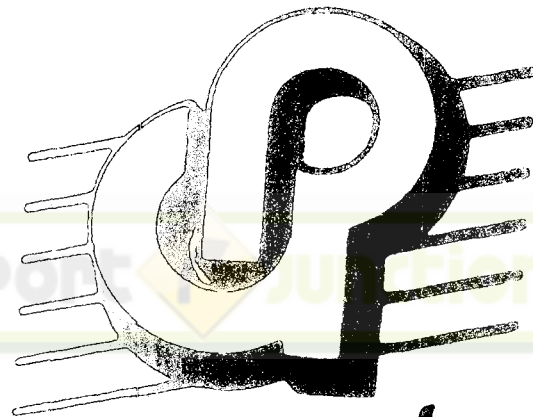


MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		



*Pasupati  
Acrylon Ltd.*

ANNUAL REPORT 1997-98

# PASUPATI ACRYLON LIMITED

## BOARD OF DIRECTORS

### Chairman

Mr. Indu Kumar Pande  
(PICUP Nominee)

### Managing Director

Mr. Vineet Jain

### Directors

Mr. Vijay Kumar Jain  
Mr. Ramesh Kumar Jain  
Mr. R. K. Kaul  
Mr. M. M. Kohli  
Mr. Baldev Pasricha  
Mr. B. N. Pasari  
Mr. Vijay Bahuguna  
Mr. Ravinder Kapur  
Km. Nita Chowdhury (PICUP Nominee)  
Mr. S. C. Malik (Director Finance)

### Secretary

Mr. S.D. Jain  
F.C.S., F.C.A

### Auditors

M/s. B.K. Shroff & Co.  
New Delhi

### Bankers

Allahabad Bank  
State Bank of Patiala  
Sanwa Bank Ltd.  
UCO Bank  
Bank of Maharashtra  
State Bank of Travancore  
Bank of Baroda  
Canara Bank

### Regd. Office & Works

Thakurdwara  
Kashipur Road  
Distt. Moradabad(U.P.)

### Corporate Office

M-14 Connaught Circus (Middle Circle)  
New Delhi - 110 001



## NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Members of Pasupati Acrylon Ltd., will be held on Saturday, the 26th day of September, 1998 at plant premises of Pasupati Acrylon Ltd., Village Thakurdwara, Kashipur Road, Distt. Moradabad (U.P.) at 10.30 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended March 31, 1998, Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Ramesh Jain, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Ravinder Kapur, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Vijay Bahuguna, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

By order of the Board  
Pasupati Acrylon Limited

New Delhi  
Dated : July 29, 1998

S. D. Jain  
Company Secretary

Registered Office  
Thakurdwara  
Kashipur Road  
Distt. Moradabad  
Uttar Pradesh

### NOTES

1. (a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member.  
(b) Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the Annual General Meeting.  
(c) Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 1998 to 26th September, 1998 (both days inclusive).
3. Members who are holding shares in identical names in more than one folio are requested to write to the Company to enable the Company to consolidate their shareholdings in one folio. Further, members are requested to immediately notify to the Company any change in their address.
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
5. In addition to the Registered Office of the Company the shareholders can contact/write to Company's Corporate Office at M-14, Connaught Circus (Middle Circle), New Delhi-110 001, for any communication with the Company.



## DIRECTORS' REPORT

### To the Members

Your Directors have pleasure in presenting their Report together with the Audited Accounts for the year ended 31st March, 1998.

### Financial Results

	(Rs. in Crores)	
	1997-98	1996-97
Sales & Other Income	192.30	184.50
Profit before interest & depreciation	42.69	34.74
Financial Charges	20.75	22.39
Depreciation	9.96	9.74
Profit before Taxes	11.98	2.61
Payment/Provision for Taxes	0.75	0.02
Profit after Taxes	11.23	2.59
Add: Profit & Loss Account surplus/(Loss) brought forward	(3.92)	(6.51)
Profit available for appropriation	7.31	—
<b>APPROPRIATIONS :</b>		
Debenture redemption reserve	7.31	—
Balance carried forward	—	(3.92)

In the absence of divisible surplus due to creation of Debenture redemption reserve, your Directors are unable to recommend any dividend for the year.

