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SURAT TEXTILE MILLS LIMITED

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TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

STM

ANNUAL REPORT
1997-98

SURAT TEXTILE MILLS LIMITED

BOARD OF DIRECTORS

PRAFUL A. SHAH

Chairman

RAJEN P. SHAH

Wholetime Director

SANJAY S. SHAH

Wholetime Director

SHILPA P. SHAH

S. J. BHESANIA

D. B. KHADEPAW

A. N. JARIWALA

ANIL RATANPAL

Nominee of IDBI (w.e.f. 31.10.97)

PREMA M. PRASAD

Nominee of UTI

COMPANY SECRETARY

M. D. BARIA

AUDITORS

M/s. NATVARLAL VEPARI & Co.,
Chartered Accountants

COST AUDITORS

P. M. NANABHOY & Co.,
Mumbai

BANKERS

DENA BANK

REGISTERED OFFICE

Garden Mills' Complex,
Sahara Gate,
Surat - 395 010.

PLANTS

- i. Varachha Road,
Surat
- ii. Vareli Complex, Village Vareli,
Taluka Palsana, Dist. : Surat
- iii. Village Jolva, Taluka Palsana,
Dist. : Surat
- iv. Village Khadoli, Silvassa,
Dadra & Nagar Haveli (UT)

REGISTRARS & SHARE TRANSFER AGENTS

MCS LIMITED
7, Suryakiran Building,
Ghod-dod Road,
Surat 395007

MCS LIMITED
Neelam Apartment,
88, Sampatrao Colony,
Behind Federation Building,
Alkapuri,
Baroda 390005

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

Annual Report 1997-98

NOTICE

NOTICE is hereby given that the Fifty-Second Annual General Meeting of the Members of Surat Textile Mills Limited will be held on Saturday, the 29th day of August, 1998 at 10.00 A.M. at the Registered office of the Company to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1998, the Balance Sheet as on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Smt. Shilpa P. Shah, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Shri Sanjay S. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT Messrs. Natvarlal Vepari & Co., Chartered Accountants, the retiring auditors be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on a remuneration to be mutually agreed upon between the Board of Directors and the Auditors."

SPECIAL BUSINESS

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

5. As an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956, consent of the Company, be and is hereby granted to the re-appointment of Mr. Rajen P. Shah, as Managing Director designated as Wholetime Director of the Company for a further period of 5 (five) years with effect from 1st October, 1998, on the terms and conditions including remuneration as set out in the draft agreement, to be entered into by the Company with him, laid before the meeting, and initialed by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT notwithstanding anything contained in the said Agreement, where in any financial year, if the Company incurs losses or its profits are inadequate, the Board of Directors may determine the remuneration payable to the Managing Director, within the limits stated in Section II of Part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation by the Central Government to Schedule XIII to the Companies

Act, 1956, the Board of Directors be and is hereby authorised to increase, alter and vary the remuneration, including the salary, commission, perquisites and other allowances, and in such manner as the Board in its absolute discretion deem fit and acceptable to Shri Rajen P. Shah within the limit specified in the Schedule XIII to the Companies Act, 1956 and the aforesaid resolution be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in general meeting.

AND RESOLVED FURTHER THAT the Chairman of the Board be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution."

6. As an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956, consent of the Company, be and is hereby granted to the re-appointment of Mr. Sanjay S. Shah, as Managing Director designated as Wholetime Director of the Company for a further period of 5 (five) years with effect from 1st October, 1998, on the terms and conditions including remuneration as set out in the draft agreement, to be entered into by the Company with him, laid before the meeting, and initialed by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT notwithstanding anything contained in the said Agreement, where in any financial year, if the Company incurs losses or its profits are inadequate, the Board of Directors may determine the remuneration payable to the Managing Director, within the limits stated in Section II of Part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to increase, alter and vary the remuneration, including the salary, commission, perquisites and other allowances, and in such manner as the Board in its absolute discretion deem fit and acceptable to Shri Sanjay S. Shah within the limit specified in the Schedule XIII to the Companies Act, 1956 and the aforesaid resolution be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in general meeting.

AND RESOLVED FURTHER THAT the Chairman of the Board be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution."

7. As a Special Resolution :

"RESOLVED THAT pursuant to Section 163 and other applicable provisions, if any, of the Companies Act, 1956, the Register of Members, the Index of Members, the Register and Index of Debentureholders, in respect of

Surat Textile Mills Limited

NOTICE

(Contd.)

