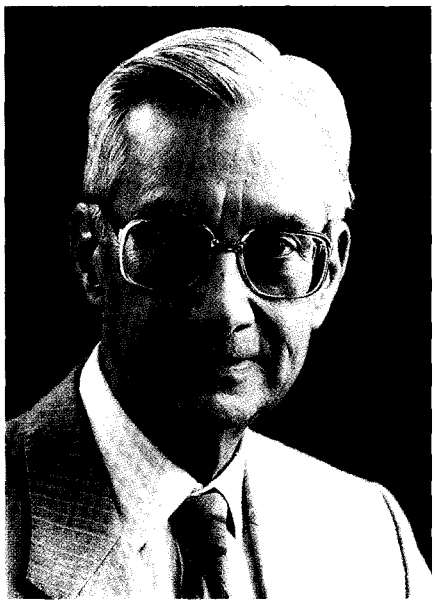
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CENTURY ENKA LIMITED

40th Annual Report 2005-06

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Mr. B.K. Birla

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 asture 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, represneted 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.

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Fortieth Annual Report 2005-06

CENTURY ENKA LIMITED

BOARD OF DIRECTORS
Mr. B. K. Birla
Mr. P. Wack
(Alternate : Mr. R. A. Shah)
Mr. E. Molenaar (Resigned w.e.f. 04.05.2006)
(Alternate : Mr. K. R. V. Subrahmanian - Ceased w.e.f. 04.05.2006)
Mr. B. S. Mehta
Mr. V. Dixit
Mr. D. Y. Gaitonde

MANAGER OF THE COMPANY & SENIOR PRESIDENT
Mr. G. M. Singhvi

SECRETARY
Mr. C. B. Gagrani

AUDITORS
Messrs. Price Waterhouse

SOLICITORS
Messrs. Crawford Bayley & Co.

BANKERS

Bank of Maharashtra	HDFC Bank
State Bank of India	ABN AMRO Bank NV
Citibank N A	UTI Bank

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

HEAD OFFICE
'Bakhtawar'
7th Floor, Nariman Point
Mumbai - 400 021.
Tel No. 022 - 2202 7375
Fax No. 022 - 2287 3952

FACTORIES

Bhosari, Pune - 411 026
Tel No. 020 - 56127300 / 27120423
Fax No. 020- 27120113

Rajashree Polyfil
Rajashree Nagar, Post: Umalla-393120, Dist.:Bharuch
Tel No. 02645 - 234438 to 234444
Fax No. 02645 - 234395

Konkan Synthetic Fibres - Processed Yarn Unit
Plot No. C-61, Part-A, MIDC Area,
Mahad - 402 309, Dist. Raigad
Tel No. 02145 - 232136
Fax No. 02145 - 232142

Konkan Synthetic Fibres - POY Unit
Plot No. C-61, Part-B, MIDC Area
Mahad - 402 309, Dist. Raigad
Tel No. 02145 - 232141
Fax No. 02145 - 232360

SHARE TRANSFER AGENT
MCS LIMITED
"Harmony" 1st Floor, Sector 1, Khanda, New Panvel (W), Dist. : Raigad (Maharashtra), Pin - 410206
Tel No. 022 - 27492003-10 Fax No. : 022-27492005 E-mail : mcsmum@vsnl.com

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fortieth Annual General Meeting of the Shareholders of CENTURY ENKA LIMITED will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017 on Wednesday, the 28th June, 2006 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, 2006.

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 re-appointment.

4. To appoint a Director in place of Mr. V. Dixit who retires by rotation and being eligible offers himself for re-appointment.

5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

AS ORDINARY RESOLUTION

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 387, 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 re-appointment of Mr. G.M. Singhvi as Manager of the Company as defined in Section 2(24) of that Act for a period of 3 (three) years with effect from 1st July, 2006 upon the terms and subject to the conditions as set out hereunder, with further liberty to the Directors, from time to time, to alter and vary the said terms and conditions, in such manner as may be agreed upon between the 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) Salary : Rs. 120,000/- per month

(ii) Entertainment Allowance : Rs.31,000/- per month with authority to the Board to fix such annual increments in salary (total salary not exceeding Rs.1,75,000/- per month) and allowances (total allowances not exceeding Rs.40,000/- per month) from time to time as it may deem appropriate.

