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GUJARAT THEMIS BIOSYN LIMITED
21ST ANNUAL REPORT
2001-2002

BOARD OF DIRECTORS

MR. L. MANSINGH	<i>CHAIRMAN (Nominee of GIIC)</i>
MR. ANANT THAKORE	
DR. DINESH PATEL	
MR. N. I. GANDHI	
MR. PANKAJ R. PATEL	
MR. SURENDRA SOMANI	
MR. C. S. PARK	
MR. J. K. CHA	
MR. S.I SUH	
MR. S. J. KIM	
MR. RAJNEESH ANAND	<i>MANAGING DIRECTOR</i>

COMPANY SECRETARY

MR. RAJIV V. JOSHI

AUDITORS

MESSRS. KHANDELWAL JAIN & CO.,
CHARTERED ACCOUNTANTS, MUMBAI

COST AUDITORS

MESSRS. B. J. D. NANABHOY & CO.,
COST ACCOUNTANTS, MUMBAI

BANKERS

UNION BANK OF INDIA

REGISTERED OFFICE AND WORKS

69/C, GIDC INDUSTRIAL ESTATE
VAPI - 396 195, DIST. VALSAD
GUJARAT, INDIA

CORPORATE OFFICE

3RD FLOOR, ARVIND CHAMBERS
SAI SERVICE COMPOUND
WESTERN EXPRESS HIGHWAY
ANDHERI (EAST)
MUMBAI - 400 069

GUJARAT THEMIS BIOSYN LIMITED

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 21st Annual General Meeting of Gujarat Themis Biosyn Limited will be held on Friday, 27th September, 2002 at 11.00 a.m., at 69/C, GIDC Industrial Estate, Vapi-396 195, Dist. Valsad, Gujarat, to transact the following business :

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2002 and Profit and Loss Account for the year ended on that date together with reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. J. Kim, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. N. I. Gandhi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. Dinesh Patel, who retires by rotation and being eligible, offers himself for reappointment.
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 an **ORDINARY RESOLUTION**

"RESOLVED THAT Mr. Rajneesh Anand, who has been appointed as an Additional Director with effect from 30th January, 2002 by the Board of Directors of the Company and who holds the office up to the date of forthcoming Annual General Meeting of the Company pursuant to provisions of Section 260 of the Companies Act, 1956 ("the Act") but who is eligible for appointment and in respect of whom the Company has received a notice in writing under section 257 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as the Director of the Company."

7. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an **ORDINARY RESOLUTION**

"RESOLVED THAT in accordance with the provisions of Sections 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act'), the Company hereby approves of the appointment and terms of remuneration of Mr. Rajneesh Anand, who has been appointed by the Board of Directors as a Managing Director of the Company with effect from 1st February, 2002 for a period of three years, upon the terms and conditions set out in the draft Agreement submitted to this meeting and, for the purpose of identification, initialed by Mr. Pankaj R. Patel (the director authorised by the Board for the purpose), which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed between the Board of Directors and Mr. Rajneesh Anand;

RESOLVED FURTHER THAT, 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 or desirable to give effect to this resolution."

8. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a **SPECIAL RESOLUTION**

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the requisite approval, if any, of the appropriate authorities, the regulations, a draft copy of which is placed before the meeting and, for the purpose of identification, subscribed by the Chairman, be and is hereby adopted as the Articles of Association of the Company in the place, stead, substitution and in lieu of the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, matters and things as may be necessary, desirable or appropriate to give effect to this resolution."

Registered Office

69/C, GIDC Industrial Estate,
Vapi- 396 195
Dist. Valsad,
Gujarat.

Mumbai, 31st July, 2002

By order of the Board

Rajiv Joshi
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ONLY ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. AN INSTRUMENT APPOINTING A PROXY OR ANY OTHER DOCUMENT NECESSARY TO SHOW THE VALIDITY OR OTHERWISE RELATING TO THE APPOINTMENT OF A PROXY IN ORDER THAT THE APPOINTMENT MAY BE EFFECTIVE AT THE MEETING MUST BE FILED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY EIGHT HOURS BEFORE THE MEETING.

