

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"/>		<input checked="" type="checkbox"/>

2330  
755  
3323



# WELSPUN

## SYNTEX LIMITED

15TH  
ANNUAL REPORT  
1997-98

# WELSPUN SYNTEX LIMITED

## BOARD OF DIRECTORS

Shri G.R. Goenka  
 Shri B.K. Goenka  
 Shri R.R. Mandawewala *Executive Director*  
 Shri B.K. Goenka  
 Shri M.L. Mittal *Director (Finance)*  
 Dr. S. Surana  
 Shri A.N. Desai *Nominee SICOM*  
 Shri R.N. Singhal *Nominee IDBI*  
 Shri V.L. Bhutra *Director (Operations)*

## COMPANY SECRETARY

Shri D. K. Patil

## AUDITORS

M/s. M.G. Bhandari & Co.  
 Chartered Accountants

## BANKERS

State Bank of Bikaner & Jaipur  
 Bank of Baroda

## REGISTERED OFFICE

Survey No. 394 (p),  
 Village Saily,  
 Silvassa,  
 Union Territory of Dadra & Nagar Haveli.

## CORPORATE OFFICE

Rehem Mansion No. 1, 1st Floor,  
 36/42, Shahid Bhagat Singh Marg,  
 Colaba, Mumbai 400 001.

## FACTORIES

Survey No. 394 (p),  
 Village Saily,  
 Silvassa,  
 Union Territory of Dadra & Nagar Haveli.

Plot No. 14/15,  
 Dewan Industrial Estate,  
 Palghar,  
 District Thane, Maharashtra.

## CONTENTS

	Page No.
Directors' Report	1
Auditors' Report	5
Balance Sheet	7
Profit & Loss Account	8
Schedule 1 to 20	9-20
Balance Sheet Abstract &	21
Cash Flow Statement	23



**ANNEXURE****CONSERVATION OF ENERGY.**

- 1] Chilled water and cooling water parameters e.g. Flow and temperatures were optimised to reduce the load of refrigeration Chiller.
- 2] A trial has been conducted by modifying the ducting system on 4 machines in texturising area to reduce the short circulating of air.
- 3] Electrical system of air-handling units has been modified to economise operational costs.
- 4] F.R.P. Blades have been tried in the cooling tower fans and debugging has been done.
- 5] Temperature controller has been provided in the cooling tower fans to switch off the fans when the temperature is within the limits.
- 6] Capacitors at the tail end has been provided to improve the power factor.
- 7] Air pressure settings on the texturising machines have been optimised to reduce the air consumption on the texturising machines. With the reduction in the pressure it has been studied and found that the upstream pressure can also be reduced. Accordingly a scheme has been formulated which shall be implemented in the coming year.
- 8] Suction gun pressure in the spinning area has been reduced after detailed studies which has reduced the power consumption.

**ANNEXURE - "A"****FORM - A**

(SEE RULE 2)

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.**

	CURRENT YEAR 1997-98	PREVIOUS YEAR 1996-97
<b>A. POWER AND FUEL CONSUMPTION:</b>		
<b>1. ELECTRICITY</b>		
(a) PURCHASED UNITS (000's)	7515.35	6216.00
TOTAL AMOUNT (RS. IN LACS)	258.92	189.00
RATE/UNIT (RS.)	2.89	3.04
(b) OWN GENERATION		
(i) THROUGH DIESAL GENERATOR		
UNIT (IN 000's)	21444.47	3632.00
UNIT PER LTR. OF DIESAL OIL	3.14	3.09
COST/UNIT (RS.)	2.11	2.57
(ii) THROUGH STEAM TURBINE/GENERATOR	NIL	NIL
<b>2. COAL (SPECIFY QUALITY AND WHERE USED)</b>	NIL	NIL
<b>3. FURNACE OIL (LTRS. 000'S)</b>	NIL	NIL
<b>4. OTHERS/INTERNAL GENERATION</b>	NIL	NIL

