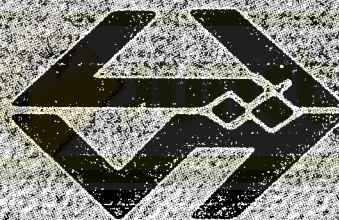


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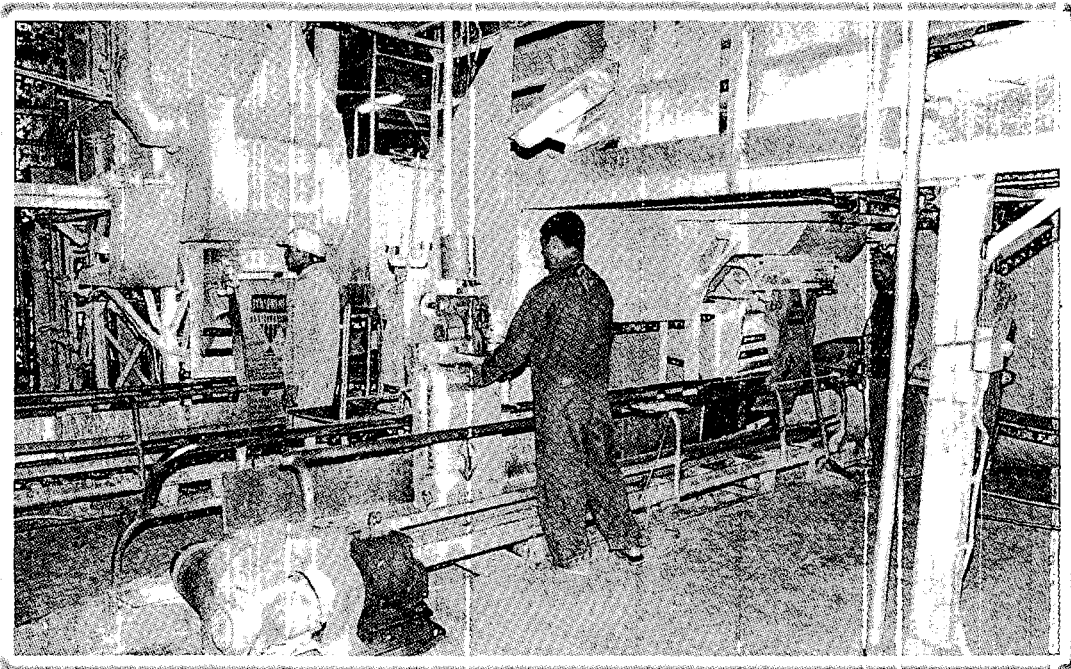
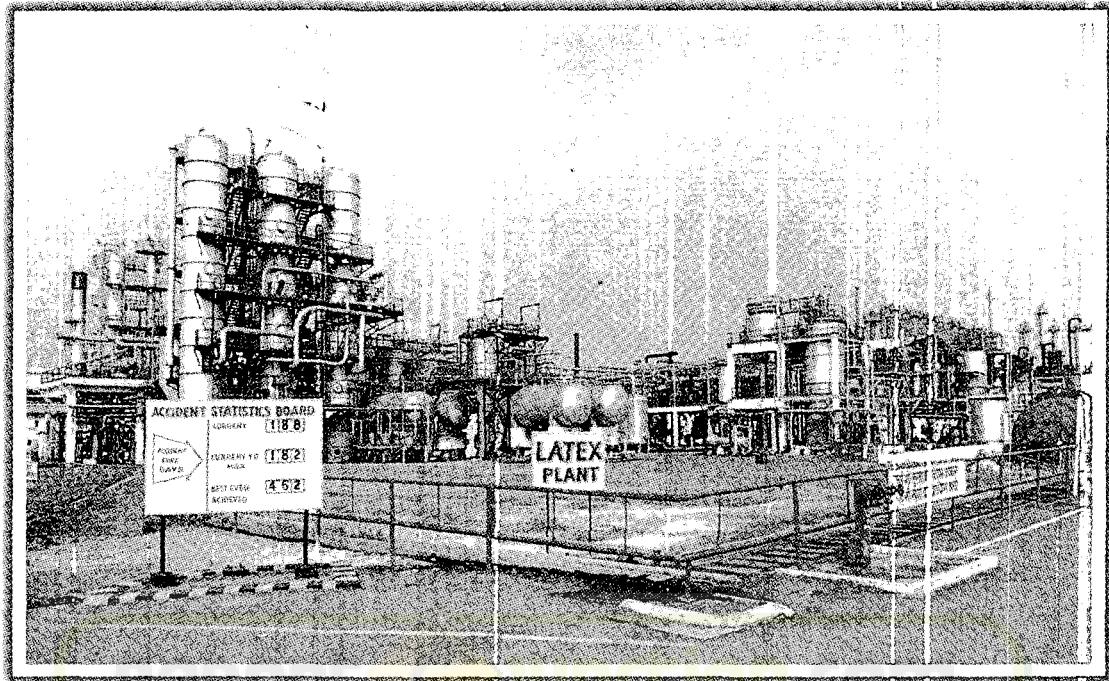
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E A N A N A E



