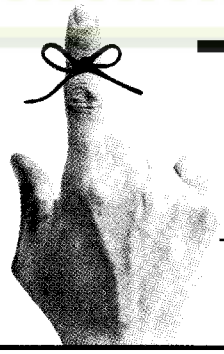
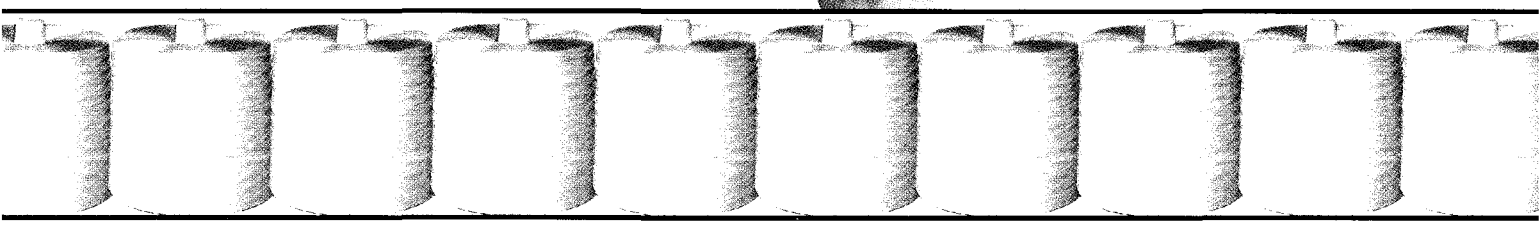
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QUALITY



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annual report 2008 - 2009



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Mr. B.K. Birla - Chairman

B K BIRLA GROUP OF COMPANIES

The Group Logo - As represented by the 21st Century Atlas

Atlas, the Titan - *Collective Strength*

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolise the Group's own collective strength. It reflects the combined qualities of astute and dynamic management, while emphasising the Group's tenacity, consistency, reliability and overall leadership.

The Sun - *Enlightenment and Growth*

The Sun, as a source of infinite energy and inspiration, is used here in conjunction with the Atlas head to represent the vitality and powerful presence of the Group - both in its industrial prowess and its financial, technological and intellectual skills.

The Earth Segments - *Diversified Activities*

Each of the latitudes around the Titan represent various sections - industrial, agricultural, financial and other activities of the Group. As with the infinite variety of the world, so is the strength of the Group, made up of its diverse activities.

The Globe - *Global Vision*

The Group's global presence and vision is reflected in the entirety of the Earth's sphere.

The Base - *Solid Foundations*

The strength of the entire edifice depends upon the strength of the foundation embedded in the bedrock, represented here by the Group Name.

The Symmetry - *The Resilience, Versatility and Stability*

Seen in its entirety, each of the elements - Atlas, the Sun, the Earth divisions, the Globe and the Base, together sum up a well conceptualised and balanced conglomerate.

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Forty Third Annual Report 2008-09

CENTURY ENKA LIMITED

BOARD OF DIRECTORS

Mr. B. K. Birla (Chairman)
Mr. R. A. Shah
Mr. B. S. Mehta
Mr. V. Dixit
Mr. G. M. Singhvi (Whole-time Director)

SECRETARY

Mr. C. B. Gagrani

AUDITORS

Messrs. Price Waterhouse

SOLICITORS

Messrs. Crawford Bayley & Co.

BANKERS

Bank of Maharashtra
State Bank of India
Axis Bank
HDFC Bank
ABN AMRO Bank NV

REGISTERED OFFICE

Birla Building, 7th Floor
9/1, R. N. Mukherjee Road
Kolkata-700 001
Tel. No. 033-2243 6003
Fax No. 033-2243 6005

HEAD OFFICE

'Bakhtawar', 7th Floor
Nariman Point
Mumbai-400 021
Tel. No. 022-2202 7375
Fax No. 022-2287 3952

FACTORIES

Bhosari, Pune-411 026
Tel. No. 020-66127300/27120423
Fax No. 020-27120113

Rajashree Polyfil
Rajashree Nagar, Post: Umalla-393120, Dist.: Bharuch
Tel. No. 02645-235301-5
Fax No. 02640-308510

