

ANNUAL REPORT 1998-99

PASUPATI ACRYLON LIMITED

BOARD OF DIRECTORS

Chairman

Mr.Vidya Nand Garg (PICUP Nominee)

Managing Director Mr.Vineet Jain

Directors

Mr.Vijay Kumar Jain
Mr.Ramesh Kumar Jain
Mr.M.M.Kohli
Mr.Baldev Pasricha
Mr.B.N.Pasari
Mr.Vijay Bahuguna
Mr.Ravinder Kapur
Mr.R.K.Kumar
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

Bank of Maharita State Bank of Per

Sanwa Cahak Canara Bahk Punjab National Bank

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

Regd. Office & Works

Corporate Office

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



Notice is hereby given that the 16th Annual General Meeting of the Members of Pasupati Acrylon Ltd., will be held on Saturday, the 25th day of September, 1999 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

- To receive, consider and adopt the Audited Accounts for the year ended March 31, 1999, Directors' Report and the Auditors' Report thereon.
- To appoint a Director in place of Mr.Vijay Kumar Jain, who retires by rotation and being eligible, offers himself for reappointment.
- To appoint a Director in place of Mr. Baldev Pasricha, who retires by rotation and being eligible, offers himself for reappointment.
- To appoint a Director in place of Mr.M.M.Kohli, who retires by rotation and being eligible, offers himself for reappointment.
- 5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications the following Resolution(s):-

AS AN ORDINARY RESOLUTION(S)

6. "Resolved that in accordance with the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) and subject to the approval of Financial Institutions, consent of the Company be and is hereby accorded to the re-appointment of Shri Vineet Jain, as the Managing Director of the Company, for a period of 5 (five) years with effect from 1st October, 1999, on the terms and conditions including remuneration as set out in the explanatory statement herein, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution) to alter and to vary the terms and conditions of the said appointment and/ or remuneration within the limit specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or reenactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Vineet Jain.

RESOL VED FURTHER that the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. "Resolved that in accordance with the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) and subject to the approval of Financial Institutions, consent of the Company be and is hereby accorded to the re-appointment of Shri S.C. Malik, as the Director (Finance) of the Company, for a period of 5 (five) years with effect from 1st October, 1999, on the terms and conditions including remuneration as set out in the explanatory statement herein, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution) to alter and to vary the terms and conditions of the said appointment and/ or remuneration within the limit specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or reenactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri S.C.Malik.

RESOLVED FURTHER that the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8." RESOLVEDhatShri R.K.Kumar, who was appointed as an Additional Director pursuant to section 260 of the Companies Act and Articles 117 of the Articles of Association of the Company and holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to section 257 of the Companies Act, 1956, proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company".

By order of the Board PASUPATI ACRYLON LIMITED

Place : New Delhi S.D. Jain Dated : July 30, 1999 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.
- Explanatory statement relating to Item No.6 to 8 pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
- The Register of Members and share Transfer Books of the Company will remain closed from Thursday, the 16th September, 1999 to Saturday, the 25th September, 1999 (both days inclusive).
- 4. 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.
- All documents referred to in the accompanying Notice and the explanatory statement 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.
- 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-110001, for any communication with the Company.
- 7. Member(s)/Investor(s) are advised to avail nomination facilities pursuant to Section 109A of the Companies (Amendment) Act, 1999, may at any time nominate a person in the prescribed manner i.e. by sending Form 2B, Rule 4CCC and 5D (enclosed in the last page) duly filled and signed by the Member(s)/Investor(s) to whom his/her shares in or deposits shall vest in the event of his/their death.

Investors may send the enclosed nomination form to the company's Corporate Office directly.



[Pursuant to Section 173(2) of the Companies Act, 1956.]

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ITEM NO. 6 & 7

The present terms of office of Shri Vineet jain and Shri S.C. Malik is expiring on 30th September, 1999. The Board of Directors has resolved that, they may be re-appointed for a further period of 5 (five) years from 1st October, 1999.