(B) Perquisites :

(i) Furnished residential accommodation or house rent allowance of Rs.25,000/- per month with an authority to the Board of Directors to fix such higher house rent allowance not exceeding Rs.50,000/- per month.

(ii) Expenses on electricity and water will be borne/reimbursed by the Company.

(iii) Leave travel and medical expenses/allowances as per the Rules of the Company.

(iv) Leave on full pay and allowances as per the Rules of the Company.

(v) Fees of the clubs subject to maximum of two clubs. This will not include admission and life membership fees.

(vi) Personal Accident Insurance as per the Company's Policy as applicable to Senior Executives of the Company.

(vii) Company's contribution towards Provident Fund and Superannuation Fund as per the Rules applicable to Senior Executives of the Company.

(viii) Gratuity and Ex-gratia as per the Rules/Policies of the Company as applicable to Senior Executives of the Company.

(C) Amenities :

(i) A chauffeur driven car provided and maintained by the Company for use of Company's business and personal use.

(ii) Telephone, telefax and other communication facilities at residence as applicable to Senior Executives of the Company."

"RESOLVED FURTHER THAT Mr. G.M. Singhvi shall continue to perform such functions within the meaning of Section 2(24) of the Companies Act, 1956 subject to the superintendence, control and direction of the Board of Directors."

"RESOLVED FURTHER THAT for administrative convenience the designation of Mr. G.M.Singhvi will be Senior President of the Company."

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

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

AS SPECIAL RESOLUTION

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities, the Articles of Association of the Company be and is hereby amended by deleting the existing Articles 101 and 101A and Margin Notes."

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

AS SPECIAL RESOLUTION

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities, the Articles of Association of the Company be and is hereby amended by inserting the following new Article 101B and Margin Note before the existing Article 102."

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Article 101B
Appointment of Additional Director

The Board may appoint from time to time such number of additional directors as it may deem necessary to hold office upto the date of the next Annual General Meeting of the Company. The number of the existing directors and additional director(s) together shall not at any time exceed the maximum strength fixed for the Board by the Articles.

By Order of the Board

Mumbai
Dated : 3rd May, 2006

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 and Share Transfer Register of the Company will remain closed from Thursday, the 15th June, 2006, to Thursday, the 22nd June, 2006, 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 22nd June, 2006 or to their nominees. In respect of shareholding in dematerialised form, dividend will be paid to the beneficial owners as at the end of business on 14th June, 2006, as per details to be furnished by the Depositories for the purpose. Dividend Warrants will be despatched on or after 30th June, 2006.

4. 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 atleast 10 days before the date of the meeting to enable the Management to keep the required information readily available at the meeting.

5. (i) The unclaimed dividend upto financial years 1995-96 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 1995-96 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 warrants for the financial years 1998-99 to 2004-05 may return the time barred dividend warrants or write to Company's **Share Transfer Agent, M/s. MCS Ltd., "Harmony", 1st Floor, Sector-1, Khanda, New Panvel (West), Dist. Raigad (Maharashtra), Pin-410 206** 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 1998-99 and thereafter which remain unpaid/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. **Unpaid/ unclaimed Equity Dividend for the financial year 1998-99 and 1999-2000 will fall due for transfer to the said Fund on 17th September, 2006 and 7th May, 2007 respectively.**

   As regards unclaimed dividend for the financial years 1996-97 to 1997-98, the same have already been transferred to the said Fund.

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

6. Dividend in respect of shares held in dematerialised form shall be credited to the beneficial owner's bank account directly through Electronic Clearing Services (ECS) subject to availability of bank account details 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 ECS facility, should provide the bank details and 9 digits code number in ECS Mandate Proforma. Shareholders who have already given their Bank details to avail the ECS facility should furnish the same only if there is any change.

