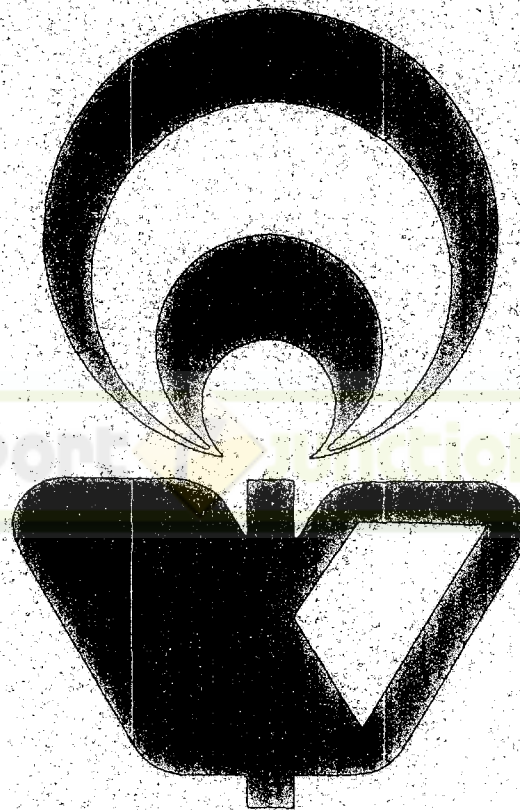


# 24TH ANNUAL REPORT 1996-97

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		



**MAHAVIR SPINNING MILLS LIMITED**



Shri S.P. Oswal - Chairman

# *Business Philosophy*

- Faith in bright future of Indian textiles and hence continued expansion in areas "which we know best".
- Total customer focus in all operational areas.
- Products to be of best available quality for premium market segments through TQM and zero defect implementation.
- Global orientation targeting — at least 20% production for exports.
- Integrated diversification/ product range expansion.
- World class manufacturing facilities with most modern R&D and process technology.
- Faith in individual potential and respect for human values.
- Encouraging innovation for constant improvements to achieve excellence in all functional areas.
- Accepting change as a way of life.
- Appreciating our role as a responsible corporate citizen.

From this business philosophy emerge Vardhman's STRANDS OF STRENGTH which have propelled the group growth much above the industry average — an impressive 26% over the last 5 years.



## Mahavir Spinning Mills Ltd.

### BOARD OF DIRECTORS:

SHRI SHRI PAUL OSWAL — Chairman  
 SHRI M.M. HAQUE — (Nominee of IDBI)  
 SHRI SANDEEP BAKHSI — (Nominee of ICICI)  
 SHRI P.C. GUPTA — (Nominee of UTI)  
 SHRI R.C. BARAR  
 DR. JAGDISH CHANDER BAKSHI  
 SHRI PRAFULL ANUBHAI  
 DR. TRILOKI NATH KAPOOR  
 SHRI SACHIT JAIN  
 SHRI DARSHAN LAL SHARMA — President & Executive Director

### VICE PRESIDENT (COMMERCIAL):

SHRI A.K. BHUCHAR

### COMPANY SECRETARY:

SHRI VIPIN GUPTA

### BANKERS:

STATE BANK OF PATIALA  
 PUNJAB NATIONAL BANK  
 UNION BANK OF INDIA  
 STATE BANK OF INDIA  
 BANK OF AMERICA  
 BANK OF BARODA  
 ALLAHABAD BANK  
 DEUTSCHE BANK  
 BANQUE NATIONALE DE PARIS

### AUDITORS:

M/S S.C. VASUDEVA & CO., NEW DELHI.

### BRANCH AUDITORS:

M/S S.S. KOTHARI & CO., NEW DELHI.

### REGISTERED OFFICE:

CHANDIGARH ROAD, LUDHIANA-141 011.

### WORKS:

#### MAHAVIR SPINNING MILLS LIMITED

PHAGWARA ROAD, HOSHIARPUR-146 001.

#### ARIHANT SPINNING MILLS

INDUSTRIAL AREA, MALERKOTLA-148 023.

#### ANANT SPINNING MILLS

NEW INDUSTRIAL AREA, MANDIDEEP-462 046.