The broad particulars of remuneration payable to and terms of the respective re-appointments of Shri Vineet Jain and Shri S.C.Malik for a period of 5 (five) years w.e.f. 1st October, 1999 are as under:

			(Rs./Per annum)
Name & Designation	e e e e e e e e e e e e e e e e e e e	Salary	Perquisites & allowances
Shri Vineet Jain, Managing Director	i a mararaj ar i i i i a	5,00,000	4,50,000
Shri S.C.Malik, Director (Finance)		5,50,000	3,50,000

The Managing Director and the Director (Finance) of the Company, shall be entitled to the above remuneration also as minimum remuneration, (where in any financial year during the currency of their tenure, the Company has no profits or its profits are inadequate) inclusive of perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and his family including dependants; club fee, medical insurance and such other perquisites and/or allowances, upto the amounts specified above for each of them, subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

Company's contribution to Provident Fund and Superannuation Fund, to the extent these singly or together are not taxable under the Income Tax Act 1961. Gratuity payable shall be as per therules of the Company and encashment of leave as per Company Rules, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

In addition to the salary, perquisites and allowances as above Mr. Vineet Jain, the Managing Director shall also be entitled to receive commission, with effect from financial year commencing 1st April, 2000 provided that the overall remuneration payable by way of salary, perquisites, allowances and commission to the Managing Director shall not exceed in the aggregate, 3% of the net profits of the Company, computed under Section 349 of the Companies Act, 1956 or Rupees Twenty Five lacs per annum whichever is lower.

The respective arrangement may be terminated by either party (Company or the concerned

Whole Time Director) by giving the other Three month's prior notice of termination in writing.

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

The Director (Finance) is liable to retire by rotation.

If at any time Director (Finance) ceases to be in employment of the Company for any cause whatsoever he shall cease to be a Director of the company.

Application has been made to the Lead Financial Institution for approval of the proposed re-appointments.

Your Directors commend the resolutions set out at Item Nos. 6 & 7 of the Notice for your approval.

The above may also be treated as an abstract of the terms of contract/agreement between company and Shri Vineet Jain and Shri S.C.Malik respectively persuant to Section 302 of the Companies Act, 1956.

Shri Vineet Jain and Shri S.C.Malik are interested in the resolutions which pertain to their re-appointment and/or remuneration payable to each of them.

Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the resolution(s).

JUM NOS

Mr. R.K.Kumar was appointed as an Additional Director under section 260 of Companies Act, 1956 and would be holding office upto the date of this Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

Mr.R.K.Kumar is a Law Graduate and Fellow Member of The Institute of Chartered Accountants of India. Your Directors consider that Mr.R.K.Kumar's experience and guidance will be of immense value to the Company and accordingly commend his appointment for your approval.

No other Director Except Mr.R.K.Kumar, is concerned or interested in the proposed resolution.

By order of the Board PASUPATI ACRYLON LIMITED

Place: New Delhi Dated: July 30, 1999

S.D. Jain Company Secretary

Registered Office Thakurdwara Kashipur Road Distt. Moradabad Uttar Pradesh



自由工作 医二十分 化自动分离 医原性内脏 使放射器 医环状元素 电线电影 电转换数据线线管

To the Members

Your Directors have pleasure in presenting their Report together with the Audited Accounts for the year ended 31st March, 1999.

Financial Resultations of good but on had	i Botomorphy 2 d	n to the property of the second			ar veri Se Sand Fare	(Ra, in Crores)
from each of the second	eligi i senantea e	e. C. G. Charatteria	er i la mer		1998-99	1997.48
Sales & Other Income					188.45	192.30
Profit before interest & depreciation	in the second of	enantaga en artiko. En	The Course of the Course		23.04	42:69
Pinancial Charges	n - gjeneset americanomicanomica	and you are a survivous and the survivous and th	and the second	الحواجة بعد بمواد الـ الـ . أو	19.61	20:75
Depreciation	e de proposition de la companya del companya del companya de la co	TEACH	and the State of t	i e e e e e e e e e e e e e e e e e e e	10.61	9.96
Profit/(Loss) before Taxes	Maria de la constante de la co		-5		(7.18)	11.98
Payment/Provision for Taxes			· · · · · · · · · · · · · · · · · · ·		0,06	0.75
Profit/(Loss) after Taxes	fi felicie.	San et la san		1. 1	(7.24)	11.23
Add: Profit & Loss Account surplus/(Loss)	rought forward		tra grada	·		(3.92)
Profit /(loss) carried to Balance Sheet	. 1	*			(7.24)	7:31
APPROPRIATIONS:	5, 5 , 2	10 m 10 m			- 110)	The state of the section from
Debenture redemption reserve						7.31

In view of absence of divisible surplus, your Directors are unable to declare any dividend for the year.