**B. CONSUMPTION PER UNIT OF PRODUCTION**

	STANDARDS	CURRENT YEAR	PREVIOUS YEAR
<b>PRODUCT (WITH DETAILS)</b>			
UNIT	—	kg.	kg.
ELECTRICITY	—	2.62	2.45



## ANNEXURE

### RESEARCH & DEVELOPMENT

#### FORM B

#### Technology Absorption

Form for disclosure of particulars with respect to absorption.  
Research and development (R&D)

- |  |   |
|--|---|
| 1. Specific areas in which R&D carried out by the Company.   | - The Company has a full-fledged laboratory equipped with ultra modern and sophisticated imported and indigenous equipments for R & D, testing and evaluation work. |
| 2. Benefits derived as a result of the above R&D             | - The Company has set up a product development cell, which is working in coordination with production & marketing for development of new products.                  |
| 3. Future plan of action.                                    | -   |
| 4. Expenditure on R&D.                                       | -   |
| (a) Capital  | -   |
| (b) Recurring  | -   |
| (c) Total  | -   |
| (d) Total R&D expenditure as a percentage of total turnover. | -   |

#### Technology absorption, adaption and innovation

- |   |   |
|---|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.  | - The Company had imported one SPFY line from M/s. Rieter Chemical Fiber System in the year 1996-97. The technology has fully absorbed, the Company not taken any assistance from the technology supplier in last one year. |
| 2. Benefits derived as a result of the above efforts, eg. product improvement, cost reduction, product development, import substitution, etc.                   | - As a result of continuous improvement, the Company has developed in house spin pack etc., which have resulted in cost reduction.  |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: | -   |
| (a) Technology imported.  | - SPFY spinning line from M/s. Rieter Chemical Fibre System.  |
| (b) Year of import.   | - 1996-97   |
| (c) has technology been fully absorbed?   | - Yes   |
| (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.  | -   |

#### Foreign exchange earnings and outgo :

- (1) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans; The Company has applied for export House status. The Company is trying to have constant upgradation in quality and design of terry towels and exploring possibilities of exporting more of its products to different markets.
- (2) Total foreign exchange used and earned.
- Used : Rs. 142.65 lacs
- Earned : Rs. 1226.61 lacs.

## N O T I C E

NOTICE is hereby given that the 15th Annual General Meeting of the Members of Welspun Syntex Limited will be held at the Registered Office of the Company at Survey No.394(P), village Saily, Silvassa, Dadra & Nagar Haveli on Monday the 31st August, 1998 at 10.00 a.m to transact the following business :

### ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Audited Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
- 2) To declare a dividend on Equity Shares for the year ended 31st March, 1998.
- 3) To appoint a Director in place of Shri. S.K.Goenka, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Dr. Suresh Surana, who retires by rotation, and being eligible, offers himself for re-appointment.

### 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 section 224A of the Companies Act, 1956, M/s. M. G. Bhandari & Co., Chartered Accountants be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting of the Company on a remuneration as may be agreed upon between the Board of Directors and M/s. M. G. Bhandari & Co."

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

"RESOLVED THAT pursuant to Section 257, 198, 269, 309 and other applicable provisions of and Schedule XIII to the Companies Act, 1956, Shri. Vyanktesh L. Bhutra be and is hereby appointed as Director (Operations) of the Company on an aggregate remuneration upto a limit of Rs. 4,50,000/- p.a. inclusive of basic salary, perquisites and allowances like car facility for personal use, accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; leave travel concession for himself and his family; club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board

of Directors and Shri. Vyanktesh L. Bhutra w.e.f 1st July, 1998 for a period of 5 years subject to his retirement by rotation pursuant to section 255 of the Companies Act, 1956.

RESOLVED FURTHER THAT contribution to provident fund, superannuation fund or annuity fund and gratuity as may be payable under the provisions of the relevant Acts and to the extent exempt under Income Tax Act shall not be computed in the aforesaid ceiling for perquisites and allowances.

