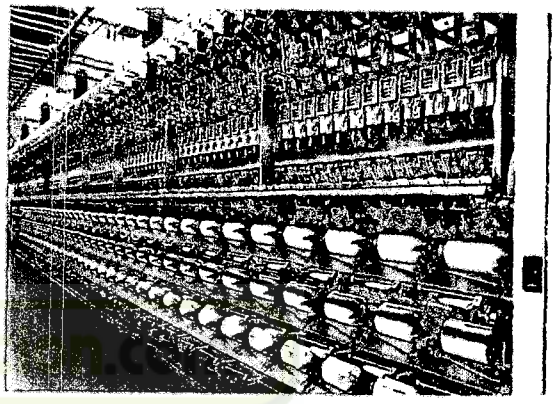
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MD	✓	BKC	✓
CS	✓	DPY	N/A
RO	✓	DIV	N/A
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		



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Annexure to the Directors' Report

STATEMENT CONTAINING INFORMATION AS PER SECTION 217(2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998

Name, Designation/Nature of Duties, Remuneration received (Rs.), Qualification, Experience (Years), Date of Commencement of Employment, Age (Years), Last Employment Held.

(a) **Employed throughout the year and were in receipt of remuneration for the year in aggregate of not less than Rs.3,00,000**

*K. Dev, Manager u/s 269 of the Companies Act, 1956 and Senior President, 775242, B.Tech.(Hons) (Chem. Engg.), 35, 7.4.1969, 59, Development Engineer, Delhi Cloth & General Mills Co. Ltd. -*Satish Taparia, President, 752321, B.Com., F.C.A., 25, 1.1.1991, 47, Senior Vice President, Indian Rayon & Industries Ltd., -S.C. Malhotra, Senior Vice President (Technical), 587136, M.Tech. Text. Engg., 29, 2.5.1969, 54, Dept.Asst., The Century Spg. & Mfg. Co. Ltd.,