Synthetics and Chemicals Ltd.

New Rubber Line V & New Latex Plant



**SYNTHETICS AND CHEMICALS LTD.****BOARD OF DIRECTORS**

SURESH T. KILACHAND *Chairman*
HEMRAJ C. ASHER
N. J. KAMATH
R. K. KAUL
UDAY S. KILACHAND *Managing Director*
LT. GEN. S. P. MALHOTRA
AJAY S. KILACHAND *Executive Director*
V. JAGANNATHAN *Nominee Director of GIC*
P.M. KALE *Nominee Director of ICICI*
HITEN A. KHATAU
BAHARAM VAKIL
HIRALAL C. SHAH

COMPANY SECRETARY

NALIN N. SHAH

BANKERS

STATE BANK OF INDIA
STATE BANK OF PATIALA
STATE BANK OF SAURASHTRA
BANK OF TOKYO-MITSUBISHI LTD.
BANK OF BARODA

AUDITORS

MESSRS DALAL & SHAH
Chartered Accountants

LEGAL ADVISORS

MESSRS DAPHTARY FERREIRA & DIVAN
MESSRS AMARCHAND & MANGALDAS & HIRALAL
SHROFF & CO.

REGISTERED OFFICE

Oriental House,
7, Jamshedji Tata Road,
Mumbai 400 020.
Phone : 022-2820161
Fax No. : 91-22-2870299
91-22-2836209
E-mail : synchem@Bom3.vsnl.Net In

SHARE DEPARTMENT

Industry Manor, Ground Floor,
A. Marathe Marg,
Mumbai 400 025.
Phone : 4221458
Fax No. : 91-22-4360025

REGISTRAR AND SHARE TRANSFER AGENT FOR**DE-MAT SHARE**

MCS Limited,
403, Dalamal Tower,
211, Nariman Point,
Mumbai 400 021.
Phone : 2049933/2837108
Fax No. : 91-22-2855188

PLANT

P. O. Bhitaura Rubber Factory,
Bareilly 243 501.
Phone : 0581-480711
Fax No. : 91-0581- 480970

KANDLA TERMINAL

Plot No. 1,
Near I.O.C. Ltd., (Naptha) Terminal,
Kandla-Kharirohar Road,
Kandla (Kachchh) 370210.
Phone : 02836-70185
Fax No. : 91-02836-55370

REGIONAL OFFICES

Industry Manor,
A. Marathe Marg,
Mumbai 400 025.
Phone : 022-4221458
Fax No. : 91-22-4360025

Hindi Bhavan,
3rd Floor, Vishnu Digambar Marg,
New Delhi 110 002.
Phone : 011-3231260/3237009
Fax No. : 91-011-3238546

2, Bradourne Road, 6th Floor,
Calcutta 700 071,
Phone : 033-242-8767
Fax No. : 91-033-242-8768

7-E, Century Plaza, 7th Floor,
560, Mount Road,
Chennai 600 018.
Phone : 044-4347948/4349639
Fax No. : 91-044-4349639

Members are requested to bring their copies of Annual Report along with them to the Annual General Meeting.

