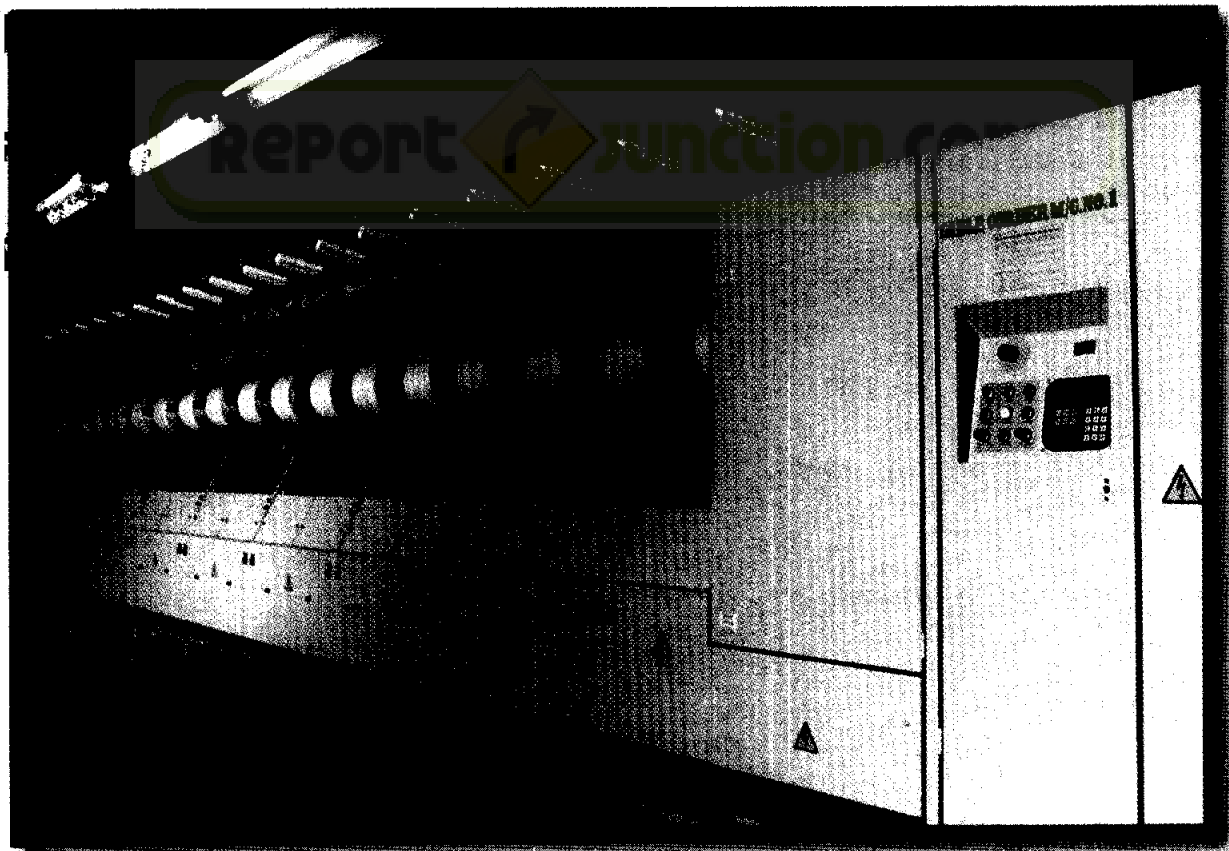




35th Annual Report 2000-2001

CENTURY ENKA LIMITED





FINANCIAL HIGHLIGHTS

OPERATING RESULTS

(Rupees in Lacs)

	2000-01	1999-00	1998-99	1997-98	1996-97
INCOME					
Sales	95759	93791	76093	72949	53943
Other Income	1715	582	1265	1163	480
	97474	94373	77358	74112	54423
Less : Excise Duty	19404	19652	17519	16608	13441
	78070	74721	59839	57504	40982
EXPENDITURE					
Materials & Overheads (+/- Stock Adj.)	64170	62099	48622	49699	34056
PROFIT BEFORE INTEREST	13900	12622	11217	7805	6926
Less : Interest (Net)	2148	2441	3353	3403	442
GROSS PROFIT	11752	10181	7864	4402	6484
Less : Depreciation (Net)	4465	4405	4360	3815	1675
Less : Provision for Taxation (Net)	507	575	(106)	(193)	1701
Add : Depreciation in respect of earlier years written back	267	-	-	-	-
NET PROFIT	7047	5201	3610	780	3108
APPROPRIATIONS					
Opening Balance	(2542)	(2240)	(2074)	(1955)	(1957)
Proposed Final/Interim Dividend	1500	1200	750	419	1047
Tax on Dividends	153	132	83	42	63
Transferred to Reserves	5393	3567	2611	200	2000
Closing Balance	2543	2542	2240	2074	1955
	7047	5201	3610	780	3108
EARNING PER SHARE (Rs.)	23.48	17.33	12.03	2.60	13.36