-*C.M. Beudeker, Vice President (Application Development & Marketing), 3620505, Chemical Textile Engineer, Bac. Economics, 39, 10.09.1994, 62, General Manager, Business Unit, Geosynthetics, Akzo Nobel., -V.K. Daga, Vice President (Purchase & Admn.), 490796, B.Sc., Engg., 34, 1.7.1968, 55, Mechanical Engineer, The Century Spg. & Mfg. Co. Ltd., -G.D. Kheur, Vice President (Marketing-Textiles), 575660, LTM., T.Text., D.I.M., 35, 7.4.1969, 59, Jr. Asst. Spg. Master, Rajesh Textile Mills Ltd., -Deep Chand, Vice President (Mahad Site), 521129, M.Sc. (Chem.) 34, 10.4.1969, 60, Scientific Officer, Dept of Atomic Energy-Govt. of India, -S.B. Kamat, Vice President (Operations), 516983, B.Tech.(Chemical), 20, 4.1.1994, 41., -*Jan Huisman, Vice President (Technical), 2603394, Master in Mechanical Engg., 14, 1.4.1995, 42, Manager Site Services, Akzo Nobel Faser Ag., - Virendra Agrawal, Vice President (Finance), 565793, B.Com., F.C.A., 21, 22.11.1990, 45, Deputy General Manager (Commercial), Essar Gujarat Ltd., -*V.B. Lall, General Manager (Technical Marketing), 427781, B.Sc.(Hons), M.Sc., 36, 4.4.1969, 59, Sr.Chemist, Delhi Cloth & General Mills Co. Ltd., -A.B. Hajarnis, General Manager (Engineering and Plant Services), 405193, B.E.(Mech.), D.E.E., D.M.E., 29, 1.5.1969, 56, Inspection Supervisor, Helicopter Services Ltd., -N.A. Rao, General Manager (Production-Textile Yarns, Pune), 456943, B.Tech., D.I.I.T., 31, 2.5.1969, 56, Shift Incharge, The Century Spinning & Mfg. Co. Ltd., -*A.S. Deodhar, Deputy General Manager (Process Control-Textiles), 358852, B.Sc.,(Hons.), 28, 16.9.1969, 47, -R.Mishra, Senior Manager, 383463, B.Com., 29, 8.4.1970, 49, Cashier-cum-Accountant, Indra Investors Pvt. Ltd., -*N. Vishwanath, Senior Manager (Electrical), 331383, B.E.(Elec.), A.N.S.I., 24, 12.12.1980, 49, Electrical Engineer, Nizam Sugar Factory, -*S.S.Tipnis, General Manager (Industrial Yarns Plant), 355848, B.E. (Chem.), 16, 17.8.1981, 40,-S.L. Makhija, General Manager (Quality Assurance, Pune), 424749, M.Tech. Text. Engg., 29, 24.5.1983, 48, Dept. Asst. The Century Spg. & Mfg. Co. Ltd., -S.B. Bangad, Deputy General Manager (Finance-Indirect Taxes), 308968, B.Com., A.C.A., 18, 1.6.1983, 43, Internal Audit Officer, Venketeshwara Hatcheries P. Ltd., -*M.G. Birajdar, Deputy General Manager (Production-Textile Yarns), 319973, D.T.M., B.Text., 15, 16.6.1983, 38, -*Suresh Daga, Deputy General Manager (Purchase), 317893, B.Sc., Engg. (Elect.), D.M.M., 25, 1.9.1983, 48, Sr. Purchase Officer, Sudarshan Chemical Industries, -P.S. Maan, General Manager (Personnel), 499286, B.A., M.S.W., 33, 7.4.1984, 59, Factory Manager, Oswal Steels, -*A.William, Deputy General Manger (Plant Operations), 329381, B.E.(Chemical), 14, 1.3.1985, 37, Graphite India Ltd., -*N.Chandran, General Manager (Marketing-Industrial Yarns), 458603, M.Tech. (Fibre Sc. and Tech.), 28, 22.6.1985, 49, Deputy Supdt. Textiles, Baroda Rayon Corpn. Ltd., -* V.S. Laghate, General Manager (Strategic Planning), 467918, M.Sc., Post Graduate Diploma in Management, 22, 11.11.1985, 46, Buisiness Dev. Officer, Cibatul Ltd., -*C.B. Gagrani, Company Secretary, 358600, B.Com., L.L.B. (Gen.) A.C.A., A.C.S., 22, 1.4.1986, 47, Deputy Secretary & Financial Manager, Bagalkot Udyog Ltd., -*M.N.S. Rao, General Manager (Marketing-Textiles), 475693, B.Sc., C.A., 16, 16.11.1987, 41, Morarji Goculdas Spg. &Wvg. Co. Ltd., - V.S. Ramarao, Senior Manager (Commercial), 305159, B.E.(Mech.), 26, 18.11.1989, 50, Sr. Manager (Purchase), H.H. Parmar & Co., -R.S. Dhand, Deputy General Manager (RSO-Surat), 410228, B.Com., 33, 1.6.1990, 55, Manager (Internal Audit), GTC Industries, -*T.P. Kasbekar, Deputy General Manager (Information Technology), 313132, B.Com., M.B.A., 19, 5.6.1992, 41, Systems Manager, Kirloskar Brothers Ltd., -M.S. Aneja, General Manager (Engineering Services), 323352, B.E. (Mechanical), 20, 15.1.1994, 45, Senior Manager (Plant), Orissa Synthetics Ltd., -S.R. Dole, General Manager, (Power & Automation), 362907, B.E. (Electrical), 25, 27.7.1995, 48, Manager Process Control Engineering, Bayer India Ltd.

(b) Employed for part of the year and were in receipt of remuneration at the rate of note less than Rs.25000/- per month.

-G.M. Singhvi, Senior Vice President (Finance), 321335, B.Com, L.L.B., F.C.A., 32, 11.9.1997, 56, In practice as Chartered Accountant, -M.L. Biyani, Vice President (Finance), 80422, M.Com., F.C.A., 23, 18.5.1992, 47, Financial Controller, Ferro Alloys Corporation Ltd., -N.K. Bajaj, Vice President (Projects), 113493, B.Sc. (Engg.), 36, 18.4.1991, 58, Manager - Project & Engineering Services, AFPrint Nigeria Ltd., Lagos, -G.Ramesh, General Manager (Finance), 190683, B.Com., A.C.A., A.C.S. 23, 2.3.1990, 49, Controller of Finance, Tata Honeywell Ltd., -*D.R. Sawhney, General Manager (Personnel & Admn.), 351617, B.A., M.S.W., L.L.B., 35, 21.4.1997, 59, Additional General Manager (P & A), Bharat Heavy Electricals Ltd.

