

22nd ANNUAL REPORT

1997-98

MD	✓	SEC	✓
CS	✓	SY	✓
PO	✓		✓
TRA	NA		✓
ACM	✓		✓
YE	✓		✓

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MALWA COTTON SPINNING MILLS LTD.

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THE MANAGEMENT

BOARD OF DIRECTORS

MR. JANGI LAL OSWAL
Chairman-Cum-Managing Director
MR. N.K. OSWAL
MR. RISHI OSWAL
MR. RAHUL OSWAL
MR. N.K. BAKSI (Nominee of IFCI)
MR. K.B. JAIN
MR. MANHARLAL MAGANLAL BADIANI
MR. G. BANSAL
MR. RAJDEEP JAIN
MR. B.S. MANN

AUDITORS

S.C. Vasudeva & Co., New Delhi

BANKERS

Punjab National Bank
Indian Bank
Vijaya Bank
State Bank of India
Standard Chartered Bank
American Express Bank

REGISTERED OFFICE

Industrial Area 'A'
LUDHIANA - 141003

WORKS

- i) Village Harigarh,
Raikot Road, Barnala (Punjab)
- ii) Village Patlian,
Paonta Sahib (Himachal Pradesh)



FINANCIAL HIGHLIGHTS

(Rs. in Lac)

Particular	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89*
Share Capital	489.89	489.89	489.89	489.89	489.88	489.88	489.80	489.78	489.72	330.73
Reserves	9561.81	8138.55	7136.03	6844.99	5930.28	4856.23	3955.82	3201.85	2190.16	1212.96
Net Worth	10117.85**	8628.44	7625.92	7334.88	6420.16	5346.11	4445.62	3691.63	2679.88	1543.69
Fixed Assets (Gross)	19915.08	16305.26	13992.24	13227.40	11707.15	8969.30	6599.30	5202.36	4085.68	2616.62
Depreciation	7685.69	6457.37	5305.07	4235.40	3254.82	2461.08	1927.41	1510.56	1369.54	931.78
Net Block	12229.39	9847.89	8687.17	8992.00	8452.33	6508.22	4671.89	3691.80	2716.14	1684.84
Investments	2279.04	1033.27	1052.76	700.93	469.96	273.35	239.50	55.00	15.00	-
Net Current Assets	13218.12	11191.36	9186.87	9986.39	8457.54	6962.37	4679.94	3051.49	2126.67	1313.41
Net Assets Employed	27733.56	22072.52	18926.80	19679.32	17379.83	13743.94	9591.33	6798.29	4857.81	2998.25
Book Value per Equity Share (Rs.)	206.44	176.05	155.60	149.66	131.00	109.08	90.71	75.32	54.68	46.62
Gross Income	37053.60	31956.50	32529.72	27153.33	21435.98	18622.71	15039.41	11680.20	8895.33	4664.69
Export Sales (FOB)	13197.20	11688.41	5717.52	5576.68	3928.59	2515.48	2366.63	265.54	7.84	—
Gross Profit	3081.05	2478.80	1571.14	2162.01	2317.89	2162.82	1842.02	1785.57	1282.72	712.98
Depreciation	1317.87	1166.71	1076.30	992.07	793.58	535.71	423.96	357.37	441.79	178.45
Profit Before Tax	1763.18	1312.09	494.84	1169.94	1524.31	1627.11	1418.06	1428.20	840.93	534.53
Profit After Tax	1563.18	1112.09	484.84	1069.94	1264.31	1102.11	923.06	1003.20	622.93	441.53
Equity Dividend (%)	40	40	37	37	37	37	35	35	33	22.5
Earning per Share (Rs.)	31.89	22.69	9.89	21.83	25.80	22.49	18.88	20.46	12.71	13.34
Cash Earning per Share (Rs.)	58.78	46.50	31.85	42.07	42.00	33.42	27.48	27.76	21.72	18.72

* Nine months

** Includes Application money for warrants Rs. 66.15 lacs.



NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the members of Malwa Cotton Spinning Mills Limited will be held in the premises of Punjab Woolcombers Limited, Dhandari Kalan, G.T. Road, Ludhiana on Tuesday, the 29th September, 1998 at 10.30 A.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the year ended on that date together with Auditors' and Directors' Report thereon.
2. To declare dividend.
3. To appoint a director in place of Shri N.K. Oswal who retires by rotation and who, being eligible, offers himself for reappointment.
4. To appoint a director in place of Shri Rishi Oswal who retires by rotation and who, being eligible, offers himself for reappointment.
5. To appoint a director in place of Shri K.B. Jain who retires by rotation and who, being eligible, offers himself for reappointment.
6. To appoint Auditors of the Company and fix their remuneration.