SOURCE AND APPLICATION OF FUNDS

(Rupees in Lacs)

	2000-01	1999-00	1998-99	1997-98	1996-97
SOURCE OF FUNDS					
Shareholders' Fund					
Share Capital	3001	3001	3001	3001	2326
Reserves & Surplus (including Revaluation)	49979	44607	40759	38002	25304
	52980	47608	43760	41003	27630
Loan Funds	19587	29193	37515	40829	5633
Funds Employed	72567	76801	81275	81832	33263
APPLICATION OF FUNDS					
Fixed Assets (Gross)	112816	112947	113082	111595	57746
Depreciation	54748	50907	46976	43226	39128
Fixed Assets (Net)	58068	62040	66106	68369	18618
Investments	397	1195	409	413	4897
Current Assets (Net)	14102	13566	14760	13050	9748
Net Assets Employed	72567	76801	81275	81832	33263



Thirty-Fifth Annual Report 2000-2001

CENTURY ENKA LIMITED**BOARD OF DIRECTORS**

Mr. B. K. Birla

Mr. Peter Wack

(Alternate : Mr R A Shah)

Mr. P. A. J. Grimmelikhuisen

(Alternate : Mr. K. R. V. Subrahmanian)

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. G. M. Singhvi

SECRETARY

Mr. C. B. Gagrani

AUDITORS

Messrs Price Waterhouse

BANKERS

Bank of Maharashtra	Punjab National Bank
State Bank of India	ABN AMRO Bank NV
Citibank N A	UTI Bank Limited

REGISTERED OFFICE

Birla Building, 7th Floor

9/1, R. N. Mukherjee Road

Kolkata - 700 001

Tel No. 033 - 243 6003

Fax No. 033 - 243 6005

HEAD OFFICE

'Bakhtawar'

7th Floor

Nariman Point, Mumbai - 400 021.

Tel No. 022 - 202 7375

Fax No. 022 - 287 3952

FACTORIES

Bhosari, Pune - 411 026

Tel No. 020 - 712 0423/712 2503

Fax No. 020 - 7120113

E-mail : sharpune@centuryenka.com

Rajashree Polyfil

Rajashree Nagar, Post:Umalla-393120, Dist.:Bharuch

Tel No. 02645 - 34438 to 34444

Fax No. 02645 - 34395

Konkan Synthetic Fibres - Processed Yarn Unit

Plot No. C-61, Part-A, MIDC Area,

Mahad - 402 309, Dist. Raigad

Tel No. 02145 - 32136

Fax No. 02145 - 32142

Konkan Synthetic Fibres - POY Unit

Plot No. C-61, Part-B, MIDC Area

Mahad - 402 309, Dist. Raigad

Tel No. 02145 - 32141

Fax No. 02145 - 32360

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirty-Fifth Annual General Meeting of the Shareholders of CENTURY ENKA LIMITED will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017 on Wednesday, the 20th June, 2001 at 10.00 A.M. to transact the following business:

ORDINARY 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, 2001.
2. To declare dividend on Equity Shares
3. To appoint a Director in place of Mr. B.S. Mehta who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

AS ORDINARY RESOLUTION

"RESOLVED THAT Mr. P.A.J. Grimmelikhuijsen be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. 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 appointment of Mr. G.M. Singhvi as Manager of the Company as defined in Section 2(24) of that Act, for a period of three years, with effect from 1st July, 2000 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. G.M. Singhvi 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) Entertainment Allowance : Rs. 5,500/- per month
with authority to the Board to fix such annual increments in salary (total salary not exceeding Rs. 75,000/- per month) and allowances (total allowances not exceeding Rs. 15,000/- per month) from time to time as it may deem appropriate.

(B) Perquisites :

- (i) Furnished residential accommodation.
- (ii) Reimbursement of expenditure incurred on electricity and water.
- (iii) Leave travel and medical expenses/allowances as per the Rules of the Company.
- (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) 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. G.M. Singhvi 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. G.M. Singhvi 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."