Members / Proxies should bring the enclosed attendance slip duly filled in, for attending the meeting.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from 24th September, 2002 to 26th September, 2002 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report to the meeting since it will not be possible for the Company to distribute additional copies of the Annual Report at the Annual General Meeting.
4. Members are requested to –
 - a) intimate to the Company's Registrar and Share Transfer Agent, changes, if any, in their respective address along with Pin Code Number at an early date;
 - b) quote folio number in all their correspondence;
 - c) consolidate holdings into one folio in case of multiplicity of folios with names in identical order;
 - d) intimate their queries / requirements for clarifications on the annual report so as to reach the company on or before 24th September, 2002 which will enable the company to furnish the replies at the Annual General Meeting.
5. Details of Directors seeking appointment/re-appointment in the 21st Annual General Meeting, in pursuance of clause 49 of the Listing Agreements.

Name of Director	Mr. S. J. Kim	Mr. N. I. Gandhi	Dr. Dinesh Patel	Mr. Rajneesh Anand
Date of Birth	8.6.1942	6.4.1950	2.11.1948	5.3.1954
Date of appointment	30.12.1994	30.12.1992	30.12.1992	30.1.2002 (appointed as additional director) (w.e.f. 1.2.2002 appointed as Managing Director for a period of 3 years)
Expertise in specific functional areas	Finance and Accounting, Planning and Co-ordination and General Administrations.	Industrialist with extensive association and expertise in Pharmaceutical Industry and Financial Management.	Industrialist with expertise in Pharmaceuticals and Fermentation Technology and Business Management.	Over 26 years of industrial experience in the area of production planning, project implementation, engineering, finance, administration, etc.
Qualifications	Bachelor's Degree in Commercial Science and MBA	B. Com, DMS	M.Sc, Ph.D., C.Chem., FRSC (Lon.)	B.E. (Mech.), MIE, DMS
List of companies (excluding foreign and private Ltd. companies in which outside Directorships held as on 31 st March, 2002	None	<ul style="list-style-type: none"> Lyka Labs Ltd. Pharmaceuticals Business Group (India) Ltd. Lyka Exports Ltd. Relic Technologies Ltd. Lyka Hetero Healthcare Ltd. Davabazar Online Ltd. Lyka International Ltd. 	<ul style="list-style-type: none"> Themis Medicare Ltd. Pharmaceuticals Business Group (India) Ltd. Shirpur Gold Refinery Ltd. 	Arthemis Biotech Ltd.
Chairman/Member of the Committees of the Board of the companies on which he is a director as on 31 st March, 2002.	None	<ul style="list-style-type: none"> Member of Share Transfer and Shareholders & Investors Grievance Committee of Lyka Labs Ltd. Member of Audit Committee and Share Transfer and Investors Grievance Committee of Gujarat Themis Biosyn Ltd. 	<ul style="list-style-type: none"> Member of Audit Committee of Shirpur Gold Refinery Ltd. Member of Share Transfer & Investors' Grievance Committee of Gujarat Themis Biosyn Ltd 	None

GUJARAT THEMIS BIOSYN LIMITED

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 6 & 7

Mr. Rajneesh Anand was appointed as an Additional Director of the Company with effect from 30th January, 2002 by the Board of Directors. Pursuant to provisions of Section 260 of the Companies Act, 1956 ("the Act") he holds the office up to the date of forthcoming Annual General Meeting of the Company.

Mr. Rajneesh Anand, aged 47 years, is B.E. (Mechanical), MIE and DMS. He has been associated with the Company for last two and half years as President of the Company. Mr. Rajneesh Anand has over 26 years of industrial experience in the area of production planning, project implementation, system designing and engineering, quality control, marketing, finance, personnel, labour management and general administration and management.

Mr. Rajneesh Anand is eligible for appointment and the Company has received a notice in writing under section 257 of the Act from a member proposing his candidature for the office of Director. The Board of Directors commends appointment of Mr. Rajneesh Anand as Director of the Company.