   The ECS Mandate Proforma can be obtained from the Company's Share Transfer Agent, M/s. MCS Ltd. at the address mentioned hereinbelow in Note 7 or can be downloaded from the Company's website www.centuryenka.com.

7. 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 Company's **Share Transfer Agent, M/s. MCS Ltd., "Harmony", 1st Floor, Sector-1, Khanda, New Panvel (West), Dist. Raigad (Maharashtra), PIN-410 206** for nomination form quoting their folio number. Shareholders holding shares in dematerialised form, should write to their Depository Participant for the purpose.

8. 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 7 to consolidate their holding in one folio.

9. 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 7 quoting their folio number. Shareholders holding shares in dematerialised form, should intimate change of their address, if any, to their Depository Participant.

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

Item : 6

Mr. G.M. Singhvi has been re-appointed by the Board of Directors as Manager of the Company within the meaning of Section 2(24) of the Companies Act, 1956 for a period of three years effective from 1st July, 2006 subject to approval of the shareholders of the Company. Mr. G.M. Singhvi's expeience and performance eminently qualifies him for re-appointment as Manager of the Company. Accordingly, the resolution in this item of the Notice, re-appointing him as Manager of the Company upon the terms and conditions set out in the resolution, is being proposed for consideration of the shareholders. The said terms and conditions may be altered/changed in conformity with the requirements of Schedule XIII of the Companies Act, 1956 or any amendments thereto.

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

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

Item : 7

(i) The existing Article 101 of the Articles of Association of the Company empowers Acordis Overseas Investment BV to appoint a Special Director on the Board of the Company, not liable to retire by rotation, so long as it and/or its holding company or subsidiaries hold not less than 35% of the equity shares in the Company. Under a Scheme of Arrangement framed under Section 391 of the Companies Act, 1956 between the Company and its shareholders and approved by the Hon'ble High Court at Calcutta on 9th November, 2005, non-resident shareholders could tender shares to the extent of 30% of the Issued and Paid-up Share Capital of the Company. The Company has bought back 85,93,109 equity shares representing 30% of the paid up equity shares of the Company tendered by Acordis Overseas Investment BV. The said 30% equity shares so bought back have been cancelled with effect from 9th February, 2006 in terms of the abovesaid Scheme of Arrangement. As of now Acordis Overseas Investment BV holds 6.20% equity shares in the Company. Since holding of Acordis Overseas Investment BV has fallen below 35%, Article 101 of the Articles of Association of the Company has become redundant. It is, therefore, proposed to delete the said Article 101.

(ii) The existing Article 101A of the Articles of Association of the Company empowers Industrial Credit and Investment Corporation of India (ICICI) (since merged with ICICI Bank Limited) to appoint their nominee as a director on the Board of the Company so long as any money remain owing by the Company to ICICI or so long as ICICI continue to hold shares in the Company acquired as a result of their underwriting. As of now, neither ICICI holds equity shares in the Company underwritten in the Public Issue nor there is any loan / advance outstanding. Hence Article 101A has become redundant. It is therefore, proposed to delete the said Article 101A.

The Articles of Association of the Company shall remain open for inspection by the shareholders at the Company's Registered Office on any working day (except Saturdays) between 11 A.M. and 1 P.M. till the date of the meeting.

The Board, therefore, commend this item of the accompanying notice for approval of the shareholders as Special Resolution. None of the directors and manager of the Company are interested or concerned with this resolution.

Item : 8

At present there is no provision in the Articles of Association of the Company for appointment of additional directors. It may be desirable, for smooth functioning of the affairs of the Company, to appoint director(s) which cannot be delayed till the next General Meeting and in such situation Board of the Company may be empowered pursuant to Section 260 of the Companies Act, 1956 to appoint additional director(s) to hold office till the next Annual General Meeting within the maximum limit fixed for the Board by the Articles. It is, therefore, proposed to amend the Articles of Association by inserting a new Article 101B empowering the Board of the Company to appoint additional director(s).

