

33RD ANNUAL REPORT 1996-97

MD	<input checked="" type="checkbox"/>			SEC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>			DPY	NA
RO	<input checked="" type="checkbox"/>			DEV	<input checked="" type="checkbox"/>
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VARDHMAN SPINNING & GENERAL 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.

VARDHMAN SPINNING AND GENERAL MILLS LIMITED

**BOARD OF DIRECTORS:**

SHRI SHRI PAUL OSWAL — Chairman & Managing Director
 SHRI ASHOK KUMAR OSWAL
 SHRI BHUPENDRA NATH RAMPAL
 SHRI CHAMAN LAL JAIN
 AIR MARSHAL K.S. BHATIA (Retd.)
 DR. MOHAMMAD ABDUL ZAHIR
 SHRI GANESAN VENKATRAMAN — (Nominee of IDBI)
 SHRI RAJENDRA
 DR. RAM SARUP GUPTA
 SHRI SURINDER SINGH BAGAI
 SHRI SACHIT JAIN — Executive Director

COMPANY SECRETARY:

SHRI G.K. SHARMA

MANAGER (FINANCE):

SHRI NEERAJ JAIN

BANKERS:

- | | |
|------------------------|-------------------------------|
| 1. ALLAHABAD BANK | 5. STATE BANK OF PATIALA |
| 2. STATE BANK OF INDIA | 6. AMERICAN EXPRESS BANK LTD. |
| 3. BANK OF AMERICA | 7. STANDARD CHARTERED BANK |
| 4. CANARA BANK | 8. DEUTSCHE BANK |

AUDITORS:

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

REGISTERED OFFICE:

CHANDIGARH ROAD, LUDHIANA-141 011.

WORKS:

1. VARDHMAN SPG. & GEN. MILLS LTD., UNIT-I, Chd. Road, Ludhiana.
 2. VARDHMAN SPG. & GEN. MILLS LTD., UNIT-II, Chd. Road, Ludhiana.
 3. AURO SPG. MILLS (A Division of VSGM LTD.).
 Village Baddi, District Solan (H.P.).
 4. AURO WEAVING MILLS (A Division of VSGM LTD.).
 Village Baddi, District Solan (H.P.).
 5. AURO DYEING MILLS (A Division of VSGM LTD.).
 Village Baddi, District Solan (H.P.).

BRANCHES:

- 205, SURYA KIRAN BUILDING,
19, KASTURBA GANDHI MARG, NEW DELHI-110 001
- 504, DALAMAL HOUSE, NARIMAN POINT, MUMBAI-400 021
- P-22, 3rd FLOOR, C.I.T. ROAD, CALCUTTA-700 014
- S.C.O. 1-2-3, SECTOR 17-B, CHANDIGARH-160 017
- 266, KAMRAJ ROAD, TIRUPUR
- 16, GLENCAIRN DRIVE, LONDON W5-1RT, ENGLAND

33RD ANNUAL GENERAL MEETING

DATE : 26TH JULY, 1997
 DAY : SATURDAY
 TIME : 11.00 A.M.
 PLACE : REGISTERED OFFICE :
 CHANDIGARH ROAD,
 LUDHIANA-141 011

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NOTICE

NOTICE is hereby given that the THIRTY THIRD ANNUAL GENERAL MEETING of the Members of the Company will be held on Saturday, the 26th day of July, 1997 at 11.00 A.M. at the Registered Office of the Company situated at Chandigarh Road, Ludhiana, to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, the 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 Shri B.N. Rampal, who retires by rotation in accordance with Article-104 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 Rajendra, who retires by rotation in accordance with Article-104 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
c) To appoint a Director in place of Dr. M.A. Zahir, who retires by rotation in accordance with Article-104 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 1997-98 and fix their remuneration.

SPECIAL BUSINESS:

5. 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 accorded to the Board of Directors of the Company in terms of Section-293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging the movable and immovable properties of the Company, present and future, and the whole of the undertaking of the Company together with the power to take over the management of the business and concern of the Company in certain events, to or in favour of Industrial Development Bank of India (IDBI) —

To secure :

- i) Rupee Term Loan not exceeding Rs. 1,400.00 lacs (Rupees Fourteen hundred lacs only).
- ii) Together with interest thereon, additional interest, liquidated damages, compound interest, commitment charges, premium on prepayment or on redemption, payable under their Loan Agreement as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the IDBI, the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the Resolution."