#### VARDHMAN SPECIAL STEELS

C-58, FOCAL POINT, LUDHIANA-141 010.

#### VARDHMAN SPECIAL STEELS

PLOT NO. 263-64, SECTOR-24, FARIDABAD-121 005.

### BRANCHES:

30 & 33, SHRI KRISHNA CENTRE, MITHAKHALI SIX ROAD, NAVRANG PURA, AHMEDABAD-380 009.

2 & 2/1, A.M.M. TOWERS, HOSUR ROAD, BANGALORE-560 027.

48, KFC BUILDING, CHURCH STREET, BANGALORE.

P-22, 3RD FLOOR, C.I.T. ROAD, CALCUTTA-700 014.

6, TILJALA ROAD, POST BOX NO. 296, CALCUTTA-700 046.

S.C.O. 1, 2 & 3, SECTOR 17, CHANDIGARH-160 017.

184, BROADWAY, CHENNAI-600 108.

36/2303, D & K, AMMANKOVIL ROAD, ERNAKULAM (COCHIN)-682 035.

PLOT NO. 271, SECTOR-24, FARIDABAD-121 005.

217, LOHA MANDI, BULANDSHAHR ROAD, GHAZIABAD.

3-6-270/2, HIMAYAT NAGAR, OPP. TELUGU ACADEMY, HYDERABAD-580 029.

PIPELYA RAO, PLOT NO. 23, MANGAL NAGAR, A.B. ROAD, INDORE-452 001.

15/200-C, CIVIL LINES, KANPUR-208 001.

KARNAL AGRICULTURAL STEEL INDUSTRIES, INDRI ROAD, KARNAL.

CHANDIGARH ROAD, LUDHIANA-141 011.

SOLARIS-II, UNIVERSAL INDUSTRIAL ESTATE GALA NUMBER G-7 TO G-14 & B-12 TO B-14, SAKI VIHAR ROAD, ANDHERI (EAST), MUMBAI-400 072.

64A, NARIMAN BHAWAN 227, BACKBAY RECLAMATION, NARIMAN POINT, MUMBAI-400 021.

4/6, DESH BANDHU GUPTA ROAD, PAHAR GANJ, NEW DELHI-110 055.

212, DEEN DAYAL UPADHYAYA MARG, URDU GHAR, 1ST FLOOR, NEW DELHI-110 002.

PLOT NO. 134, TRANSPORT NAGAR, PUNJABI BAGH, NEW DELHI-110 035.

201, SURYA KIRAN BUILDING, 19, KASTURBA GANDHI MARG, NEW DELHI-110 001.

266, KAMRAJ ROAD, TIRUPUR-638 604.

272, SAK COMPLEX, KAMRAJ ROAD, TIRUPUR-638 604.



## Mahavir Spinning Mills Ltd.

### NOTICE

NOTICE is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Saturday, the 26th day of July, 1997 at 4.00 P.M. at the Registered Office of the Company at Chandigarh Road, Ludhiana, to transact the following business:-

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date, together with Auditors' Report thereon.
2. To declare Dividend.
3. a) To appoint a Director in place of Dr. J.C. Bakshi, who retires by rotation in accordance with Article-108 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
- b) To appoint a Director in place of Shri R.C. Barar, who retires by rotation in accordance with Article-108 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. a) To appoint Auditors for the year 1997-98 and fix their remuneration and for that matter to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-  

"RESOLVED THAT pursuant to the provisions of Section 224, 224A and other applicable provisions, if any, of the Companies Act 1956, M/s. S.C. Vasudeva & Company (the retiring auditors of the Company) be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting at such remuneration and other expenses as are incidental to the Audit as may be approved and fixed by the Chairman of the Company".
- b) To appoint Branch Auditors for the year 1997-98 and to fix their remuneration and to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-  

"RESOLVED THAT pursuant to the provisions of Section-228, 224, 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. S.S. Kothari & Company, Chartered Accountants, New Delhi, be and are hereby re-appointed Branch Auditors for auditing the Books of Accounts maintained by Vardhman Special Steels, Ludhiana, one of the units of the Company, and to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting at such

remuneration and other expenses as are incidental to the Audit as may be approved and fixed by the Chairman of the Company".

#### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Companies Act, 1956 and any other law for the time being in force, the approval of the Company be and is hereby given for insertion of following sub-clauses in Clause-III of Memorandum of Association of the Company as detailed below:-

- B(xxx) To lend and advance money or give credit to any person or company, to give guarantee or indemnify for the payment of money or the performance of contracts or obligations by any person, to secure or undertake in any way the repayment of money lent or advanced to, or the liabilities incurred by, any person subject to the provisions of the Act.
- B (xxxii) To distribute any of the assets or properties of the Company among the members in the event of winding up *in specie* or otherwise, but so that no distribution amounting to a reduction of capital be made without the sanction of the Court, where necessary.
- B(xxxiii) To promote, carry on, maintain and develop trade of all kinds and industrial, commercial and financial relations of every kind and description in all matters connected with the main objects of the Company.
- B(xxxiiii) To subscribe, contribute, pay, transfer or guarantee money for or to dedicate, donate, present or otherwise dispose of either voluntarily or for value, any money or properties of the Company to or for the benefit of any national, charitable, benevolent, religious, scientific, local, general or useful objects, purposes or institutions or for any exhibition or for any purpose which may be considered likely, directly or indirectly, to further the objects of the Company or the interests of its members. No contribution/donation shall, however, be made to any political party or for any political purpose.
- C(xxii) To acquire from or sell to any person, firm or body corporate or unincorporate, whether in India or elsewhere, technical and managerial information, know-how, processes, engineering,





## Mahavir Spinning Mills Ltd.

manufacturing, operating and commercial data, plans, layouts and blueprints useful for the design, erection and operation of any plant or process of manufacture and to acquire and/or grant licence, other rights and benefits in the foregoing matters and things and to render any kind of management and consultancy services.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all the necessary steps required to give effect to the above said resolution and to accept and incorporate any modification(s) as may be suggested by any prescribed authority".

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT the consent of the Company be and is hereby granted in terms of Section-293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors to mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and on such terms as the Board may determine, all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to takeover the management of the business and concern of the Company in certain events of default in favour of the Agents/Trustees/Lenders for securing the Securities together with interest, additional interest, compound interest, accumulated interest, remuneration of the Trustees, premium (if any) on redemption or other costs, charges and expenses payable by the Company in terms of the Trust Deed/other documents to be finalised and executed between the Company and the Agents and Trustees/Lenders and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Agents and Trustees/Lenders.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to finalise, settle and execute such documents/deeds/agreements/papers as may be required and to do all such acts, deeds and things as may be required or considered necessary or incidental thereto."

BY ORDER OF THE BOARD

PLACE: LUDHIANA  
DATE: 18.06.1997

(VIPIN GUPTA)  
COMPANY SECRETARY

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 5 & 6 is annexed hereto and forms part of the Notice.
3. The Dividend declared, if any, will be paid to those Members whose names appear in the Register of Members of the Company on the date of 24th Annual General Meeting.
4. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 16th July, 1997 to 26th July, 1997 (both days inclusive).**
5. The Members are requested to notify the change in their addresses, if any, at the earliest.
6. Members desiring any information as regards Accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.
7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
8. Pursuant to Section 205 of the Companies Act, 1956, the unpaid dividend upto the financial year 1992-93 has been deposited in the General Revenue Account of the Central Government and the unpaid dividend for the financial year 1993-94 will be deposited with the Central Government in the month of October, 1997. Therefore, the Members who have not claimed the dividend for the year 1993-94 are requested to apply to the Company for the payment of dividend before 15-09-1997.



Mahavir Spinning Mills Ltd.

**ANNEXURE TO THE NOTICE:****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:****ITEM NO. 5 OF SPECIAL BUSINESS:**

The Company has entered into a Joint Venture Agreement with Marubeni Corporation and Japan Exlan Company Limited of Japan for setting up an Acrylic Fibre Project in Vardhman Acrylics Limited which is a subsidiary of the Company.

