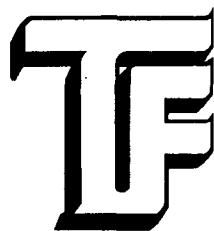


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12th Annual Report
APRIL 2001 – SEPTEMBER 2002



THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

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121st ANNUAL REPORT

THE HINDUSTAN SPINNING AND WEAVING MILLS LIMITED

DIRECTORS

SUDHIR THACKERSEY

Chairman & Managing Director

CHANDRAHAS K. THACKERSEY

Executive Director

JAGDISH U. THACKERSEY

Executive Director

RAOUL S. THACKERSEY

Executive Director

M. R. B. PUNJA

D. M. POPAT

R. N. BANSAL

SHALINI S. SHAH (NOMINEE - ICICI)

D. S. ALVA

P. B. DESAI

D. D. GUDSOORKAR (NOMINEE - IDBI)

SOLICITORS

MULLA & MULLA AND

CRAIGIE BLUNT & CAROE

MANILAL KHER AMBALAL & CO.

AUDITORS

C. C. CHOKSHI & CO.

Chartered Accountants

BANKERS

BANK OF INDIA

PUNJAB NATIONAL BANK

UCO BANK

SYNDICATE BANK

ICICI BANK LIMITED

CANARA BANK

UNION BANK OF INDIA

REGISTERED OFFICE

SIR VITHALDAS CHAMBERS

16, MUMBAI SAMACHAR MARG

MUMBAI - 400 001

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**121st ANNUAL GENERAL MEETING ON
WEDNESDAY, THE 5th MARCH, 2003 AT 11.30 A.M.
AT "PATKAR HALL", MUMBAI - 400 020.**

Shareholders are requested to bring their copies of the Annual Report along with them at the Annual General Meeting.

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NOTICE

Notice is hereby given that the ONE HUNDRED AND TWENTY FIRST Annual General Meeting of the Shareholders of the Company will be held at "Patkar Hall", Nathibai Thackersey Road, Off. Maharshi Karve Road, Mumbai - 400 020, on Wednesday, the 5th March, 2003 at 11.30 A.M. to transact the following business:

1. To receive and adopt the audited Balance Sheet as at 30th September, 2002 and the Profit and Loss Account for a period of eighteen months ended 30th September, 2002 and to consider the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Jagdish U. Thackersey, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M.R.B. Punja, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. D.S. Alva, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the current year and fix their remuneration.

AS SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as a Special Resolution:

"RESOLVED that pursuant to section 163 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, the Register of Members, Index of Members, Register of Debentureholders, Index of Debentureholders and copies of all annual returns prepared under section 159 together with copies of certificates and documents required to be annexed thereto under section 161 and/or any other provisions applicable thereto, or any one or more of them, shall be kept at the following address instead of at the Registered Office of the Company:

M/s. Computech Sharecap Ltd.,
147, Mahatma Gandhi Road,
Opp. Jehangir Art Gallery,
Fort,
Mumbai - 400 023.

RESOLVED FURTHER that any officer of the Company appointed by the Board of Directors be and is/are hereby

authorised to take all the necessary steps in order to give effect to this Resolution."

By Order of the Board of Directors,

SUDHIR THACKERSEY
Chairman & Managing Director

Registered Office :

"Sir Vithaldas Chambers",
16, Mumbai Samachar Marg,
Mumbai - 400 001.

Dated : 30th December, 2002.

NOTES FOR MEMBERS' ATTENTION

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, in respect of item of Special Business is hereto annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 25th February, 2003 to 5th March, 2003 (both days inclusive).
4. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company atleast ten days in advance of the Annual General Meeting, so as to enable the Company to keep the information ready.
5. The shareholders are hereby informed that all unclaimed dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government in terms of provisions of Section 205A of the Companies Act, 1956. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, in the prescribed manner.
6. Please note that time limit for transfer from unpaid dividend to the Central Government has been enhanced from 3 years to 7 years as per Section 205C of Companies

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(Amendment) Act, 1999 and thereafter shareholders would not be able to claim any dividend so transferred. Those members who have so far not encashed their dividend warrants for the financial year ended 31st March, 1996 and 31st March, 1997 are requested to make their claim at Registered Office of the Company. The dividend which remains unpaid or unclaimed will be transferred to the Investor Education and Protection Fund of the Central

Government, pursuant to Section 205C by Companies (Amendment) Act, 1999.