The Board of Directors has also appointed Mr. Rajneesh Anand as Managing Director of the Company with effect from 1st February, 2002. After his appointment as Managing Director the Board of Directors had, based on the recommendation of the Remuneration Committee, revised the remuneration of Mr. Rajneesh Anand with retrospective effect from 1st February, 2002 at its meeting held on 31st July, 2002. The revision was necessitated, as according to policy of the Company salaries of other senior executives of the Company were revised for and with effect from the financial year 2001-02 and accordingly the Board thought fit to revise his salary to bring parity with salaries of other senior executives of the Company.

The terms of appointment and remuneration/revised remuneration paid/payable to Mr. Rajneesh Anand as Managing Director of the Company are as under –

1. **PERIOD OF APPOINTMENT** Three years with effect from 1st February, 2002.
2. **DETAILS OF REMUNERATION**

Particulars	Salary approved initially at the Board Meeting held on 30 th January, 2002	Salary revised with retrospective effect at Board meeting held on 31 st July, 2002
With effect from	1 st February, 2002	1 st February, 2002
Details of remuneration		
(a) Payable monthly		
Basic Salary	Rs.48,000.00	Rs.53,000.00
HRA	Rs. 7,500.00	Rs. 8,000.00
Allowances and perquisites as per Company's policy	Rs. 19,667.00	Rs. 19,383.00
TOTAL	Rs.75,167.00	Rs.80,383.00
(b) Payable annually		
LTA	—	Rs.49,404.00

In addition to the remuneration payable to the Managing Director as aforesaid, he shall also be entitled to participate in the Company's Group Accident Insurance Policy, payment towards Gratuity, earned leave and encashment of earned leave at the end of the tenure, as per the rules of the Company.

The benefits and payments received by the Managing Director on account of above shall not be included in the computation of limits for the remuneration.

Provision for use of Company's Car for official duties and telephone at residence (including payment for local calls and long distance official calls) will not be considered as remuneration and included in the computation of remuneration receivable by the Managing Director.

Minimum Remuneration : Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of Mr. Anand, the Company has no profits or its profits are inadequate, the Company will, subject to provisions of Schedule XIII, pay remuneration by way of salary and perquisites and allowances as specified above.

The terms and conditions of the appointment of Mr. Rajneesh Anand as aforesaid may be varied from time to time by the Board of Directors as it may in its discretion, deem fit, within the maximum amounts payable to the managing and wholetime directors in

accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.

Mr. Rajneesh Anand, so long as he function as Managing Director of the Company, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

Appointment of Mr. Rajneesh Anand as Director and Managing Director of the Company is subject to the provisions of Section 283(1)(l) of the Companies Act, 1956. If at any time, Mr. Rajneesh Anand cease to be a Managing Director of the Company, and as such in employment of the Company, for any causes whatsoever, then he shall forthwith cease to be the Director of the Company and vice versa.

The Managing Director shall, subject to the supervision and control of the Board of Directors, be entrusted with such powers and perform such duties, as may, from time to time, be delegated/entrusted to him.

In addition to the above terms and conditions governing remuneration, the Agreement to be signed by the Company with Mr. Rajneesh Anand also provides for earlier determination of his appointment by either party by giving three months notice in writing to the other party or the Company paying three month's remuneration in lieu thereof, non-participation in any selling agency of the Company by himself or through his wife and/or minor children, reimbursement of the entertainment, travelling and all the other expenses incurred by him for the business of the Company, etc.

The resolution proposed at item no. 7 of the accompanying Notice also provides for variation in the terms of the appointment including the remuneration payable to Mr. Rajneesh Anand at the sole and absolute discretion of the Board of Directors of the Company subject however that the remuneration payable to Mr. Anand shall not exceed the maximum remuneration permissible under Schedule XIII and in accordance with the other applicable provisions of the Companies Act, 1956.