RESOLVED FURTHER THAT the Board be and is hereby authorised to increase the aforesaid ceiling on 1st April, 1999 and thereafter at the end of every 12 months by not more than 20% of the ceiling of remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary, alter, increase, enhance or widen the scope of the remuneration and perquisites, to the extent specified in Schedule XIII to the Companies Act 1956, as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to enter into agreement/issue letter of appointment and do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution."

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

"RESOLVED THAT pursuant to Section 198, 309, 310 and other applicable provisions of and schedule XIII to the Companies Act, 1956, and in supersession of the earlier resolution passed by the members in the Annual General Meeting of the Company held on 27th December, 1996 the remuneration of Shri. Rajesh R. Mandawewala Executive Director of the Company be and is hereby increased w.e.f. 1st April, 1998 upto an aggregate amount of Rs. 8,00,000/- p.a. inclusive of basic salary, perquisites and allowances like car facility for personal use, accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement and leave travel concession for himself and his family, club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Shri. R.R. Mandawewala.

RESOLVED FURTHER THAT contribution to provident fund, superannuation fund or annuity fund and gratuity as may be payable under the provisions of the relevant Acts and to the extent exempt under Income Tax Act shall not be computed in the aforesaid ceiling for perquisites and allowances.





RESOLVED FURTHER THAT the Board be and is hereby authorised to increase the aforesaid ceiling on 1st April, 1999 and thereafter at the end of every 12 months by not more than 20% of the ceiling of remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary, alter, increase, enhance or widen the scope of the remuneration and perquisites, to the extent specified in Schedule XIII to the Companies Act 1956, as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to enter into an agreement/issue a letter of appointment and do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution.

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

"RESOLVED THAT pursuant to Section 198, 269, 309 and other applicable provisions of and Schedule XIII to the Companies Act, 1956, Shri. Murarilal Mittal be and is hereby appointed as Director (Finance) of the Company w.e.f. 1st July, 1998 for a period of 5 years subject to his retirement by rotation pursuant to section 255 of the Companies Act, 1956 on an aggregate remuneration upto a limit of Rs. 3,00,000/- p.a. inclusive of basic salary, perquisites and allowances like car facility for personal use, accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; leave travel concession for himself and his family; club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Shri. M.L.Mittal and that for the financial year 1998-99 the remuneration shall be on prorata basis.

RESOLVED FURTHER THAT contribution to provident fund, superannuation fund or annuity fund and gratuity as may be payable under the provisions of the relevant Acts and to the extent not taxable under the Income Tax Act shall not be computed in the aforesaid ceiling for perquisites and allowances.

RESOLVED FURTHER THAT the Board be and is hereby authorised to increase the aforesaid ceiling on 1st April, 1999 and thereafter at the end every 12 months by not more than 20% of the ceiling of remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary, alter, increase, enhance or widen the scope of the remuneration and perquisites, to the extent specified in Schedule XIII to the Companies Act 1956, as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to enter into an agreement/issue a letter of appointment and do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution.

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

RESOLVED THAT in supersession of the Resolution passed at the 12th Annual General Meeting held on 30th December, 1995 the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and/or movable properties of the Company, wheresoever situated, both present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company on such terms, in such form and in such manner as the Board of Directors may think fit, together with power to take over the management of the business and concern of the Company in certain events to or in favour of all or any of the following viz. Financial Institutions, State Financial Corporations/ Companies, Banks, Insurance Companies, Trustee for holders of debentures and secured lenders (hereinafter referred to as 'Lenders') for securing any loans (both rupee loans as well as foreign currency loans) and/or advances already obtained or that may hereafter be obtained from any of the lenders and/or to secure any debentures issued/ that may be issued and all interest, compound/additional interest, commitment charge, Trustees remuneration, costs, charges, expenses and all other monies payable by the Company to the concerned Lenders and/or Agents and Trustees for debentures in terms of respective Loan Agreement/Heads of Agreement/Hypothecation Agreements Trustees Agreements/Letters of Sanction entered or that may be entered upto a limit of Rs. 300 Crores (Rupees Three Hundred crores only)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with any of the Lenders, jointly or severally, the documents for creating aforesaid mortgage/charge and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing the Resolution and to resolve any question, difficulty or doubt which may arise in relation thereto or otherwise considered by the Board of Directors to be in the best of interest of the Company."