Vardhman Acrylics Limited has requested to give guarantee in favour of Industrial Development Bank of India (IDBI) on behalf of Vardhman Acrylics Limited in consideration of IDBI granting financial assistance to the tune of Rs. 14,400.00 lac. The IDBI has required that the power to give the guarantee must be in the Memorandum of Association of the guarantor company. Therefore, it is proposed to suitably amend the Memorandum of Association of the Company by inserting new sub-clauses to Clause-III vesting the powers to give guarantee as also to avoid future complications.

**MEMORANDUM OF INTEREST:**

None of the Directors of the Company is interested in this Resolution.

**ITEM NO. 6 OF SPECIAL BUSINESS:**

The Board of Directors has approved to issue/allot 15.25% Secured Redeemable Non-Convertible Debentures of Rs. 1.00 crore each amounting to Rs.25 crore. In future also, the Board may consider to issue/allot such Secured Redeemable Non-Convertible Debentures, on such terms & conditions, as

it may deem fit. Such Debentures shall be secured by way of mortgage/charge in favour of the Agents/Trustees or Lenders for and on behalf of the Debentureholders over the movable and immovable assets of the Company.

Section 293(1)(a) of the Companies Act, 1956, *inter-alia*, provides that the Board of Directors of a Public Company shall not without the consent of the Company in General Meeting, sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking.

Since the mortgage by the Company of its immovable properties, as aforesaid, in favour of the Agents/Trustees or Lenders may be regarded as disposal of Company's properties/undertakings, the approval of Members under Section 293(1)(a) of the Companies Act, 1956, is solicited.

**MEMORANDUM OF INTEREST:**

None of the Directors of the Company is interested in this Resolution.

BY ORDER OF THE BOARD

PLACE: LUDHIANA

DATE: 18.06.1997

(VIPIN GUPTA)  
COMPANY SECRETARY



# Mahavir Spinning Mills Ltd.

## DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the Twenty Fourth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1997.

### 1. FINANCIAL RESULTS :

The Financial results for the year are as under :-

		(Rs. in Lac)	
	1996-97		1995-96
Turnover	58197.80		49905.07
Gross Profit	6882.24		4214.68
Less:			
Depreciation	2482.32	2053.96	
Provision for Taxation including Provision for Wealth Tax	655.00	135.00	
Provision for Income Tax for earlier years	—	9.89	
Add:			
Income Tax Refund for earlier years	—	8.98	2189.87
Balance	3744.92		2024.81
Less:			
Depreciation for earlier years	0.37	1.95	
Add:			
Depreciation written back	0.89	3.54	
Excess provision for Income Tax written back	5.91	80.08	
Investment Allowance Reserve written back	1.89	67.48	
Balance brought forward	5.63	813.81	962.96
	3758.87		2987.77
<b>Appropriations:</b>			
Interim Dividend on 14% Preference Shares	61.47	—	
Proposed Dividend:			
(Previous year's figures are subject to tax)			
on Preference Shares	—	13.92	
on Equity Shares	824.00	743.22	757.14
Tax on Distributed Profits	82.40		—
Transfer to Debenture Redemption Reserve	1100.00		2225.00
Transfer to General Reserve	450.00		—
Transfer to Capital Redemption Reserve	400.00		—
Transfer to Reserve for Bad & Doubtful Debts	100.00		—
Surplus carried to Balance Sheet	741.00		5.63
	3758.87		2987.77

### 2. REVIEW OF OPERATIONS:

During the year, the Company has made significant improvement in its performance over the previous year on all round aspects of sales turnover, production & profitability. The net profit of the Company has increased from Rs.2,024.81 lac to Rs. 3,744.92 lac, an increase of 84.95% over the previous year.

Your Directors are pleased to report performance of the business operations as follows :-

#### A) PRODUCTION & SALES REVENUE:

The overall sales revenue of the Company increased by 16.61% from Rs.49,905.07 lac to Rs.58,197.80 lac during the period under review. The business-wise performance is as under :-

- i) **YARN:** The Yarn production increased by 10.25% from 22,007 M.T. to 24,263 M.T. as a result of productivity improvement. The sales turnover was also higher by 12.02% from Rs.26,539.35 lac to Rs.29,730.48 lac.