### OPERATIONS

Your Directors are pleased to state that your Company's performance during the year has been quite satisfactory. The Company achieved 103% Capacity utilisation during the year, and its sales turnover registered an increase of 4 % over the Previous Year. The operating Profit before depreciation, finance charges and tax amounted to Rs.42.69 crores as against Rs.34.74 crores during the previous year, registering an increase of 23%. This was achieved by stringent cost control, higher per ton sales realisation and stability in raw material prices.

### CURRENT YEAR'S OUTLOOK

Presently, the availability of main raw material i.e. ACN has become surplus in the international market, resulting in pressure on its prices. However, the benefit of fall in raw material prices is being passed on to the customer(s).

By the Finance (No. 2) Bill, 1998 an additional special custom duty @ 4% has been imposed on all imports and the modvat has been restricted to 95% of excise duty paid on inputs. Further, with the fall in Rupee Value vis-a-vis to US\$, imports are becoming costlier. However, all efforts are being made to keep the costs under control, by bringing in efficiency in raw material(s) consumption as also by increasing the operating capacity of

Plant from 18000 TPA to 20000 TPA by debottlenecking the Plant.

To meet the challenge of increased competition from imports, all efforts are being made to bring in efficiencies in operations and expand the plant capacities to bring economies of scale in operations.

During the period April to June, 1998, Company has achieved capacity utilisation of 97 % of enhanced capacity and achieved turnover of Rs.50.11 crores as against Rs.47.34 Crores during the corresponding period in previous Financial Year.

### FIXED DEPOSITS

The Company accepts fixed deposits from the public and the members without public invitation. The outstanding public deposits at the end of the year under review amounted to Rs. 164.85 lacs. There were no overdue / unclaimed deposits at the end of the year.

### DIRECTORS

Messrs Ramesh Jain, Ravinder kapur and Vijay Bahuguna will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. During the period under review there have been following changes in the Nominee Directorships / Directorships viz.

— The Pradeshia Industrial and Investment Corporation of U.P. Limited (PICUP) nominated Mr. Indu Kumar Pande, Managing Director of PICUP and Km. Nita Chowdhury as Nominee Directors on the Board. Mr. Pande was also appointed as Chairman of the Board.

PICUP had also appointed / withdrew the nomination of Mr. Babu Ram, Principal Secretary, Industrial Development, Govt. of U.P.; Mr. D.S. Bains, Managing Director of PICUP; Mr. Bhupender Singh, Dy. Managing Director of PICUP and Mr. Anil Sharma, Dy. General Manager (Technical), PICUP, from the Board.

— Nomination of Mr. R.K. Mathur and Mr. Tapan Ganguli has been withdrawn from the Board of Directors of the company by Industrial Credit and Investment Corporation of India Ltd. (ICICI) and Industrial Finance Corporation of India Ltd. (IFCI) respectively.

— Mr. R.K. Kumar was appointed as Director (to fillup the casual vacancy) during the year and has since resigned from the Board.

Your Directors welcome the appointment of Mr. Indu Kumar Pande and Km. Nita Chowdhury and trust that the Company will benefit immensely from their experience, advice and guidance.



**DIRECTORS' REPORT (Contd.)**

Your Directors also place on record their appreciation for the valuable services rendered by Mr. Babu Ram, Mr. D.S. Bains, Mr. Bhupender Singh, Mr. Anil Sharma, Mr. R.K. Mathur, Mr. Tapan Ganguli and Mr. R.K. Kumar during their tenure.

**INDUSTRIAL RELATIONS**

Industrial relations continued to be cordial during the year under review.