Special Business:

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging of all the immovable and movable properties of the Company wheresover situated, present and future, and the whole of the undertaking of the Company and/or conferring power to take over management of the business and concern and/or undertaking of the Company in certain events (whether such power is contained in the documents creating the mortgage/charge or otherwise), to or in favour of The Industrial Finance Corporation of India Ltd. (IFCI) in connection with their loan of Rs. 1500 lacs and Rs. 1370 lacs respectively lent & advanced/agreed to be lent and advanced by IFCI to the Company under its Term Loans facilities.

"RESOLVED FURTHER THAT the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified".

8. To consider and if thought fit, to pass with or without

modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging of all the immovable and movable properties of the Company wheresover situated, present and future, and the whole of the undertaking of the Company and/or conferring power to take over management of the business and concern and/or undertaking of the Company in certain events (whether such power is contained in the documents creating the mortgage/charge or otherwise), to or in favour of Punjab State Industrial Development Corporation Limited (PSIDC) in connection with loan of Rs. 540 lacs lent & advanced/agreed to be lent and advanced by PSIDC to the Company under its Term Loan facilities.

"RESOLVED FURTHER THAT the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions as may be necessary, the Company hereby approves the reappointment of Shri Jangi Lal Oswal, Managing Director, for a period of 5 years with effect from 1st January, 1999 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) set out in the Draft Agreement submitted to this meeting and signed by the Chairman for the purpose of identification, 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 so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendment thereto as may be agreed to between the Board of Directors and Shri Jangi Lal Oswal.

NOTES:

1. The Explanatory Statement pursuant to Section 173 of Companies Act, 1956 in respect of special business set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT TO BE A MEMBER.



3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 16th September, 1998 to Tuesday, the 29th September, 1998 (both days inclusive).
4. The members are requested to notify the change in their address, if any, to the Company immediately.
5. The dividend on equity shares, if declared at the meeting, will be paid to those members whose names appear on the Company's Register of Members on 29th September, 1998.
6. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
7. Pursuant to section 205 of the Companies Act, 1956, the unpaid dividend upto the financial year 1993-94 has been deposited in the General Revenue Account of the Central Government and the unpaid dividend for the financial year 1994-95 will be deposited with Central Government in the month of November, 1998. Therefore members who have not encashed the dividend for the said period are requested to apply to the Company for payment of Dividend before 15.10.1998.
8. Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.

By order of the Board

Regd. Office
Industrial Area 'A',
Ludhiana
Dated: 31st July, 1998

(Dinesh Gupta)
Company Secretary

EXPLANATORY STATEMENT

As required under section 173 of the Companies Act, 1956 the following explanatory statement set out all the material facts relating to item No. 7, 8 & 9 mentioned in the accompanying notice dated 31st July, 1998.

Item No. 7:

Your Company has been sanctioned Term Loan of Rs. 15.00 Crores and Rs. 13.70 Crores respectively by The Industrial Finance Corporation of India Ltd.

Section 293(1)(a) of the Companies Act, 1956, inter-alia, provides that the Board of Directors of a public limited company shall not, without the consent of the Company in General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking.

Since the mortgage by the Company of its immoveable properties, as aforesaid, in favour of IFCI may be regarded as disposal of Company's properties/undertakings, the approval of the Members under Section 293(1)(a) of the Companies Act, 1956, is solicited.

MEMORANDUM OF INTEREST:

None of the Directors of the Company is concerned or interested in this Resolution except Shri N.K. Bakshi, nominee director of IFCI.

Item No. 8:

Your Company has been sanctioned Term Loan of Rs. 5.40 Crores by the Punjab State Industrial Development Corporation Limited (PSIDC).

Section 293(1)(a) of the Companies Act, 1956, inter-alia, provides that the Board of Directors of a public limited company shall not, without the consent of the Company in General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking.

Since the mortgage by the Company of its immoveable properties, as aforesaid, in favour of PSIDC may be regarded as disposal of Company's properties/undertakings, the approval of the Members under Section 293(1)(a) of the Companies Act, 1956, is solicited.

None of the Directors of the Company is concerned or interested in this Resolution.