7. Members are requested to bring their copies of the Annual Report and Attendance Slip at the Meeting.
8. As required in terms of paragraph VI(A) of Clause 49 of the Listing Agreement, details of Directors seeking re-appointment at the ensuing Annual General Meeting are given hereunder :-

Name of the Director	Mr. J. U. Thackersey	Mr. M.R.B. Punja	Mr. D. S. Alva
Date of appointment	27.02.1985	01.07.1987	29.07.1998
Expertise in specific Functional areas	Industrialist having rich business experience	Ex-Chairman of IDBI and rich experience in finance and Banking	Ex-chairman of TEXPROCIL & Ex-Managing Director of Bombay Dyeing & Mfg. Co. Ltd. Well qualified Technocrat with a vast experience in Textile industry
List of Directorship held*	The Sirdar Carbonic Gas Co. Ltd. Delta investment Ltd. Bodyguard Mfg. & Exports Ltd. Western Holdings Ltd. Earnest Holdings Ltd. Leathbind Investment Ltd. Aristocrat Investment Ltd. Sukta Investment Ltd. Satark Investment Ltd.	Andhra Petrochemicals Ltd. Suprajit Engineering Ltd. Adeep Roloforms Ltd. Adeep Locks Ltd. Tamilnadu Petro Products Ltd. Apollo Tyres Ltd. Deepak Nitrate Ltd. Chowgule Stemships Ltd. Polychem Ltd. Sushruta Medical Aid & Research Hospital Ltd. Seshasayee Paper & Boards Ltd. LML Ltd.	Sanghi Polyesters Ltd Banswara Syntex Ltd. Kirsteel Shinwa Industries Ltd.
Chairman / Member of the committees of the Board of the Companies on which he is a Director	<u>Share Transfer Committee</u> The Sirdar Carbonic Gas Co. Ltd.	<u>Audit Committee</u> Deepak Nitrate Ltd. Tamilnadu Petroproducts Ltd Seshasayee Paper & Boards Ltd. <u>Share Transfer Committee</u> LML Ltd. Suprajit Engineering Ltd. <u>Remuneration Committee</u> LML Ltd. Seshasayee Paper & Boards Ltd.	<u>Audit Committee</u> Sanghi Polyesters Ltd. Banswara Syntex Ltd. <u>Investor Grievances Committee</u> Banswara Syntex Ltd.

*Directorship of Private Limited Companies not considered

By Order of the Board of Directors,

SUDHIR THACKERSEY
Chairman & Managing Director

Registered Office :

"Sir Vithaldas Chambers",
16, Mumbai Samachar Marg,
Mumbai - 400 001.

Dated : 30th December, 2002.

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THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 6

Your Company has decided to appoint M/s. Computech Sharecap Limited as Registrars & Transfer Agent for all share registry work in relation to shares in physical and electronic (Demat) form

M/s. Computech Sharecap Limited is one of the reputed R&T Agents in India presently servicing shareholders of many prestigious companies. It is registered with the Securities and Exchange Board of India as a Category-I Registrar to issue and as a Registrar & Transfer Agent.

The Board seeks the consent of the members for maintain the Register and Index of Members, Register and Index of Debentureholders and copies of Annual Returns together with all documents required to be annexed thereto, at the Office of

M/s. Computech Sharecap Limited, 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai - 400 023.

Your Board seeks the consent of the members for the above in terms of the provisions of Section 163 of the Companies Act, 1956 and recommends the passing of this Resolution as a Special Resolution.

None of the Directors is deemed to be concerned or interested, directly or indirectly, in passing this Resolution.

By Order of the Board of Directors,

SUDHIR THACKERSEY

Chairman & Managing Director

Registered Office :

"Sir Vithaldas Chambers",
16, Mumbai Samachar Marg,
Mumbai - 400 001.

Dated : 30th December, 2002.