The Board recommends passing of the resolution set out at Item No. 6 and 7 in the notice of the 21st Annual General Meeting.

The draft Agreement between the Company and Mr. Rajneesh Anand is available for inspection by the members of the Company at its Registered Office between 9.00 a.m. to 11.00 a.m. on any working day of the Company up to and including the date of the 21st Annual General Meeting.

The details of terms of appointment and variation, as aforesaid, be treated as an abstract of the terms of appointment or variation in terms of appointment of Mr. Rajneesh Anand as Managing Director of the Company, required to be circulated amongst the members pursuant to the provisions of Section 302 of the Companies Act, 1956.

Except Mr. Rajneesh Anand, none of the other Directors of the Company may be considered to be concerned or interested in the proposed resolutions.

ITEM NO. 8

The Company's Articles of Association, as adopted at the time of incorporation, has been subsequently modified from time to time. In the recent past the Companies Act, 1956, Securities Contract Regulations Act, 1956, Securities Exchange Board of India Act, 1992 and Rules and Regulations made thereunder have been amended and these amendments regulates/restricts Company's activities and procedures, which needs to be authorised/provided in the Company's Articles of Association. Your Directors have therefore thought it fit to replace the current Articles of Association with new set of regulations, which are contemporary and in tune with the present Acts, Rules and Regulations.

The Directors, therefore, recommends passing of the Special Resolutions set out at Item No.8 of the Notice in accordance with Section 31 and other applicable provisions, if any, of the Companies Act, 1956.

The replacement of the existing set of regulations of the Articles of Association with new set of regulations may require approval of the Central Government pursuant to provisions of Section 268 of the Companies Act, 1956.

None of the Directors may be considered to be concerned or interested in the proposed resolutions.

A copy of the existing Articles and the draft of the new set of regulations is available for inspection by the members of the Company at its Registered office between 9.00 am to 11.00 am on any working day of the Company up to and including the date of the 21st Annual General Meeting.

Registered Office

69/C, GIDC Industrial Estate,
Vapi- 396 195
Dist. Valsad,
Gujarat.

Mumbai
31st July, 2002

By order of the Board

Rajiv Joshi
Company Secretary

GUJARAT THEMIS BIOSYN LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting herewith the 21st Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2002.

FINANCIAL RESULTS

	Year ended 31.03.2002	(Rs. in Lacs) Year ended 31.03.2001
Total Income	2817.77	4543.96
Operating Profit	226.59	440.31
Interest and Finance charge	207.99	223.21
Profit before depreciation, amortization & Write off	18.60	217.10
Profit before tax	(176.99)	23.84
Provision for tax – Current	–	2.02
– Deferred	(65.04)	–
Income tax for earlier years	15.53	–
Profit after tax	(127.48)	21.82
Surplus/(Deficit) brought forward	493.93	472.11
Surplus carried forward to Balance Sheet	173.86	493.93

OPERATIONS

Your Company's operations during the year under review have been generally smooth. The Company's sales for the year amounted to Rs. 2780.91 lacs as compared to Rs. 4271.11 lacs during the previous year. The operating profit for the year is Rs. 226.59 lacs as compared to Rs. 440.31 lacs for the previous year. The net loss recorded by the Company for the year is Rs. 127.48 lacs as compared to profit of Rs. 21.82 lacs in the previous year. The reason for loss is mainly because of drop in turnover, which has occurred, due to reduction in volume of sales mainly at the export front and also with the sharp decline of sale price in the international and local market.

MANAGEMENT DISCUSSIONS AND ANALYSIS**1. Industry Structure & Developments**

Over the past several years India has been developing very well in the field of Bulk Drugs. Majority of the bulk drugs required by the Indian consumers are manufactured in India. Indian bulk drugs industry also happens to be a major exporter on the global scene. Indian bulk drugs industry not only exports to the third world countries but some of the drugs are now being actually consumed in the European as well as the US market.

Your company is in the business of manufacturing of bulk drug called "Rifampicin" produced by fermentation process. Indian fermentation industry is also quite sizeable. However it is small when compared to the drug industries manufacturing drugs by the synthetic route.