By Order of the Board

C.B. Gagrani

Secretary

Mumbai

Dated : 30th April, 2001

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 and Share Transfer Register of the Company will remain closed from Tuesday, the 5th June, 2001 to Saturday, the 9th June, 2001, both days inclusive.
3. The payment of dividend, if declared at the said meeting, will be made to those shareholders whose names shall appear on the Company's Register of Members on 9th June, 2001 or to their nominees. In respect of shareholding in dematerialised form, dividend will be paid to the beneficial owners as per the list provided by the Depositories on that date. Dividend Warrants will be despatched on or after 23rd June, 2001.
4. 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 10 days before the date of the meeting to enable the management to keep the required information readily available at the meeting.
5. (i) The unclaimed dividend upto financial years 1994-95 have 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 their dividend for the financial years upto 1994-95 may claim their dividend from the Registrar of Companies, West Bengal by submitting an application in the prescribed form.
(ii) Those members who have not received / encashed dividend warrants for the financial years 1995-96 to 1999-2000 may return the time barred dividend warrants or write to Share Department, Century Enka Ltd., Bhosari, Pune - 411 026 for issue of duplicate dividend warrant.
(iii) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year 1995-96 and thereafter which remain unpaid/unclaimed for a period of 7 (seven) years will be transferred to the Investor Education and Protection Fund to be constituted by the Central Government under Section 205C of the Companies Act, 1956.
It may kindly be noted that once the unpaid/unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
6. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is now available to individual shareholder. The shareholders who are desirous of availing this facility may kindly write to Share Department, Century Enka Ltd., Bhosari, Pune - 411 026, Tel. No. (020) 7120423, Fax No. (020) 7120113 for nomination form quoting their folio number.
7. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company's Share Department at the address mentioned hereinabove in Note 6 to consolidate their holding in one folio.
8. Members are requested to notify change in address, if any, to the Company's Share Department at the address mentioned hereinabove in Note 6, quoting their folio number.



9. The Equity Shares of the Company are listed on Stock Exchanges at Mumbai, Kolkata, Delhi, Pune and the National Stock Exchange, Mumbai. The Annual Listing Fee for the year 2000-2001 has been paid to each of these Stock Exchanges. The Company has applied for delisting of shares from Delhi and Pune Stock Exchanges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Mr. P.A.J. Grimmelikhuijzen was appointed as a Director of the Company in the casual vacancy caused by the resignation of Dr. H.G. Huether pursuant to Article 103 of the Articles of Association of the Company read with Section 262 of the Companies Act, 1956. He shall hold office as a Director only upto the date of ensuing Annual General Meeting of the Company. Notices alongwith deposit of Rs.500/- have however been received under Section 257 of the Companies Act, 1956, from some of the members of the Company, signifying their intention to propose Mr. P.A.J. Grimmelikhuijzen as a candidate for the office of a Director of the Company, liable to retire by rotation. Mr. P.A.J. Grimmelikhuijzen is a Dutch Chartered Accountant and Member of the Royal Institute of Register Accountants. He is in service of Akzo Nobel / Acordis since 1972 and the Company will be benefited by his experience

and able guidance. The Directors, therefore, commend this item of the accompanying notice for the approval of the members.

Except Mr. P.A.J. Grimmelikhuijzen no other Director is interested or concerned with this resolution.

Item No. 6

Under the provisions of Section 269 of the Companies Act, 1956, the Company shall appoint a Managing Director or Whole-time Director or Manager.

Mr. G.M. Singhvi, a Chartered Accountant by profession is associated with the Company for 25 years. Mr. G.M. Singhvi has been appointed by the Board of Directors as the Manager of the Company within the meaning of Section 2(24) of the Companies Act, 1956. Mr. G.M. Singhvi on his appointment as Manager also promoted as Senior President of the Company. Mr. G.M. Singhvi is eminently qualified for the post of Manager. Accordingly, the resolution in this item of the notice, appointing 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 such terms and conditions in conformity with the requirements of Schedule XIII of the Companies Act, 1956 or any amendments thereto.

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

BRIEF RESUME OF PERSONS PROPOSED TO BE APPOINTED/RE-APPOINTED AS DIRECTOR OF THE COMPANY AT THE ENSUING ANNUAL GENERAL MEETING

Name	Mr. B.S. Mehta	Mr. P. A. J. Grimmelikhuijzen
Age	65 Years	50 Years
Qualification	B.Com. (Hons.), F.C.A.	Dutch Chartered Accountant and Member of the Royal Institute of Register Accountants.
Nature of expertise	Practising Chartered Accountant	Serving with Akzo Nobel/ Acordis since 1972. At present he is holding the position of Financial Officer Incharge for various units in Germany and the Netherlands.
Name of the companies in which also holds Directorship	<ol style="list-style-type: none"> 1. Allied Photographics India Ltd. 2. Atul Ltd. 3. Bharat Bijlee Ltd. 4. Birla Sun Life Trustee Co. Ltd. 5. Ceat Ltd. 6. Global Aviation Services Pvt. Ltd. 7. HDFC Ltd. 8. IL&FS Venture Corp. Ltd. 9. Pidilite Industries Ltd. 10. Procter & Gamble Hygiene and Health Care Ltd. 11. Varun Shipping Co. Ltd. 12. Sudarshan Chemicals Inds. Ltd. 13. The Dawn Mills Co. Ltd. 14. Vinyl Chemicals (India) Ltd. 15. Chemetall Rai India Ltd. * 16. J B Chemicals & Pharmaceuticals Ltd. * 17. Procter & Gamble Distribution Co. Ltd. * 18. Uhde India Ltd. * 19. Sasken Communication Technologies Ltd. * 20. Demech Contractors Ltd. (Outside India) 21. Gayatri Education, Medical & Research Foundation 22. Indian Merchants' Chambers 	<ol style="list-style-type: none"> 1. Acordis AG 2. Acordis Belgium B.V.B.A. 3. Enka de Colombia S.A.
* Alternate Director		
Name of the companies in the committees of which holds membership/ chairmanship	<ol style="list-style-type: none"> 1. Housing Development Finance Corp. Ltd. 2. Atul Ltd. 3. Century Enka Ltd. 4. Procter & Gamble Hygiene and Health Care Ltd. 5. IL & FS Venture Corp. Ltd. 6. Sudarshan Chemicals Ltd. 7. Sasken Communication Technologies Ltd. 8. Pidilite Industries Ltd. 9. J B Chemicals & Pharmaceuticals Ltd. 	— NIL —