NOTICE

NOTICE is hereby given that the Thirtyeighth Annual General Meeting of SYNTHETICS AND CHEMICALS LIMITED will be held at the Patkar Hall of SNDT Women's University, 1 Nathibai Thackersey Road, Mumbai 400 020, on Friday the 18th September, 1998, at 3.30 P.M. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1998 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. H. C. Asher, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. N. J. Kamath, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Lt. Gen. S. P. Malhotra, who retires by rotation, and being eligible, offers himself for re-appointment.

5. To consider, and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT the retiring Auditor M/s. Dalal & Shah, Chartered Accountants be and are hereby re-appointed as Auditors of the Company for the financial year commencing on 1st April, 1998, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration plus out of pocket expenses, travelling and other expenses as may be mutually agreed upon between the Board of Directors and the Auditors."

6. To consider, and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT consent of the Company be and hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company ("the Board") of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company as the Board may deem fit, on such assets of the Company, both present and future, in such manner as the Board may think fit, together with power to take over the management of the Company in certain events, to or in favour of :

- (i) The Pradeshia Industrial & Investment Corpn. of U.P. Ltd.'s (PICUP) or its Agent The Industrial Credit and Investment Corporation of India Ltd. (ICICI) for its term loan of Rs. 10.00 crores sanctioned by PICUP.
- (ii) The Industrial Credit and Investment Corporation of India Ltd. (ICICI) for Rupee Term Loan of Rs. 3.00 crores granted by ICICI."

"RESOLVED FURTHER THAT the Board be and is

hereby authorised to finalise with the aforesaid parties or any of them, the documents for creating the mortgages/charges/ hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution."

7. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution** :

"RESOLVED THAT in accordance with the provisions of Sections 269, 309, 311, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956("the Act"), the Company hereby approves the reappointment of Mr. A. S. Kilachand as Executive Director of the Company for a period of five years with effect from 14th August, 1998 upon terms and conditions as set out in the draft Agreement to be entered into between the Company and Mr. A. S. Kilachand, which draft Agreement is hereby specifically approved and is placed before the meeting and initialled by a Director for the purpose of identification."

"RESOLVED FURTHER THAT the Board is hereby specifically authorised to alter and vary the terms and conditions of the said Agreement but so as not to exceed the limits specified in Schedule XIII of the Act or any amendments thereto as may be agreed to between the Board and Mr. A. S. Kilachand."

By Order of the Board

NALIN N. SHAH
Company Secretary

Registered Office :
Oriental House,
7, Jamshedji Tata Road,
Mumbai 400 020.

Dated : 14th August, 1998

NOTES

- 1] The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
- 2] A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST 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 Share Transfer Books of the Company will remain close from 7th September, 1998 to 18th September, 1998, both days inclusive.
- 4] Members are requested to intimate the change, if any, in their Registered Addresses.

EXPLANATORY STATEMENT Pursuant to Section 173(2) of the Companies Act, 1956.**In respect of Item No. 5**

Section 224A of the Companies Act, 1956 provides for the appointment or re-appointment at each Annual General Meeting of the Company (of the Auditor or Auditors of a Company) to be made by a special resolution if the Company is one in which not less than 25 per cent of its subscribed share capital is held whether singly or in any combination inter alia by public financial institutions or Government companies or a Central Government or State Government or any Financial or other institutions established by way of Provincial or State Act in which the State Government holds not less than fifty one percent of the subscribed share capital or a nationalised bank or insurance company doing general insurance business on the date of the Notice.

The holding of the financial institutions in the Company exceeds 25 per cent of its subscribed share capital and hence the re-appointment of the Auditors is required to be made by a special resolution. As required under Section 224 of the Act, written certificates have been received from M/s. Dalal & Shah, Chartered Accountants to the effect that their re-appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Act.

None of the Directors is concerned or interested in the Special Resolution.

In respect of Item No. 6

The Company has been sanctioned a term loan of Rs. 10.00 crores by the Pradeshia Industrial & Investment Corporation of U.P. Ltd. (PICUP) for Nitrile Butadiene Rubber (NBR) project. The Industrial Credit and Investment Corporation of India Limited (ICICI) has granted a loan of Rs. 3.00 crores for part financing the cost over run of SBR Project of the Company. The above term loans from PICUP and ICICI are to be secured against the assets of the Company ranking pari passu with the existing mortgages and charges. For the creation of mortgage the consent of Members is necessary under Section 293(1)(a) of the Companies Act, 1956.