2. Opportunity And Threats

The drug industries in India had been protected industries to some extent since for many products earlier imports were not allowed. Foreign products were prevented from entry into India due to high custom duty. With Indian taking to GATT agreement, the customs duties have been gradually reduced over years and hence the foreign bulk drugs have become far cheaper, leading to decline of prices in the Indian market. Also majority of the bulk drugs have been now removed from the negative list. Patent law will also be in place by the year 2005. Today Indian companies are manufacturing products, which are currently under patent. These products are being marketed within the country and also in countries where the patent regime does not exists. This will not be possible after 2005 and these factors will force total restructuring of Indian pharma sector.

3. Out look

Your company is manufacturing Rifampicin, which is an antibiotic drug for the treatment of tuberculosis and leprosy. This product has a massive growth potential, as TB is on the rise worldwide. The growth in this disease comes particularly from TB related to AIDS. However, currently this market is being dominated by China leading to steep drop in the international prices. In fact currently the Chinese selling price is almost equal to variable cost of manufacture in India. Your company is making all out efforts in developing new products.

4. Segment-wise or Product-wise Performance

Your company is a single product company and hence segment-wise or product-wise comparison or discussion is not applicable.

5. Risk and Concerns

The product manufactured by your company "Rifampicin" is currently in the negative list. Therefore, the sales realisations in the Indian market are much higher than export prices. As per WTO such restrictions can not be maintained for long and eventually we shall have to compete with the Chinese product which will enter the domestic market. As material of Chinese origin is available at a very low price, majorities of Indian exporters are now purchasing Chinese bulk drugs against advance licenses. Thus the market of domestic producers is reducing. China as a country is very strong in the fermentation industry and therefore they manufacture majority of the products, which are fermentation based, and that makes the efforts to diversify much more difficult for your company. Your company is making all out efforts in reducing the cost of production on one hand and developing some new products/process on the other hand to face the Chinese onslaught.

6. Material Developments in Human Resource and Industrial Relations

Fermentation industry is a high technology industry. Continuous efforts are being made in training the employees through in-house training programs to suit the Company's requirements. Industrial relations have been generally cordial and healthy.

EXPORTS

The company has recorded a sharp decline in the exports during the year under review. The Company's export during the year were Rs. 276.16 lacs as compared to Rs. 1154.96 lacs during the previous year. Decline in the Company's export market is due to very stiff competition from China. The Company has initiated actions to counter the competition and the management is hopeful of regaining the lost ground in the coming years. Your Company is taking aggressive measures for cost reduction through energy conservation and technology improvement and thereby countering the low priced Chinese materials.

The Company is also aggressively exploring export possibilities in other countries, which were not been explored so far by the Company.

DIRECTORS

The Board of Directors has at its meeting held on 30th January, 2002 appointed Mr. Rajneesh Anand as the Additional Director with immediate effect and as Managing Director of the Company for period of three years with effect from 1st February, 2002. The Board of Directors has full faith and confidence in ability of Mr. Rajneesh Anand to steer the Company towards prosperity and growth and therefore recommends passing of the resolutions as set out in the notice for the 21st Annual General Meeting with respect to regularising his appointment as director and seeking approval of the members of the Company to the appointment of Mr. Rajneesh Anand as Managing Director and payment of remuneration to him.

Mr. S. A. Christian has been nominated by GSFC on the Board on 19th October, 2000, in terms of financial assistance availed of by the Company. The said financial assistance has been repaid and settled fully to the satisfaction of GSFC. In view of the same Mr. S. A. Christian cease to be a director of the Company with effect from 8th July, 2002, pursuant to clause 16(iii) of the Articles of Association, with effect from the date of filing of satisfaction of charges created in favour of GSFC. The Board placed on record its appreciation of the valuable support extended by Mr. S. A. Christian during his tenure as Director of the Company.

