





## Annexure to the Directors' Report

### STATEMENT CONTAINING INFORMATION AS PER SECTION 217 (2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997

Name, Designation/Nature of Duties, Remuneration Received (Rs.), Qualification, Experience (Years), Date of Commencement of Employment, Age (Years), Last Employment held.

(a) Employed throughout the year and were in receipt of remuneration for the year in aggregate of not less than Rs 3,00,000

\* K. Dev, Manager U/s. 269 of the Companies Act, 1956 and President, 621151, B. Tech. (Hons) (Chem. Engg.), 34, 7.4.1969, 58, Development Engineer, Delhi Cloth & General Mills Co. Ltd., - S. C. Malhotra, Senior Vice President (Technical), 535287, M. Tech. Text. Engg., 28, 2.5.1969, 53, Dept. Asst., The Century Spg & Mfg. Co. Ltd., - \* C. M. Beudeker, Vice President (Application Development & Marketing), 3631371, Chemical Textile Engineer, Bac. Economics, 38, 10.9.1994, 61, General Manager, Business Unit, Geosynthetics, Akzo Nobel, - V. K. Daga, Vice President (Purchase & Admn.), 483336, B.Sc., Engg., 33, 1.7.1968, 54, Mechanical Engineer, The Century Spg & Mfg. Co. Ltd., - G. D. Kheur, Vice President (Marketing - Textile Yarns), 517653, LTM., B. Text., D.I.M., 34, 7.4.1969, 58, Jr. Asst. Spg. Master, Rajesh Textile Mills Ltd., - Deep Chand, Vice President (Mahad Site), 476096, M.Sc. (Chem), 33, 10.4.1969, 59, Scientific Officer, Dept. of Atomic Energy, Govt. of India, - M. L. Bryani, Vice President (Finance), 436299, M.Com., F.C.A., 22, 18.5.1992, 46, Financial Controller, Ferro Alloys Corporation Ltd., - \* V. B. Lall, General Manager (Technical Marketing - Textile Yarn), 440559, B.Sc. (Hons), M.Sc., 35, 4.4.1969, 58, Sr. Chemist, Delhi Cloth & General Mills Co. Ltd., - A. B. Hajarnis, General Manager (Engineering and Plant Services), 401118, B.E. (Mech.), D.E.E., D.M.E., 28, 1.5.1969, 55, Inspection Supervisor, Helicopter Services Ltd., - N. A. Rao, General Manager (Production - Textile Yarn, Pune), 404929, B.Tech., D.I.I.T., 30, 2.5.1969, 55, Shift Incharge, The Century Spinning & Mfg. Co. Ltd., - R. Mishra, Senior Manager (Yarn Sales), 375953, B.Com., 28, 8.4.1970, 49, Cashier-cum-Accountant, Indra Investors Pvt. Ltd., - \* N. Vishwanath, Senior Manager (Electrical), 311433, B.E. (Elec.), A.N.S.I., 23, 12.12.1980, 48, Electrical Engineer, Nizam Sugar Factory, - \* S. S. Tipnis, General Manager (Industrial Yarns Plant), 315148, B.E. (Chem.), 15, 17.8.1981, 39, - S. L. Makhija, General Manager (Quality Assurance, Pune), 432897, M. Tech. Text. Engg., 28, 24.5.1983, 48, Dept. Asst. The Century Spg & Mfg. Co. Ltd., - P. S. Maan, General Manager (Personnel), 397554, B.A., M.S.W., 32, 7.4.1984, 58, Factory Manager, Oswal Steels, - \* N. Chandran, General Manager (Marketing - Industrial Yarn), 382466, M.Tech. (Fibre Sc. and Tech.), 27, 22.6.1985, 48, Deputy Suptd. Textiles, Baroda Rayon Corp. Ltd., - \* V. S. Laghate, General Manager (Strategic Planning), 428171, M.Sc., Post Graduate Diploma in Management, 21, 11.11.1985, 45, Business Dev. Officer, Cibatul Ltd., - \* C. B. Gagrani, Company Secretary, 321116, B.Com. L.L.B. (Gen.) A.C.A., A.C.S., 21, 1.4.1986, 46, Deputy Secretary & Financial Manager, Bagalkot Udyog Ltd., - \* M. N. S. Rao, General Manager, 366392, B.Sc., C.A., 15, 16.11.1987, 40, Morarji Goculdas Spg. & Wvg. Co. Ltd., - G. Ramesh, General Manager (Finance), 445652, B.Com., A.C.A., A.C.S., 22, 2.3.1990, 48, Controller of Finance, Tata Honeywell Ltd., - R. S. Dhand, Senior Manager (RSO - Surat), 342115, B.Com., 32, 1.6.1990, 54, Manager (Internal Audit), GTC Industries.