You are requested to pass the Ordinary Resolutions. None of the Directors is interested in these resolutions.

In respect of Item No. 7

Mr. A. S. Kilachand was appointed as a whole time Director designated as the Executive Director for a period of five years effective from 14th August, 1993. The said terms has expired on 14th August, 1998.

The Board of Directors has reappointed Mr. A. S. Kilachand as Executive Director for a further period of five years with effect from 14th August, 1998. The terms of re-appointment of Mr. A. S. Kilachand are as under :

SALARY : Rs. 30,000/- per month (with an annual increment not exceeding Rs. 10,000/- per month as may be decided

by the Board of Directors from time to time.)

COMMISSION : Payable as may be fixed by the Board of Directors subject to limits of 5% and 10% of the Net Profits of the Company, as the case may be as laid down in Section 309 of the Companies Act, 1956.

PERQUISITES : These shall be restricted to an amount equal to his annual salary or Rs.4,50,000/- whichever is less.

Category A**i) Housing:**

- a) The expenditure by the Company on hiring furnished accommodation will be subject to the ceiling of 60% of his salary over and above 10% payable by him.
- b) In case the accommodation is owned by the Company, he shall pay to the Company by way of rent 10% of his salary.
- c) In case the Company does not provide accommodation, House Rent Allowance shall be paid in accordance with (a) above.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income tax Rules, 1962. This shall, however, be subject to ceiling of 10% of his salary.

- ii) Medical expenses incurred for him and his family will be subject to a ceiling of his one month's salary in a year or three months' salary over a period of three years.
- iii) Leave Travel concession for him and his family once in a year in accordance with the rules specified by the Company.
- iv) Club fee for him will be subject to a maximum of two clubs. No admission or life membership fee will be paid.
- v) Personal Accident Insurance for him, premium of which shall not exceed Rs. 4000 per annum.

Explanation: For the purposes of Category A "Family" means the spouse, the dependent children and dependent parents.

Category B

1. Contribution to Provident Fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.
2. Encashment of leave at the end of tenure would not be included in the computation of the ceiling on perquisites.

**Category C**

Provision of car for use on Company's business and telephone at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company in his case.

The above remuneration payable to him is subject to the limits of 5% and 10% of the net profits of the Company as the case may be as laid down in Section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profits of the Company as laid down in Section 198 of the said Act.

In the absence or inadequacy of profits in any year during the tenure of Mr. A. S. Kilachand as Executive Director shall be paid salary for the said year and the perquisites referred above, not exceeding Rs.87,500/- per month or Rs.10,50,000/- for the said year as minimum remuneration.

Mr. A. S. Kilachand will also be entitled to earned/privilege leave on full pay and allowances, as per rules of the Company but not more than one month's leave for every eleven months of his service.

Mr. A. S. Kilachand shall also be entitled to reimbursement of entertainment expenses actually and properly incurred by him in the course of legitimate business of the Company subject to such reasonable ceiling for such expenses as may be fixed by the Board of Directors.

He shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

He shall not enter into any buying or selling agency agreement with the Company, nor shall he become

interested or otherwise concerned directly or through his wife and/or his minor children in any buying or selling agency of the Company without the prior approval of the Central Government.

The Board is of the opinion that the reappointment of Mr. A. S. Kilachand would be in the interest of the Company.

In compliance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the terms of reappointment of Mr. A. S. Kilachand are placed before the Members in General Meeting for their approval.

Mr. Suresh T. Kilachand and Mr. Uday S. Kilachand being relatives of Mr. A. S. Kilachand may be regarded as interested in the Special Resolution.

The above Explanatory Statement may be treated as an abstract of Mr. A. S. Kilachand's terms of reappointment under Section 302 of the Companies Act, 1956. The Draft Agreement to be entered into with Mr.A.S. Kilachand is available for inspection at the Registered office between 10.00 A.M. to 12.00 Noon from Monday to Friday.

By Order of the Board

NALIN N. SHAH
Company Secretary

Registered Office :
Oriental House,
7, Jamshedji Tata Road,
Mumbai 400 020.

