per Unit (Rs.)	<b>5.63</b>	4.94	(c) Polyester Chips	<b>127</b>	114
(b) Own Generation			<b>2. Furnace Oil</b>		
Through diesel generators			(Kgs/Ton of Product - for Steam Generation)		
Units (KWH)	<b>136967127</b>	116162887	(a) Synthetic Textile Yarns	<b>45</b>	59
Units per Litre of fuel oil	<b>4.51</b>	4.35	(b) Industrial Yarn / Fabric	<b>99</b>	122
Cost per unit (Rs.)	<b>4.99</b>	5.28	(c) Polyester Chips	<b>52</b>	65
(c) F.O./L.D.O.			<b>3. Solid Biomass Briquettes</b>		
(For Own Generation)			(Kgs/Ton of Product - for Steam Generation)		
Quantity (Kgs)	<b>30400041</b>	26698994	(a) Synthetic Textile Yarns	<b>6</b>	14
Total Amount (Rs. in Lacs)	<b>6830.73</b>	6137.15	(b) Industrial Yarn / Fabric	<b>25</b>	68
Rate/Unit (Rs.)	<b>22.47</b>	22.99	(c) Polyester Chips	<b>7</b>	14
<b>2. FURNACE OIL/Solid Biomass Briquettes</b>			<b>4. Steam - Purchased</b>		
(a) F.O./L.D.O.			(Steam Tons / Ton of Product)		
(For Steam Generation)			(a) Synthetic Textile Yarns	<b>0.3</b>	-
Quantity (Kgs)	<b>5292673</b>	6700106	(b) Industrial Yarn / Fabric	<b>0.8</b>	-
Total Amount (Rs. in Lacs)	<b>1174.69</b>	1645.10	(c) Polyester Chips	<b>0.1</b>	-
Rate/Unit (Rs.)	<b>22.19</b>	24.55	<b>5. NITROGEN (NM<sup>3</sup> /Ton of Product)</b>		
(b) Solid Biomass Briquettes			(a) Synthetic Textile Yarns	<b>34</b>	31
(for Steam Gen.)			(b) Industrial Yarn / Fabric	<b>31</b>	40
Quantity (Kgs)	<b>1080310</b>	2598162	(c) Polyester Chips	<b>6</b>	6
Total Amount (Rs. in Lacs)	<b>41.08</b>	121.43			
Rate/Unit (Rs.)	<b>3.80</b>	4.67			
<b>STEAM (COST PER TON)</b>					
Units (TON)	<b>142166</b>	161794			
Units per Ton of fuel	<b>21.72</b>	24.15			
Cost per unit (Rs.)	<b>855</b>	1092			
<b>3. STEAM - Purchsed</b>					
Units (TON)	<b>37401</b>	-			
Cost per unit (Rs.)	<b>1236</b>	-			
<b>4. NITROGEN</b>					
Units (NM <sup>3</sup> )	<b>3302583</b>	3135169			
Total Amount (Rs. in Lacs)	<b>78.26</b>	78.57			
Cost per unit (Rs.)	<b>2.37</b>	2.51			

**Notes**

1. Furnace Oil consumption per Ton of Production is not comparable with previous year as company in the current year started purchase of steam from third party instead of using furnace oil for generation of steam.
2. Previous years figures have been regrouped and rearranged, wherever necessary.