## Mahavir Spinning Mills Ltd.

- ii) **SEWING THREAD:** In spite of continued impact of high rate of excise duty on Polyester Spun Thread over the unorganised sector, your Company has been able to improve the operating margins of the Sewing Thread Division. In view of the reduction of excise duty on Polyester Spun Thread from 23% to 17.25%, it is expected that the Company shall be able to improve the profit margins further during the year 1997-98. In spite of the competitive pressure during the year, the sales revenue of Sewing Thread Division increased from Rs.13,715.47 lac to Rs.16,031.72 lac, an increase of 16.88% over the previous year.
- iii) **STEEL:** The production and sales revenue of Steel Division increased significantly during the review period as a result of the change in the product mix, cost reduction drive undertaken by the Company and the quality improvement in the products which could enable the Company to realise high value for its products. The production of Steel Ingots/Billets increased from 43,238 M.T. to 55,380 M.T. and of Rolled products from 38,628 M.T. to 48,417 M.T., an increase of 28.08% & 25.34% respectively. The sales revenue of the division increased from Rs.8,048.59 lac to Rs.11,161.51 lac registering an increase of 38.68% over the previous year.
- iv) **EXPORTS:** The exports of the Company have also increased from Rs. 12,858.81 lac to Rs. 16,603.57 lac showing an increase of 29.12% over the previous year.

### B) PROFITABILITY:

The Company has earned profits before tax and depreciation of Rs.6,882.24 lac as compared to Rs.4,214.68 lac in the previous year showing an increase of 63.29%. After providing for depreciation of Rs.2,482.32 lac (previous year Rs.2,053.96 lac) and provision for tax of Rs.655.00 lac (previous year Rs.135.00 lac), there is a net profit of Rs.3,744.92 lac (previous year Rs.2,024.81 lac) thereby showing an increase of 84.95%. The balance available for appropriation after adding back Investment Allowance Reserve written back and Surplus carried forward from the previous year is Rs.3,758.87 lac (previous year Rs.2,987.77 lac).

The main reason for the increase in profits in the year under review was that cotton and polyester prices came down. The yarn prices did not drop in the same proportion and hence the margins improved. In addition, the Company benefitted from the full year working of the expansion of spindles at Malerkotla. The Company has successfully launched value added Dyed products and introduced Fine

Counts. In addition, the profitability was higher due to better management of current assets. The prospects for 1997-98 also look reasonably good as your Company has covered its cotton requirement for the first half of the year and is continuing its thrust in exports.

### C) STRATEGIC ALLIANCES:

As reported earlier, the Company's focus on having strategic alliances to compete in the free-market economy continued to achieve its objective of globalisation as per details given below :-

#### i) BARBOUR VARDHMAN THREADS LIMITED:

The Joint Venture Company promoted by your Company in collaboration with Barbour Campbell Group Limited of Northern Ireland to produce specialised Industrial Synthetic Thread has been in operation for the last two years. Due to marketing problems which resulted in low capacity utilization inadequate to support the investment and to cover fixed cost, the Company suffered losses. However, the market for the Company's products is gradually building up and the Company achieved a domestic sale of Rs.575 lac during 1996-97 which is expected to rise to Rs.1,500 lac by 1999-2000. The quality of the product is well established in domestic & international markets and is poised for quantum jump in operations in coming years. Now to strengthen this Joint Venture Company fresh funds of Rs.400 lac has been put in the form of equity, out of which your Company has contributed Rs.100 lac.

#### ii) VMT SPINNING COMPANY LIMITED:

As reported in the previous Annual Reports, the Company has entered into a Joint Venture Agreement with Marubeni Corporation and Toho Rayon Company Limited of Japan for setting up a 100% Export Oriented Unit (EOU) at Baddi to manufacture all types of Cotton and Blended Yarn which was implemented in Joint Venture Company, VMT Spinning Company Limited. This Company has started its commercial production on 21st September, 1996. The present production capacity of Combed Yarn stands at 24,960 spindles. The present paid-up capital of the Company is Rs.1,725.02 lac and your Company holds 73.33% of its present paid-up capital. During the operation period, the Company achieved a production level of 1,910.89 tons. The turnover for the period was Rs.2,094.99 lac and profit after providing for depreciation of Rs.239.28 lac was Rs.37.11 lac.





