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*Pasupati  
Acrylon Ltd.*

## **ANNUAL REPORT 2000-2001**

## PASUPATI ACRYLON LIMITED

### BOARD OF DIRECTORS

#### Chairman

Mr.Prabhat C.Chaturvedi  
(PICUP Nominee)

#### Managing Director

Mr.Vineet Jain

#### Directors

Mr.Vijay Kumar Jain  
Mr.Ramesh Kumar Jain  
Mr.M.M.Kohli  
Mr.B.N.Pasari  
Mr.Ravinder Kapur  
Mr.T.K.Balan (IFCI Nominee)  
Mr.Anil Sharma (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  
UCO Bank  
Bank of Maharashtra  
State Bank of Travancore  
Bank of Baroda  
Sanwa Bank Ltd.  
Canara Bank  
Punjab National 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 18th Annual General Meeting of the Members of Pasupati Acrylon Ltd., will be held on Friday, the 28th day of September, 2001 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, 2001, 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. Vijay Kumar Jain, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS**

To consider and if thought fit, to pass with or without modification(s), the following resolution:

**AS SPECIAL RESOLUTION**

5. "Resolved that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:-

By inserting the following Article 93A after the existing Article 93 :

**93A PASSING OF RESOLUTION BY POSTAL BALLOT**

Notwithstanding anything contained contrary in the Act or in these Articles, the Company shall adopt the mode of passing the resolution by its members by means of a postal ballot (including voting by electronic mode) and/or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in general meeting of the company:-

- Any business that can be transacted by the Company in the general meeting; and
- Particularly, resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot.

The company shall comply with the procedure for such postal ballot and/or other ways prescribed by the Central Government in this regard".

By order of the Board  
**PASUPATI ACRYLON LIMITED**

Place : New Delhi (S.D. Jain)  
Dated : June 26, 2001 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. Explanatory statement relating to Item No.5 pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and share Transfer Books of the Company will remain closed from Saturday, the 15th September, 2001 to Friday, the 28th September, 2001 (both days inclusive).
4. Members, who hold shares in de-materialised form are requested to bring their client ID and DP ID numbers for easier identification of attendance at the meeting.
5. 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.
6. 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.
7. 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.
8. Member(s)/Investor(s) are advised to avail nomination facilities pursuant to Section 109A of the Companies (Amendment) Act, 1999. Member(s) may at any time nominate a person in prescribed manner i.e. by sending Form 2B (enclosed with the Annual Report), under Rule 4CCC and 5D duly filled and signed by the Member(s)/Investor(s) to whom his/her shares shall vest in the event of his/her death. Investors may also send the nomination form to the Company's Corporate Office directly.



**EXPLANATORY STATEMENT**

(Pursuant to section 173(2) of the Companies Act, 1956)

**ITEM NO.5**

With the insertion of new section 192A by the Companies (Amendment) Act, a new concept of ascertaining the preference of shareholders through postal ballot has been introduced, whereby a listed company may be required to obtain the preference of shareholders in case of certain matters, as the Central Government may notifies to be conducted only by postal ballot (including voting by Electronic mode) instead of transacting the business in general meeting.

Hence, the proposed resolution is recommended to be passed as Special Resolution.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

A copy of Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection, by the members of the Company, at its Registered Office during normal business hours on any working day.

By order of the Board  
**PASUPATI ACRYLON LIMITED**

Place : New Delhi (S.D. Jain)  
Dated : June 26, 2001 Company Secretary

Registered Office  
Thakurdwara  
Kashipur Road  
Distt. Moradabad  
Uttar Pradesh

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**DIRECTORS' REPORT****To the Members**

Your Directors have pleasure in presenting their Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2001.

