



**Porritts & Spencer (Asia) Ltd.**

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**29th Annual Report 1998**



MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SFI	✓
YE	✓	✓		✓




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### BOARD OF DIRECTORS

R.D. Buchanan, Chairman  
Amar Raj Lall  
Chandrakant Kahandas Thanawala  
Biren De  
Kamalesh Chandra Tapadar, Managing Director

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### COMPANY SECRETARY & DGM (LEGAL)

Manoj Kapoor

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### SENIOR MANAGEMENT TEAM

R. Srinivasan, General Manager (Finance)  
B.B. Chakravorty, General Manager (Production)  
K. K. Philip, DGM (Marketing)

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### AUDITORS

Price Waterhouse,  
New Delhi

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### BANKERS

ANZ Grindlays Bank Ltd.  
New Delhi.  
State Bank of India,  
Faridabad.

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### REGISTERED OFFICE AND MILL

113/114A, Sector 24,  
Faridabad, Haryana-121 005

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### DELHI OFFICE

308-309, Kanchenjunga,  
18, Barakhamba Road,  
New Delhi-110 001.

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## Porritts & Spencer (Asia) Ltd.

### NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of Porritts & Spencer (Asia) Ltd. will be held on Friday, 12th June, 1998 at 9.30 A.M. at Hotel Delite, 17, Neelam Bata Road, Faridabad 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 and the Balance Sheet as at that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. C. K. Thanawala who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. K. C. Tapadar who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

By Order of the Board  
for Porritts & Spencer (Asia) Ltd.

**Manoj Kapoor**  
Company Secretary &  
Dy. General Manager (Legal)

New Delhi  
9th May, 1998

### NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and to attend and vote (on a poll only) instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The register of members and the share transfer books of the Company will remain closed from 26th May, 1998 to 12th June, 1998 (both days inclusive).
3. The dividend as recommended by the Board of Directors, if declared at the meeting will be paid on or after 28th June, 1998 to those members whose names appear in the register of members as on 12th June, 1998.
4. The unclaimed dividend for the financial year 1993-94 has been deposited by the Company into the General Revenue Account of the Central Government pursuant to the provisions of Section 205A of the Companies Act, 1956. Those shareholders who have not yet received/claimed their dividend for the aforesaid year may please approach the Registrar of Companies, NCT of Delhi and Haryana, Paryavaran Bhawan, C.G.O. Complex, Lodhi Road, New Delhi.

The unpaid/unclaimed dividend for the financial year 1994-95 shall be transferred to the General Revenue Account of Central Government towards the end of June, 1998. Those shareholders who have not yet claimed dividend for the aforesaid year are requested to send their claim to the Company at the earliest.

By Order of the Board  
for Porritts & Spencer (Asia) Ltd.

**Manoj Kapoor**  
Company Secretary &  
Dy. General Manager (Legal)

New Delhi  
9th May, 1998



## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors are pleased to present the Twenty Ninth Annual Report and the Audited Accounts for the Financial Year ended 31st March, 1998.

### FINANCIAL RESULTS

	Rs. in Lacs	
	1997-98	1996-97
Profit before taxation	647.16	856.19
Provision for taxation	205.00	330.00
Profit after taxation	442.16	526.19
Appropriations		
Transferred to Debenture		
Redemption Reserve	25.00	25.00
Dividend	96.64	96.64
Corporate Dividend Tax	9.66	9.66
Transferred to general reserve	310.86	394.89
	442.16	526.19

The year under review showed an overall slowdown in the economic activity of the country. Paper industry was no exception. This has also affected your Company both in terms of sale and profit.

### DIVIDEND

Your Directors are pleased to recommend for your approval a dividend for the year under review @ Rs. 2.20 per equity share. This will absorb Rs. 96.64 lacs.

### MARKETING

Your Company's products continue to enjoy very high reputation in the market. This was achieved by maintaining a high level of product quality and by providing positive technical and marketing services to customers by its professionally qualified experienced team.

### ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with Section 217 (i) (e) of the Companies Act, 1956 read with the Companies

(Disclosure of particulars in the Board of Directors) Rules, 1988 is given in Annexure I forming part of this report.