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 take over 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
DATED : 18.06.1997

(G.K. SHARMA)
COMPANY SECRETARY



VARDHMAN SPINNING AND GENERAL MILLS LIMITED

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 and 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 as on 26.07.1997.
4. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 16.07.1997 to 26.07.1997 (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 November, 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 15.10.1997.
9. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.

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

Your Company has been sanctioned a Rupee Term Loan of Rs. 1,400.00 lacs by the Industrial Development Bank of India (IDBI). The loan has been sanctioned by the IDBI for the addition of certain equipments for expansion of the capacity of Weaving Unit by 36 Looms at Baddi, Distt. Solan (H.P.). The principal amount of the loan together with interest, cost, expenses and other monies, whatsoever stipulated in Loan Agreement shall be secured by extension of first charge by way of mortgage and hypothecation on all immovable and movable assets, both present and future, of the Company, subject to prior charge on specified movable properties created/to be created in favour of Company's bankers for Working Capital facilities, ranking pari-passu with the charges created/to be created in favour of participating institutions/banks. Section-293(1)(a) of the Companies Act, 1956, inter-alia, provides that the Board of Directors of a public limited 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 Financial Institution may be regarded as disposal of Company's properties/undertakings, the approval of the 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.

ITEM NO. 6 OF THE SPECIAL BUSINESS:

The Board of Directors has approved to issue/allot 15.25% Secured Redeemable Non-Convertible Debentures of Rs. 100.00 lacs each amounting to Rs. 2,500.00 lacs. The Board may also consider to issue/allot such Secured Redeemable Non-Convertible Debentures, on such terms and conditions as it may deem fit in future. 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 the 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
DATED : 18.06.1997

(G.K. SHARMA)
COMPANY SECRETARY



DIRECTORS' REPORT

To
The Members,

The Directors of your Company have pleasure in presenting their 33rd Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1997.

1. FINANCIAL RESULTS :

	(Rs. in Lacs)	
	1996-97	1995-96
Gross Profit	4,377.27	2,789.92
Less:		
Depreciation	1,771.40	<u>1,642.13</u>
Profit Before Tax	2,605.87	1,147.79
Less:		
Provision for Tax including Wealth Tax	480.00	<u>5.00</u>
Profit After Tax	2,125.87	1,142.79
Less:		
Depreciation for earlier years	12.57	4.89
Add:		
Depreciation written back	15.54	14.69
Investment Allowance Reserve written back	89.83	61.30
Balance brought forward	357.95	411.11
Excess provision for Income Tax written back	4.88	—
Balance Available for appropriation	2,581.50	<u>1,625.00</u>
Appropriations :		
Interim Dividend on 14% Preference Shares	5.45	—
Proposed Dividend on Equity Shares (Previous year subject to tax)	478.64	373.20
Tax on Distributed Profit	47.86	—
Transfer to Debenture Redemption Reserve	—	593.85
Transfer to Capital Redemption Reserve	50.00	—
Transfer to Reserve for Bad & Doubtful Debts	100.00	—
Transfer to General Reserve	1,500.00	300.00
Balance carried to Balance Sheet	399.55	357.95
	2,581.50	<u>1,625.00</u>

2. REVIEW OF OPERATIONS :

Your Company has shown excellent performance on all fronts during the year 1996-97. Your Directors report performance on various aspects of operations as follows :-

VARDHMAN SPINNING AND GENERAL MILLS LIMITED

**a) SALES REVIEW :**

The total sales revenue increased by 14.5% from Rs. 33,457.66 lacs in the previous year to Rs. 38,308.84 lacs in the current year.

The business wise performance is as under :

(Rs.in Lacs)

PRODUCTS	SALES QUANTITY		SALES VALUE	
	Current Year	Previous Year	Current Year	Previous Year
i) YARNS	22155 MT	19958 MT	32,617.03	28,900.41
ii) FABRICS	9253818 Mtrs.	8066880 Mtrs.	3,637.45	3075.74
iii) OTHERS	—	—	2,054.36	1,481.51
			<u>38,308.84</u>	<u>33,457.66</u>

b) EXPORTS :

On the export front also your Company performed very well. Export turnover increased by 27.29% from Rs. 7,815.24 lacs in the previous year to Rs. 9,947.71 lacs in the current year, thereby showing good acceptance of the Company's products in the international market.

c) PROFITABILITY :

Your Company earned profits before tax and depreciation of the order of Rs. 4,377.27 lacs as compared to Rs. 2,789.92 lacs in the previous year, thereby showing an increase of 56.90%. After providing for depreciation of Rs. 1,771.40 lacs (previous year Rs. 1,642.13 lacs) and provision for tax of Rs. 480.00 lacs (previous year Rs. 5.00 lacs), net profit worked out to Rs. 2,125.87 lacs as compared to Rs. 1,142.79 lacs in the previous year, thereby showing an increase of 86.02%.