OPERATIONS

During the year under review, Company produced 19874 MT of Acrylic Fibre (ASF) as against 18484 MT during previous financial year and sold 20268 MT as against 16928 MT during previous financial year, thus registering an increase of 7% in production and 20% in sales. The turnover of ASF duting the year however declined inspite of increase in volume due to pressure on selling prices, due to substantial decline in main raw-material price i.e. ACN internationally, benefit of which has to be passed on to the customers. Dumping of imports of ASF during first half of 1998-99 also put pressure on margins/ selling prices. Barring, achieving efficiency at operational front, the operation of the year under review, had not been satisfactory, due to pressure on selling prices, and overall recession in the manmade fibre industry.

CURRENT YEAR'S OUTLOOK

The current year prospects looks to be better than previous year due to following factors:

- The main raw-material price i.e. ACN, has started hardening in the international market due to improvement in crude oil prices. This would result in improvement in selling prices too.
- To achieve better marginal contribution, without any substantial increase in fixed overheads, and to meet global competition,

- your company, during 1993, had taken-up expansion plan to increase the production capacity from 15000 TPA to an optimum level of 22500 TPA. Your Directors feel pleasure to inform that the same has since been achieved, and also feel, that this would give your company, competitive edge.
- In order to reduce utility cost, an extraction based turbine is likely to be installed from November/December, 1999, This would give substantial savings in energy cost.
- Anti-dumping Duty has since been imposed on imports of ASF from Japan, Portugal, Italy & Spain apart from already existing Anti -dumping Duty from Korea, Thailand & USA.
- Repayment schedule of long term debts have been re-structured by the term lenders.
- Overall reduction in various overheads, without jeopardising the long-term interest of the Company.

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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.185.35 lacs. There were no overdue/ unclaimed deposits at the end of the year.

Messers Vijay Kumar Jain, Baldev Pasricha and M.M.Kohli are tetiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Mr.R.K. Kumar was appointed as an Additional Director during the year under review. Mr.Kumar is holding office upto the date of this Annual General Meeting,

In terms of section 257 of the Companies Act. 1956, the Company has received a notice from a shareholder signifying his intention to propose Mr.R.K.Kumar as Director. The Directors of your Company recommended his appointment, as the Company will benefit immensely from his experience, advice and guidance.

During the period under review, there have been following changes in the Nominee' Directorships/Directorships viz

- The Pradeshiya Industrial & Investment Corporation of UP Ltd. (PICUP) nominated Mr. Vidya Nand Garg, Managing Director of PICUP in place of Mr.Indu Kumar Pandey. Mr.Garg was also appointed as Chairman of the Board.
- Mr.R.K.Kaul has since resigned from the Board.

Your Directors welcome the appointment of Mr. Vidya Nand Garg and trust that the



Company will benefit immensely from his experience, advice and guidance.

Your Directors also place on record the appreciation for the valuable services rendered by Mr.Indu Kumar Pande and Mr.R.K.Kaul 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., 12.03.1999 form part of this Report.

AUDIORS AND THUR REPORT

M/s.B.K.Shroff & Co., Chartered Accountants, New Delhi retire at the

forthcoming Annual General Meeting and, being eligible, offer themselves for reappointment. 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 regarding non-provision of technical & know-how fee, the same is being accounted for, when the instalment as per terms of agreement is being pald. Your Directors feel that this policy is being followed consistently and accordingly, is being accounted for on cash basis.

ENTRGY, 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 Financial Institutions, Consortium Bankers and Shareholders, the State and Central Government, PICUP and Company's Collaborators.

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.

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For and on behalf of the Board

Place : New Delhi , V Dated : July 30, 1999

Vidya Nand Garg Chairman

ANNEXURE TO DIRECTORS' REPORT

STATEMENT OF PARCICLE, DESCENDER SECTION 2012-A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF FIMELOYEES) RULE), THE FORMAN GRANT OF DIRECTORS REPORT FOR THE YEAR ENDED 31.03.1999.