**EMPLOYEES**

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended w.e.f. 18.10.1994 form part of this Report.

However, as per the provision of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Corporate Office/Registered Office of the Company.

**AUDITORS AND THEIR REPORT**

M/s. B.K. Shroff and Co., Chartered Accountants, New Delhi retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received certificate from them under Section 224(1-B) of the Companies Act, 1956.

The observations made by the Auditors in their report are explained in the respective Notes to the Accounts, which are self explanatory.

**ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

A statement giving details of conservation of energy, technology absorption and foreign exchange earning and outgo in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto, forming part of this Report.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their deep appreciation of the continued support and co-operation received from the Financial Institutions, Consortium Bankers and Shareholders, the State and Central Government, PICUP and Company's Collaborators, M/s.SNIA Engineering s.p.a. Italy.

Your Directors also wish to place on record their appreciation of the devoted services of the Company's employees, which have in great way contributed to the Company's progress.

For and on behalf of the Board

Place: New Delhi  
Date : July 29, 1998

**Indu Kumar Pande**  
Chairman



**DIRECTORS' REPORT (Contd.)**

(As required in terms of Notification No.1029 of 16.12.1988 issued by the Department of Company Affairs)

**(A) CONSERVATION OF ENERGY**

Some of the measures taken by the company for the conservation of energy during the period under report are as under:-

- (a) (i) Refractory of modified version was provided in one boiler to reduce heat lossess and inturn increase steam to coal ratio.
- (ii) Insulation of steam lines rectified to reduce heat losses & inturn consumption of steam.
- (iii) Pullies of 6 dryer drum blowers changed to small size to reduce electrical consumption.
- (iv) Schedule maintenance of steam traps strengthened and internals of 3 Nos. big traps changed. Thus condensate recovery achieved morethan 90%.
- (v) One No. D.C. motor of recrimping stretching machine stopped by changing the path of tow, thus reduction in power consumption.
- (vi) Use of HSD additive on one DG to reduce HSD consumption.
- (vii) Centrifuge is installed on one DG on trial to reduce 'B' checks and thus reduce in lub-oil and oil filter consumption.
- (b) The company has schemes for further conservation of energy in future which would involve investment e.g.
  - (i) Conversion of one boiler into Fludised Bed Combustion to increase steam to coal ratio. Thus reduction in coal consumption.
  - (ii) Installation of Extraction type steam turbine to generate power at low cost.
- (c) The results of the measures taken at (a) by the company have brought it at the comparable level with one of the best plants installed by the collaborator.
- (d) The total energy consumption and energy consumption per unit of production as per Form-A annexed herewith.

**(B) TECHNOLOGY ABSORPTION**

Efforts made towards technology absorption are given as per Form-B annexed herewith.

**(C) FOREIGN EXCHANGE EARNINGS & OUTGO****(a) Export Activities**

The Company did export Fibre at FOB Value of Rs.0.28 lacs (previous year Rs.0.45 lacs) and deemed export of Rs.Nil lacs (previous year Rs.19.79 lacs) during the year.

**(b) Total Foreign Exchange Used & Earned**

Foreign Exchange Used :	1997-98	(Rs.in Lacs) 1996-97
i) Travelling	16.49	9.19
ii) Interest	285.46	296.31
iii) Instalment under DPG for equipment/ technical know-how and documentation	587.07	569.56
iv) CIF Value of imports		
— Raw Materials	5565.31	5062.13
— Stores & Spares	37.58	35.11
— Capital Goods	110.71	—
Foreign Exchange Earned:		
— F O B Value of exports	0.28	0.45



**DIRECTORS' REPORT (Contd.)****FORM - A**  
(See Rule-2)**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****(A) POWER AND FUEL CONSUMPTION**