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 profitability was higher due to better management of current assets and because of launching and establishing new value added products which have been well accepted by the market. Besides, the Weaving Unit has also increased its production of yarn dyed fabrics hence moving away from commodity grey fabrics. The Dye House set up in March, 1995 is now running at full utilization and is expected to contribute to profits increase in the next year. The prospects for 1997-98 also look reasonably good as your Company has covered its cotton requirement for first half of the year and is continuing its thrust in exports and value added products. All these should lead to better profits in the coming year.

The balance available for appropriation after adding the surplus of Rs. 357.95 lacs in the previous year and Investment Allowance Reserve written back Rs. 89.83 lacs, was Rs. 2,581.50 lacs. Out of this, a sum of Rs. 478.64 lacs will be paid as dividend, Rs. 47.86 lacs will be paid as tax, Rs. 50.00 lacs is proposed to be transferred to Capital Redemption Reserve, Rs. 100.00 lacs is proposed to be transferred to Reserve for Bad & Doubtful Debts, Rs. 1,500.00 lacs is proposed to be transferred to General Reserve and Rs. 399.55 lacs will be transferred as surplus to the Balance Sheet.

3. EXPANSION :

The Company had obtained approval from the Govt. of India, Ministry of Industry to set up 100% Export Oriented Unit having capacity of 50,000 spindles at Pithampur, Distt. Dhar (M.P.). Due to certain administrative bottlenecks faced by the Management for the setting up of this unit at Pithampur and also availability of sufficient land and infrastructure with the Company at Baddi, Distt. Solan (H.P.), the Company moved an application with the Govt. for the change of location from Pithampur to Baddi which was acceded to by the Govt. of India, Ministry of Commerce vide letter No. 4-196/94 - 100% EOU/11741 dated 24.12.1996. This 100% EOU is expected to be commissioned with a capacity of 25200 spindles in the first phase before the end of this financial year i.e. 31.03.1998. The Company is also expanding its Weaving operations by adding 36 Looms in its existing 72 Looms which is expected to be completed by November, 1997. Both these expansions are likely to cost approx. Rs. 8,000 lacs.

**4. DIVIDEND :**

The Board of Directors of your Company is pleased to recommend a dividend of 30% on Equity Shares.

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

5. DIRECTORS :

Shri B.N. Rampal, Shri Rajendra and Dr. M.A. Zahir, Directors of your Company, retire by rotation at the conclusion of the forthcoming Annual General Meeting pursuant to the provisions of Article-104 of the Articles of Association of the Company and being eligible, offer themselves for re-appointment. During the year, nomination of Shri Debatosh Ray as a Nominee Director of the Industrial Finance Corporation of India Limited (IFCI) on the Board of Directors of your Company, has been withdrawn by IFCI vide its letter No. IFCI/NDC-1/96-24867 dated 24.09.1996.

6. PUBLIC DEPOSITS :

Fixed Deposits received from the Public to the tune of Rs. 150.51 lacs were outstanding at the end of the year. Out of these deposits, 107 deposits amounting to Rs. 7.49 lacs were due for payment on or before 31st March, 1997, but were not claimed by the depositors till that date. Since then, 11 deposits amounting to Rs. 1.38 lacs have either been repaid or renewed and for the balance 96 deposits amounting to Rs. 6.11 lacs, instructions of the depositors are still awaited.

7. INDUSTRIAL RELATIONS :

The Industrial Relations between the employees and the Management remained peaceful and cordial throughout the year in all the Units of the Company.

8. AUDITORS :

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

9. AUDITORS REPORT :

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

10. PERSONNEL :

A Statement of particulars of employees pursuant to Section-217 (2A) of the Companies Act, 1956, is enclosed and forms part of this Report.

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

These fields continued to be areas for improvement and major progress. Keeping in view the escalation in energy cost, our organisation is continuously endeavouring to find new and better ways for the optimisation of energy cost in its various manufacturing operations.