**Financial Results**

(Rs. in Crores)

	2000-2001	1999-2000
Sales & Other Income	207.33	201.72
Profit before Interest & Depreciation	2.78	28.42
Financial Charges	19.89	19.77
Depreciation	11.87	11.14
Profit/(Loss) before Taxes	(28.98)	(2.49)
Payment/Provision for Taxes	0.02	0.02
Extraordinary items being Depreciation relating to earlier year(s)	2.26	—
Profit/(Loss) after Taxes	(31.26)	(2.51)
Add: Profit & Loss Account surplus/(Loss) brought forward	(9.75)	(7.24)
Transfer from revaluation reserve	41.01	—
Profit/(loss) carried to Balance Sheet	—	(9.75)

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

**OPERATIONS**

During the year under review, your company produced 22602 MT of Acrylic Fibre (ASF) as against 21379 MT during the previous financial year thus registering an increase of 6% and utilising more than 100% of installed capacity.

Though there had been significant improvement in production, but due to overall recession in the textile industry during the year under review, dumping of Acrylic Yarn from Nepal due to import duty differential between India and Nepal on import of ASF, steep rise in raw material prices mainly ACN, DMF & MA, due to rise in the prices of crude oil internationally, incommensurate increase in sales realisation as compare to increase in prices of raw material, the performance of your company effected adversely and has resulted into cash loss during the year under review.

The forum of Acrylic Fibre Manufacturers have taken up the matter with respective Ministries such as Commerce, Textile, and External Affairs, to impose some quantitative caps on import of ASF or ASF Yarn from Nepal. The matter is under active consideration with the respective ministries and it is expected that something positive would come through.

**CURRENT YEAR'S OUTLOOK**

With the settling of crude oil prices, the raw material prices are cooling down. Significant improvement in lifting of ASF from May, 2001 onward and also sign of improvement in price

realisation and with the anticipated reduction in finance cost which shall accrue during the current financial year, it is expected that the performance of the company should be better as compare to previous year. Efforts are being made in all direction to reduce the manufacturing cost, to withstand global competition.

**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.234.60 lacs. There were no default in repayment of deposits or interest thereon on due date and there were no overdue/unclaimed deposits at the end of the year.

**DIRECTORS**

Messers Ramesh Jain and Vijay Kumar Jain are retiring 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 Directorship/Directorships viz

- The Pradeshia Industrial & Investment Corporation of U.P. Ltd. (PICUP) nominated Mr. Prabhat C. Chaturvedi, Managing Director of PICUP in place of Mr. Vidya Nand Garg.
- Mr. Rudy, who was appointed as an

additional Director to hold office upto this Annual General Meeting, resigned from the Board during the year.

Your Directors welcome the appointment of Mr. Chaturvedi 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. Vidya Nand Garg during his tenure.

**DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.**

Your Directors hereby confirm that:-

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;



**DIRECTORS' REPORT (Contd.)**

iv) the directors had prepared the annual accounts on a going concern basis.

**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. 25.10.2000 form part of this Report.

**STATEMENT PURSUANT TO LISTING AGREEMENT(S)**

The Company's securities are listed at Delhi, Mumbai, Madras, Calcutta & Kanpur Stock Exchanges and the Company has paid Annual Listing Fee to all the Stock Exchanges.

**CORPORATE GOVERNANCE**

The Corporate Governance shall be applicable to the Company from the financial year 2001-02. Your Company has already initiated steps towards implementation of the requirements of corporate governance, as per SEBI/Stock Exchange(s) directives, such as constitution of Board as per requirement, formation and functioning of Audit Committee, Shareholder's grievance committee and meeting other requirements of corporate governance.

**REVALUATION OF ASSETS**

Revaluation of imported plant & machinery

was carried out as on 31.03.2001 by an approved valuer. The revaluation resulted in a gross increase in the value of assets over their original cost by Rs.8585.83 lacs, increase in depreciation upto to 30.03.2001 by Rs.2682.44 lacs and thereby net increase in replacement cost by Rs.5903.39 lacs which has been taken as increase in the value of plant & machinery as on 31.03.2001 by creating a revaluation reserve to that extent.