Shares and Debentures issued by the Company from time to time and copies of all Annual Returns prepared under Sections 159 and 160, together with the copies of certificates and documents required to be annexed thereto under Section 160 and 161, shall be kept at the Registered Office of the Company at Garden Mills' Complex, Sahara Gate, Surat 395010 instead of at MCS Limited, Registrar and Transfer Agents, 7, Suryakiran Building, Ghod-dod Road, Surat 395001 with effect from 1st October, 1998.

RESOLVED FURTHER THAT the aforesaid Registers, Indexes, Returns, Books, Certificates and Documents of the Company required to be maintained and kept open for such inspection, at the place where they are kept by the persons entitled thereto to the extent, in the manner and on payment of fees, if any, specified in the said Act, between 9.30 a.m. and 11.30 a.m. on any working day of the Company excluding Saturdays and Holidays and except when the Registers and Books are closed under the provisions of the said Act, or the Articles of Association of the Company, provided, however, that the registers required to be maintained under Section 307 of the said Act shall be kept open for inspection of the Members and of the holders of the Debentures of the Company, if any, as aforesaid, between the hours abovementioned during the period prescribed by sub Section (5)(a) of Section 307 of the said Act, with effect from 1st October, 1998."

NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No. 4, 5, 6 and 7 of the Notice set out above, is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument appointing a proxy should be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, August 18, 1998 to Saturday, August, 29, 1998 (both days inclusive).
4. The Company has already transferred Unclaimed Dividend declared upto the Financial Year ended 31st March, 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978.

Members, who have so far not claimed or encashed their dividend upto the aforesaid financial year, may claim their dividend from the Registrar of Companies - Gujarat, Opp. Rupal Park Flats, Near Ankur Bus Stand, Naranpura, Ahmedabad 380013.

The unclaimed dividend for the year 1994-95 will be transferred by the Company to the credit of the General Revenue Account of the Central Government, in conformity with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, on or before 16th November, 1998. Members, who have not encashed their Dividend Warrants for the said period, may immediately write to the Company at its Registered Office or to the office of Registrar & Transfer Agents.

5. Members desiring any relevant informations on the Accounts at the Annual General Meeting, are requested to write to the Company atleast 10 days in advance so as to enable the management to keep the information ready.
6. The documents referred to in the proposed resolution are available for inspection at the Registered Office of the Company between 9.30 a.m. and 11.30 a.m. on all working days until the date of the Annual General Meeting.
7. Members are requested to notify changes, if any, in their Addresses, to the Company's Registrar and Transfer Agents quoting their Registered Folio Nos.
8. In reference to Item No.7 of the Notice, Members may note that M/s. MCS Ltd., Registrar & Share Transfer Agents of the Company, will be shifting their office from the present address at 7, Suryakiran Building, Ghod-dod Road, Surat to their office at Neelam Apartment, 88, Sampatrao Colony, Behind Federation Building, Alkapuri, Baroda 390005, with effect from 1st October, 1998. Members are, therefore, requested to communicate with them at their above address for share transfer and other relative matters.
9. For the convenience of the Members, Attendance Slip is annexed to the Proxy Form. Members are requested to fill in and affix their signatures at the space provided therein and hand over the Attendance Slip at the entrance of the place of Meeting.
10. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
11. Members who are holding shares in multiple folios and in identical name(s) or joint accounts in the same order, are requested to send all the share certificate(s) to the Registrar & Transfer Agents, M/s. MCS Limited, for consolidation of all such Shareholdings into one folio to facilitate better service. The Certificates after consolidation will be returned by Registered Post.

By Order of the Board

M. D. BARIA

Company Secretary

Surat, 30th June, 1998.

Registered Office :

Garden Mills' Complex,
Sahara Gate, Surat 395010.

Annual Report 1997-98

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.

The following Explanatory Statement relating to Ordinary Business at Item No.4 and Special Business at Item Nos.5 to 7 of the accompanying Notice sets out all material facts as required under Section 173 of the Act.

Item No.4

Section 224A of the Companies Act, 1956 provides for the appointment or reappointment at each Annual General Meeting of an Auditor or Auditors by a Special Resolution, if not less than 25 % of the subscribed share capital of the Company is held singly, or in the aggregate, by the Public Financial Institutions or Government companies, Central or State Governments, Financial or other Institutions, in which the State Government holds not less than 51% of the subscribed share capital, nationalised banks or insurance companies carrying on general insurance business.