(b) Employed for part of the year and were in receipt of remuneration at the rate of not less than Rs 25000/- per month

- D. P. Dash, Vice President (HRD), 296523, B.A. (Hons), Post Graduate Hons. Diploma in Industrial Relations & Social Welfare, 24, 19.6.1995, 48, Vice President (Personnel & Administration), National Rayon Corporation Ltd.

#### NOTES :

1. Remuneration includes salaries, house rent, medical expenses reimbursed, leave travel assistance, Company's Contribution to Provident & Superannuation Funds and the monetary value of perquisites calculated in accordance with the provisions of the Income-tax Act, 1961 and the Rules made thereunder and excludes terminal payments and contribution to approved Gratuity Fund.
2. In the case of Mr. C. M. Beudeker, Vice President (Application Development & Marketing), the remuneration also includes Contribution to Insurance and Pension Funds remittable abroad and the Income-tax borne by the Company. [Also refer 4(b) below].
3. Nature of Employment — Non-Contractual, except in case of employees whose names are marked with asterisk.
4. Other Terms and Conditions :
  - (a) (i) One month/three months' notice on either side, (ii) Gratuity (\*\*), (iii) Personal/Group Accident Insurance (\*\*).  
\*\* As per Company's scheme.
  - (b) Other terms and conditions of the employment of Mr. C. M. Beudeker are as per the guidelines of the Government u/s 10(5B) of the Income-tax Act, 1961.
5. None of the above employees is a relative of any Director of the Company.

B. K. BIRLA  
PETER WACK  
H. G. HJETHER  
B. S. MEHTA  
V. DIXIT  
D. Y. GAITONDE  
N. D. SHAH

Directors

Mumbai, 5th May, 1997






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## Thirty-first Annual Report 1996-97

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# CENTURY ENKA LIMITED

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### BOARD OF DIRECTORS

Mr B K Birla  
 Mr Peter Wack  
 (Alternate : Mr F B Blaisse)  
 Dr H G Huether  
 (Alternate : Mr R A Shah)  
 Mr B S Mehta  
 Mr V Dixit  
 Mr D Y Gaitonde  
 Mr N D Shah  
 (Nominee of ICICI)

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### MANAGER OF THE COMPANY & PRESIDENT

Mr Krishen Dev

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### SECRETARY

Mr C B Gagrani

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### AUDITORS

Messrs Price Waterhouse

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### BANKERS

Bank of Maharashtra  
 Citibank N A  
 State Bank of India  
 ANZ Grindlays Bank p.l.c.  
 State Bank of Travancore

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### REGISTERED OFFICE

9, Waterloo Street  
 2nd Floor  
 Calcutta-700 069

### HEAD OFFICE

'Bakhtawar'  
 7th Floor  
 Nariman Point, Mumbai-400 021

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### FACTORIES

Bhosari, Pune-411 026      Mahad, Dist. Raigad-402 301

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## NOTICE

### TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirty-first Annual General Meeting of the Shareholders of CENTURY ENKA LIMITED will be held at Kala Kunj, 48, Shakespeare Sarani, Calcutta-700 017 on Thursday, the 26th June, 1997 at 10.00 A.M. to transact the following 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, 1997.
2. To declare final dividend on Equity Shares.
3. To appoint a Director in place of Mr. B S Mehta who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. V Dixit who retires by rotation but being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### AS SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 94 of the Companies Act, 1956 and other applicable provisions, if any, the existing Equity Shares of Rs. 100/- each in the Authorised, Issued, Subscribed and Paid up Equity Share Capital of the

Company be sub-divided into 10 Equity Shares of Rs. 10/- each and consequently Clause V of the Memorandum of Association and Article 3(a) of the Articles of Association of the Company be and are hereby amended as follows :

"28,00,000 (Twenty eight lacs) Equity Shares of Rs. 100/- (Rupees One hundred) each shall be substituted by 2,80,00,000 (Two crores eighty lacs) Equity Shares of Rs. 10/- (Rupees Ten) each."

"RESOLVED FURTHER THAT the shares resulting from sub-division be re-numbered accordingly."