**AUDITORS AND THEIR REPORT**

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

The observation made by the Auditors in their report regarding set-off of accumulated losses against revaluation reserve, the same has been done, based on legal opinion taken by the company. Further, notes No.11 & 12 given in schedule 'R' of annual accounts are self explanatory in this regard.

**DEMATERIALIZATION OF EQUITY SHARES**

The Securities and Exchange Board of India (SEBI) on 29th May, 2000 had notified certain scrips to be covered under compulsory demat. The name of your Company had also come under compulsory demat. Accordingly, your Company entered into an agreement with the National Securities Depository Ltd. (NSDL)

and/or Central Depository Services Ltd. (CDSL) on August 16, 2000 and November 9, 2000 respectively in order to comply the SEBI's notification. Both NSDL and CDSL has issued ISIN No.INE818B01015.

**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 and form 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, Banks 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.

for and on behalf of the Board

Place : New Delhi      Prabhat C. Chaturvedi  
Dated : June 26, 2001      Chairman

**ANNEXURE TO DIRECTORS' REPORT****STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULE, 1975 FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2001.**

Sl. No.	Name of Employee	Age	Qualification	Exp. (Yrs.)	Date of Employment	Designation	Remuneration	Last Employment held & designation
<b>A) Employed throughout the Financial Year and in receipt of remuneration aggregating not less than Rs.12,00,000/- per annum.</b>								
1.	Jain Vineet	32	B.B.A.(London)	11	01.01.1990	Managing Director	15,76,889	-
<b>B) Employed for part of the year under review and were in receipt of remuneration for any part of the year at the rate which in aggregate was not less than Rs.1,00,000/- per month.</b>								
2.	Sehgal V.N.	61	B.E.(Chemicals)	40	01.02.1988	President	13,50,630	General Manager Haldia Petro Chemicals Ltd.

**Notes:**

- The remuneration consists of salary, allowances, contribution to Provident/Superannuation Fund and other benefits, if any.
- The conditions of employment of all employees, except that of Managing Director and Director (Finance) are non-contractual.
- No employee is drawing remuneration in excess of that drawn by the Managing Director or Director (Finance), and holds by himself or along with his spouse and dependent children more than two percent of the Equity Shares of the Company.
- In respect of an employee, employed for a part of the year, remuneration includes terminal benefits also.
- None of the above employee is related to any Director of the Company.

for and on behalf of the Board

Place : New Delhi  
Dated : June 26, 2001

Prabhat C. Chaturvedi  
Chairman



**DIRECTORS' REPORT (Contd.)**

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

**[A] CONSERVATION OF ENERGY**

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

- i. 22 KW variable frequency inverter was installed on FD fan of one boiler to reduce power consumption by 150 KWH per day.
- ii. 200 KVAR power capacitors were added in the system to improve power factor. This would reduce line losses.
- iii. Rewiring of lighting circuits were done in Power House and Stores. Separate switches were also provided for individual circuits so that unwanted lights can be switched off. By this about 100 KWH per day power was saved.
- iv. In continuation of replacement of 40 watt tube rods and 160 watt mercury lamp by 11 watt light fittings. This year 24 Nos. 11 watt fittings were provided.
- v. Complete condensate line was insulated to save heat energy loss.
- vi. One pump in Chemical section stopped by re-arranging pipe line to save about 100 KWH power per day.
- vii. Small size pullies were provided in one number Air Compressor and one number Comfort cooling blower to save power.
- viii. Turbo feed water pump was converted to electrical operated motor. With this 2 numbers small feed pump were stopped and about 400 KWH power per day was saved.
- ix. M.P. steam pressure was optimised to increase power generation per ton of steam from Extraction-cum-Condensing turbine. With this about 10 Ton steam per day was saved.
- x. To use non-conventional fuel in boilers, Pith feeding system was installed and commissioned in November, 2000. With this coal consumption was reduced by 10 ton per day.