Since the aggregate shareholding of Industrial Development Bank of India (IDBI) and Unit Trust of India (UTI) in the Company exceeds 25% of the subscribed share capital of the Company, the reappointment of Messrs. Natvarlal Vepari & Co., Chartered Accountants, as Auditors of the Company is required to be made by a Special Resolution. As required under Section 224 of the Companies Act, 1956, a certificate has been received from the Auditors to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

Item Nos. 5 and 6

At the Extra Ordinary General Meeting held on 10th January, 1994, by an Ordinary Resolution, the Shareholders had approved the appointment and terms of remuneration of Mr. Rajen P. Shah and Mr. Sanjay S. Shah, as the Managing Director designated as Wholetime Director of the Company, for a period of five years beginning from October 1, 1993.

The present term of office of Mr. Rajen P. Shah and Mr. Sanjay S. Shah, as Managing Directors designated as Wholetime Directors of the Company expires on 30th September, 1998.

In accordance with the Notification GSR No. 48(E) dated 1st February, 1994, issued by the Central Government, whereby a new Schedule XIII was introduced, a company having profits in a financial year may pay any remuneration by way of salary, dearness allowance, perquisites, commission and other allowances which shall not exceed 5% of its net profit for one such managerial person and if there is more than one such managerial person, 10% of its net profit for all of them together.

The said Notification also stipulates limits upto which remuneration could be paid by a company having no profits or inadequate profits. A company which has no profits or its profits are inadequate, may pay remuneration to Managing and Wholetime Directors by way of salary, dearness allowance, perquisites and any other allowances, not exceeding ceiling limit of Rs.10,50,000 per annum or Rs.87,500 per month and in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Mr. Rajen P. Shah has been associated with the Company since last 19 years. During his tenure as Managing Director, he has provided dynamic and effective leadership to the Company's management team and, the Company has made great strides in business activities.

Mr. Sanjay S. Shah has over 18 years of experience in the textile industry and has contributed his expertise and efforts for the growth of the Company.

In recognition of their contribution to the Company's growth over the years, the Board of Directors at their Meeting held on 30th June, 1998 re-appointed them as Managing Directors designated as Wholetime Directors, for a further period of five years with effect from 1st October, 1998, on the following terms and conditions.

a. **Salary** :- upto Rs.50,000/- per month.

b. **Commission** :- In addition to salary, perquisites and other allowances, commission be paid to the Managing Director, based on the net profits of the Company computed in the manner laid down in Section 198(1) of the Companies Act, 1956. Such commission shall be of such percentage and of such amount as the Board of Directors of the Company may determine keeping in view of the performance of the Company in respect of each financial year, however, total remuneration including perquisites shall not exceed 5% of the net profits.

c. **Perquisites** :- In addition to the salary and commission as above, he will also be entitled to the following perquisites as may be determined by the Board of Directors :-

Fully furnished accommodation or House Rent allowance in lieu thereof, gas, electricity, water, Leave Travel Concession, Medical reimbursement, Club Fees, Personal accident insurance, Car with driver and Telephone at residence.

The Managing Director shall also be eligible to the following benefits:

1. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure."

The terms of appointment and the remuneration are within the limits prescribed under Schedule XIII to the Companies Act, 1956 as amended upto date.

A copy of the Draft Agreement to be entered into by the Company with each of Mr. Rajen P. Shah and Mr. Sanjay S. Shah, is open for inspection by Members at the Registered Office of the Company between 9.30 a.m. and 11.30 a.m. on all working days except Sundays.

Each of Mr. Rajen P. Shah and Mr. Sanjay S. Shah, may be regarded as concerned or interested in the resolution to the extent of their remuneration. No other Director is concerned or interested in these Resolutions.

The Notice and Explanatory Statement may be treated as an abstract of the terms of the appointment and payment of remuneration to Mr. Rajen P. Shah and Mr. Sanjay S. Shah, as required to be circulated under Section 302 of the Companies Act, 1956.

Item No. 7

As the members are aware, the Register of Members, Index of Members, Register and Index of Debentureholders and copies of all Annual Returns prepared under Sections 159 and 160, together with copies of the certificates and documents required to be annexed thereto under Sections 160 and 161 are presently kept at the office of the Registrar and Transfer Agents MCS Limited, 7, Suryakiran Building, Ghod-dod Road, Surat.

For the sake of administrative convenience, the Company now proposes to keep all the abovementioned documents at the Registered Office of the Company at Garden Mills' Complex, Sahara Gate, Surat 395010 with effect from 1st October, 1998.

Accordingly, a Special Resolution is required to be passed in terms of Section 163 of the Companies Act, 1956. A copy of the proposed resolution has been forwarded in advance to the Registrar of Companies, Gujarat, Ahmedabad as required under the said Act.

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

By Order of the Board

M. D. BARIA

Company Secretary

Surat, 30th June, 1998.