"RESOLVED FURTHER THAT the aforesaid alterations may be made effective from such date as may be considered by the Board of Directors as practicable, in consultation with the Stock Exchanges, where the shares of the Company are listed."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as may be considered necessary expedient or proper, including cancellation of existing share certificates and issuance of new certificates in lieu of old certificates for the sub-divided Equity Shares of Rs. 10/- each to the holders of Equity Shares and to settle any question or difficulty that may arise in regard to the sub-division of shares as aforesaid."

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By Order of the Board

Mumbai  
Dated : 5th May, 1997

C. B. GAGRANI  
Secretary

### 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 of the Company will remain closed from Tuesday, the 17th June, 1997 to Thursday, the 26th June, 1997, both days inclusive.
3. The payment of final dividend on Equity Shares if declared at the said meeting will be made to those members whose names shall appear on the Company's Register of Members on 26th June, 1997, or to their nominees and Dividend Warrants will be despatched on or after the 26th June, 1997.
4. Those members who have so far not encashed their Final Dividend for the year ended 31st March, 1994 and Interim Dividend for the year ended 31st March, 1995 may claim or approach the Company for payment as the same will be transferred to the General Revenue Account of the Central Government on or before 9th August, 1997 and 8th January, 1998 respectively.

5. The unclaimed Final Dividend for the year ended 31st March, 1993 and Interim Dividend for the year ended 31st March, 1994 amounting to Rs. 1,75,024/- and Rs. 1,41,669/- respectively have already 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 or collected their dividend for the said financial years may claim their dividend from the Registrar of Companies, West Bengal by submitting an application in the prescribed form.
6. Members desirous of getting any information about the accounts and operation 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 atleast seven days before the date of the meeting to enable the management to keep the information required readily available at the meeting.
7. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company to consolidate their holding in one folio.
8. Members are requested to notify change in address, if any, immediately to the Company at its Registered Office quoting their folio numbers.
9. Those members who have so far not provided their Bank Account details are requested to inform their Bank Account Number, name of the Bank and Branch of Bank to the Company at its Registered Office quoting their folio no. to avoid the possibility of fraudulent encashment of dividend warrant.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

##### Item 6 :

The existing Equity Shares of the Company are of the face value of Rs. 100/- each. At present the face value of Equity Shares for getting listing at Stock Exchange is of Rs. 10/- each. The sub-division of Equity Shares will enable the Company to fall in line with prevailing situation. The sub-division of existing Rs. 100/- Equity Shares into face value of Rs. 10/- per Equity Share will also make it convenient the investors to get a fair view of the scrip with other listed scrips at Stock Exchange. Authority is sought to be given to the Board of Directors of the Company to issue fresh Share Certificates of the face value of Rs. 10/- each to the Members of the Company in exchange of the existing share certificates of Rs. 100/- each which would stand cancelled. This will be effected after all the legal procedural formalities are completed.

Consequent to the sub-division of Equity Shares of the Company, it is necessary to alter Clause V of the Memorandum of Association and Article 3(a) of the Articles of Association of the Company and this is sought to be brought about by passing the Special Resolution mentioned under Item 6 and accordingly the Directors recommend the Resolution for your approval.

The Directors may be deemed to be interested in the Resolution to the extent of shares held by them in the Company.

A Copy of the Memorandum and Articles of Association of the Company will be available for inspection at the Registered Office of the Company during working hours on all working days upto the date of the Annual General Meeting.



## DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 1997

Dear Shareholders,

We have pleasure in presenting the Annual Report and Audited Statements of Accounts of the Company for the year ended 31st March, 1997.

### FINANCIAL RESULTS

	This Year Rs. / lacs	Previous Year Rs. / lacs
Turnover	53455.59	60392.97
Gross Profit	6483.72	6617.97
Less : Depreciation (Net of transfer from Revaluation Reserve)	1675.41	1939.14
Provision for taxation	1701.46	2209.56
Net Profit	3106.85	2469.27
Add : Balance brought forward from previous year	1957.31	1579.67
Profit available for appropriation	5064.16	4048.94
Less : Dividend on Preference Shares Paid on Redemption	—	5.11
Interim Dividend (paid)	418.61	418.61
Proposed Equity Dividend	627.91	627.91
Tax on Proposed Equity Dividend	62.79	—
Capital Redemption Reserve	—	40.00
General Reserve	2000.00	1000.00
Balance carried forward to next year	1954.85	1957.31

The sales have decreased by about 11% and Gross Profit is lower by 2% compared to previous year. We are glad to inform that the net profit is higher by about 26%.