Item No. 9:

Shri Jangi Lal Oswal was re-appointed as Managing Director of the Company w.e.f. 1.1.1994 and his present term of five years shall expire on 31.12.1998. The Board of Directors of the Company in their meeting held on 31.7.1998 has re-appointed Shri Jangi Lal Oswal as Managing Director for a period of five years w.e.f. 1.1.1999 on the terms and conditions as set out in the Draft Agreement to be entered into between Shri Jangi Lal Oswal and the Company.

- i) Shri Jangi Lal Oswal, the Managing Director, shall, subject to the supervision and control of the Board of Directors, be entrusted with substantial powers of management and shall also perform such other duties as may from time to time be entrusted to him.



ii) Period of Agreement : 5 Years
w.e.f. 1st January, 1999.

iii) Remuneration:
Salary : Rs. 2,00,000/- per month
Commission : 1% of the net profits of the Company in addition to salary and perquisites subject to the total remuneration being within the limits as prescribed in Part II of Schedule XIII of the Companies Act, 1956.

Perquisites : Perquisites shall be allowed in addition to salary and commission. However, such perquisites shall be restricted to an amount equal to one year's salary each year as per details given below:

Category 'A'

i) Housing I : The expenditure by the Company on hiring furnished accommodation for the Managing Director will be sixty percent of the salary, over and above ten percent payable by the Managing Director.

Housing II : In case the accommodation is owned by the Company, ten percent of the salary of the Managing Director shall be deducted by the Company.

Housing III : In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

Explanation : (i) The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Managing Director.

ii) Medical Reimbursement : Expenses incurred by the Managing Director on self and his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

iii) Leave Travel Concession : Expenses incurred by the Managing Director on self and his family shall be reimbursed, once in a year in accordance with the Rules specified by the Company.

iv) Personal Accident Insurance : Premium not to exceed Rs. 4,000/- per annum.

Explanation : For the purpose of Category 'A' "Family", means the spouse, the dependent children and dependent parents of the Managing Director.

Category 'B'

i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. The said contribution will also be subject to the Rules framed by the Company in this respect.

ii) Gratuity not exceeding half a month's salary for each completed year of service. This will, however, be subject to ceiling prescribed by the Central Government from time to time. It shall not be included in the computation of ceiling on remuneration.

iii) Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

Category 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

iv) The terms and conditions of the said re-appointment and/or agreement may be altered and varied from time to time by the Board, as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, or any amendment made hereafter in that schedule.

v) The Agreement may be terminated by either party giving the other party six months' notice.

vi) If at any time the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director.

vii) The Managing Director shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company.

viii) This may be treated as an abstract of the draft agreement between the Company and Shri Jangi Lal Oswal pursuant to Section 302 of the Companies Act, 1956.

In compliance with the provisions of Section 269 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in the General Meeting for their approval.

The draft agreement between the Company and Sh. Jangi Lal Oswal is available for inspection by the members of the Company at its Registered Office between 11.00 A.M. to 1 P.M. on any working day of the Company.

Sh. Jangi Lal Oswal is interested in this item.

Sh. N.K. Oswal, Rishi Oswal and Shri Rahul Oswal being relative of Sh. Jangi Lal Oswal may also be deemed to be concerned or interested in this item.

By order of the Board

Regd. Office:
Industrial Area 'A'
Ludhiana

(DINESH GUPTA)
Company Secretary

Dated: 31st July, 1998



DIRECTORS' REPORT

The Directors are pleased to present their Twenty Second Annual Report on the business of the Company and the Audited Statement of Accounts of the Company for the year ended 31st March, 1998.

	(Rs. in Lac)	
	1997-98	1996-97
FINANCIAL RESULTS		
Profit before financial expenses & depreciation	5755.84	4936.41
Financial expenses	2674.79	2457.61
Depreciation	1317.87	1166.71
Net profit before taxes	1763.18	1312.09
Provision for taxation	200.00	200.00
Profit after tax	1563.18	1112.09
Balance brought forward	267.99	278.80
Prior period adjustment		
Investment Allowance Reserve Written back	20.00	28.00
Income Tax Refund for earlier years	19.61	133.70
Depreciation written back for earlier year	27.35	0.95
Profit available for appropriation	1898.13	1553.54
Proposed Dividend	195.96	195.96
Tax on proposed dividend	19.59	19.59
Debenture Redemption Reserve	—	40.00
Reserve for Bad & Doubtful		
Debts/Advances	170.00	30.00
General Reserve	1000.00	1000.00
Surplus in Profit & Loss Account carried to Balance Sheet	512.58	267.99

DIVIDEND

Your Directors recommend 40% Dividend which if approved at the forthcoming Annual General Meeting will be paid to all those Equity Shareholders whose names appear on the Register of Members as on 29.09.1998.