DIRECTORS' REPORT

TO

**THE MEMBERS,
THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED**

Your Directors present herewith the 121st Annual Report together with the audited statements of accounts for eighteen months period ended 30th September, 2002.

FINANCIAL RESULTS

	Current Year (18 months)	Previous Year (15 months)
	(Rs. in lakhs)	(Rs. in lakhs)
Gross Profit for the period before providing for Interest, Depreciation and Taxation	(1804.86)	165.64
Interest	3793.87	2809.94
Gross Profit/(Loss) after Interest but before Depreciation	(5598.73)	(2644.30)
Depreciation	2192.22	2015.30
Loss before Taxation	(7790.95)	(4659.60)
Provision for Wealth Tax (Net)	1.15	0.66
Loss after Tax	(7792.10)	(4660.26)
Amount Transferred from Investment Allowance Reserve	—	85.00
(Loss) as per Profit & Loss Account brought forward from last year	(10749.12)	(6173.86)
Balance in Profit & Loss Account carried to Balance Sheet	(18541.22)	(10749.12)

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CHANGE IN ACCOUNTING YEAR

The present Accounting Year ended on 30th September, 2002 is for a period of 18 months period from 1st April, 2001 to 30th September, 2002. Your company has received necessary permissions from the Registrar of Companies, Maharashtra, for extension of the Accounting Year.

DIVIDEND

In view of losses incurred for the period under review, the Directors regret their inability to recommend any dividend for the period ended 30th September, 2002.

OPERATIONS

In terms of financial performance, the current 18 months period under review was the most difficult one for the company in view of lower Turnover and higher losses.

The Sales Turnover for current 18 months period ended 30.9.2002 at Rs.238 crores was effectively lower by about 34% as compared to Rs.300 crores for 15 months period ended 31.3.2001. The reduction in production and consequent dip in the turnover is mainly due to curtailment of unviable production activities in Mumbai units and due to lack of sufficient working capital.

Company's Exports also reduced substantially by about 44% during current 18 months period mainly due to reduction in production and also due to lower demand for company's products in international markets in view of a major set-back post 9/11 terrorist attack affecting the world economy.

As against Profit before interest, depreciation and tax (PBDIT) of Rs.1.65 crores for the previous 15 months period, the company incurred heavy loss of Rs.18.05 crores at PBDIT level for the current 18 months period ended 30.09.2002.

The Government had long back recognised the need to treat the organised and the decentralised sectors at par and to allow competition on the basis of their inherent strengths and capabilities. However, in practice, the ground realities have been quite contrary. The decentralised sector has been a recipient of several concessions and exemptions, particularly in the realm of fiscal, trade and labour policies. The duty structure gives a distorted picture when small scale and decentralised sectors in many cases have been enjoying lower or nil rate of duty. Quota policy which has been biased towards power-loom sector encouraged them to export low value fabrics and discouraged the organised sector to export value-added products and to modernise. Non-enforcement of labour laws resulted in long working hours and extremely lower wages in decentralised sectors. State Government too favoured independent power looms by levying lower charges for power and in few cases, even waiving their overdues.

This kind of un-even competition and restrictive government policies have completely sapped intrinsic strength of the organised sector leaving severe impact on working of large and old units such as yours. Textile operations in Mumbai continued to be unviable due to higher wages and higher input costs such as power, water etc. which could not be compensated by corresponding increase in sales prices due to sluggish conditions prevailing in domestic and export markets. In view of substantial reduction in production, certain portion of fixed costs also could not be recovered.

The Bombay Textile Research Association, a Government recognised organisation, had recently carried out techno-economic feasibility study of the company and had recommended closing down of unviable operations in Mumbai and consolidating textile operations at Karad unit. Accordingly, your Company has planned to concentrate textile operations at Karad where the cost of production is lower compared to that in Mumbai. Steps are being taken to close down all unviable operations in Mumbai units in a phased manner and relocate good machinery to Karad unit for consolidation.

DEBENTURES

As reported last year, your company had privately placed Non-convertible Redeemable Debentures (NCDs) of Rs.50 crores and the proceeds were utilised to repay high-cost debts from a financial institution. During the period under review, debenture-holders of NCDs of Rs.15 crores under "Series-A" exercised put option on expiry of 18 months i.e. on 30.6.2002 and the said debentures were fully redeemed and cancelled as per terms of the issue.