NOTES:

1. Remuneration includes salaries, house rent, medical expenses reimbursed, leave travel assistance, Company's Contribution to Provident & Superannuation Funds and the monetary value of perquisites calculated in accordance with the provisions of the Income-tax Act, 1961 and the Rules made thereunder and excludes terminal payments and contribution to approved Gratuity Fund.
2. In the case of Mr. C.M. Beudeker, Vice President (Application Development & Marketiong) and Mr. JanHuisman, Vice President (Technical), the remuneration also includes Contribution to Insurance and Pension Funds remittable abroad and the Income-tax borne by the Company (Also refer 4(b) below)
3. Nature of Employment-Non-contractual, except in case of employees whose names are marked with asterisk.
4. Other Terms and Conditions :
   (a) (i) One month/three months' notice on either side, (ii) Gratuity (**), (iii) Personal Group Accident Insurance(**).
   ** As per Company' scheme.
   (b) Other terms and conditions of the employment of Mr. C.M. Beudeker and Mr. Jan Huisman are as per the guidelines of the Government u/s 10(5B) of the Income-tax Act, 1961.
5. None of the above employees is a relative of any Director of the Company.

B.K. BIRLA
PETER WACK
H.G. HUETHER
B.S. MEHTA
V. DIXIT
D.Y. GAITONDE

Directors

Mumbai,
3rd June, 1998,

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CENTURY ENKA LIMITED

BOARD OF DIRECTORS

Mr B K Birla
Mr Peter Wack
(Alternate : Mr F B Blaisse)
Dr H G Huether
(Alternate : Mr R A Shah)
Mr B S Mehta
Mr V Dixit
Mr D Y Gaitonde
Mr V R Mehta
(Nominee of ICICI)

MANAGER OF THE COMPANY & SENIOR PRESIDENT

Mr. Krishen Dev

SECRETARY

Mr C B Gagrani

AUDITORS

Messrs Price Waterhouse

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BANKERS

Bank of Maharashtra	Punjab National Bank
Citibank N A	The Vysya Bank Ltd
State Bank of India	Deutsche Bank AG
ANZ Grindlays Bank p.l.c.	ABN AMRO Bank NV
State Bank of Travancore	State Bank of Saurashtra

REGISTERED OFFICE

Circular Court
8, AJC Bose Road
Calcutta - 700 017

HEAD OFFICE

'Bakhtawar'
7th Floor
Nariman Point, Mumbai - 400 021.

FACTORIES

Bhosari, Pune - 411 026

Konkan Synthetic Fibres, Mahad,
Dist.: Raigad - 402 301

Rajashree Polyfil, Rajashree Nagar,
Post : Umalla - 393 120, Dist.: Bharuch

TRANSFER AGENTS

MCS Limited, Sri Venkatesh Bhavan Plot No.27, Road No.11, M.I.D.C. Area, Andheri (East), Mumbai - 400 093.

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NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirty-second Annual General Meeting of the Shareholders of CENTURY ENKA LIMITED will be held at Kala Kunj, 48, Shakespeare Sarani, Calcutta - 700 017 on Monday, the 10th August, 1998 at 10.00 A.M. to transact the following business :

1. To consider the Report of the Auditors and Directors and to receive, consider and adopt the Audited Statements of Accounts for the year ended 31st March, 1998.
2. To appoint a Director in place of Mr.B K Birla who retires by rotation but being eligible offers himself for re- appointment.
3. To appoint a Director in place of Dr.H G Huether who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification the following resolution :

AS ORDINARY RESOLUTION

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 387 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the Company hereby approves the reappointment of Mr.K Dev as Manager of the Company as defined in Section 2(24) of that Act, for a period of three years, with effect from 1st May, 1998 upon the terms and subject to the conditions as set out hereunder, with further liberty to the Directors, from time to time, to alter and vary the said terms and conditions, in such manner as may be agreed upon between the Directors and Mr.K Dev in the best interests of the Company, but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time."