### DIVIDENDS

We had declared an interim dividend at the rate of Rs. 18/- per Equity Share in November, 1996. We now recommend the final dividend at the rate of Rs. 27/- per Equity Share.

The total dividend on Equity Shares for the year under review comes to Rs. 1046.52 lacs, same as was declared for the previous year.

### COURSE OF BUSINESS

As anticipated in our report of last year, Polyester Filament Yarn, which forms the major part of your Company's business, is being faced with serious oversupply situation. Very large POY capacities have been added during the year. There is severe pressure

on margins. However, on the positive side demand for Polyester Filament Yarn has grown by nearly 30% during the year and it is hoped that the situation may improve during the course of 1998 with a better balance between supply and demand.

The reduction in excise duty on Polyester Filament Yarn from 46% to 34.5% advalorem, in the Union Budget 1997-98, would make Polyester Filament Yarn cheaper and is expected to promote its consumption. Excise duty exemption on dyed texturised yarn has been withdrawn. Since your Company produces large quantities of such dyed yarns, this has influenced margins.

Continuous efforts are being made for the effective management of product-mix of speciality and aftertreated yarns to improve contribution from this segment of our Polyester Yarn business. Further addition of speciality and Flat Yarn capacity at Mahad would improve product-mix and flexibility.

Off take of Nylon Filament Yarn (NFY) has stagnated and there has been erosion of margins. The recent Union Budget has given no relief in excise duty. Import duty on caprolactam which is the main raw material, continues at 32% compared to 27% on polyester raw material.

The sale of Nylon Tyrecord Fabric was quite satisfactory and your Company continues to enjoy the position of market leader for quality, service and reliability in the Nylon Tyrecord Fabric business.

During the year, the Company has initiated exports of aftertreated Polyester Filament Yarn to European markets. Efforts are being made to widen customer base to increase exports.

Logistics and online information system are receiving utmost attention. Wide Area Network connecting the manufacturing sites and major distribution centres is nearing completion. This will strengthen marketing and distribution channels and improve control of inventories and receivables.

The Directors would like to place on record their appreciation of support and guidance received from Akzo Nobel Group from time to time.

### EXPANSION AND MODERNISATION

Imported Equipment for expansion of Polyester Filament Yarn capacity at Mahad have been shipped and are expected to be received shortly. The expansion project is likely to be commissioned by the fourth quarter of 1997. Equipment for aftertreatment facilities and for supply of flat yarn on jumbo beams was commissioned during the year.

A scheme for expansion of Nylon Tyrecord Fabric capacity by 5,400 tpa is being envisaged.

### PARTICIPATION IN RAJASHREE POLYFIL LTD. AND CENTAK CHEMICALS LTD.

Rajashree Polyfil Ltd. (RPL) has commenced production. Arrangements are being made with RPL for joint



**DIRECTORS' REPORT** (Contd.)

marketing of PFY and Polyester Chips so as to derive full advantage of synergy in marketing. This arrangement would result in savings in sales and marketing costs and better customer service.

The overall performance of Centak Chemicals Ltd. was encouraging.

**HUMAN RESOURCES DEVELOPMENT**

Team spirit of our employees is a key criterion in Human Resource Development programmes. In-house training programmes at various levels had been organised in all sections of the Company and particularly in marketing and Electronic Data Processing to create effective customer oriented marketing and to set up an efficient integrated information network in the organisation. Employees were also deputed to various professional programmes. Apart from the participation in International Conferences, regular visits of our staff were arranged to plants and R&D establishments of Akzo Nobel.

**INDUSTRIAL RELATIONS**

Industrial relations remained cordial at both Pune and Mahad.

We would like to place on record our appreciation for the dedicated service rendered by all employees of the Company. Their commitment to the organisation has in large measure contributed to the continued satisfactory performance of the Company.

**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 a part of the report.

**SAFETY, HEALTH AND ENVIRONMENT**

Well defined rules and good practices in respect of safety, health and environment enable the Company to maintain a high level of awareness in these matters. Regular drills and training programmes are held. All new employees joining the Company are given a thorough training in safety before deputing them on their jobs. Drivers of Tankers from major contractors carrying hazardous materials like Methanol are given specialised training to handle emergencies.