The Board, therefore, commend this item of the accompanying notice for approval of the shareholders as Special Resolution. None of the directors and manager of the Company are interested or concerned with this resolution.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2006

Dear Shareholders

Your Directors present the 40th Annual Report and Audited Statements of Accounts of the Company for the year ended 31st March, 2006. The net profit of the Company has fallen in succession in the last two years. This is mainly on account of high raw material cost, high energy cost, oversupply of Polyester POY and cheap imports of Nylon Tyre Cord Fabrics (NTCF) from China. Despite these adversities, your Company has been able to achieve these results due to cost competitiveness, product quality and customer loyalty.

FINANCIAL RESULTS

	Rs./Crores	
	This Year	**Previous Year**
Income from Operations (Gross)	**1145.07**	**1123.52**
Profit before Interest, Depreciation and Taxation	**84.29**	**104.45**
Add / (Less) :		
Voluntary Retirement Scheme compensation	(2.91)	-
Provision for Contingencies written back	-	5.50
Interest (Net)	(6.69)	(0.97)
Depreciation	(51.29)	(43.60)
Taxation (Net) (including deferred and fringe benefits tax)	(5.81)	(12.82)
Net Profit	**17.59**	**52.56**
Add : Balance brought forward from previous year	110.25	90.68
Transfer from Debenture Redemption Reserve	-	4.15
Profit available for appropriation	**127.84**	**147.39**
Less : Dividend	12.03	17.19
Tax on Dividend	1.69	2.45
Contingency Reserve	-	7.50
General Reserve	2.00	10.00
Balance carried forward to next year	**112.12**	**110.25**

DIVIDEND

We recommend a dividend of Rs. 6.00 per Equity Share of Rs.10/- each for the year ended 31st March, 2006 (Previous year Rs. 6.00 per Equity Share of Rs. 10/- each).

SCHEME OF ARRANGEMENT

Your Company was formed and registered as a result of collaboration between Algemene Kunstzijde Unie NV of Holland and Glanzstoff AG of Germany (later on known as Akzo Nobel Group) and House of Birlas. In 1999 reorganisation of business took place at Akzo Nobel Group and Fibre business was spun off into Acordis Group. Over the years, Acordis Group has globally moved out of Synthetic Textile Yarn business and expressed its desire to do likewise in India and to divest their shareholding in the Company to the extent of 30% of the issued, subscribed and paid-up share capital of the company. Acordis Group had communicated that they would like to effect such disinvestment at a price which would be lower than ruling market price of the share of the Company at Stock Exchanges and would like to disinvest in a manner calculated to benefit all the shareholders of the Company. Accordingly, a Scheme of Arrangement was devised for non-resident shareholders, wherein your Company bought back and thereupon cancelled 85,93,109 equity shares representing 30% of the paid-up equity capital tendered by Acordis Overseas Investment BV at a rate of Rs. 122/- per equity share. Consequently, the issued, subscribed and paid-up share capital of your Company has been reduced from Rs. 28.64 crores to Rs. 20.05 crores. The total consideration paid for the buy back was Rs. 104.84 crores.

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 the opportunities and challenges faced by your Company and the outlook for the future.

In view of high raw material prices, fuel oil prices and under utilisation of cenvat credit due to difference in excise duty on raw material at 16% and finished goods at 8%, the pressure on margins is likely to continue. However, in order to improve profitability, your Company is actively engaged in improving productivity, initiating further cost control measure and adding value added activities.

MODERNISATION AND EXPANSION

Capacity expansion of Polyester POY at an investment of Rs.100 crores at Rajashree Polyfil, Bharuch site has become fully operational in May 2005. With this, the total Polyester POY capacity at Bharuch site has gone up from 37900 tons per annum to 81000 tons per annum.

Setting up of a new capacity of 8000 tons per annum of NTCF at Rajashree Polyfil, Bharuch at a total investment of Rs. 160 crores is progressing as per schedule. The civil construction is over. The orders for major plant and machinery have been placed. The commissioning of the plant is expected in the last quarter of 2006.

Most of the modernisation projects undertaken by your Company have been completed.