**DIRECTORS' REPORT****FOR THE YEAR ENDED 31ST MARCH, 2001**

Dear Shareholders,

We have pleasure in presenting the Annual Report and Audited Statements of Accounts of your Company for the year ended 31st March, 2001. We trust you will find the performance of your Company satisfactory, specially in the context of changes which have taken place due to globalisation of Indian economy and liberalisation of imports. Your Company has responded well to these changes in the market place in a much more focused way.

FINANCIAL RESULTS

	Rs./Crores	
	This Year	Previous Year
Turnover	957.59	937.91
Profit before Depreciation & Taxation	117.52	101.81
(Less) : Depreciation (Net)	(41.98)	(44.05)
Provisions for taxation (Net)	(5.07)	(5.75)
Net Profit	70.47	52.01
Add : Balance brought forward from previous year	25.42	22.40
Transfer from/(to) Debenture Redemption Reserve	66.08	(10.67)
Profit available for appropriation	161.97	63.74
Less : Dividend	15.01	12.00
Tax on Dividend	1.53	1.32
General Reserve	120.00	25.00
Balance carried forward to next year	25.43	25.42

The turnover of your Company has increased by 2%, and the Profit before Depreciation and Taxation has increased by 15%. This has helped in consolidating the financial position of your Company. The debt equity ratio has come down to 0.31 and interest coverage has improved to 6.23. These healthy ratios will leverage the Company in raising funds for its growth at reasonable rate of interest.

All the plant and machinery of your Company are working at optimum efficiency with excellent technical performance, ideal consumption figures and manufacturing good quality of yarn. In our view the technical and commercial performance of your Company is amongst the best in India in similar industries.

DIVIDEND

We recommend a dividend at the rate of Rs.5.00 per Equity Share of Rs. 10/- each for the year ended 31st March, 2001 against Rs. 4.00 per Equity Share in previous year.

Necessary provisions of Rs.15.01 crores for dividend and Rs. 1.53 crores for tax on dividend have been made.

COURSE OF BUSINESS**a. Industrial Yarn**

Although, the margins are under pressure, the overall performance of this business segment was satisfactory. Reduction in import duties on Nylon Tyre Cord Fabrics from 40% to 25% in the Union Budget 2000-01 and weakening of prices in the international market have resulted in increase in imports, thereby, adversely affecting offtake from domestic producers.

Even the imposition of Anti Dumping duty on Nylon Tyre Cord Fabrics by the Government did not help much in improving the off-take of domestic production. However, your Company has been able to maintain despatches of Nylon Industrial Yarn and Tyre Cord Fabrics at the level of previous year.

b. Textile Yarn

Your Company has undertaken several measures to improve the operational efficiency including inter-fibre changes and cost cutting measures relating to all the plants of the Company located at Pune, Mahad and Bharuch. This has resulted in improved performance of this business segment.

Recent imposition of Anti Dumping duty on imports of Partially Oriented Yarn (POY) from some countries is expected to discourage dumping and bring stability to domestic POY prices.

The changes in the Union Budget 2001-02 lowering the import duty on Polyester Chips from 35% to 25% will have adverse impact on contribution margin from sale of Polyester Chips.

c. General

Various steps taken by your Company to modernise its utilities for reducing energy cost has borne good results and the process of such modernisation will be further continued.

OUTLOOK FOR 2001-02

With globalisation and opening of Indian economy to world trade and easy accessibility to imports, the domestic Demand-Supply situation has become erratic. Threat of imports has put considerable pressure on domestic prices. With the upgradation of manufacturing facilities and cost control measures, your Company will endeavour to maintain its performance.

EXPANSION AND MODERNISATION

At present, your Company is working on various schemes to upgrade the plant and to modernise the existing production facilities by replacing old machinery and equipment with new machinery and equipment based on latest technology. Energy savings, de-bottlenecking and cost control schemes are also being actively considered.