Your Pune plant has won the second prize for Overall Safety Performance in 1996 amongst chemical and pharmaceutical factories in Pune Division by the Directorate of Industrial Safety and Health, Pune Division, Maharashtra jointly with Rotary Club. The award was presented by the Hon'ble Minister of Labour, Government of Maharashtra.

The Company continues to conduct fire fighting training programmes for the benefit of industrial units located in the MIDC area and around Pune. Apart from many small scale units, some medium and large units have also taken advantage of it. Your Company has assisted the Municipal and Civil Defence authorities in fire fighting operations outside.

Your Company had engaged the services of a competent agency approved by the Directorate, Industrial Safety and Health, Maharashtra, to conduct safety audit and other studies in compliance of various statutory requirements.

Both Pune and Mahad plants have effluent treatment plants which are functioning satisfactorily. Effluents discharged meet the consent limits of the Maharashtra Pollution Control Board.

**DIRECTORS**

Mr. Peter Wack has been appointed as a Special Director on the Board of your Company with effect from 14th January, 1997 in place of Mr. F. B. Blaisse who resigned as a Special Director due to change in Akzo Nobel organisation. Mr. F. B. Blaisse is appointed as an Alternate Director to Mr. Peter Wack. The Directors place on record their appreciation for the valuable advice and guidance given by Mr. F. B. Blaisse during his tenure as a Special Director.

In accordance with the Articles of Association of the Company Mr. B. S. Mehta and Mr. V. Dixit, Directors of the Company will retire by rotation and being eligible offer themselves for re-appointment.

**AUDITORS**

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

**GENERAL**

Details of remuneration paid to employees as required by Section 217 (2A) of the Companies Act, 1956, are set out in a separate statement attached hereto and forming part of the report.

Mumbai,  
5th May, 1997

B. K. BIRLA  
PETER WACK  
H. G. HUETHER  
B. S. MEHTA  
V. DIXIT  
D. Y. GAITONDE  
N. D. SHAH

Directors

## Annexure to the Directors' Report

(Additional information given in terms of Notification 1029 of 31.12.88 issued by the Department of Company Affairs)

### A. CONSERVATION OF ENERGY

#### (a) Energy Conservation measures taken :

- (i) Installation of Automatic blow down device on one boiler.
- (ii) Replacement of energy intensive discontinuous nylon chips washers with continuous extraction columns on two polymer lines.
- (iii) Completed Load study of all motors above 45 KW and initiated action to replace the underloaded motors with lower capacity motors.
- (iv) Changed over from Delta to Star connection on underloaded motors pending replacement by lower capacity motors.
- (v) Further replacement of V-belt drive with flat belts.
- (vi) Replacement of PIV drives with invertors.
- (vii) Reduction in supply voltage for lighting from 254V to 230V.
- (viii) Replacement of 40W tube lights with 36W slim tube lights.
- (ix) Engaged the services of PCRA (Petroleum Conservation and Research Association) to carry out energy audit in utility area and suggest measures to save on energy.

#### (b) Additional Investments and proposals, if any, being implemented for conservation of energy :

- (i) Replacement of FD fan impeller of TBW Boiler with one of lower capacity.
- (ii) Installation of Sonic soot blowers in place of steam operated soot blowers.
- (iii) Replacement of FRP blades on cooling tower cells with new high efficiency fans.
- (iv) Installation of energy efficient dryer for compressed air system.
- (v) To undertake compressed air audit and reduce operating pressure.
- (vi) Feasibility of a vapour absorption refrigeration with waste heat recovery from diesel generators.

### B. TECHNOLOGY ABSORPTION

#### (a) Research & Development :

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

- Process Development to achieve (efficiency improvement, quality improvement, waste reduction, etc.).
- Product & Application Development.
- Import Substitution.

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

- Several new types of Polyester and Polyamide textile yarns and industrial yarns have been introduced.
- Significant substitution of imported equipment, components, chemicals, catalysts, etc. continues to be carried out.

##### (3) Future plan of action :

- Development of new types of products to meet changing requirements of customers.

##### (4) Expenditure on R & D :

Research and Development is carried out by concerned areas. No separate accounts are, therefore, maintained.

### TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION

#### (1) Efforts towards technology absorption, adaptation and innovation :

Modifications of process, equipment and products are carried out to suit market requirements and to achieve optimum operational efficiency.

#### (2) Benefits derived as a result of above efforts :

Several new products have been developed to meet the changing requirements of end users.