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

"RESOLVED THAT in supersession of the Resolution passed at the 12th Annual General Meeting held on 30th December, 1995, limiting the borrowing powers of the Board of Directors to Rs. 200 Crores, pursuant to Sec.

293(1) (d) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to borrow from time to time all such sums of money as they may deem necessary for the purpose of business of the Company notwithstanding that money to be borrowed together with the monies already borrowed by the Company may exceed the aggregate of the Paid-Up capital of the Company and its free reserves, i.e. to say reserves not set apart for any specific purpose provided that the total amount upto which monies be borrowed (apart from temporary loan obtained from the Company's Bankers in the ordinary course of business) by the Board of Directors shall not exceed the sum of Rs. 300 Crores (Three hundred crores only)."

By order of the Board

**D. K. PATIL**  
Company Secretary

Mumbai, 29th June, 1998

## NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- 2) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the meeting is appended hereto.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 20th August, 1998 to Thursday 27th August, 1998 (both days inclusive).
- 4) All correspondence pertaining to Equity Shares, OCCPs, FCDs should be forwarded to the Company's Share Transfer Agent M/s. Suburban Systems Services, 3, Lajya Silk Mill Compound, Mogra Village, Old Nagardas Cross Road, Andheri (E), Mumbai - 400 069 before 20th August, 1998.
- 5) Members are requested to immediately inform about their change of address or consolidation of folios, if any, to the Company's Share Transfer Agent.
- 6) Unclaimed dividend for the financial year of the Company ended on 30th June, 1994 amounting to Rs. 6092.43 has already been transferred on 20th January, 1998 to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those Members who have so far not claimed or collected their dividend for the said financial year, may claim their dividend from the office of the Registrar of Companies, Ahmedabad at C.G.O. Complex, Opp. Rupal Park, Nr. Ankur Bus Stop, Naranpura, AHMEDABAD - 380 013 by submitting an application in the prescribed form.
- 7) The unclaimed dividends for the following financial years will be deposited by the Company with the Central Government on the date specified against the year:-  
for the Year ended 30th June, 1995 on any date between 15th February, 1999 to 28th February, 1999.  
for the Year ended 30th June, 1996, on any date between 15th February, 2000 to 28th February, 2000.  
for the Year ended 31st March, 1997, on any date between 19th July, 2000 to 1st August, 2000.  
Members who have not encashed or misplaced the dividend warrants for the above years may write to the Company indicating Folio No. On receipt of their intimation, duplicate warrants will be issued if found outstanding.
- 9 **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

### SPECIAL BUSINESS:-

#### ITEM NO. 5

Since more than 25% of the Company's share capital is held by Institutions/Banks/Insurance Companies etc. as specified under

section 224A of the Companies Act, 1956, the appointment/reappointment of Auditors require members' approval by a Special Resolution. Hence the resolution under this item is proposed for the approval of members by a special resolution. None of the directors of the Company is in any way concerned or interested in the said resolution.

#### ITEM NO. 6

The Board of Directors of the Company in their meeting held on 29th June, 1998 had promoted Shri. V.L.Bhutra, Sr. Vice President who has been looking after the manufacturing and yarn processing activities, to the position of Director (Operations) liable to retire by rotation. Mr. Bhutra has 29 years experience in Polyester Yarn industry and for several years at managerial level. Board opined that the induction of Mr. Bhutra on the Board would strengthen decision making process of the Board. Since he has been appointed as an additional director, his appointment and remuneration needs to be confirmed by the members pursuant to section 198, 257, 269, 309 and schedule XIII of the Companies Act, 1956. The Company has received notice from a member of the Company proposing his name as candidature for the office of director. The appointment and remuneration approved by the Board of Directors is w.e.f. 1st July, 1998 and the same is as given hereunder and is within the ceiling of remuneration recommended for approval of the members.