In view of losses incurred by the company during the period under review, your Directors are unable to create and transfer an adequate amount to Debenture Redemption Reserve (DRR). Further, in view of redemption of debentures during the period, there is no requirement for transferring the amount to DRR in terms of Sec. 117(c) of the Companies Act, 1956.

LAND DEVELOPMENT

It was reported last year that your company was permitted to develop about 3.800 Sq.mtrs. of land at its "C" unit (Crown Mill) at Dadar. Your company has signed an MOU with a Developer in November, 2001 for developing land at Crown Mill Unit. An application was also made to State Government seeking its permission for land development at company's A/B units at Mahalaxmi, and permission was subsequently received in June, 2002. Another MOU has been signed with another Developer in September, 2002 for development of FSI of about 64.370 Sq.mtrs. at Mahalaxmi Units as permitted by the State Government. Steps are being taken to complete the Development Agreements in both cases after obtaining requisite approvals.

LABOUR RATIONALISATION AND VRS

Your company entered into a VRS Agreement with the Rashtriya Mill Mazdoor Sangh (RMMS), the recognised Union, on 15th March, 2002 for employees in its 'B' Unit at Mahalaxmi and in response thereto, nearly 1500 employees from Mahalaxmi unit had resigned under VRS. In addition, nearly 500 employees in company's "C" unit (Crown Mill) at Dadar and "D" unit (Process House) at Prabhadevi had also resigned under VRS during the later part of the year. Consequently, the Staff Costs have come down by nearly 30% despite some increase in DA index over 18 months period. The Company has since entered into similar VRS Agreements on 29.12.2002 with the RMMS for its employees in "C" unit and "D" unit. The full impact of savings on account of labour rationalisation would be seen in subsequent years.

BIFR PROCEEDINGS

As reported last year, your company had made a reference to the Board for Industrial and Financial Reconstruction (BIFR) u/s. 15(1) of the Sick Industrial Companies (special provisions) Act, 1985 (SICA) and the same was registered as case No.344 / 2001 on 29.8.2001. In the first hearing of BIFR held on 4.12.2002, the company has been declared a "Sick Industrial Company" u/s. 3(1)(o) of SICA. Further, the BIFR has appointed IDBI as an Operating Agency (OA) u/s. 17(3) of SICA and company has since submitted the Draft Rehabilitation Scheme (DRS) to OA on 27.12.2002. The DRS, among other things, includes steps proposed towards closure of operations in Mumbai units and implementation of VRS therein, consolidation of operations at Karad Unit, corporate restructuring, development of land in Mumbai Units and reliefs / concessions from secured lenders and others.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the Audited Statement of Accounts along with the Report of the Board of Directors of Makarand Investments Limited and Satark Investments Limited and the respective Auditors' Reports thereon for the 18 months period ended 30th September, 2002 are annexed.

South Central Products Limited (SCPL) - U.K. Wholly Owned Subsidiary of the Company could not carry out any commercial trading activities since last 2 years in view of the unfavourable market conditions. The financial position of SCPL was weakening over few past years due to continuing losses and hence, it was decided to close down the same. SCPL was dissolved on 10th September, 2002 and there were no funds available for distribution to the company on dissolution of SCPL.

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

Your Company has been making continuous efforts to conserve energy.

A statement containing the information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report is annexed herewith.

RESEARCH AND DEVELOPMENT

Your Company's Research and Development Center, duly recognised by Government of India, Department of Science and Technology, is in continuous process of development and improvement in product quality. The registration granted by the Government to the Research and Development Center was renewed upto 31st March, 2003.

INSURANCE

Adequate insurance cover has been taken for all the properties and insurable interests of the Company.

FIXED DEPOSITS

In view of negative net worth, the company has already suspended acceptance / renewal of fixed deposits. Despite several reminders, deposits of Rs.3.13 lakhs from 50 deposit holders remained unclaimed as on 30.9.2002. Out of these, the company has since repaid deposit of Rs.0.10 lacs to 1 deposit-holder on receipt of his claim by the company. The company has been persistently following up with these depositors so as to clear the unclaimed deposits.