## Mahavir Spinning Mills Ltd.

### iii) VARDHMAN ACRYLICS LIMITED:

As reported in last Annual Report, your Company has entered into Joint Venture Agreement with Marubeni Corporation and Japan Exlan Company Limited, Japan for setting up an Acrylic Fibre Project with an estimated project cost of Rs.29,400 lac in Joint Venture Company, Vardhman Acrylics Limited. The present paid-up capital of the Company is Rs.4,125.01 lac and your Company holds 81.8% of its present paid-up capital.

The project work is in full swing and cost of Rs.3,204.52 lac has been incurred upto 31.03.1997. The project is expected to be completed by March, 1999.

### 3. DIVIDEND:

The Board of Directors of your Company is pleased to recommend a dividend of 32% on the amount paid-up on the Equity Shares of Rs.10/- each of the Company.

The Board of Directors has also recommended dividend on 14% Redeemable Preference Shares of Rs.10/- each of the Company. This dividend shall be fully adjusted against the interim dividend paid by the Company during the year in respect of these Shares.

### 4. PUBLIC DEPOSITS:

At the end of the year, fixed deposits from public were outstanding to the tune of Rs.201.6 lac. Out of these deposits, 71 deposits amounting to Rs.6.9 lac were due for payment on or before 31st March, 1997, but not claimed by the depositors. Since then, 9 deposits amounting to Rs.1.5 lac have either been repaid or renewed and for the balance 62 deposits amounting to Rs.5.4 lac, instructions of the depositors are still awaited.

### 5. DIRECTORS:

During the year, Shri P.C. Gupta and Shri Sandeep Bakhshi were appointed as nominee Directors in place of Shri L.S. Chadha and Smt. Ramni Bhalla by UTI and ICICI respectively. The Board places on record its appreciation for the valuable services rendered by Shri L.S. Chadha and Smt. Ramni Bhalla during their tenure. Dr. J.C. Bakshi and Shri R.C. Barar, Directors of the Company, retire by rotation at the conclusion of the forthcoming Annual General Meeting pursuant to Article-108 of Articles of Association of the Company and being eligible, offer themselves for re-appointment.

### 6. SUBSIDIARIES:

The statement under Section 212 of the Companies Act, 1956 is annexed together with the Annual Reports of the subsidiaries of the Company, Vardhman Acrylics Limited and VMT Spinning Company Limited.

### 7. AUDITORS:

The Auditors, M/s. S.C. Vasudeva & Company, Chartered

Accountants, New Delhi, and the Branch Auditors, M/s. S.S. Kothari & Company, Chartered Accountants, New Delhi, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

### 8. AUDITORS' REPORT:

The Auditors' Report on the Accounts is self-explanatory and requires no comments.

### 9. PERSONNEL:

A statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, is enclosed and forms part of this report.

### 10. INDUSTRIAL RELATIONS:

The Company has continued to follow the policy of creating a healthy environment and work culture resulting into harmonious inter-personal relations. The industrial relations by and large remained peaceful in different units of the Company during the year under review.

### 11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Energy conservation continues to be an area of major emphasis in your Company. The Company has adopted the strategy of bringing about a general awareness amongst all regarding energy conservation. Particulars with respect to conservation of energy and other areas as per 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, are annexed hereto and form part of this report.

### 12. ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere thanks to the Financial Institutions, Bankers and Business Constituents for their continued valued co-operation and support to the Company.

Your Directors also express their deep appreciation for the devoted and sincere services rendered by workers, staff and executives at all levels of the operations of the Company during the year and we are confident that your Company will continue to receive such co-operation from them in future also.

FOR AND ON BEHALF OF THE BOARD

PLACE: LUDHIANA  
DATED: 13.05.1997

(S.P. OSWAL)  
CHAIRMAN



# Mahavir Spinning Mills Ltd.

## ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997:

### 1. CONSERVATION OF ENERGY:

The Company has over the previous years taken several steps to conserve energy wherever possible. This continues to remain thrust area with studies, discussions and analysis being undertaken regularly for further improvements.