Regarding increase in capacity of Nylon Industrial Yarn/Tyre Cord Fabric, your Company is taking a cautious approach in committing further capital expenditure.

PRE-REDEMPTION OF DEBENTURES

Pursuant to the provisions in the Prospectus dated 30th May, 1994 issued by the erstwhile Rajashree Polyfil Limited, the 2nd, 3rd and 4th instalments each of Rs. 75/- per debenture of the 41,25,000 14.50% Secured Redeemable Non-convertible Debentures of Rs. 300/- each (being the balance outstanding amount of Rs. 225/- per debenture) were pre-redeemed on 20th October, 2000 with the consent of Trustees to Debentureholders.

CENTAK CHEMICALS LIMITED

Your Company has sold its entire shareholding in Centak Chemicals Limited to the co-promoter, Akzo Nobel Chemicals International BV, The Netherlands at a price of Rs. 200/- per share. The shares have been transferred on 16th April, 2001 on receipt of Government of India and Reserve Bank of India's approvals. This will result in a Capital Gain of Rs. 17.67 crores in the accounting year 2001-02.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

Your Company considers its employees an "Asset" and continuously works towards their development. The General Process Orientation Programme for staff and workmen continues to educate them on all facets of work in the Company. This ensures spread of knowledge and more commitment from them towards their work. The Company has developed a strong internal faculty of facilitators to prepare and conduct Human Resource Development programmes on related issues for training and development of staff and workmen, thus giving thrust towards continuous learning.

Industrial relations remained quite satisfactory during the period under review. Various welfare programmes have been undertaken to create a sense of harmony among the employees.



We would like to place on record our appreciation for the efforts and contributions made by the employees in the changing and challenging environment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Energy conservation measures, progress made in technology absorption and foreign exchange earnings and outgo as required by the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are set out in a separate statement attached hereto and forming part of this report.

SAFETY, HEALTH AND ENVIRONMENT

Your Company is giving due importance to Safety, Health and Environment related issues. The employees are continuously educated and trained to improve their level of awareness and skills.

The National Safety week was celebrated at all the sites of your Company. During the Safety week at Pune site, fire fighting and safety awareness programmes were conducted even for the benefit of the small and medium scale units located in Pune industrial belt, which was very much appreciated by these units.

Your Company also provided assistance of its fire tender to other industrial units in Pune industrial belt as well as to local municipal authorities for fire fighting and attending to emergencies. This has also been very well appreciated by the industrial units.

Effluent Treatment Plants at all the three sites have been operating satisfactorily with treated effluents meeting the consent limits prescribed by the respective Pollution Control Boards.

Due attention is given to improve greenery at all the sites. More than 1200 saplings were planted on the World Environment Day on 5th June, 2000.

GUJARAT EARTHQUAKE AND RELIEF WORK

The recent devastating Earthquake in Kutch region of Gujarat State killed thousands of people, injured lakhs and rendered a large population homeless. Your Company immediately provided some relief by way of constructing temporary sheds, distributing blankets, medicines, working tools, etc. Your Company has also decided to earmark an amount of Rs.50 lacs for relief work including donation to charitable organisations doing such relief work and/or to relief funds established by State/Central Government.

RISK MANAGEMENT

You will be relieved to know that there was no damage to the Company's plant at Bharuch in Gujarat due to earthquake. The plant has been re-examined by a Structural Engineer and has been certified to be safe. Fixed assets and stocks of your Company are adequately insured including loss of profit.

CORPORATE GOVERNANCE

Your Company has always followed the philosophy of conducting its business with due compliance of laws, rules, regulations and sound internal control systems and procedures. We, in our last report, had informed you that your Company would be voluntarily implementing the mandatory requirement of Corporate Governance Code as prescribed by Securities and Exchange Board of India ahead of its prescribed time schedule. Accordingly, the Board has reconstituted the Audit Committee which was in existence since 1988 to discharge the functioning as stipulated vide the Companies Act and Listing Agreement. The Board has also constituted Shareholders/Investors Grievance Committee and Share Transfer Committee. The Management's Discussion & Analysis and other information on Corporate Governance have been included in this Annual Report for your information.

MANAGER

Mr. K. Dev who joined Century Enka in the year 1969 and contributed significantly over three decades in making the Company technologically

sound and ensured smooth functioning of all the plants of the Company, decided to take voluntary retirement from the services of the Company with effect from 1st July, 2000. The Board wishes to place on record its appreciation for the valuable services rendered by him during his tenure as Senior President and Manager of the Company.

Mr. G.M. Singhvi has been appointed as Senior President and Manager of the Company with effect from 1st July, 2000. Mr. G.M. Singhvi, a Chartered Accountant by profession, is associated with the Company for 25 years.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of your Company state :

- that in the preparation of the annual accounts, the applicable accounting standards had been followed (See, however, Note 7 in Schedule I);
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the annual accounts on a going concern basis.