### DIRECTORS

Mr. K.C. Tapadar and Mr. C.K. Thanawala, Directors of the Company, retire by rotation and being eligible, offer themselves for reappointment.

### AUDITORS

The Auditors, M/s Price Waterhouse retire at this Annual General Meeting and being eligible offer themselves for reappointment. Your Company has received a certificate from them that the reappointment, if made, will be in conformity with the provision of Section 224 (1B) of the Companies Act, 1956.

### AUDITORS REPORT

The observations of the auditors are self explanatory and therefore, do not call for any further comments.

### PERSONNEL

Your Company continued to keep harmonious relations with all its employees during the year. Your Directors wish to record their appreciation for the loyal and efficient services rendered by the employees at all levels.

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are given in Annexure II forming part of this report.

### ACKNOWLEDGEMENTS

Your Directors wishes to convey its grateful thanks to Company's esteemed Shareholders, Customers, Banks, Financial Institutions, Suppliers and the State and Central Government for their continued support.

By Order of the Board

K.C. Tapadar  
Managing Director

New Delhi  
9th May, 1998

C.K. Thanawala  
Biren De  
Directors

# Porritts & Spencer (Asia) Ltd.

## ANNEXURE I

Information in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### A. CONSERVATION OF ENERGY

Your Company has always been conscious of the need for energy conservation and has accordingly installed the necessary equipments and machineries.

The required data regarding total energy consumption per unit of production is given in Form A.

#### FORM A

Part A-Power and Fuel consumption	1997-98	1996-97
1. Electricity		
(a) Purchased Units (Million)	0.63	0.49
Total Amount (Rs. Million)	2.26	1.70
Rate/Unit (Rs.)	3.57	3.40
(b) Own Generation		
(i) Through Diesel Generator Units (Million)	0.65	1.01
Unit per litre of Diesel Oil	3.16	3.04
Cost/Unit (Rs.)	2.77	2.43
(ii) Through Steam Turbine/Generator	Nil	Nil
2. Coal	Nil	Nil
3. Furnace oil		
Quantity (K. Ltrs.)	145.61	165.78
Total Amount (Rs. Million)	1.25	1.24
Average Rate (Rs.)	8.63	7.53
4. Others/Internal generation	Nil	Nil
Part B-Consumption per unit of production		
Product	Felts	Felts
Unit	Kgs.	Kgs.
Electricity	7.44	6.95
Furnace Oil	0.84	0.76

### B. TECHNOLOGY ABSORPTION

The efforts made in technology absorption are given in Form B.

#### FORM B

##### Research & Development (R&D)

Recognised R&D facilities of your Company upgraded with modern instruments, constantly carrying out development work for raw material standardisation, modernisation of process equipment, helping to maintain eco-friendly pollution free environment and last but not the least demand of the day-energy conservation ability.

Expenditure incurred on Research & Development during the year has been given as under :

(Rs. in Lacs)

a) Capital	3.18
b) Recurring	55.49
c) Total	58.67
d) Total R&D expenditure as a percentage of total turnover	1.85



## TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

Your Company is today competing with global players, innovation is the order of the day. Constant efforts being made to innovate systems to match with the customer's expectations. Your Company continued to adapt & absorb, developed foreign technologies to match with the fast changing Machine Clothing manufacturing technique to meet the market demand.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports during the year are Rs. 167.31 lacs. Your Company continues to explore new foreign markets and to enlarge its share in the existing market.

Foreign exchange earnings	Rs. 167.31 lacs
Foreign exchange outgo	Rs. 614.44 lacs

## ANNEXURE II

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 Directors' Report for the year ended 31st March, 1998.