#### FORM-A:

#### A) POWER AND FUEL CONSUMPTION:

PARTICULARS	UNIT	1996-97	1995-96
1. Electricity:			
a) Purchased:			
Units	(KWH in lac)	1,615.40	1,418.93
Total amount	(Rs. in lac)	3,969.72	2,975.65
Rate per unit	(Rs.)	2.46	2.10
b) Own generation:			
i) Through Diesel Generator	(KWH in lac)	180.79	120.06
Unit/Ltr. of Diesel	(KWH)	3.59	3.51
Cost per unit	(Rs.)	2.07	1.93
ii) Through Steam Turbine/Generator		NIL	NIL
2. Coal (Used in Boiler):			
Quantity	(MT)	1,730.40	2,667.27
Total cost	(Rs. in lac)	33.35	50.56
Average rate	(Rs./MT)	1,927.50	1,895.75
3. Furnace Oil:			
Quantity	(K. Litres)	1,202.00	1,151.00
Total cost	(Rs. in lac)	75.02	67.18
Average cost	(Rs./Ltr.)	6.24	5.84
4. R.F.O./L.D.O:			
Quantity	(Kgs. in lac)	12.62	11.62
Total cost	(Rs. in lac)	90.37	63.79
Rate per kg.	(Rs.)	7.16	5.49
5. Other internal Generation: (Rice Husk):			
Total quantity	(MT)	14,729.72	11,428.77
Total cost	(Rs. in lac)	162.66	165.01
Average cost	(Rs./MT)	1,104.50	1,443.81

#### B) CONSUMPTION PER UNIT OF PRODUCTION:

i) Cotton/Acrylic Yarn:			
Electricity	(KWH/KG)	3.62	2.98
ii) Sewing Thread:			
Electricity	(KWH/Kg.)	9.34	9.88
Husk	(MT/MT)	3.31	2.71
Coal	(MT/MT)	—*	0.46
iii) Steel Billets/Ingots:			
Electricity	(KWH/MT)	903	1018
Furnace Oil/L.D.O	(Ltr./MT)	6.14	6.94
iv) Rolled Steel:			
Electricity	(KWH/MT)	86	83
Furnace Oil/L.D.O	(Ltr./MT)	85	74

\* The variation in the figures of coal/husk consumption from the last year is because of change in basis of calculation. This year consumption of coal has been converted into husk by using conversion factor derived from technical estimates.

### 2. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished in Form-B as under :-

#### FORM-B:

#### A. RESEARCH AND DEVELOPMENT:

- Specific areas in which Research & Development is carried out by the Company:

Research & Development is carried out for development of new products and for improvement in the production process and quality of products.

- Benefits derived as a result of R & D:

The Company has improved the quality of existing products and entered into new products and has also been able to reduce the cost of production.

- Future course of action:

Management is committed to strengthen R & D activities to improve its competitiveness in the times to come.

- Expenditure on R & D: (Rs. in lac)

Capital	0.96
Recurring	2.07
Total	3.03

Total R & D expenditure as a percentage of turnover 0.01%

#### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- Efforts made:

The Company is continuously making efforts for adaptation of latest technology in all its units. The Company has been able to further strengthen its position in the international market.

- Particulars of imported technology in the last five years:

a) Technology imported	Technical know-how for Gassed Mercerised Yarn from Kyung Bang Ltd, Korea.
b) Year of import	1994-95
c) Has technology been fully absorbed?	Yes

#### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- Exports have continued to be a major thrust area for the Company. New markets are being explored. The Company exported Cotton Yarn to various countries like Belgium, Spain, New Zealand, Germany, U.K., Australia, Italy, Hongkong, Japan, Sweden, Korea, Mauritius, Slovenia, Russia and Sri Lanka.

b) Total Foreign Exchange earned and used :	(Rs. in lac)
Foreign Exchange earned (FOB)	16,603.57
Foreign Currency used	5,591.01*

\* It relates to CIF value of imports Rs.5,042.84 lac and expenditure in foreign currency Rs.548.17 lac.