Registered Office :
Garden Mills' Complex,
Sahara Gate, Surat 395010.

Surat Textile Mills Limited

DIRECTORS' REPORTTo the Members of
SURAT TEXTILE MILLS LIMITED

Your Directors present their Fifty-Second Annual Report with the Audited Statement of Accounts for the financial year ended March 31, 1998.

FINANCIAL RESULTS

	(Rs. in lacs)	
	1997-98	1996-97
Total Income	11825.88	10154.99
Profit before Interest, Depreciation & Tax	826.27	842.96
(Add)/Less : Financial Charges (Net)	860.84	968.09
Profit/(Loss) before Depreciation	(34.57)	(125.13)
Less: Depreciation	868.16	526.31
Profit/(Loss) for the year	(902.73)	(651.44)
Add: Balance brought forward from Previous year	(425.08)	181.52
Add: Transfer from General Reserves	90.90	44.84
Balance carried to Balance Sheet	<u>(1236.91)</u>	<u>(425.08)</u>

OPERATIONS

The year under review was the first full year of operations of all the projects of the Company. However, the year proved to be a difficult one for the textile industry in general and for the Company in particular.

On account of newer capacities coming into operation in recent times, coupled with liberal imports, the domestic supply position in the polyester yarns and chips segments became very competitive and non-remunerative. The demand for these products was also very sluggish because of the recession and also substantial duties / taxes at various levels of operations. This dual negative situation did not permit our industry to recover the full costs and consequently, almost all the units in similar activities are incurring losses.

The Cotton Yarn Spinning activity also could not contribute to the profitability because of high raw material prices and sluggish domestic and overseas market conditions.

In view of the losses, your Directors regret their inability to recommend any dividend for the year ended 31st March, 1998.

SHARE CAPITAL

The Issued, subscribed and Paid up Share Capital of the Company has increased during the year from Rs.2937.58 Lacs as at 31st March, 1997 to Rs.6704.07 Lacs as at 31st March, 1998, consequent upon the allotment of 37665000 Equity Shares of Rs.10 each at par, on conversion of 5022000 15% Secured Redeemable privately placed Partly Convertible Debentures into Equity Shares on the basis of the terms specified in the Debenture Trust Deed dated 6th January, 1995.

PARTLY CONVERTIBLE DEBENTURES (PCDs)

In accordance with the terms of issue and in view of the legal opinion from an eminent counsel, 30% of each 5022000 privately placed 15% Secured Redeemable Debentures of Rs.250/- each have been converted into Equity Share(s) of Rs.10/- each at par on 2nd November, 1997.

Upon the said conversion, the outstanding amount of Rs.8788.50 Lacs represents the non-convertible portion of Rs.175/- per Debenture.

FINANCE

The Company has made no further term borrowings during the year. It has repaid Rs.109.20 Lacs to the Financial Institutions against outstanding Rupee Term Loans.

STATUS OF PROJECTS / PERFORMANCE

During the year, the Synthetic Fibre Spinning Project for installation of 12,384 spindles at Village Vareli commenced commercial production in April, 1998.

The other projects, viz. Polyester Spinning & Polycondensation, Cotton Spinning at Varachha Road, Synthetic Fibres Spinning at Village Vareli and Cotton Doubling at Silvassa, are fully operational. The total amount spent on these projects is Rs.172.61 Crores.

Looking to the present industrial situation and market scenario, the Directors decided to shelve the Cotton Spinning Project and to dispose of the land and the partially-constructed factory building at Village Jolva.

FUTURE OUTLOOK

During the current year, the operations are likely to improve on account of lower interest burden as compared to the previous year, consequent to conversion of PCDs and reduction in interest rates on Working Capital facilities. However, looking to the glut prevailing in the market, operating margins are expected to remain under pressure. Several cost reduction measures have been undertaken to sustain competitiveness.

No significant progress has been made in the property development activity, as necessary approvals are awaited.

Annual Report 1997-98

DIRECTORS' REPORT

(Contd.)

Your Directors are hopeful that, barring unforeseen circumstances, the Company will be able to do reasonably better in the Current year.

PROMISE Vs. PERFORMANCE**(In Terms of Clause 43 of Listing Agreement)**

The performance of the Company vis-a-vis projections for the year ended 31st March, 1998, made in the Letter of Offer dated 5th January, 1995 as required under Clause 43 of the Listing Agreement, is given below :

	(Rs. in lacs)	
	Projected	Actual
Net Sales	21648.00	11825.88
Gross Profit / (Loss)		
before Depreciation & Tax	6793.00	(34.57)
Net Profit / (Loss)	2550.00	(902.73)

The performance of the Company was affected due to the recessionary market conditions and unremunerative realisation, prevailing in the textile industry in general and the Company in particular.