The information required under Section-217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, with respect to these matters is appended hereto and forms part of this Report.

12. ACKNOWLEDGEMENT :

Your Directors are pleased to place on record their sincere gratitude to the Financial Institutions, Bankers and Business Constituents for the continued and valuable co-operation and support extended to the Company during the year.

Your Directors also express their deep appreciation for the devoted and sincere services rendered by workers, staff and executives at all levels of the Company during the year.

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA
DATED : 13.05.1997

(S.P. OSWAL)
CHAIRMAN & MANAGING DIRECTOR

VARDHMAN SPINNING AND GENERAL MILLS LIMITED

**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. The Company has put in heat recovery systems to channelise heat energy and also condensate recovery system in its boilers. The use of investors is being explored as well.

FORM-A :

PARTICULARS	UNIT	1996-97	1995-96
A) POWER AND FUEL CONSUMPTION :			
1. ELECTRICITY :			
a) Purchased			
Units	(KWH)	79926769	73043892
Total amount	(Rs.in lacs)	1,587.66	1,316.96
Rate per unit	(Rs.)	1.99	1.80
b) Own generation:			
i) Through Diesel Generator			
Units	(KWH)	15145306	13377303
Units/Ltr. of Diesel	(KWH)	3.52	3.49
Cost per unit	(Rs.)	2.13	1.95
ii) Through Steam Turbine/Generator		Nil	Nil
2. COAL (USED IN BOILER):			
Quantity	(MT)	1997.7	9699.89
Total cost	(Rs. in lacs)	38.38	195.74
Average rate	(Rs./MT)	1,919.50	2,018.01
3. OTHERS/INTERNAL GENERATION (RICE HUSK):			
Total quantity	(MT)	17177.118	4741.829
Total cost	(Rs.in lacs)	186.57	66.22
Average cost	(Rs./MT)	1,086.15	1,396.56
B) CONSUMPTION PER UNIT OF PRODUCTION:			
i) Yarn:			
Electricity	(KWH/KG)	3.42	3.58
Coal(Per kg. of dyed yarn)	(in kgs.)	--	1.28
Husk(Per kg. of dyed yarn)	(in kgs.)	* 2.30	0.68
ii) Fabrics:			
Electricity	(KWH/metre)	0.72	1.31
Coal	(Kg./metre)	0.10	0.09

* The variation in the figures of Coal/Husk consumption from last year is because of change in the 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 :**

1. 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. The Company has been able to pioneer the launch of new products which have been successful in the market due to its R&D efforts.
2. Benefits derived as a result of R & D :
The Company has improved the quality of existing products and entered into new products and also been able to reduce the cost of production. This is a continuous process but specially in the field of dyeing, the R&D has modified processes which have given significant increase in productivity by reducing cycle times. Also the department has successfully used lower cost dyes and chemicals without compromising on quality. The Company has also been successful in substituting Indian chemicals where earlier imported chemicals were used.
3. Future Course of action:
Management is committed to strengthen R & D activities further to improve its competitiveness in times to come.
4. Expenditure on R & D : (Rs. in lacs)

Capital	41.30
Recurring	22.03
Total	63.33

Total R & D expenditure as a percentage of turnover is :- **0.17**

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. Efforts made:
The Company is continuously making efforts for adaptation of latest technology in its all units. The Company has also created specific R&D and other cells for studying and analysing the existing processes for further improvement.
2. Particulars of imported technology in the last five years.
 - a) Technology Imported - Technical Know-how for dyeing and processing of Yarns, Fabrics and Tows of various varieties from NIHON SANMO DYEING COMPANY LTD., JAPAN.
 - b) Year of Import — 1994-95
 - c) Has the Technology been fully absorbed ? — Yes.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Company exported Cotton & Acrylic Yarn to various overseas customers in U.K., Spain, Italy, Belgium, Hong Kong, Japan, Germany, Sweden, Korea, Mauritius, Australia, New Zealand and Sri Lanka. The future strategy of the Company is to increase the share of value added products.

Total Foreign Exchange earned and used :	(Rs.in lacs)
a) Earnings (FOB value of exports & commission earned)	9,947.71
b) Outgo (CIF value of imports & expenditure in foreign currency)	3,510.38*

* It relates to CIF value of imports Rs.3,179.03 lacs and expenditure in foreign currency Rs.331.35 lacs.

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA
DATED : 13.05.1997

(S.P. OSWAL)
CHAIRMAN & MANAGING DIRECTOR