(A) Salary :

(i) Salary : Rs.50,000/- per month

(ii) Allowance : Entertainment Allowance of Rs.5,000/- per month

with authority to Board to fix such annual increments in salary (Total Salary not exceeding Rs.65,000/- per month) and allowances from time to time as it may deem appropriate.

(B) Perquisites :

(i) Expenditure incurred by the Company on hiring unfurnished accommodation shall be subject to a ceiling of 50% of the salary over and above 10% payable by Mr.K Dev. The expenditure incurred by the Company on electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962, subject to a ceiling of 10 % of the salary.

(ii) Reimbursement of Medical expenses incurred for self and family, subject to maximum of one month salary in a year, which can be accumulated upto three years.

(iii) Leave travel concession for self and his family once in a year subject to maximum one month salary.

(iv) Leave on full pay and allowances as per the Rules of the Company.

(v) Fees of the clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(vi) Personal Accident Insurance Premium not to exceed Rs.2,500/- per year.

(vii) Company's contribution towards Provident Fund as per the Rules of the Company, but not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.

(viii) Company's contribution towards Superannuation Fund as per the Rules of the Company not exceeding 15% of the salary, but it shall not together with the Company's contribution to provident fund exceed 27 % of the salary.

(ix) Gratuity as per the Rules of the Company as applicable to senior executives.

(x) Provision of a chauffeur driven car provided and maintained by the Company for use of Company's business and personal use.

(xi) Telephone at residence will not be considered as perquisites. Personal long distance calls on telephone shall be billed by the Company.

"RESOLVED FURTHER THAT Mr.K Dev shall perform such functions within the meaning of Section 2(24) of the Companies Act, 1956 subject to the superintendence, control and direction of the Board of Directors."

"RESOLVED FURTHER THAT for the administrative convenience the designation of Mr. K. Dev will be Senior President of the Company."

"RESOLVED FURTHER THAT the aforesaid appointment may be terminated by either party giving to the other three months' notice in writing."

6. To consider and, if thought fit, to pass with or without modification the following resolution:

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AS SPECIAL RESOLUTION

"RESOLVED THAT subject to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be and is hereby altered in the following manner :-

i) In Article 101 the figure "40" in line No.2 be substituted by the figure "35".

ii) In Article 101, the word "Akzo" wherever appearing be substituted by the word "Akzo Nobel".

7. To consider and, if thought fit, to pass with or without modification the following resolution :

AS ORDINARY RESOLUTION

"RESOLVED THAT in supersession of previous authorisation, the consent of the Company, pursuant to Section 293(1)(d) of the Companies Act, 1956 be and is hereby granted to the Board of Directors of the Company to borrow any sum or sums of money or moneys from time to time, notwithstanding that the money or moneys to be borrowed together with money or moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purposes, provided, however, that the total amount so borrowed shall not exceed Rs. 300 crores (Rupees Three hundred crores) over and above the paid up capital and free reserves of the Company."

8. To consider and, if thought fit, to pass with or without modification the following resolution :

AS ORDINARY RESOLUTION

"RESOLVED THAT in supersession of the previous authorisation, 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 the immovable and movable properties of the Company (including those situated at Bhosari and /or at Rajashree Nagar and/or at Mahad and/or property at Jhankhar) and/or whole of the Undertaking(s) of the Company, present and future, in favour of Agents and Trustees for the holders of Debentures to be issued from time to time and/or Financial Institutions/ Banks/other persons for borrowing any Rupee Term Loans and/or Foreign Currency Term Loans and/or other loans from time to time, provided that the amount to be raised by issue of debentures and/or borrowing by way of Rupee Term Loans and/or Foreign Currency Term Loans and/or other loans, together with the amounts already borrowed shall, at no time, exceed as may be determined by the Company, under Section 293(1)(d) of the Companies Act, 1956 from time to time together with interest, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses, fees payable to Debenture Trustees and such other money as may be payable by the Company and as may be approved by the Board of Directors.

