

# 27th Annual Report 1996-1997

MD		BKC	
CS		DPY	
RO		PV	
TRA		AC	
AGM		SH	
YE			



Report  junction.com

## Swadeshi Polytex Limited



**Swadeshi Polytex Limited****BOARD OF DIRECTORS**

Shri P. N. Veda Narayanan, *Chairman & Managing Director*  
 Shri Mahendra Swarup  
 Shri Gaurav Swarup  
 Shri Rajendra Prasad Sharma  
 Shri K. L. Koul  
 Shri Vivek Singhal  
 Shri V. Balasubramanian  
 Shri H.S. Dubey, IAS (Retd.)  
 Shri S. Natarajan, IA & AS (Retd.)  
 Shri A. K. Mukhopadhyay

**COMPANY SECRETARY**

Shri Manmohan Sharma

**BANKERS**

State Bank Of India  
 Bank of India

**SOLICITORS**

Shri Pramod B Agarwala

**AUDITORS**

Thakur, Vaidyanath Aiyar & Co., New Delhi

**REGD. OFFICE & FACTORY**

New Kavi Nagar, Ghaziabad-201002 (U.P.)

Report Junction.com

# Swadeshi Polytex Limited

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company take pleasure in presenting to you the 27th Report of the operations of the Company together with audited statement of accounts for the year ended 31st March 1997.

### 1. HIGHLIGHTS

As reported by your Directors in the 26 th Report of the Company, the Polyester Industry has passed through severe recession during the year 1995-96. Your Directors are happy to mention that the position has since improved during 1996-97 as the demand for PSF is picking up and shows signs of improvement. Since May 1997, the selling price of fibre is showing upward trend and is likely to be maintained. There has not been much pressure for import of PSF due to international PSF situation. There has also not been appreciable export of PSF from our country. The price trend in India is closely linked to international prices and it is expected that the prices will firm up.

The availability of raw material, DMT and MEG has been quite comfortable and domestic material was available at internationally competitive prices.

There is bound to be an appreciable increase in offtake of fibre in the coming years due to quality control measures as well as prepolymers modernisation undertaken by your Company.

We have been approaching the Government of India for further relief in customs for DMT as well as excise reduction for blended yarn. Once the relief is considered by the Government of India, PSF industry, in particular your company, will achieve improved results.

### 2. FINANCIAL RESULTS

The financial results of the Company for

the year 1996-97 are summarised below :

	(Rs. in lacs)	
	Year ended 31st March '97	Year ended 31st March '96
Profit before tax	28.43	49.49
Less : Provision for taxation	-	15.00
Add : Surplus from Provision for taxation in earlier years (net of tax liability for 1996-97) written back	+ 11.10	-
Net profit after tax	39.53	34.49
Add : Write back of proposed dividend for previous year	-	27.30
Balance in profit and loss account brought forward from last year	805.07	770.58
	<u>844.60</u>	<u>832.37</u>
Appropriations :		
1. Proposed dividend to equity shareholders and tax on dividend	21.45	27.30
2. General Reserve	-	-
3. Retained surplus carried over to Balance Sheet	823.15	805.07
	<u>844.60</u>	<u>844.08</u>

### 3. DIVIDEND

The Company has been paying the dividend consistently in the past. Keeping into consideration the profit for the year, availability of sources and the desirable consistency in payment of dividend, your Directors are happy to propose a dividend of 5% on equity shares for the financial year 1996-97.



#### 4. PRODUCTION AND SALES

The production of PSF during the year has been 10363 MT as against 8202 MT in the previous year, registering an increase of 27% over the previous year. During the year the company has taken up production of trilobal fibre, which is a speciality item and produced 1462 MT of trilobal fibre. The quality of the fibre has been well accepted in the market. Earlier the company had installed chips production facility which was not being operated due to some technical constraints. During the year the chips plant was successfully operated and in addition to the production of fibre, 91 MT of semi-dull chips were produced, which have been well accepted in the market. Subject to demand and economy of price, the production of chips will be continued.

During the year, 10,369 MT of PSF was sold, compared to 8,447 MT during the previous year, registering an increase of 22.7% in sales over the previous year.