HUMAN RESOURCE DEVELOPMENT AND ENVIRONMENT

The report on Managements' Discussion and Analysis includes its observations on human relations, approach to human resource development, safety, health and environment. It is your Company's belief to cultivate competitive capability and effectiveness of its human resources. Your Company, during the year introduced at Pune and Bharuch sites, a Total Productivity Maintenance (TPM) programe under the guidance of consultant for improving the efficiency in operation. The Directors placed on record their appreciation for the efforts of workmen, staff and Management for controlling cost and improving results in stiff competitive environment.

AWARD

We are glad to report that your factory Rajashree Polyfil, Bharuch bagged for the 3rd time in a row Gujarat State Safety Award for maintaining lowest "Disabling Injury Index" (DII) for the year 2004.

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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 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 a firm of practising Company Secretaries dated 3rd May, 2006 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

Mr. P. Wack who is on the Board of your Company as Special Director for more than 9 years representing Acordis Group and Akzo Nobel Group has tendered his resignation as Special Director effective from 4th May, 2006.

Mr. E Molenaar, also associated with Acordis Group has tendered his resignation effective from 4th May, 2006. Your Directors placed on record their appreciation for valuable advice and guidance received from Mr. E. Molenaar during his tenure on the Board.

Mr. P. Wack has been appointed as a Director effective from 4th May, 2006 to fill up the casual vacancy of Mr. E Molenaar.

In accordance with the Articles of Association of the Company, Mr. B K Birla and Mr. V Dixit 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.

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 2005-06.

PARTICULARS OF EMPLOYEES

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

For and on behalf of the Board of Directors

B. K. BIRLA
P. WACK
Directors

Place : Mumbai
Date : 3rd May, 2006

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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

Energy Cells at all the three sites of the Company are actively engaged in studying the existing processes and implement energy conservation measures. During the year 2005-06, energy audit was carried out by an external agency and some of the findings were implemented and few of them are under study.

a) Energy Conservation measures taken :

1. Installation of Steam Turbine in place of Pressure Reducing Valve to generate electricity.
2. Replacement of old motors with energy efficient motors.
3. Installation of Variable frequency drives for fans of Air Handling Units (AHU).
4. Reduction in nitrogen generation pressure.
5. Stoppage of booster air compressor and supplying air from other area.
6. Providing air curtains for isolation.
7. Use of cool suction air for compressors.
8. Replacement of high head pump with low head pump.
9. Stoppage of Air Handling Unit by utilising excess capacity in other Air Handling units.

b) **Additional Investment and Proposals, if any, being implemented for conservation of Energy :**

1. Installation of new energy efficient nitrogen plant.
2. Modification in instrument air system and installation of booster air compressor.
3. Use of demineralised water for air compressors.
4. Replacement of inefficient reciprocating compressor with efficient air compressor.
5. Use of high efficient ballasts in lighting system.
6. Use of demand controller in air system.
7. Replacement of high head pumps with low head pumps.
8. Installation of software for efficient operation of refrigeration and cooling systems.

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 and is reflected in Form-A given hereafter.

B) TECHNOLOGY ABSORPTION

a) Research & Development (R&D)

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

- Increase in polymer production for textile yarn by reducing cycle time of drying.
- Development of improved filtration systems for polymer.
- Development of alternative supplier for polymer additive.
- Development of new spin finish for Nylon mono filament yarn.
- Development of Optical Bright Nylon polymer.

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

- Increase in polymer availability to meet increased requirement in textile yarn.
- Quality improvement, customer satisfaction.
- Cost reduction.
- New products to broaden market base.

(3) Future plan of action :

- Development of composite spin finish for Industrial yarn.
- Improvement in raw material consumption ratio of polymer.
- Improvement in spinning performance through use of stabilizers.