The aforesaid mortgages and/or charges shall rank pari passu with the mortgages and/or charges created and/or to be created for the amounts raised by issue of debentures or by way of Rupee Term Loans and/or Foreign Currency Term Loans and/or other loans."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised, in addition to securing the amount by mortgaging and /or charging the Company's properties (including those at Bhosari and/or at Rajashree Nagar and/or at Mahad and/or property at Jhankhar) and to agree to reserve a right in favour of the Agents and Trustees for holders of debentures and Financial Institutions/ Banks/other persons, to take over the management of the Company's plants at Bhosari and/or at Rajashree Nagar and/or at Mahad and/or property at Jhankhar."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to finalise with the Agents and Trustees for holders of debentures, Financial Institutions / Banks/other persons, such documents for creating the mortgages and/or charges and for preserving the aforesaid right and to do all such acts and things as may be necessary, for giving effect to the above resolution and to resolve any question or doubt which may arise in relation thereto or otherwise considered by the Board of Directors to be in the best interest of the Company."

By Order of the Board

Mumbai
Dated : 10th June, 1998

(C B Gagrani)
Secretary

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NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members of the Company will remain closed from Monday, the 27th July, 1998, to Monday, the 10th August, 1998, both days inclusive.
3. Those members who have so far not encashed their Final Dividend for the year ended 31st March, 1995 and Interim Dividend for the year ended 31st March, 1996 may claim or approach the Company for payments as the same will be transferred to the General Revenue Account of the Central Government on or before 6th August, 1998 and 7th January, 1999, respectively.
4. The unclaimed Final Dividend for the year ended 31st March, 1994 and Interim Dividend for the year ended 31st March, 1995 amounting to Rs.2,62,737/-and Rs.1,34,099/- respectively have already been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those shareholders who have so far not claimed or collected their dividend for the said financial years may claim their dividend from the Registrar of Companies, West Bengal by submitting an application in the prescribed form.
5. Members desirous of getting any information about the accounts and operation of the Company are requested to address their query to the Secretary at the Registered Office well in advance so that the same may reach him atleast seven days before the date of the meeting to enable the management to keep the information required readily available at the meeting.
6. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company to consolidate their holding in one folio.
7. Members are requested to notify change in address, if any, immediately to the Company at its Registered Office quoting their folio numbers.
8. Those members who have so far not provided their Bank Account details are requested to inform their Bank Account Number, name of the Bank and Branch of the Bank to the Company at its Registered Office quoting their folio number.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No.5

Mr.K Dev has been reappointed by the Board of Directors as 'Manager' within the meaning of Section 2(24) of the Companies Act, 1956. His earlier tenure of five years as Manager was completed on 30th April, 1998. Mr.K Dev is Senior President of the Company and his position eminently qualifies him for the post of Manager. Accordingly, the resolution in this item of the notice, reappointing him as a Manager upon the terms and conditions set out in the resolution, is being proposed for the consideration of the members. Liberty is also reserved to alter/ vary the said terms and conditions in conformity with the requirements of Schedule XIII of the Companies Act, 1956 or any amendments thereto.

The Board therefore, recommend the shareholders approval of this item of the accompanying notice.

None of the Directors may be deemed to be concerned or interested in passing of this resolution.

Item No.6

Article 101 of the Articles of Association of the Company authorised Akzo NV. (the changed corporate name is Akzo Nobel NV.) and / or its subsidiary companies (hereinafter referred to Akzo Nobel) that so long Akzo Nobel hold not less than 40 % of the Equity Shares in the Company and agreements relating to know-how, technical assistance and patent licence are in force and effect, Akzo Nobel shall be entitled to appoint one nominee on the Board of Directors of the Company who shall be called as Special Director and he will not be liable to retire by rotation. On amalgamation of Rajashree Polyfil Ltd. with the Company the Issued Capital of the Company has gone up due to issuing Equity Share of the Company to the Shareholders of erstwhile Rajashree Polyfil Ltd. Though one of the subsidiary of Akzo Nobel NV. was holding shares in erstwhile Rajashree Polyfil Ltd. the percentage holding of Akzo Nobel in the Equity Capital of the Company still remains below 40 %. In order to retain the existing arrangement for appointment of one Nominee Director as Special Director on the Board by Akzo Nobel, the present percentage holding of 40 % Equity Shares of the Company by Akzo Nobel be reduced to 35 %.

Akzo NV's corporate name has been changed to Akzo Nobel NV and the name Akzo NV/Akzo appearing in Article is required to be substituted by the new corporate name Akzo Nobel NV/Akzo Nobel.

Pursuant to the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company can be amended by the shareholders by passing a Special Resolution.