YEAR IN RETROSPECT

Another successful year of higher production and export has been completed by your Company.

PRODUCTION

The total production of all types of yarn during the year was recorded 274.02 Lac Kgs against 248.44 Lac kgs in the previous year which shows an increase of 10.30%. The production of cotton yarn was 153.59 Lac Kgs against 139.72 Lac Kgs. in the previous year. The production of other synthetic yarns during the year was 120.43 Lac Kgs against 108.72 Lac Kgs. in the previous year.

TURNOVER

During the year your Company recorded a turnover of Rs. 37053.60 Lacs against Rs. 31956.50 Lacs in the previous year which shows an increase of 15.95%. There was increase in sales of all types of yarn.

EXPORTS

The Asian countries crisis, the destination for nearly 50% of India's cotton yarn exports has given a major blow to the country's cotton textile during 1997-98. The growth of exports of India in 1997-98 is only 9.20% as against 60% in the previous year. The major impact was in the January-March, 1998 quarter, in which exports tumbled by 20% as compared to corresponding period last year. However your Company able to register the export of Rs. 136.37 Crores (CIF) against Rs. 121.68 Crores (CIF) in the previous year which is mark up of 12.07% over the previous year. The Company has been awarded two Silver Trophies by Texprocil for 1996-97 for Outstanding Performance in yarn a) for Top Exporters (Mill) and b) Non-Quota Exports.

Barnala Unit

Various machines are added/replaced to upgrade, improve & increase the quality of finished product as well as to optimise the efficiency of plant. The Barnala unit is doing well in field of production, sales, exports and productivity. The unit is equipped with modern & sophisticated Laboratory to maintain & upgrade the quality of the yarns.

The implementation of EOU was taken inhand in 1996-97 and installation of all the 25200 spindles are completed in September, 1997. The unit is running at optimum capacity & export of Rs. 37 Crores has been made from this unit in 1997-98.

Paonta Sahib Unit

The Paonta unit is doing well in all spheres. Certain machines are added to upgrade the quality, efficiency & improve the production levels.

Expansion

With a view to add further value addition to its existing products & improve the bottom line, your Company is setting up a Dye House at village Harian, Machhiwara, Distt. Ludhiana with a capacity of 12 T.P.D. at project cost of Rs. 18.65 Crores. The plant is equipped with proper mix of indigeneous & imported machinery suitable for dyeing of fibre, yarn & knitted fabric. Partial production already started. Another project for Worsted Spinning with a complement of 10000 spindles is also envisaged at village Iraq, Machhiwara, Distt. Ludhiana. The project is equipped with combination of latest imported & indigeneous machinery. The civil work is in progress. The commercial production is expected to start by Oct., 1998 & project will be completed by March, 1999.

Your Company is also examining various expansions/ diversification projects.



SUBSIDIARY COMPANIES

As required under section 212 of the Companies Act, 1956 the audited statement of accounts, alongwith the report of Board of Directors of M/s Malwa Industries Limited and report of their Auditors for the year ended 31st March, 1998 are annexed. We have not received the audited accounts of M/s Oswal Chartak, Uzbekistan. Therefore, the same are not annexed. However, statement under section 212 of the Companies Act, 1956 is annexed.

FIXED DEPOSITS

There is no unclaimed fixed deposits as on date of this report.

INDUSTRIAL RELATIONS

The Company continued to receive good support from its employees at all levels of the organisation, which helped in achieving optimum level of efficiency in production of all products.

AUDITORS

M/s S.C. Vasudeva & Co. auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

The Auditors' Report on the Accounts is self explanatory and requires no comments.

DIRECTORS

Sh. Rishi Oswal, Sh. N.K. Oswal & Sh. K.B. Jain retire at the ensuing Annual General Meeting and are eligible for appointment as Directors subject to retirement by rotation. They offer themselves for the re-appointment. Shri Ashwani Kumar Chauhan has resigned from the Board. Your Directors wish to place on record their sincere appreciation for valuable guidance rendered by him during his tenure as Director of the Company.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the *continuous co-operation extended by Financial Institutions and Banks*. Your Directors also place on record their appreciation for the continuous co-operation of the workers, staff and the executives of the Company. The Board desires to place on record its appreciation for the support and co-operation that Company has received from dealers, retailers & agents for promoting 'Body Wrap' hand knitting yarn throughout the country.

DISCLOSURE OF PARTICULARS

Statement of particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 is attached as per Annexure 'A'. Information as per the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earning and outgo is given in Annexure 'B' forming part of this Report.