		Year Ending March 31, 1998	Year Ending March 31, 1997
1. ELECTRICITY			
(a) Purchased*			
Units(in lacs)	KWH	13.43	18.43
Total Amount	Rs./Lacs	62.09	68.43
Rate per Unit	Rs./KWH	4.62	3.71
(b) Own generation			
(i) Through diesel generator units (in lacs)	KWH	165.60	194.83
Unit per ltr. of Diesel Oil	KWH/Litre	3.25	3.36
Cost/Unit	Rs./KWH	2.73	2.31
(ii) Through turbines			
Units (in lacs)	KWH	147.77	98.67
Total Cost	Rs./Lacs	469.99	286.14
Cost/Unit	Rs./KWH	3.18	2.90
2. COAL			
Quantity-units	MT	61555.00	47558.56
Total Cost	Rs./Lacs	1220.75	816.32
Average rate	Rs./MT	1983.19	1716.45
3. FURNACE OIL		Nil	Nil
4. OTHERS/INTERNAL GENERATION		Nil	Nil
* Electricity purchased from UPSEB			
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>			
Products	Acrylic Fibre/Tow/Tops		
Electricity	MW/MT	1.77	1.77
Fuel Oil	K.Ltr/MT	0.29	0.33
Coal	MT/MT	3.33	2.70

**FORM-B**  
(See Rule-2)**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION****(A) RESEARCH & DEVELOPMENT (R & D)****1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY:**

- Developmental work towards substitution of Sodium salt of 2-acrylamido-2-methyl propane sulphonic acid by Sodium methyl sulphonate.
- Developmental work towards identification of operating conditions suitable for plant operation at higher capacity.
- Improvement in tensile properties of Acrylic fibre.
- Evaluation and trial of spin finish oil.

**2. BENEFITS DERIVED AS A RESULT OF R & D:**

- Savings in foreign exchange as well as cost of production.
- Improvement in polymer & fibre properties.

**3. FUTURE PLAN OF ACTION:**

- Process Development for substitution of 2-acrylamido-2-methyl propane sulphonic acid by sodium methyl sulphonate.
- Development of speciality products towards widening the range of product mix.
- Import substitution of lubricant & softner.

**4. EXPENDITURE ON R & D**

	1997-98	(Rs.in Lacs) 1996-97
Capital	---	---
Recurring	8.21	7.12
Total	8.21	7.12
% of Turnover	3.04%	0.04%

**(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- Plant capacity is being enhanced to 20000 TPA from 18000 TPA level.
- Developmental work for substitution of 2-acrylamido-2-methyl-propane sulphonic acid by sodium methyl sulphonate is at advanced stage of completion.
- Particulars of imported technology in the last five years.
 

Technology imported	:	NA
Year of import	:	NA
Has technology been fully absorbed	:	NA
If not fully absorbed reason for & future action plan	:	NA





## AUDITORS' REPORT

## To the Members,

We have audited the attached Balance Sheet of Pasupati Acrylon Limited as at 31st March, 1998 and Profit & Loss Account for the year ended on that date and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we state that:
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii) In our opinion, proper books of account as required by the law have been kept by the company so far as appears from our examination of such books.
  - iii) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
  - iv) In our opinion and to the best of our information and according to the explanations given to us, the accounts subject to:

Note No. 8 — relating to non-provision of liability towards foreign collaborators in respect of technical knowhow and documentation amounting to Rs.451.31 lacs (net of taxes) resulting in depreciation for the year to be lower by Rs.23.83 lacs and its consequent effect on the profit for the year and read together with the other

notes appearing in schedule Q, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- a) in so far as it relates to the Balance Sheet, of the state of affairs of the company as at 31st March, 1998 and;
- b) In so far as it relates to the Profit & Loss Account, of the profit for the year ended on that date.

For **B.K. SHROFF & CO.**  
Chartered Accountants

3/7-B Asaf Ali Road,  
New Delhi - 110 002  
Dated: July 29, 1998

**O.P. Shroff**  
Partner