Name	Age Years	Designation/Date of Commencement of employment (Experience in years)	Remuneration (Rs.)	Qualifications	Last Employment held
Chakravorty B.B.	55	General Manager (Production) 01.01.1979 (31)	4,58,489	B.Sc. (Tech.) Diploma in Business Administration	Jagannath Jiwanmal Woollen Mills Works Manager
Goswami S.K.*	58	General Manager (Marketing) 20.04.1972 (40)	98,513	B.Sc.	Mastur Lal Chunni Lal & Co. Technical Sales Representative
Kanungo A.C.*	58	Manager-Technical Sales 15.11.1971 (27)	2,32,695	B.Sc.	Orient Paper & Industries Ltd. Senior Shift Incharge
Kapoor Manoj	32	Company Secretary & Dy. General Manager (Legal) 28.07.1992 (15)	3,74,110	B.Com. (Hons) L.L.B. A.C.S.	Jaypee Hotels Ltd. Asstt. Company Secretary
Srinivasan R.	57	General Manager (Finance) 02.06.1971 (33)	5,14,845	B.A.	A.F. Ferguson & Co., Audit Assistant
Tapadar K.C.	55	Managing Director 01.01.1970 (34)	17,62,305	B.Sc. (Tech.) P.G.D. (Leeds) A.T.A., C. Text., A.T.I., M.I.E.	Porritts & Spencer Ltd., U.K. Special Assistant Asia Project
Tiwari A.K.	41	Executive Assistant to Managing Director 12.09.1991 (18)	3,04,895	B.Sc. B.E. (Elect.)	Steri Sheets Pvt. Ltd. Asstt. Works Manager

### Notes :

1. The remuneration includes salary, allowances, medical benefits, LTA, Company's contribution to Provident and Superannuation Funds and other perquisites.
2. The nature of employment is contractual.
3. \* Employed for part of the year.

# Porritts & Spencer (Asia) Ltd.

## AUDITORS' REPORT

### TO THE MEMBERS OF PORRITTS & SPENCER (ASIA) LTD.

1. We report that we have audited the Balance Sheet of Porritts & Spencer (Asia) Ltd. as at 31st March, 1998 and the related Profit and Loss Account for the year ended on that date, both of which we have signed under reference to this report.
2. In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account together with the notes thereon and attached thereto, give in the prescribed manner the information required by the Companies Act, 1956 and also give respectively a true and fair view of the state of the Company's affairs as at 31st March, 1998 and its profit for the year ended on that date.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examinations of the books and the above mentioned accounts are in agreement therewith.
4. As required by the Manufacturing and other Companies (Auditor's Report) order 1988 dated 7th September, 1988 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :
  - (i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
  - (b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of two years which we consider reasonable. Pursuant to the programme, a physical verification was carried out in the previous year and this revealed no material discrepancies.
  - (ii) The fixed assets of the Company have not been revalued during the year.
  - (iii) The stocks of finished goods, stores, spare parts and raw materials of the Company at all its locations have been physically verified by the management at the year end.
  - (iv) In our opinion, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (v) The discrepancies between the physical stocks and the book stocks which have been properly dealt with were not material.
  - (vi) In our opinion, the valuation of stock of finished goods, stores, spare parts and raw materials has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the earlier year.
  - (vii) The Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. There are no companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
  - (viii) The Company has not granted any loans secured or unsecured to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. There are no companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956.





- (ix) The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest.
- (x) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of stores, raw materials including components, plant and machinery, equipment and similar assets and for the sale of goods.
- (xi) The Company has not purchased goods and material and sold goods, materials and services aggregating Rs. 50,000 or more in value from/to any of the parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (xii) The Company has a system of determining unserviceable or damaged stores and raw materials or finished goods on the basis of technical evaluation and on such basis, in our opinion, adequate amounts have been written off such stocks in the accounts.
- (xiii) The Company has not accepted any deposits from the public.
- (xiv) In our opinion, reasonable records have been maintained by the Company for the sale and generation of scrap. The Company has no by-products.
- (xv) In our opinion, the Company's present internal audit system is commensurate with its size and nature of business.
- (xvi) The Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Companies Act, 1956 for any of its products.
- (xvii) The Company has regularly deposited, during the year, Provident Fund and Employee's State Insurance dues with the appropriate authorities.
- (xviii) At the last day of the financial year there were no amounts outstanding in respect of undisputed Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which were due for more than six months from the date they became payable.
- (xix) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses other than those payable under contractual obligations or in accordance with generally accepted business practices, which have been charged to the Profit and Loss Account, nor have we been informed of any such case by the management.
- (xx) The Company is not a sick industrial company within the meaning of clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

New Delhi  
9th May, 1998

**V Nijhawan**  
*Partner*  
For and on behalf of  
**Price Waterhouse**  
*Chartered Accountants*