PARTICULARS OF EMPLOYEES

There are no employees covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreements with Stock Exchanges, the cash flow statement for 18 months period ended 30.9.2002 is annexed herewith.

DIRECTORS

In accordance with Article 139 of the Articles of Association of the Company, Mr. Jagdish U. Thackersey, Mr. M.R.B. Punja and Mr. D.S. Alva retire by rotation. They, being eligible, offer themselves for re-appointment.

Mr. Manmohandas P. Vora was a Director on the Board from 28th January, 1981 to 26th July, 2001. He was associated with the company for over 20 years.

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Mr. Manharlal C. Shah was a Director on the Board from 23rd August, 1978 to 14th April, 2002. He was associated with the company for over 24 years.

The Board places on record its appreciation for the guidance and valued contribution provided by them during their tenure as members of the Board.

COST AUDIT

Pursuant to the Order of the Company Law Board under Section 233B of the Companies Act, 1956, Cost Auditor has been appointed to conduct the audit of Cost Accounting records of the Company for the period ended 30th September, 2002. Cost Audit reports for the earlier periods are under preparation and being finalised.

DEPOSITORY SYSTEM

In terms of a notification issued by the Securities and Exchange Board of India (SEBI), trading in Equity Shares of your Company is permitted only in dematerialised (electronic) form with effect from 25th June, 2001. Your Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable the shareholders to hold shares in dematerialised form. Your Company has also made arrangements for simultaneous dematerialisation of share certificates lodged for transfer. Since dematerialisation facilitates quick share transfers and prevents possibilities of forging of documents, those shareholders who have not opted for this facility are advised to dematerialise their shares with either of the Depositories through their depository participants.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (hereinafter referred to as "the Act"), your Directors confirm that:

- (i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- (ii) they 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 30th September, 2002 and of the losses of the Company for the year ended 30th September, 2002;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

(iv) they have prepared the Annual Accounts on a "going concern" basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a separate report on Corporate Governance is included in the Annual Report and the certificate from the company's Auditors confirming compliance of conditions on Corporate Governance, is annexed hereto.

AUDITORS

The retiring Auditors, Messrs. C.C. Chokshi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment. You are requested to appoint the Auditors to hold office from the conclusion of the meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Records for additions to fixed assets for period subsequent to 31.3.2001 have since been updated. Steps are being taken to comply with the suggestions made by Auditors in their report. Other observations made by the Auditors have been clarified in the relevant notes forming part of the accounts, which are self-explanatory.

APPRECIATION

Your Directors would like to place on record its appreciation for the continued co-operation and support extended to the company by Financial Institutions, Banks, Guarantor-brokers, Distributors & Suppliers, Government Authorities and all other business associates for their assistance and co-operation during the period under review. Your Directors would also like to place on record its deep appreciation for the devoted services of employees at all levels.

For and on behalf of the Board of Directors,

SUDHIR THACKERSEY
Chairman & Managing Director

Place : Mumbai

Dated : 30th December, 2002.

THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED
 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 FOR THE PERIOD ENDED 30TH SEPTEMBER, 2002.

A. CONSERVATION OF ENERGY

The company has been making continuous efforts to conserve energy. Few major steps taken during the period are as follows :-

(a) Energy Conservation Measures Taken

- (i) Replacing the conventional chokes by electronic chokes.
- (ii) Re-distribution of power load on transformers to have proper balancing.
- (iii) Optimum utilisation of compressors.
- (iv) Efficient use of solar plant for heating boiler feed water.
- (v) Minimising heat losses by efficient control on steam leakages. Steam traps and maintaining steam line laggings.
- (vi) Efficient control on use of exhaust and return air fans.
- (vii) Controlled use of airconditioners.
- (viii) Effective controlled operations of centralised humidification plant.
- (ix) Control of maximum demand energy.
- (x) Improvement and maintaining the power factor.

(b) Additional Investments and proposal, if any, being implemented for reduction of consumption of energy.