Mr. S. J. Kim, Mr. N. I. Gandhi and Dr. Dinesh Patel, retires at the forthcoming 21st Annual General Meeting and being eligible offer themselves for reappointment.

INDUSTRIAL RELATIONS

Relations between the Management and the workers generally remained cordial and peaceful.

AUDITORS

Messrs. Khandelwal Jain & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the forthcoming Annual

GUJARAT THEMIS BIOSYN LIMITED

General Meeting and offer themselves for reappointment. As regards remarks in the Auditor's Report and the Notes to accounts, wherever referred to, are self-explanatory. The Auditors have furnished to the Company the requisite certificate under Section 224 (1B) of the Companies Act, 1956.

COST AUDITORS

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors appointed by the Company continues to conduct cost audit relating to Company's Bulk Drug division.

PARTICULARS OF EMPLOYEES

No employees of the Company are drawing salary in excess of the limits specified under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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

Information on Conservation of Energy and Technology Absorption etc. as required to be disclosed in terms of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988, are given in Annexure 'A' to the Directors' Report.

CORPORATE GOVERNANCE

Report of Directors on compliance of conditions on Corporate Governance as specified in clause 49 of the Listing Agreement together with certificate issued by the Auditors of the Company thereon are attached to this Report.

DIRECTORS RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirms that:

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the directors have selected such accounting policies and applied them consistently and made judgements 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 or loss of the company for that period;
- iii) the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGMENT

Your Directors have pleasure to place on record their sincere appreciation for the continued co-operation and support extended to the Company by Financial Institutions, Union Bank of India, all the Employees, Yuhan Corporation, the State Government of Gujarat, Dept. of Chemical & Petrochemical and various other Government authorities.

For and on behalf of the Board of Directors

Mumbai 28th June, 2002

RAJNEESH ANAND
Managing Director

ANANT THAKORE
Director

ANNEXURE 'A' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.

A. CONSERVATION OF ENERGY**(a) Energy conservation measures taken:**

During the year under review, all possible efforts were made to ensure optimum conservation of electricity and fuel at the plant.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The company has introduced improved operational methods, improved maintenance systems and rationalisation to bring about a saving in power consumption.

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

The adoption of energy conservation measures stated above is expected to help in saving to the Company on fuel and energy cost.

(d) Your company has towards the end of year embarked on captive power generation. Your company is also in process of installing a co-generation captive power station, which will further reduce the energy cost of our product. The co-generation system is likely to be installed by the beginning of second quarter of next year.**(e) The Company has invested substantial amount in the Plant and equipment to reduce energy Consumption and the Company will continue in its efforts to improve methods of energy conservation and utilisation.****FORM A**

Form for disclosure of particulars with respect to conservation of energy.

I - POWER AND FUEL CONSUMPTION

	2001-2002	2000-2001
1) Electricity		
a) Purchase:		
Units	7,686,535	13,768,135
Total Amount	43,945,927	74,204,486
Rate / Unit (Rs.)	5.72	5.39
b) Own Generation:		
(i) Through diesel / LDO Generators (KwH)	2,180,956	296,400
Diesel / LDO Consumed (Liters)	654,466	85,632
Units / Litre of Diesel / LDO (KwH)	3.33	3.46
Total Amount (Rs.)	7,551,967	1,227,192
Cost / Unit (Rs. / KwH)	3.46	4.14
(ii) Through Steam:		
Turbine / Generator Units	Nil	Nil
Unit / Litre of Fuel / Oil / Gas	Nil	Nil
2) Furnace Oil		
Quantity (Litres)	245,328	2,322,962
Total Amount (Rs.)	2,031,490	22,703,554
Average Rate (Rs./Litre)	8.28	9.77
3) Coal		
Quantity (Kgs)	2,118,570	1,349,990
Total Amount (Rs.)	4,888,018	3,034,971
Rate / Kgs (Rs.)	2.31	2.25
4) Bagasse		
Quantity (Kgs)	6,126,490	606,000
Total Amount (Rs.)	3,092,303	290,320
Rate / Kgs (Rs.)	0.50	0.48