FIXED DEPOSITS

The Company has not invited / accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975.

ENVIRONMENT AND POLLUTION CONTROL

The Company has obtained the necessary approval of Gujarat State Pollution Control Board for its various projects and complied with the necessary regulations from time to time.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

As required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, particulars relating to conservation of energy, technology absorption and earnings / spending in foreign currency are annexed.

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial throughout the year.

PARTICULARS OF EMPLOYEES

As required under Section 217 (2-A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure appended to this Report.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Company's Articles of Association, Smt. Shilpa P. Shah and Shri Sanjay S. Shah, are liable to retire by rotation as Directors at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. The Board recommends their re-appointment.

During the year Mr. Anil Ratanpal was nominated by Industrial Development Bank of India, on the Board of your Company with effect from 31.10.1997 in place of Mrs. I. H. Parikh, whose nomination was withdrawn.

The Directors wish to place on record their appreciation to the valuable advice and guidance provided by Mrs. I.H. Parikh during her tenure as a Director, and welcomes Mr. Anil Ratanpal on its Board.

AUDITORS

M/s. Natvarlal Vepari & Co. Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and they have confirmed their eligibility and willingness to accept the Office of the Auditors, if re-appointed.

Members are requested to re-appoint them and fix their remuneration.

COST AUDIT

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, audit of the cost accounts of the Company for the year ended March 31, 1998 is being conducted by the Cost Auditor M/s. P. M. Nanabhoy & Co., Mumbai.

AUDITORS' REPORT

The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the co-operation and the support extended by the Financial Institutions, Bankers, Customers, Suppliers, Shareholders and Employees of the Company.

On behalf of the Board of Directors,

Surat
Dated : 30th June, 1998.

RAJEN P. SHAH
Wholetime Director

Surat Textile Mills Limited

ANNEXURE "A" to the Directors' Report

Information as per Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

I. CONSERVATION OF ENERGY

a. Energy Conservation Measures taken :

1. Installation of soft starters on bigger motors;
2. Installation of Steam Heat Exchanger for hot water instead of Diesel Run Hot Water Generation.
3. Stoppage of compressed air bleed off during off load cycle of PSA Nitrogen Plant.

4. Idle time between Polycondensation batch reduced, increasing the productive time, thereby improving the utilities of heat energy.

Various other proposals for reducing energy consumption are also under study.

- b. Impact of above measures for reduction of energy consumption and consequent impact on the cost of production :

The Company is able to produce better quality products at reduced costs.

- c. Total energy consumption and energy consumption per unit of production as per Form "A" as per Annexure to the Rules.

FORM "A" Form for Disclosure of Particulars with respect to Conservation of Energy

	1997-98	1996-97
A. Power & Fuel Consumption :		
1. Electricity :		
a. Purchased units in lacs	251.16	147.56
Total amount Rs. in lacs	896.81	481.49
Rate / Unit Rs.	3.57	3.26
b. Own Generation :		
i. Through Diesel Generator		
Units in lacs	9.31	8.66
Units per Ltrs. of Diesel Oil	3.17	2.76
Cost / Unit Rs.	3.31	3.40
ii. Through Steam Turbine/Generator :		
Units	NIL	NIL
Units per Ltr. of Fuel, Oil/Gas	NIL	NIL
Cost per Unit Rs.	NIL	NIL
2. Coal / Lignite for generation of steam		
Quantity (M.T.)	NIL	NIL
Total Cost Rs. in lacs	NIL	NIL
Average Rate Rs./M.T.	NIL	NIL
3. Furnace Oil :		
Quantity (K.Ltrs.)	4637	3822
Total Amount Rs. in Lacs	295.07	255.40
Average Rate Rs. / Tonne	6.36	6.68
4. Others / Internal Generation :		
Quantity	NIL	NIL
Total Cost	NIL	NIL
Rate / Unit Rs.	NIL	NIL
B. Consumption per Unit of Production		
Product Details	SPUN YARN	SPUN YARN
Unit	Kg.	Kg.
Electricity (Unit) *	6.98	8.86
Product Details	PFY	PFY
Unit	Kg.	Kg.
Electricity (Unit) *	1.54	0.98
Product Details	CHIPS	CHIPS
Unit	Kg.	Kg.
Electricity (Unit) *	0.30	0.20
Furnace Oil	NIL	NIL
Coal / Lignite (Rs./Kg.)	NIL	NIL
Others	NIL	NIL

* The variation in consumption of Electricity per unit of production is due to changes in product mix.