Nil

(c) Impact

- (i) The energy conservation measures have enabled the company to maintain the cost of utilities and power generation cost.
- (ii) The increase in a ratio is due to product-mix change and process improvements for quality.

(d) Form for disclosure of particulars with respect to conservation of energy.

	Current Year (18 mths)	Previous Year (15 mths)
A. Power & Fuel Consumption		
1. Electricity		
(a) Purchased Units ('000 KWH)	64524	83764
Total Amount ('000 Rs.)	258904	324760
Rate/Unit (Rs. per KWH)	4.01	3.88
(b) Own Generation		
Through Diesel Generator Units ('000 KWH)	10126	11387
Units per ltr. of diesel oil	3.46	3.26
Cost/Unit (Rs. per KWH)	3.55	3.94
2. Furnace Oil		
Quantity (K.Ltrs.)	2105	2693
Total Amount ('000 Rs.)	19219	26801
Average Rate (Rs. per K.Ltr.)	9131	9954
3. LSHS		
Quantity (Tons)	6464	6946
Total Amount ('000 Rs.)	70966	77115
Average Rate (Rs. per M.T.)	10979	11102
B. Consumption per Unit of Production:		
Product-Grey & Finished Cotton & Blended Textiles.		
	Current Year (18 mths)	Previous Year (15 mths)
1. Electricity :		
(Purchased & Generation)		
KWH/Metre of Grey Production	1.646	1.527
KWH/Sq. Metre of Grey Production	1.122	1.104
KWH/Metre of Wet Processing	0.215	0.183
KWH/Kg. of Wet Processing	1.094	1.023
2. LSHS/Furnace Oil		
(furnace oil converted to equivalent LSHS)		
Kgs./Metre of Grey Production	0.062	0.055
Kgs./Sq. Mtr. of Grey Production	0.042	0.040
Kgs./Metre of Wet Processing	0.170	0.147
Kgs./Kg. of Wet Processing	0.865	0.823

B. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION AS PER FORM B.

1. Research & Development (R & D)

1. Specific areas in which R & D carried out by the Company.

The ongoing developments of our R & D have enabled the company to improve new qualities with specific performance characteristics. The R & D division continued its efforts to improve the quality of the fabrics to enhance its global competitiveness.

- * We have developed cotton-lycra blend, blended fabrics, modal fabrics, polyester blended denim fabrics and have received good response from the local and garment export market.
- * Improvement of process parameters, cost competitiveness of process and higher value addition by developing special process and finishes.
- * New product development such as Easy-care finish, crush fabrics and improved feather proof finish for domestic market.
- * Environment and effluent control to meet the stringent demand.

2. Benefit derived as a result of the above R & D.

- * Improvement in the quality of fabrics.
- * The company has been able to meet the international quality parameters of Europe, USA and Far East.
- * Improved customers satisfaction and marketability of our products in the Export and RMG market.

3. Expenditure on R & D.

(Rupees in lakhs)

(a) Capital	—
(b) Recurring	21.36
(c) Total	21.36
(d) Total R & D Expenditure as percentage of total turnover.	—

Technology absorption, adaptation and innovation

1. The company has benefited by adopting latest techniques, process flow and technology in textile processing. In addition the company continues in-house development of textile fabric with exclusive finishes.
2. Our R & D is recognised by the Department of Science and Technology, Government of India. We have had satisfactory progress in substitution of conventional product with Eco-friendly innovative products and processes.
3. Information regarding technology imported during the last five years.

(a) Technology Imported	Nil
(b) Year of Imported	Not Applicable
(c) Has Technology been fully absorbed	Not Applicable
(d) If not fully absorbed, areas where this has not taken place, thereof and future plans of action.	Not applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO

Despite severe competition and adverse market condition in quota and non-quota countries, the company has been able to achieve the exports at Rs.6869.17 lakhs (FOB).

- (a) The company's efforts continue in the areas of development and identification of new export markets in quota and non-quota countries.
- (b) Total Foreign Exchange used and earned.

(Rs. in lakhs)

Used	3366.59
Earned	6869.17

The company continues inhouse development of textile fabrics with exclusives finishes, improvements in textile processing & process flow, control on costs and improvement in quality.