For and on behalf of the Board

Place Ludhiana
Dated: 30.06.1998

JANGI LAL OSWAL
Chairman-cum-
Managing Director



DIRECTORS' REPORT

ANNEXURE 'A' TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES

Statement of Particulars of Employees under Section under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31.3.1998

Name	Age	Date of Employment	Qualification	No. of years of Experience	Designation & Nature of duties	Remuneration (Rs. in lac)	Last employment held	Designation with last employer	Period of service with last employer (years)
1. Anand V.K.	51	10.10.91	Elec. Engineering	28	Vice President (ISMS)	3.57	Modi Threads Limited	Corp. Manager (MIS)	3
2. Azad Kailash	46	01.10.81	M.A., M.S.W.	26	Sr. Vice President (Personnel & Admn.)	3.05	Hissar Tex. Ltd.	Officer, IRD	9
3. Chandrasekaran S.S.	49	25.06.92	B. Text.	27	Sr. Vice President (Commercial)	3.12	Shree Menakshi Mills	Manager (Raw Material)	13
4. Dewan Rajiv	36	07.12.92	B.Com., F.C.A.	14	Vice President (Taxation)	3.45	Varinder Agro Chemicals Ltd.	General Manager (Finance)	1
5. Jain Anil	40	01.03.86	B. Tech., M.B.A.	18	Sr. Vice President (Mktg. & Raw material)	3.17	Vardhman Spg. & Gen. Mills Ltd.	Sr. Executive (Marketing)	5
6. Jain B. R.	60	02.05.94	F.C.A.	23	Internal Auditor	3.13	Self Employed	—	—
7. Kapila Rajiv	39	03.10.89	M.Sc., M.B.A.	17	Vice President (Export)	3.16	Vardhman Spg. & Gen. Mills Ltd.	Executive (Marketing)	9
8. Muralidharan A.J.	43	01.08.91	B.Tech., M.B.A.	20	Vice President (Corporate)	3.52	Premier Polytronics Ltd.	Regional Sales Manager	5
9. Makkar G.	40	24.08.82	B. Com., F.C.A.	15	Vice President (Finance)	3.29	—	—	—
10. Oswal Jangi Lal	47	09.04.80	B.A. II Year	27	Chairman-cum-Managing Director	45.28	Oswal Woollen Mills Ltd.	Commercial Manager	9
11. Rustogi B.L.	64	11.04.92	Diploma in Spg. Technology	44	Sr. Vice President (Technical)	3.79	Chenab Textile Mills Ltd.	Production Manager	9
12. Sharma K.C.	57	15.07.89	M.A., L.L.B.	38	Sr. Vice President (Personnel & Admn.)	3.12	Modern Syntex India Ltd.	Joint.Vice President (Personnel & Admn.)	5
13. Singh P.K.	44	14.04.90	B.A., Diploma in Business Admn.	21	Vice President (Material)	3.17	Sarab Syn. (Raj) Limited	Purchase Manager	9

1. The condition of employment of the above employees except Sh. Jangi Lal Oswal is non-contractual.
2. Sh. Jangi Lal Oswal is related to Sh. N.K. Oswal, Sh. Rishi Oswal and Sh. Rahul Oswal, Directors of the Company.
3. The remuneration includes salary, cash allowances/and prerequisite value of other non cash prerequisites.

For and on behalf of the Board

Place : Ludhiana
Dated: 30.06.1998

(JANGI LAL OSWAL)
Chairman-cum-Managing Director

ANNEXURE 'B' 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.

I. CONSERVATION OF ENERGY

- a) Energy conservation measures taken
 - Technical upgradation and modernisation of various machines.
 - Power capacitor banks further strengthened on different load centres to reduce power losses.
 - Electronic Soft start units with Power Saving features installed in new Simplex machines to get power saving.
 - Machines motors having load upto 60% are connected in Star thereby effecting power saving.
 - Copper choke/Ballast and starter type fluorescent double tube light fittings are replaced by Standard make Electronic chokes tube light fitting for energy saving in certain area.
 - In the Humidification system, Supply Air and Return Air fans are being updated with energy efficient FRP Fans.
- b) Further proposed and investment for reduction of energy consumption.
 - Modernisation/replacement of old plant & Machinery.
- c) Overall impact of measures of above resulting in energy saving.
 - Not ascertainable precisely.
 - Reduction in Cost of Production.
- d) Total energy consumption and energy consumption per unit of production as per Form A in respect of Industries specified in the schedule.