Dated : 14th August, 1998

*Annual Report 1997-98***DIRECTORS' REPORT TO THE MEMBERS**

The Directors present the Thirtyeighth Annual Report with the Audited Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

Gross Sales (including Excise)

Gross Profit/(Loss) before Depreciation and Taxation

Add/Less : Depreciation

: Taxation

Add/Less : Balance brought forward

Surplus/(Deficit)

Appropriations :

Transferred to Debenture Redemption Reserve

Surplus/(Deficit) carried to Balance Sheet

1997-98 (Rs.in lacs)	1996-97 (Rs.in lacs)
16097.37	23153.09
(1788.16)	1017.44
269.99	262.18
5.00	105.00
(2063.15)	650.26
923.38	523.12
(1139.77)	1173.38
-	250.00
(1139.77)	923.38
(1139.77)	1173.38

DIVIDEND

In view of the loss for the year, the Board of Directors are unable to recommend any dividend for the year 1997-98.

OPERATIONS

The year under review witnessed a general slow down of economy and more particularly in the industrial sector. The performance of the petrochemical industry has been adversely affected on account of liberalisation process without provision of a level playing field for the Indian manufacturers.

The year 1997-98 has been the most critical year for the Company. SBR production and sales were 22861 MT and 24406 MT compared to previous years figure of 30767 MT and 30596 MT respectively. The Gross turn-over of the Company has fallen from Rs. 232 crores in the year 1996-97 to Rs.161 crores in the year 1997-98.

As International prices of various grades of SBR have come down by 25% to 30%, the tyre companies and non-tyre companies resorted to heavy imports due to favourable international prices. In addition, the prices of natural rubber also came down by 40% which had an adverse impact on demand for SBRs. As a result the Company was forced to reduce its selling prices of SBRs to match the landed prices. Prices of Styrene and Butadiene which constitute 90% of total raw material usage continued to remain constant, with lower sales realisation which resulted in substantial losses. The other reason for lower production was inadequate working capital on account of lower price realisation on SBRs.

The Company has submitted an anti-dumping petition to the Central Government authorities, who have found prima-

facie evidence of dumping against the major SBR exporting countries and have initiated an investigation and issued a notification to that effect in April, 1998. Out-come of this investigation is expected to take another 2 to 3 months and the Company is hopeful that some provisional anti-dumping duties will be levied.

The South-Asian currency crisis has put tremendous price pressure on Indian products due to lower import tariff. There is a continued demand recession and over capacities in Automobile and Tyre industries.

In June 1998 cyclone at Kandla port has affected production due to break in supply of imported raw materials to Plant. The working for the first quarter of the current year is not encouraging. The Company has taken several measures to minimise the impact.

Due to sluggish demand for alcohol and high raw material cost, the performance of the Distillery Unit continued to remain uneconomical.

EXPANSION AND DIVERSIFICATION

The SBR expansion from 41,000 to 70,000 MTPA is near completion. The delay in completion of the expansion has further escalated the project cost to Rs. 240 crores as on 31st March, 1998. The implementation of Nitrile Rubber (NBR) project is under active consideration.

FINANCE

The Company approached the Financial Institutions for further re-schedulement of its foreign currency term loan and funding of interest which they have agreed. Letters to this effect have been received from ICICI and IDBI and



similar sanction from IFCI and other Institutions are expected shortly.

Due to lower sales realisation there is a reduction in the bank drawing power which has resulted in irregular supply of imported raw materials. In order to meet short fall in working capital, the Company has decided to dispose off its non-productive assets. The Company has also approached Financial Institutions for further funding.

The Company proposed to pay-off the third and final instalment of Rs.20/- on 12.5% debentures by 31st December, 1998, to the individual debentureholders. Negotiations are on for roll over and funding of outstanding interest with institutional debentureholders.

DISTILLERY SPIN-OFF

The Company is awaiting approval of the Financial Institutions and other authorities for the transfer of distillery unit to a subsidiary company.

DE-MATERIALISATION OF SHARES

The Company has opted for dematerialisation of Equity Shares in March, 1997. At present, around 12.19% of the Equity Share Capital of the Company have been dematerialised.

SAFETY AND ENVIRONMENT

The Company is fully aware of its responsibility in the area of safety and environment protection and is updating its operation with prime objective of safety and ecology. The Company continued to maintain a good safety record. Safety awareness programmes and drills were conducted throughout the year to instil a sense of safety consciousness among the employees. Efforts for safety, protection of environment and conservation of energy is an ongoing process in the Company.