DIRECTORS

Dr. H.G. Huether has been associated with the Company as a Director for about 12 years. Dr. Huether has resigned from the directorship of the Company with effect from 29th May, 2000. The Directors placed on record their appreciation for the valuable advice, particularly on technological matters and plant operations, given by him during his tenure as a Director of the Company.

Mr. P.A.J. Grimmelikhuijzen was appointed on 29th May, 2000 as a Director of the Company in the casual vacancy caused by the resignation of Dr. H.G. Huether and he will hold the office of the Director upto the ensuing Annual General Meeting. Notices have been received under Section 257 of the Companies Act, 1956 from some of the members of the Company signifying Mr. P.A.J. Grimmelikhuijzen's candidature for the office of the Director and your Directors commend the same.

In accordance with the Articles of Association of the Company, Mr. B.S. Mehta, a Director of the Company will retire by rotation and being eligible offers himself for re-appointment.

AUDITORS

Messrs. Price Waterhouse, the Auditors of the Company, will retire from the office of the Auditors and being eligible offer themselves for reappointment. Their remuneration for the current year is to be fixed by you.

GENERAL

Details of remuneration paid to employees as required by Section 217(2A) of the Companies Act, 1956 are set out in a separate statement attached hereto and forming part of the report.

B.K. Birla
Peter Wack
P.A.J. Grimmelikhuijzen
B.S. Mehta
V. Dixit
D.Y. Gaitonde
V.R. Mehta

Directors

Date : 30th April, 2001
Place : Mumbai

**ANNEXURE TO THE DIRECTORS' REPORT**

(Additional information given in terms of Notification 1029 of 31.12.1988 issued by the Department of Company Affairs).

A) CONSERVATION OF ENERGY

After implementing recommendations of the Energy Audits carried out by external agencies of all the three sites, re-audits were organised at Pune and Mahad sites. Recommendations arising out of these re-audits are at various stages of implementation. Energy Audit in Chemical process is being carried out at Pune and Mahad.

The in-house Energy Cells have also simultaneously continued to work on new proposals and implement the same as an ongoing activity.

a) Energy Conservation Measures taken:

- 1) Installation of correct size pump for cooling tower and stoppage of one cell of a large cooling tower.
- 2) Optimisation of instrument air dew point
- 3) Reduction in air conditioning load by appropriate partitioning to cover only the essential areas.
- 4) Installation of additional capacitor banks to improve power factor and avail maximum incentive in power bill.
- 5) Replacement of energy inefficient over size pumps in air washers with correct size pumps.
- 6) Automatic switching off of yarn heaters on Draw Winders at the time of machine stoppage.
- 7) Replacement of one more refrigeration machine with energy efficient machine.
- 8) Replacement of intermingling jets with energy efficient jets on draw twisting machines.
- 9) Installation of another solar heater for canteen requirement.
- 10) Rationalisation of low and high pressure compressed air streams and reduction in instrument air pressure.
- 11) Installation of variable frequency drive for Heat Transfer Mechanism (HTM) circulation pumps.
- 12) Installation of Waste Heat Recovery Boilers on exhaust of Diesel Generators.
- 13) Uses of fuel additive to improve combustion efficiency.
- 14) Installation of dedicated low pressure air compressors for bulk consumers in Post Treatment operations.

b) Additional Investment and Proposals, if any, being implemented for Conservation of Energy :

- 1) Rectifier column in depoly plant and recycling of exhaust steam.
- 2) Steam turbine in place of Pressure Release Valve (PRV) station to generate power while reducing steam pressure.

- 3) Substitution of electrical heating in dowtherm boilers of polymerisation columns with thermic fluid heating.
- 4) Super heat control in steam.
- 5) Energy efficient Intermingling jets on more machines.
- 6) Waste Heat Recovery Boilers on more D.G. sets.
- 7) Replacement of conventional air washers with cell type air washers.
- 8) Revamping of insulation for spinning machines.
- 9) Replacement of existing vacuum systems with energy efficient systems of latest design.

B) TECHNOLOGY ABSORPTION**a) Research & Development (R&D)**

- (1) Specific areas in which R & D is carried out by the Company :
 - Process development and optimisation with a view to increase productivity, improve efficiency and product quality, achieve cost reduction etc.
 - Development of new products and find new applications for existing products.
 - Import substitution.
- (2) Benefits derived as a result of the above R & D :
 - Increase in productivity and better consistent product quality.
 - Introduction of several new products in Polyamide Textile Yarns and Polyester specialities.
 - Continued substitution of imported components, chemicals, catalysts, etc. resulting in cost reduction.
- (3) Future plan of action :
 - Increased efforts for development of new type of yarns and applications to meet changing requirements of customers.
- (4) Expenditure on R & D :

Common equipments are used for operational as well as R & D activities. Hence no separate accounts are maintained.

b) Technology, Absorption, Adaptation and Innovation

- (1) Efforts in brief, made towards technology absorption, adaptation and innovation.