The Board of Directors therefore,recommend the shareholders approvals of this item of the accompanying notice.

None of the Directors are interested or concerned in passing of this resolution. However, Mr.Peter Wack who is a Special Director and Dr.H G Huether who is a Director on the Company's Board are in the employments of Akzo Nobel Group

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companies, and may be considered in that respect as interested or concerned in the resolution.

Item No.7

The Company, from time to time, meets its capital expenditure and/or working capital requirements by raising funds by issue of debentures or by borrowing Rupee Term Loans and/or Foreign Currency Term Loans and/or other Loans from Financial Institutions, banks and others in the ordinary course of business. At present the Company can borrow together with the moneys already borrowed (excluding temporary loans obtained by the Company's bankers in the ordinary course of business) upto an amount of Rs.100 crores over and above the paid up capital of the Company and its free reserves i.e. reserves not set apart for any specific purpose. The erstwhile Rajashree Polyfil Ltd. had the limit of borrowing upto Rs.500 crores (Rupees five hundred crores) over and above its paid up capital and free reserves. The total borrowing of the Company which was Rs.57 crores (including Working Capital Loan of Rs.13 crores) as on 31st March, 1997 has gone up after the amalgamation of Rajashree Polyfil Ltd. to Rs.408 crores (including working capital loan of about Rs.3 crores) as on 31st March, 1998. The erstwhile Rajashree Polyfil Ltd. had borrowing in foreign currency which now forms the large portion of the Company's borrowing. Keeping in view the fluctuation in the exchange rate, augmenting long term resources for working capital requirement and future expansion plans, as may be taken up by the Company, it is proposed to enhance the present limit of borrowing from Rs.100 crores (Rupees one hundred crores) over and above the paid-up capital and free reserves of the Company to Rs.300 crores (Rupees three hundred crores) over and above the paid-up capital and free reserves of the Company.

Section 293 (1)(d) of the Companies Act, 1956 requires the consent of the Company in General Meeting for authorising the Board of Directors to borrow money together with the moneys already borrowed by the Company apart from the temporary loans obtained from the Company's bankers in the ordinary course of the business, if it exceeds the aggregate of the paid-up capital and its free reserves (that is to say reserves not set apart for any specific purpose).

The Board of Directors therefore, recommend the shareholders approval of this item of the accompanying notice.

None of the Directors of the Company is concerned or interested in passing of this Resolution.

Item No.8

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors shall not without the consent of the Company in general meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking(s) of the Company. The Company is to borrow moneys from time to time for the purpose of the business of the Company by way of debentures and/or, Rupee Term Loans and/ or Foreign Currency Loans and/or other loans and generally require to secure such debentures /loans by mortgaging and/or charging the properties of the Company. For creating such security, the Company has to wait till the next Annual General Meeting or call an Extraordinary General Meeting for obtaining the consent of the Company u/s 293(1)(a) of the Companies Act, 1956. As the members are aware, calling an Extraordinary General Meeting is a time consuming proposition.

Section 113 of the Companies Act, 1956 requires that the debenture certificates are to be issued, within 3 months from the date of allotment. Further, Section 133 of the Companies Act, 1956 requires that a copy of certificate of registration of charge u/s 132 of the said Act, is require to be endorsed on every debenture certificate. To complete the process, security is required to be created in time unless an extension is obtained by the Company Law Board on application made to it in that behalf for extension of time to issue of debenture certificates beyond stipulated time.

The borrowing by way of Rupee Term Loan and/ or Foreign Currency Term Loan and/or other loans also requires creation of security within a stipulated time. Non creation of security in time may make the Company liable for penal interest.

The Board of Directors is at present authorised to create charge on the assets of the Company at Pune, Mahad and property at Jhankhar. The authority is also sought to authorise the Board of Directors to create charge also on the assets of Rajashree Polyfil Division of the Company.