SI. No.	Name of Employee	Age	Qualification	Exp. (Yrs.)	Date of Employment	Designation	Remuneration	Last Employment held & designation
A)	Employed througho	ut the Fi	nancial Year and in	receipt of	remuneration ag	gregating not less th	an Rs.6,00,000/- p	er annum.
1.	Jain Vineet	30	B.B.A.(London)	09	01.01.90	Managing Director	10,31,390	
2.	Malik S.C.	49	B.Com. (Hons.), F.C.A.	27	16.07.90	Director (Finance)	6,24,708	G.M.(Finance) Perfect Circle Victor Ltd.
3.	Sehgal V.N.	59	B.E.(Chemicals)	38	01.02.88	President	7,70,802	General Manager Haldia Petro Chemicals Ltd.
4.	, Walia S.N.	43	B.Sc., LLB,MBA	20	16.01.89	Sr.Vice President (Purchase)	6,35,189	Dy.Manager (Mat.) JCT Mills Ltd.
В)	Employed for part of not less than Rs.50,0			vere in re	eipt of remunera	,	e year at the rate	which in aggregate wa
5.	Bhatia M.L.	62	B.E.(Elec.)	39	07.03.88	Chief Executive	8,72,218	General Manager Kailash Enterprises Private Limited

Notes

Place: New Delhi

Dated : July 30, 1999

- 1. The remuneration consists of salary, house rent allowance/actual value of rent free accommodation, L.T.A, medical, contribution to Provident Fund, Superannuation fund and other benefits.
- 2. In respect of an employee, employed for a part of the year, remuneration includes terminal benefits also.
- 3. The conditions of employment of all employees, except that of Managing Director and Director (Finance) are non-contractual.
- 4. None of the employees drawing remuneration in excess of that drawn by the Managing Director or Director (Finance), holds by himself or alongwith his spouse and dependent children more than two percent of the Equity Shares of the Company.
- 5. None of these employees is related to any Director of the Company.

For and on behalf of the Board

Vidya Nand Garg Chairman



DIRECTORS' REPORT (Contd.)

DIRECTORS REPORT (Contd.)

[A] CONSERVATION OF ENERGY	State of the state of the state of	At the second
Some of the measures taken by the company for the conservation of energy during the	period under repost are as und	r : nove of foreign or
a) 1) Waste heat recovery Boiler on D.G. exhaust gas was installed. With this, con-	sumption of coal reduced by al	12 Tons per day.
ii) Centrifuge were installed in 2 more D.G. sets to reduce consumption of lub o	oll and lub oil filters.	a compressar inemedia
iii) 15W 40 C.F. grade lub oil trails taken on one D.G. set to increase the time of	B' check and inturn reduce cor	sumption of lub oil.
iv) 18.5 KW rating motor was provided in place of 30 KW motor at coal crusher in	to reduce electrical consumptio	n. Professors such all sites
v) 11 Watt lights provided at many places in place of 40Watt tube rods or 100 W	Vatt incandescent bulbs to redu	ce power consumption
b) The company has schemes for further conservation of energy in future which won	uld involve investment i.e.	Sydness Afrika in in Sydness
The project to install extraction cum condensing steam turbine is in progress and	expected to be completed by O	ctober, 1999.
c) The results of the measures taken at (a) by the company have brought it at the company have brought it at the company	parable level with one of the bes	t plants installed by the
collaborator.	A MARK CONTRACTOR OF THE STATE	Terrendria de la composition della composition d
d) The total energy consumption and energy consumption per unit of production as	per Form-A is annexed nerewi	an: Free Control Control
B] TECHNOLOGY ABSORPTION		
Efforts made towards technology absorption are given as per Form-B is annexed herew	vith. In the control the second the control of th	<u> 1800 - Janes Johnson Johnson</u>
CI FOREIGN EXCHANGE EARNINGS & OUTGO	on the property of the second of the second party of the second pa	COST.
(a) Export Activities		
The company did not export Acrylic Fibre during the year (previous year Rs.0.28)	lacs).	<u> </u>
(b) Total Foreign Exchange Used & Farned		ે કે કહે હવે
Foreign Exchange Used :	. Sayara d 1998-9 9 - 22	(Rs.in Lacs
the angular control of the state of the stat	10.74	
(2) Fravelling (3) Problem of the control	252.84	16.49
ii) Interest	- Coper agreement and account of the control of the	285.46
1 20 20 10 mill) installment under DRG for equipment / 10 10 11	(en robenseman edt far . 686/29 / v.a.) sår d. l	ero sul la culque (18.7.07 Coulse than last 19.7.07
technical know-how and documentation		1 1
technical know-how and documentation iv) CIF Value of Imports	And the State of t	, the second
iv) CIF Value of Imports Raw Material	4710.10 	
iv) CIF Value of Imports	4710.10	5565.31 37.68 110.71