(b) Energy conservation measures under progress :

- i. 1 No. 110 KW and 1 No. 22 KW inverters are to be provided on ID fan & FD fan respectively for 2nd Boiler.
- ii. 2 Nos. 22 KW inverters are to be provided for main dryer ventilators.
- iii. Pith feeding system for 2nd boiler to use non-conventional fuel instead of coal.
- iv. 20 Nos. 11 watt fittings to replace 40 watt tube fittings and 160 watt mercury lamps.
- v. 200 KVAR capacitors shall be further added to improve power factor.
- vi. Water spray system in recovery area condensate tank to convert flash steam into condensate.

(c) The total energy consumption and energy consumption per unit of production as per Form-A is annexed herewith.

**[B] TECHNOLOGY ABSORPTION**

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

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

The Company exported fibre at FOB value of Rs.14.21 lacs during the year (previous year Rs.0.19 lacs).

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

Foreign Exchange Used :

	2000-2001	(Rs.in Lacs) 1999-2000
i) Travelling	13.95	18.50
ii) Interest & other charges	211.69	225.32
iii) Instalment under DPG for equipment/ technical know-how and documentation	730.23	700.22
iv) CIF Value of Imports		
— Raw Material	9714.96	5005.30
— Stores and spares	93.42	25.47
— Capital Goods	—	—
Foreign Exchange Earned :		
— FOB Value of Exports	14.21	0.19



**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, 2001	Year Ending March 31, 2000
1. ELECTRICITY			
(a) Purchased*			
Units (in lacs)	KWH	NIL	1.30
Total Amount	Rs./Lacs	NIL	10.53
Rate per Unit	Rs./KWH	NIL	8.10
(b) Own generation			
(i) Through Diesel generator units (in lacs)	KWH	13.70	146.09
Unit per Ltr. of Diesel Oil	KWH/Litre	3.23	3.25
Cost/Unit	Rs./KWH	4.11	3.26
(ii) Through turbines			
Units (in lacs)	KWH	375.38	226.72
Total Cost	Rs./Lacs	1005.29	647.50
Cost/Unit	Rs./KWH	2.68	2.86
2. COAL			
Quantity -units	MT	75805	65512
Total Cost	Rs./Lacs	1744.31	1291.05
Average rate	Rs./MT	2301.50	1970.70
3. FURNACE OIL		NIL	NIL
4. OTHERS/INTERNAL GENERATION			
Pith			
Quantity -- Units	MT	4062	-
Total Cost	Rs./Lacs	11.89	-
Rate/Unit	Rs./MT	292.73	-
* Electricity purchased from UPSEB			

**(B) CONSUMPTION PER UNIT OF PRODUCTION**

Products	Acrylic Fibre/Tow/Tops		
Electricity	MW/MT	1.72	1.75
Fuel Oil	K.Ltr/MT	0.02	0.21
Coal	MT/MT	3.35	3.06
Pith	MT/MT	0.18	-

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**DIRECTORS' REPORT (Contd.)****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 :**

- a) Developmental work on substitution of lubricating and softening finish by indigenous one.
- b) Developmental work on indigenous manufacturing of AMPS.
- c) Developmental work on Deodorant acrylic fibre.

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

- a) Saving in foreign exchange as well as cost of product.
- b) Speciality Deodorant acrylic fibre development work will lead to other field of acrylic fibre application.

**3. FUTURE PLAN OF ACTION :**

- a) Import substitution of lubricants and softners.
- b) Development of high tech. acrylic frictional fibre.

**4. EXPENDITURE ON R&D**

(Rs.in lacs)

	2000-2001	1999-2000
Capital	—	—
Recurring	8.55	9.54
Total	8.55	9.54
% of Turnover	0.04%	0.05%

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

1. Substitution of lubricant and softening finish are in advance stage for import substitution.
2. 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