The Company produced 3,534 MT of methanol as by-product compared to 2802 MT in the previous year. The sale of methanol has been 3618 MT as against 2782 MT in the previous year.

#### 5. MODERNISATION AND EXPANSION SCHEME

The pre-poly modernisation scheme is in advanced stage of implementation. Orders for all equipments/material have been placed and bulk of the material/equipments are already at site. The erection work has started. The scheme is expected to be commissioned by December, 1997.

As reported by your Directors from time to time in the past, various expansion/diversification schemes have been under active consideration of your Directors. However, keeping in view the present state of polyester industry, any major investment for large scale modernisation may have to wait for improved market

trends. However, a scheme to produce speciality fibre (like black fibre etc.) requiring moderate investment, has already been approved by the Board of Directors & necessary resolutions relating to Right Issue for raising the funds to meet the financial requirements have been included in the Notice of 27th Annual General Meeting of your company. Our emphasis is on diversification on production of speciality fibres, which may fetch higher premium with moderate investment and resulting in reasonable profits.

#### 6. FIXED DEPOSITS

The Company continued to receive/renew fixed deposits from the public during the year. At the end of the year the fixed deposits from the public with the Company amounted to Rs. 22.71 lac. During the year, deposits for Rs. 9.89 lac were received/renewed and deposits for Rs. 23.07 lac were redeemed. Deposits which had matured but remained unclaimed amounted to Rs. 2.86 lac.

#### 7. COMMENTS ON AUDITORS REPORT

The Auditors comments have been adequately explained in "Notes to Accounts" and need no further explanation.

#### 8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The industrial relations during the year continued to be cordial with no loss of production during the year on this account. Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 are annexed. None of the employees is a relative of any Director of the Company.

## Swadeshi Polytex Limited

### 9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

As required under Section 217(i) (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, the information relating to conservation of energy, technology absorption and foreign exchange earnings/outgo etc. is annexed.

### 10. DIRECTORS

Shri P.N. Veda Narayanan, IAS (Retd.), CMD, was re-appointed as chairman & Managing Director of your company, pursuant to the provision of Sec. 269 & Schedule XIII of companies Act, 1956, for a further period of two years w.e.f. 17-8-97 (FN), by the Board of Directors in its meeting held on 14-8-97, subject to the approval of shareholders.

Shri R. P. Sharma, retires by way of rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-election.

Shri V. Balasubramanian, IAS, CMD, NTC(Holding Company), New Delhi, was appointed as Addl. Director on 10-1-97 of your company, pursuant to the provision of Sec. 260 of Companies Act, 1956, by the Board of Directors, & holds office upto the date of ensuing AGM of the company, & being eligible offers himself for appointment as Director of your company, liable to retire by rotation.

Shri H.S. Dubey, IAS (Retd.) Ex. L. Governor, Shri S. Natarajan, IA & AS (Retd.), & Shri A. K. Mukhopadhyay, Ex. M.D. Kribhco, were appointed as Addl. Directors of the Company, pursuant to provision of Section 260 of the Companies Act, 1956, on 14-8-97, by the Board of Directors of your Company, and hold office upto the date of ensuing AGM and being eligible offer themselves for appointment as Directors of your company, liable to retire by rotation.

### 11. AUDITORS

M/s Thakur. Vaidyanath Aiyar and Company, Auditors, retire at the conclusion of this Annual General Meeting, and being eligible, offer themselves for reappointment. The appointment of the Auditors will be subject to a Special Resolution to be passed by the shareholders, as per the notice circulated, pursuant to the provision of Section 224(A) of the Companies Act, 1956.

### 12. ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks and gratitude for the cooperation and assistance, received from the Company's Bankers, Financial Institutions, shareholders, depositors and various Departments of the Government at the Centre and the State of Uttar Pradesh. The Directors also thank the Auditors of the Company for their valued guidance and advice given to the Company from time to time.