(4) Expenditure on R & D :

		Rs./crores
(i)	Capital	Refer Note below
(ii)	Recurring	0.75
(iii)	Total	0.75
(iv)	Total R & D expenditure as a percentage of total turnover	0.08 %

Note - Capital expenditure incurred for R & D activities are also used for normal operations and hence considered as part of normal capital expenditure. Therefore, they have not been shown separately above.

b) Technology absorption, adaptation and innovation

(1) Efforts in brief, made towards technology absorption, adaptation and innovation :

- Commissioning of new depolymerisation unit.
- Introduction of fine deniers in Nylon.
- Installation of Automated Distributed Control Systems (DCS) for Polymerisation Columns.
- Commissioning of additional Polyester POY Spinning Machines.

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

- Installation of New depolymerisation unit has resulted in cost reduction of nylon polymer.
- Introduction of fine deniers in Nylon has resulted in expansion of product range.
- DCS Contol systems has resulted in effective process control and improved quality of polymer
- Commisssioning of POY spinning machines has resulted in increase in Polyester POY capacity and more value addition.

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ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

(C) INFORMATION REGARDING IMPORTED TECHNOLOGY

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

(a) Technology Imported	(b) Year of Import	(c) Technology Absorption
Know-how and state of the art technology pertaining to the manufacture of Polyester and Nylon Textile Filament Yarns, Polyester and Nylon Industrial Yarns, Tyre cord and Tyre cord Fabric	2000-01	Continuous access to technical know-how including all improvements, innovations and significant break-through during the period of the agreement.
Know-how and state of the art technology pertaining to the manufacture of Polyester and Nylon Textile Filament Yarns, Polyester and Nylon Industrial Yarns, Tyre cord and Tyre cord Fabric	2001-02	Continuous access to technical know-how including all improvements, innovations and significant break-through during the period of the agreement.

(D) FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on foreign exchange earnings and outgo is contained in Schedule I Items 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

	Current Year 2005-2006	Previous Year 2004-2005
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
(a) Purchased		
Units (KWH)	60532577	94094088
Total Amount (Rs. in Lacs)	2185.24	3168.42
Rate per Unit (Rs.)	3.61	3.37
(b) Own Generation		
Through diesel generators		
Units (KWH)	124058993	68495031
Units per Litre of fuel oil	4.25	4.17
Cost per unit (Rs.)	3.41	2.62
(c) F.O. / L.D.O.		
(For Own Generation)		
Quantity (Litres)	29215870	16443359
Total Amount (Rs. in Lacs)	4230.21	1796.51
Rate/Unit (Rs.)	14.48	10.93
2. FURNACE OIL/L.S.H.S.		
(For Steam Generation)		
Quantity (Litres)	7408290	7581454
Total Amount (Rs. in Lacs)	1076.47	836.72
Rate/Unit (Rs.)	14.53	11.04
STEAM (COST PER TON)		
Units (TON)	159432	131602
Units per Ton of fuel	21.52	17.36
Cost per unit (Rs.)	675	636
3. NITROGEN		
Units (NM^3)	1963054	2110171
Total Amount (Rs. in Lacs)	18.93	18.38
Cost per unit (Rs.)	0.96	0.87

	Current Year 2005-2006	Previous Year 2004-2005
B. ENERGY CONSUMPTION PER UNIT OF PRODUCTION		
PRODUCTS (With Details) UNIT		
1. ELECTRICITY (Kwh/Ton of Product)		
(a) Synthetic Textile Yarns	**1771**	**2082**
(b) Industrial Yarn / Fabric	**3529**	**4089**
(c) Polyester Chips	**112**	**131**
2. FURNACE OIL/LSHS (Ltrs/Ton of Product)		
(For Steam Generation)		
(a) Synthetic Textile Yarns	**57**	**76**
(b) Industrial Yarn / Fabric	**218**	**283**
(c) Polyester Chips	**78**	**69**
3. NITROGEN (NM^3/Ton of Product)		
(a) Synthetic Textile Yarns	**19**	**26**
(b) Industrial Yarn / Fabric	**30**	**36**
(c) Polyester Chips	**6**	**7**

For and on behalf of the Board of Directors

B. K. BIRLA
P. WACK
Directors

Place : Mumbai
Date : 3rd May, 2006

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