INDUSTRIAL RELATIONS

The Company had cordial industrial relations at all levels during the year under review.

DIRECTORS

Mr. P.N. Ramamoorthy, nominee Director of Unit Trust of India expired on 31st May, 1998 in an accident. The Directors placed on record the valuable services rendered by Mr. Ramamoorthy.

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. H.C. Asher, Mr. N.J. Kamath and Lt. Gen. S.P. Malhotra will retire by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment. The re-appointment of Mr. A.S. Kilachand as Executive Director is placed for your approval.

AUDITORS' REPORT

The observations made by the Auditors in their Report have been fully dealt with in the relevant notes forming part of the Accounts which are self-explanatory and do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

AUDITORS

The term of M/s. Dalal & Shah as Auditors expires at the conclusion of this Annual General Meeting and they are eligible for re-appointment. The Auditors have given a certificate to the effect that their re-appointment, if made, will be within the prescribed limits specified under Section 224(1B) of the Companies Act, 1956.

SUBSIDIARY COMPANY

The statement pursuant to Section 212 of the Companies Act, 1956 relating to the Company's subsidiary company, is attached.

PARTICULARS OF EMPLOYEES

The information in accordance with Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended is given in Annexure "A".

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information in accordance with the provisions of 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, is given in Annexure "B".

ACKNOWLEDGEMENTS

The Directors wish to thank the Government of India, the Government of Uttar Pradesh, as well as the consortium of Financial Institutions and Commercial Banks, for their continued co-operation and unstinted support extended to the Company. The Directors wish to place on record their appreciation for employees dedication and commitment towards duty.

Finally, the Directors are thankful to all the shareholders, debentureholders, fixed depositors, customers and suppliers for their continued confidence and support.

For and on behalf of the Board

SURESH T. KILACHAND

Chairman

New Delhi

Dated: 14th August, 1998

*Annual Report 1997-98***ANNEXURE "A" TO DIRECTORS' REPORT**

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Director's for the year ending 31st March, 1998.

Sl. No.	Name, Age & Qualification	Designation & Nature of Duties	Remuneration Received (Rupees)	Date of Commencement of Employment	Experience (Years)	Last Employment held
A. Employed throughout the year.						
1	Mr. Apsingekar A.S. B.Sc., M.L.W. & I.R.	45 General Manager (HRD)	4,69,577	24.02.1997	22	G.M. (HRD) Nippon Denro Ispat Ltd.,
2	Mr. Gupta S.S. B.Com., F.C.A.	48 V. P. (Commercial)	4,45,590	01.06.1994	22	G.M (Finance) Shaw Wallace & Co. Ltd.,
3	* Mr. Kilachand A.S.	33 Executive Director	3,84,513	24.09.1990	7	—
4	* Mr. Kilachand U.S.	37 Managing Director	8,42,244	01.07.1987	13	Director & Chief Executive Huns Ind. Agencies Pvt. Ltd.,
5	Mr. Seth Dilkush B.Com., D.M.M., M.M.	59 General Manager (Marketing)	3,56,066	15.01.1996	26	G.M. (Export) Grind Rubber Ltd.,
6	Mr. Shah Nalin N. B.Com. (Hons.), A.C.A., F.C.S.	50 Company Secretary	4,37,922	09.07.1992	25	Manager Mahir Textiles Ltd.,
7	Mr. Shrigondekar Dilip B.Sc. D.B.M., M.M.S.	46 Sr. Manager (Materials)	3,28,593	02.05.1995	26	Material Manager Dr. Beck & Co. (I) Ltd.
B. Employed for part of the year.						
1	Mr. Bhagte S.D.	60 Peon	2,36,720	08.04.1981	36	—
2	Mr. Desai T.B. B.Com., F.C.A.	46 V. P. (Finance)	1,10,715	09.02.1998	22	V. P. (Finance) The Standard Batteries Ltd.,
3	* Mr. Kilachand S.T.	67 Executive Chairman	1,44,000	08.02.1984	47	Chairman Huns Ind. Agencies Pvt. Ltd.,
4	Mrs. Lobo. E S.S.C.	58 Confidential Secretary	3,67,630	01.05.1963	35	Typist Cum Operator M/s. Levka Pvt. Ltd.
5	Mr. Prabhu D.S. B.Sc., L.P.R.I.	45 Officer (TSL)	2,95,211	15.07.1977	21	—
6	Mr. Press R.R. B.Chem Eng. (Bom), M.Engg. (Chem) USA M.A.I.Ch.E. (USA), M.I.I.Ch.E.	44 Chief (Corporate Planning)	3,01,814	02.09.1992	21	Vice President Eurrestra Ind. Ltd.,
7	Mr. Ravindran K.R. B.Sc. (Engg)	52 Senior Manager (Planning)	3,69,797	16.12.1991	27	Sr. Engg. (Project) Mazagon Dock Ltd.,
8	Mr. Shete N.S. S.S.C.	39 Peon	3,04,415	02.01.1984	14	—
9	Mr. Taterh V.S. B.E. (Hons.), P.G.D.M.	47 Sr. V.P. (Operation)	2,55,449	15.09.1997	14	V.P. (Development) The National Rayon Corp Ltd.,
10	Mr. Vaidya H.J. B.A.	60 Chief Manager (Purchase)	6,82,307	01.12.1959	40	Dharma Vijay Agencies
11	Mr. Vinekar H.S. B.Tech., D.M.M.	52 Sr. V.P. (Marketing & Business Development)	1,60,512	29.01.1998	30	Sr. V.P. - Marketing (OSC) Vam Organic Chemicals Ltd.,