In order to enable the Board of Directors to create security within a stipulated time, in favour of the Agents and Trustees to Debentureholders / Financial Institutions/Banks/other persons, it is necessary that an authorisation u/s 293(1)(a) of the Companies Act, 1956 be given to the Board of Directors with a power to dispose off the whole or substantially the whole of the undertaking(s) of the Company. Authorisation is also sought to the Board of Directors agreeing to the Agents and Trustees / Financial Institutions / Banks / other persons retaining the power to take over the management of the business and concern of the Company in certain events. It is therefore, necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Authorisation is sought in the said resolution securing debentures/loans upto an amount, not exceeding Rs.300 crores (Rupees three hundred crores) over and above the Paid-up Capital and Free Reserves of the Company or such other amount as may be determined by the Company in General Meeting from time to time.

The Board of Directors therefore, recommend the shareholders approval of this item of the accompanying notice.

None of the Directors may be deemed to be concerned or interested in passing of this resolution.

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DIRECTOR'S REPORT

FOR THE YEAR ENDED 31ST MARCH, 1998

Dear Shareholders,

We have pleasure in presenting the Annual Report and Audited Statements of Accounts of the Company for the year ended 31st March, 1998.

AMALGAMATION OF RAJASHREE POLYFIL LTD. WITH THE COMPANY

The scheme of amalgamation of Rajashree Polyfil Limited with your Company as approved by the shareholders of both the companies was filed with the Hon'ble High Court of Calcutta and the Hon'ble High Court of Gujarat and was approved by the respective High Courts on 13th January, 1998 and on 27th January, 1998. The certified copies of the Orders of the respective Hon'ble High Courts were filed with the Registrars of the Companies, West Bengal and Gujarat on 19th February, 1998 and 4th March, 1998 respectively. Reserve Bank of India's approvals for issue of shares to non-resident shareholders were also received on 31st March, 1998. As all the requirements with regard to the amalgamation have been complied with, the amalgamation stands completed, with effect from 1st of April, 1997.

As a result of amalgamation, it is expected that there would be many advantages for the Company. The product range has widened with the addition of substantial production of POY and Polyester Chips, the competitive capacity will improve a lot and there would be saving in expenses. This will enable the Company to service a broader base of customers and offer better package of products. The advantages of this synergy are already being seen.

The appointed date of amalgamation was fixed as 1st April, 1997 and as such the audited accounts accompanying this report reflect the consolidated financial results of both the companies for the year ended 31st March, 1998.

FINANCIAL RESULTS

	This Year Rs./lacs	Previous Year Rs./lacs
Turnover	72526.77	53455.59
Profit before Interest, Depreciation and Taxation (PBIDT)	8357.82	7450.82
Add/(Less) :Interest	(3955.46)	(967.10)
: Depreciation (Net of transfer from Revaluation Reserve)	(3815.28)	(1675.41)
: Provision for taxation (Net of Excess Provision in respect of earlier years)	192.94	(1701.46)
Net Profit	780.02	3106.85
Add:Balance brought forward from previous year	1954.85	1957.31
Profit available for appropriation	2734.87	5064.16
Less: Interim Dividend (paid)	418.61	418.61
: Tax on Interim Dividend	41.86	—
: Proposed Equity Dividend	—	627.91
: Tax on Proposed Equity Dividend	—	62.79
: General Reserve	200.00	2000.00
Balance carried forward to next year	2074.40	1954.85

The turnover of the Company (including erstwhile Rajashree Polyfil Ltd.) has increased by 36% from Rs.535 crores to Rs.725 crores. However, the Profit before Interest, Depreciation and Taxation has increased by 12% only, mainly on account of lower sales realisation due to depressed market conditions. However these figures are not comparable because of amalgamation. An amount of Rs.37.30 crores representing additional charge of depreciation on revalued Plant and Machinery not transferred to Profit and Loss Account in earlier years and lying under Revaluation Reserve Account has been directly transferred during the year to Debenture Redemption Reserve since the life determined by the valuer is already over.

SUB DIVISION OF EQUITY SHARE

During the year under review, Equity Share of Rs.100/- each was sub divided into 10 Equity Shares of Rs.10/- each.

DIVIDENDS

An interim dividend at the rate of Rs.1.80 per Equity Share of Rs.10/- each was declared in November, 1997. Necessary provisions of Rs.418.61 lacs paid as interim dividend and Rs.41.86 lacs tax on interim dividend have been made in the accounts. In view of the inadequate profit and to conserve resources of the Company, the Directors consider it prudent not to recommend payment of Final Dividend on Equity Shares of the Company for the year ended 31st March, 1998.

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