Your Directors also place on record their high appreciation for the dedicated efforts put in by the staff and officers of the Company at all levels during the year.

for and on behalf of the Board

Place : New Delhi  
Date : 14th Aug., 1997

**P.N. VEDA NARAYANAN**  
CHAIRMAN AND MANAGING DIRECTOR



## ANNEXURE TO DIRECTOR'S REPORT

Information under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended 31st March, 1997

### CONSERVATION OF ENERGY

#### (a) ENERGY CONSERVATION MEASURES TAKEN :

The following modernisation schemes are under active consideration-

- (i) Reciprocating chiller compressors to be replaced with absorption chiller.
- (ii) Quench air system to be modified for energy conservation.

#### (b) ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY :

Additional Investment for the above proposal are likely to be of the order of Rs. 115-120 lac.

#### (c) IMPACT OF THE MEASURES AT (a) AND (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS

The advantage of various steps initiated will be of the order of Rs. 32 lac per annum.

### FORM - A

#### CONSERVATION OF ENERGY

	Year ended March, 97	Year ended March, 96
1. Electricity :		
(a) Power & Fuel Consumption		
- Electricity units purchased KWH	1,10,63,500	1,01,92,100
- Total amount (Rs./Lac)	358.97	306.29
- Rate per unit	3.84	3.01
(b) Own Generation units KWH	22,07,505	22,08,531
- Units per litre of diesel oil	2.96	3.021
2. Coal quantity - Total Cost	N.A.	N.A.
3. Furnace oil K.Lit.	1,178,655	38.00
- Total amount (Rs./Lac)	68.04	2.04
- Avg. rate (Rs./ KL.)	5772.46	5368.42
4. Others/Internal generation		
HSD/RFO/ LDO		
- Qty. (M.T.)	1,481,902	2200.23
- Total cost (in Lac)	105.17	139.57
- Rate/Unit	7096.65	6343.42
Natural Gas		
- Qty. (SCM)	25,81,380	24,30,100
- Total cost (Lac)	84.92	81.49
- Rate/1000 M3	3289.79	3353.50

### FORM - B

#### 1. Specific areas in which R & D carried out

-R & D is engaged in the upgradation of technology and its absorption to improve upon productivity, quality, cost reduction and import substitution.

#### 2. Future Plan

-Modernisation of prepoly reactors for uniform polymer quality and better recovery of waste glycol.  
-To conserve water resources by recycling the treated water in the plant.

#### 3. Expenditure

(Rs/Lacs)

(a) Capital	:	Nil
(b) Recurring	:	Booked in Natural heads of account
(c) Total	:	Nil
(d) Total R&D expenditure of total turnover	:	Nil

# Swadeshi Polytex Limited

## PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH, 1997

Sr. No.	Name	Designation/ Nature of Duties	Gross Annual Remuner- ation in (Rs.)	Qualifi- cation	Experi- ence (Years)	Date of commence- ment of Em- ployment	Age	Last Employment held by such Employee before joining the Co.	
								Name	Designation
1	2	3	4	5	6	7	8	9	10

### A. PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR UNDER REVIEW AND WHO WERE IN RECEIPT OF REMUNERATION FOR THE YEAR IN AGGREGATE NOT LESS THAN RS. 3,00,000.

1.	Shri Veda Narayanan PN	CMD	8,74,118	M.A. IAS (Rtd.)	39	17.8.94	64	Government Service	
----	------------------------	-----	----------	--------------------	----	---------	----	--------------------	--

### B. PERSONS EMPLOYED FOR PART OF THE YEAR WHO WERE IN RECEIPT OF REMUNERATION AT THE RATE NOT LESS THAN RS. 25,000 PER MONTH.

NIL

#### Notes:

1. Remuneration includes Salary, Compensatory Allowance, Company's contribution to Provident & superannuation Funds, Gratuity, Insurance Premium, Gratuity Paid, Personal Accident Policy Premium, expences incurred on medical, household Insurance reimbursement and Transport allowance, Bonus, leave travel concession, housing assistance, house rent allowance, Car, Company's Furniture and Fixture soft furnishing, servant etc. The monthly value of perquisites calculated in accordance with provisions of Income Tax Act 1961 and Rules made their under & where - ever these are not computable on actual basis.
2. The conditions of employment are contractual.
3. None of the employees mentioned above is related to any director of the company.