Modifications of process, equipments and products are carried out to suit changes in market requirements and to improve operational efficiency.
- (2) Benefits derived as a result of above efforts:

Increase in production, development of new products and applications and cost reduction.

(C) INFORMATION REGARDING IMPORTED TECHNOLOGY

(Imported during the last 5 years from the beginning of the Financial year)

(a) Technology Imported	(b) Year of Import	(c) Technology Absorption
Know-how and state of the art technology for manufacture of Nylon Industrial Yarn, Tyre Yarn/ Tyrecord/Tyrecord Fabric based on integrated SDW process.	1996-97	Continuous access to technical know-how including all improvements, innovations and significant break-through during the period of the agreements are provided.
Technical Know-how, Process Know-how and Engineering of Plants for continuous poly-condensation and direct spinning of Polyester.	1996-97	Continuous access to improvements related process and equipment, technical solutions and break-through developments during the period of the agreement.
Technical & Process Know-how and Engineering for production of Polyester Filaments Yarns.	1996-97	Continuous access to improvements related process and equipment, technical solutions and break-through developments during the period of the agreement.
Know-how and state of the art technology pertaining to the manufacture of Polyester and Nylon Textile Filament Yarns, Polyester and Nylon Industrial Yarns, Tyrecord and Tyrecord Fabric.	2000-01	Continuous access to technical know-how including all improvements, innovations and significant break-through during the period of the agreement.

(D) FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on Foreign Exchange Earnings and Outgo is contained in Schedule items 15(b), (c), (d) and (e) in Notes on Accounts.

B.K. Birla
Peter Wack
P.A.J. Grimmelikhuizen
B.S. Mehta
V. Dixit
D.Y. Gaitonde
V.R. Mehta

Directors

Date : 30th April, 2001
Place : Mumbai



ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)
(PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956)

FORM - A
(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year 2000-2001	Previous Year 1999-2000		Current Year 2000-2001	Previous Year 1999-2000
A. POWER AND FUEL CONSUMPTION					
1. Electricity			3. Nitrogen		
(a) Purchased			Units (NM ³)	2291742	2495546
Units (KWH)	117363395	107418429	Total Amount (Rs. in Lacs)	35.20	29.40
Total Amount (Rs in Lacs)	4474.73	4634.18	Cost per unit (Rs.)	1.54	1.18
Rate per Unit (Rs.)	3.81	4.31			
(b) Own Generation			B. CONSUMPTION PER UNIT OF PRODUCTION		
Through diesel generators			Products (With Details) Unit		
Units (KWH)	51328366	78215670	1. Electricity (Kwh/Ton of Product)		
Units per Litre of fuel oil	3.82	3.82	(a) Textile Yarns	2216	2224
Cost per unit (Rs.)	3.23	2.64	(b) Tyre Yarn/Fabric	4321	4409
(c) L.D.O./H.S.D.O.			(c) Polyester Chips	151	138
(For Own Generation)			2. Furnace Oil/LSHS (Ltrs/Ton of Product)		
Quantity (Litres)	13419773	20463784	(For Steam Generation)		
Total Amount (Rs. in Lacs)	1563.11	1963.20	(a) Textile Yarns	68	91
Rate/Unit (Rs.)	11.65	9.59	(b) Tyre Yarn/Fabric	305	350
2. Furnace Oil/L.S.H.S./L.D.O.			(c) Polyester Chips	87	91
(For Steam Generation)			3. Nitrogen (NM ³ /Ton of Product)		
Quantity (Litres)	8309860	10279253	(a) Textile Yarns	36	28
Total Amount (Rs. in Lacs)	834.32	887.82	(b) Tyre Yarn/Fabric	30	30
Rate/Unit (Rs.)	10.04	8.64	(c) Polyester Chips	11	12
STEAM (COST PER TON)					
Units (Ton)	127792	147926			
Units per ton of fuel	15.38	14.39			
Cost per unit (Rs.)	659	606			

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, 2001

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. 12,00,000

NIL

(b) Employed for part of the year and were in receipt of remuneration at the rate of not less than Rs. 1,00,000/- per month.

-K. Dev, Manager U/s 269 of the Companies Act, 1956 and Senior President, 391621, B. Tech. (Hons.) (Chem. Engg.), 38, 7.4.1969, 62, Development Engineer, Delhi Cloth & General Mills Co. Ltd.

NOTES:

- 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.
- Nature of Employment - Contractual.
- Other Terms and Conditions :
 - Three months' notice on either side,
 - Gratuity (As per Company's scheme)
 - Personal/Group Accident Insurance (As per Company's scheme).
- The above employee is not a relative of any Director of the Company.