#### SALARY & ALLOWANCES:

Basic Salary	: Rs. 2,40,000/- p.a.
H.R.A.	: Rs. 1,08,000/- p.a.
Super Annuation Fund	: Rs. 36,000/- p.a.
Bonus/exgratia and other allowances, as applicable as per Company's rules.	

Members are requested to approve and pass the resolution proposed at item No.6 of the notice. None of the Directors of the Company except Shri. V.L.Bhutra is in any way concerned or interested in the said resolution.

#### ITEM NO. 7

Members of the Company in their meeting held on 27th December, 96 had approved payment of remuneration to Shri. R.R. Mandawewala upto a limit of Rs.15,000/- as basic salary and perquisite/allowances upto 200% of the basic salary. In view of the need to bring the remuneration to the level prevalent in the industries and to make it commensurate with the responsibilities handled by the Executive Director the Board of Directors of the Company has recommended to revise the remuneration of Shri. R.R.Mandawewala. Board proposed to the members to approve the revised ceiling of remuneration including basic salary, allowances and perquisites upto Rs. 8,00,000 per annum. Members approval is also sought for revision of the ceiling of remuneration after every 12 months w.e.f. 1st April, 1999 by increase of 20% p.a.

Members are requested to approve increase in ceiling of remuneration and to empower the Board of Directors to decide the remuneration within the limits prescribed of Shri. R.R.Mandawewala as stated in item No. 7 of the said notice and

in accordance with section 198, 309, 310 and schedule XIII of the Companies Act, 1956.

None of the directors except Shri. R.R.Mandawewala Executive Director of the Company is in any way, concerned or interested in the said resolution.

#### ITEM NO. 8

The members of the Company in their meeting held on 30th December, 1994 had appointed Shri. M.L. Mittal as Director liable to retire by rotation. The Board of Directors in its meeting held on 29th June, 1998 has decided to promote Shri. M.L. Mittal as a managerial person drawing remuneration from the Company and in the position of "Director - Finance" liable to retire by rotation. Shri. M.L.Mittal has 18 years experience in finance and is also Director - Finance of Welspun India Limited since 1st July, 1991. Appointment of Shri. M.L. Mittal would contribute to the day to day finance activities of the Company. His appointment as Director-Finance and remuneration needs to be confirmed by the members pursuant to section 198,269 and 309 and applicable provision of Schedule XIII to the Companies Act, 1956. The remuneration approved by the Board of Directors for Shri. M.L. Mittal w.e.f. 1st July, 1998 is Rs.25,000/- p.m. with no allowance or perquisite and the same is within the limit prescribed in the resolution.

Members are requested to approve and pass the resolution proposed at item No.8 of the notice. None of the Directors of the Company except Shri. M.L. Mittal is in any way concerned or interested in the said resolution.

#### ITEM NO. 9

In supersession of the resolution passed by the members in their 12th Annual General Meeting held on 30th December, 1995 board was empowered to mortgage/create charge on properties to the extent of Rs. 200 Crores. As the Company's activities are increasing it is required to borrow huge funds in the form of long term/short term loans. Members are requested to authorise directors to secure the said loans/financial assistance upto a limit of Rs. 300 Crores. Members' approval is sought pursuant to section 293 (1)(a) of the Companies Act, 1956. None of the Directors is in any way concerned or interested in the said resolution.