NOTES : -

1. Remuneration includes Salary, Allowances, Commission, Gratuity, Leave Encashment, Taxable Value of perquisites, Company's contribution to Provident Fund.
2. * Indicates Employment is contractual.
3. None of the employees mentioned above is relative of any Director of the Company except Mr. Kilachand A.S. Mr. Kilachand U.S & Mr. Kilachand S.T. who are related to each other.

**ANNEXURE "B" TO DIRECTORS' REPORT**

Statement of Particulars Under Companies (Disclosure of Particulars in the Report of Board of Directors) - Rules, 1988 and Forming Part of Directors' Report for the Year 1997 - '98.

A. CONSERVATION OF ENERGY**a) Energy Conservation Measures Taken :**

- i) Plugging of steam/compressed air/water leaks
- ii) Maximization of rate of production affecting reduction in energy usage per unit of product.
- iii) Maintenance of perfect steam/power balance (No steam venting) with continuous operation of condensing type turbo-generator.
- iv) Better combustion control by regular monitoring of unburnt in grate ash, fly ash and monitoring % oxygen & carbon dioxide/carbon monoxide in flue gases.
- v) Routine replacement/repair of defective steam traps.
- vi) Procurement and use of good quality coal in boilers.
- vii) Heat recovery from CBD with new heat exchanger.
- viii) Replacement of steam turbine of ammonia compressor & cooling water pump by electric motors.
- ix) Time to time acid cleaning of economizer tubes of Boilers.
- x) Replacement/cleaning of Boiler No.1 steam generating tubes.
- xi) Installation & commissioning of a low capacity cooling water pump.
- xii) Survey of insulated pipe lines & equipments was done to monitor radiation losses & insulation changed or thickness revised wherever losses were high.
- xiii) Monitoring of condensate recovery to minimize its losses and improve quality of Boiler feed water.
- xiv) Low TDS content well pumps were operated in order to improve steam efficiency.

b) Additional Investments and Proposals

- i) Installation of electrical motor driven air compressor.
- ii) Planning to replace ID fan steam turbine drive by variable speed motor.
- iii) Acid cleaning of economiser tubes of Boiler Nos. 1 and 2.
- iv) Improvement in power factor of hydel power to 0.98 by installing HT capacitor bank.
- v) Replacement of remaining aluminium fans of cooling tower with FRP fan.
- vi) Replacement of ordinary lamp with the low power consuming CFL lamps.
- vii) Load management of U.P.S.E.B. to pay rational demand charges.

B. TECHNOLOGY ABSORPTION :

Please see Annexure II

C. FOREIGN EXCHANGE EARNINGS & OUTGO :

(Rs. in Lacs)

	1997 - '98	1996 - '97
Total Foreign Exchange used	4466.56	6858.94
Total Foreign Exchange earned	20.69	1.91