B.K. Birla
 Peter Wack
 P.A.J. Grimmlikhuizen
 B.S. Mehta
 V. Dixit
 D.Y. Gaitonde
 V.R. Mehta

Directors

Date : 30th April, 2001
 Place : Mumbai

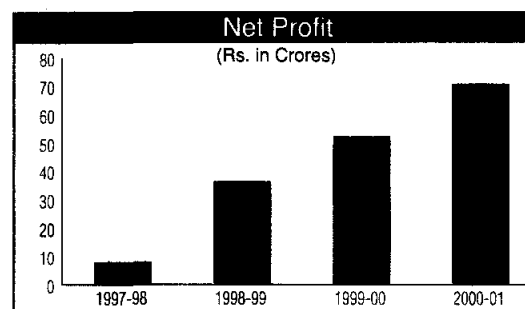
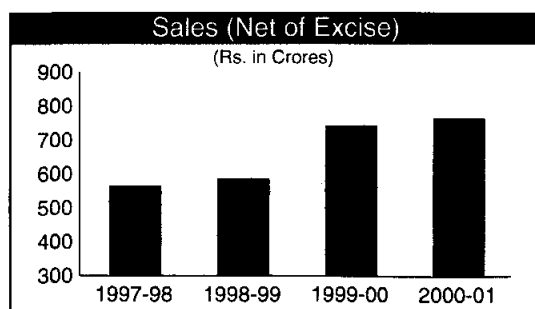


MANAGEMENT'S DISCUSSION AND ANALYSIS

1. OVERALL REVIEW

The overall performance during the year 2000-01 has been satisfactory. This has been possible due to -

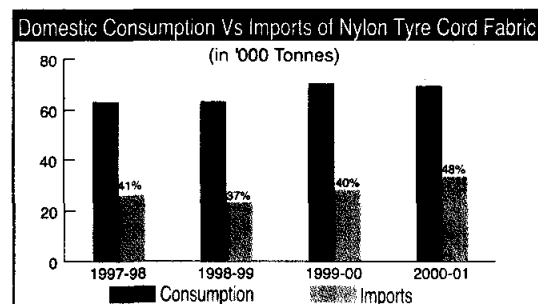
- Better Asset utilisation
- Improvement in product mix including inter fibre changeovers
- Cost reduction measures involving increased focus on operational efficiencies, energy savings and control over administrative costs.
- Repayments, restructuring and replacement of debts resulting in reduced interest cost.
- Better working capital management.



2. BUSINESS SEGMENT - INDUSTRIAL YARN/FABRIC

a) Industry Outlook

In India, the Nylon Tyre Cord Fabric (NTCF) is largely used as reinforcement material in automobile tyres. Non-tyre application is very limited. As such, the performance of this industry is dependent on the growth of the tyre industry and tyre replacement market. Unfortunately, automobile industry, tyre industry and tyre replacement market are passing through recessionary trends. The total domestic consumption of NTCF is about 69000 tonnes per annum of which more than 40% is imported. In the Union Budget of 2000-01, the import duty on NTCF was reduced from 40% to 25%. This has resulted in higher imports during the year under review, thereby putting considerable pressure on domestic producers to reduce their prices.



The outlook of the industry is uncertain and will depend upon the revival in automobile industry, tyre industry and tyre replacement market.

b) Opportunity

High volume of imports gives the Company an opportunity to expand its capacity and increase its market share. At present, the Company is the second largest producer in the country with the capacity of about 12,000 MT per annum and is cautiously exploring possibilities of expansion. The Company is upgrading its conversion facility to reduce conversion cost, further improve the quality and to keep itself updated with latest technology.

c) Challenges

Increasing imports from Far East and South East Asian Countries particularly from China and Taiwan have put considerable pressure on the domestic prices. The industry is exploring the possibility of getting these countries included under the purview of Anti Dumping duty.

d) Segmental Review and Analysis

		2000-01	1999-00	% Change
Sales Volume	tonnes			
- Nylon Tyre Cord Fabric		9,842	10,470	(6.0)
- Nylon Industrial Yarn/Tyre Cord		950	651	45.9
Gross Sales Turnover	Rs. crores			
- Nylon Tyre Cord Fabric		217.92	226.14	(3.6)
- Nylon Industrial Yarn/Tyre Cord		14.32	9.68	47.9
Average Sales Realisation	Rs. per kg			
- Nylon Tyre Cord Fabric		221.14	215.99	2.4
- Nylon Industrial Yarn/Tyre Cord		150.74	148.69	1.4
Profit after Depreciation (before interest) (*)	Rs. crores	50.47	56.92	(11.3)
(* excluding Other Income)				

Review of operations

The profit after depreciation is lower mainly due to higher raw material cost during the year.