#### ITEM NO. 10

In supersession of the resolution passed by the members in their 12th Annual General Meeting held on 30th December, 1995 directors were authorised to borrow funds upto a limit of Rs. 200 Crores. The Company's activities are increasing therefore, it is necessary to increase the said limit from Rs. 200 Crores to Rs. 300 Crores. As the limit exceed the paid up capital and free reserves, members' approval is required pursuant to section 293 (1)(d) of the Companies Act, 1956. None of the Directors is in any way concerned or interested in the said resolution

By order of the Board

**D. K. PATI**

*Company Secretary*

Mumbai, 29th June, 1998

**WELSPUN**



## DIRECTORS' REPORT

To,  
The Members,

### WELSPUN SYNTEX LIMITED

Your Directors have pleasure in presenting the Fifteenth Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March, 1998.

### FINANCIAL RESULTS AND APPROPRIATIONS :

(Rs. in Lacs)

	FINANCIAL YEAR ENDED 31/3/98	9 MONTHS PERIOD ENDED 31/3/97
Gross Profit before Depreciation & Finance Expenses	1697.91	682.59
Less: Finance Expenses	1148.47	384.78
Depreciation	487.71	166.57
Profit before tax	61.73	131.24
Provision for tax	9.77	11.38
Profit after tax	51.96	119.86
Profit brought forward	182.35	173.48
Prior year adjustments	30.86	(-) 10.09
Profit available for appropriation	265.17	283.25
<b>APPROPRIATIONS</b>		
General Reserve	—	25.00
Proposed Dividend on Equity Shares	50.60	75.90
Corporate tax on dividend	5.06	—
Balance carried to Balance Sheet	209.51	182.35
	265.17	283.25

### DIVIDEND :

For the year ended 31st March, 1998 your Directors recommend a dividend of 8% on 63,24,920 Equity shares of Rs. 10/- each aggregating Rs. 5059936/- which will be payable to those members whose names shall appear on the Register of members of the company on 27th August, 1998.

### PERFORMANCE & OUTLOOK

During the year under report, the turnover and profit after tax were Rs. 13349.55 lacs and Rs. 51.96 lacs respectively. Profitability was lower due to continued depressed market conditions and high finance cost incurred during the year.

The Net Profit of the Company was lower as compared to the projection of Rs.690 lacs (as appraised by IFCI Ltd)

made in the prospectus dated 18th May, 1998 for Public Issue for the aforesaid reasons.

During the year under report, Polyester Yarn market continued to be in bad shape. The turmoil of South Asian Economy affected the prices of polyester yarn worldwide as the imports from those countries became cheaper. However, the polyester prices have been slowly moving upward in last couple of months which gives a ray of hope for the industry to improve its bottomline in the current financial year. Secondly, the depreciation of Rupee and the tariff of 4% imposed in the recent budget shall make the imports costlier vis a vis domestic purchases.

Your company has resorted to stringent cost reduction and performance optimisation programme in the recent past which will also contribute to the economical operations of the Company.

Considering the above and the synergies of operations and integrations of activities to be attained on completion of SPFY project, your directors hope to improve the Company's performance in the years ahead.

### EXPANSION AND DIVERSIFICATION PROJECT STATUS AND ISSUE OF SECURITIES.

The Company's SPFY project at Silvassa is nearing completion. Civil work is already completed. 5 Texturising machineries and 1 POY spinning line with 144 ends have already become operative. The remaining 6 spinning lines with 576 ends are expected to reach the site shortly. The production from the existing spinning line is streamlined and your directors are satisfied with its performance. Your directors hope that over a period after commencement of commercial production from the entire project your company would carve a niche for itself in the speciality polyester yarn market.

Besides, your company had taken up an expansion scheme to install 8 nos Himson SDS 700 texturising machines alongwith related utilities at a cost of Rs. 14.25 Crores financed by a foreign currency loan of \$ 2.8 million (equivalent to Rs. 10 Crores) from IDBI. Out of these, 3 machines with utilities have come to the site and became operational.

Your directors are happy to inform you that your company has successfully completed the issue of FCDs and OCCPs of the aggregate amount of Rs. 43 crores in the worst capital market scenario. Your directors take this opportunity to appreciate the investors for confidence reposed in the Company. The Company has allotted 39,79,370 17.5% Unsecured Fully Convertible Debentures