Konkan Synthetic Fibres – Processed Yarn Unit
Plot No. C-61, Part-A, MIDC Area,
Mahad-402 309, Dist.: Raigad
Tel. No. 02145-232136
Fax No. 02145-232142

Konkan Synthetic Fibres – POY Unit
Plot No. C-61, Part-B, MIDC Area
Mahad-402 309, Dist.: Raigad
Tel. No. 02145-232138
Fax No. 02145-232360

SHARE TRANSFER AGENT

LINK INTIME INDIA PRIVATE LIMITED
(Formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai-400 078
Tel. No.: 022-2596 3838; Fax No.: 022-2594 6969

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 43rd Annual General Meeting of the Shareholders of CENTURY ENKA LIMITED will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017 on Saturday, the 27th June, 2009 at 10.30 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, 2009.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. R.A. Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. B.S. Mehta who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

By Order of the Board
C. B. GAGRANI
Secretary

Place : Mumbai
Dated : 4th May, 2009

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 16th June, 2009 to Tuesday, the 23rd June, 2009, both days inclusive on account of Annual General Meeting and Dividend payment.
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 23rd June, 2009 or to their nominees. In respect of shareholding in dematerialised form, dividend will be paid to the beneficial owners as per details to be furnished by the Depositories for the purpose. Dividend Warrants will be despatched or credit will be given under ECS as the case may be on or after 2nd July, 2009.
4. Members desirous of getting any information about the accounts and operations 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 encashed dividend warrants for the financial years 2001-02 to 2007-08 may return the time barred dividend warrants or write to Company's **Share Transfer Agent, M/s. Link Intime India Pvt. Ltd. (Formerly : Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078** 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 2001-02 and thereafter which remain unclaimed for a period of 7 (seven) years will be transferred to the Investor Education and Protection Fund (the Fund) constituted by the Central Government under Section 205C of the Companies Act, 1956. **Unclaimed Equity Dividend for the financial year 2001-02 will fall due for transfer to the said Fund on 6th August, 2009.**

   As regards unclaimed dividend for the financial years 1995-96 to 2000-01, the same have already been transferred to the said Fund.

   It may kindly be noted that once the unclaimed dividend is transferred to the abovesaid Fund of the Central Government, no claim shall lie in respect thereof.
6. Dividend in respect of shares held in dematerialised form shall be credited to the beneficial owner's bank account directly through Electronic Clearing Services (ECS) wherever ECS facility is available subject to availability of bank account details and 9 digits code number. In case the said details have not been provided to the concerned Depository

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Participant or there is any change, the same may please be intimated to the concerned Depository Participant immediately.

Shareholders holding shares in physical form and desirous of availing ECS facility, should provide the bank details and 9 digits code number in ECS Mandate Proforma. Shareholders who have already given their Bank details to avail ECS facility should furnish the same only if there is any change.

The ECS Mandate Proforma can be obtained from the Company's Share Transfer Agent, M/s. Link Intime India Pvt. Ltd. (Formerly: Intime Spectrum Registry Limited), at the address mentioned hereinbelow in Note 7 or can be downloaded from the Company's website www.centuryenka.com.

7. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. Shareholders who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's **Share Transfer Agent, M/s. Link Intime India Pvt. Ltd. (Formerly : Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078** for nomination form quoting their folio number. Shareholders holding shares in dematerialised form, should write to their Depository Participant for the purpose.

8. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company's Share Transfer Agent at the address mentioned hereinabove in Note 7 to consolidate their holding in one folio.

9. Members who are holding shares in physical form are requested to notify change in address, if any, to the Company's Share Transfer Agent at the address mentioned hereinabove in Note 7 quoting their folio number. Shareholders holding shares in dematerialised form, should intimate change of their address, if any, to their Depository Participant.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

Dear Shareholders

Your Directors present the 43rd Annual Report and Audited Statements of Accounts for the year ended 31st March, 2009. The year was an eventful year for Indian economy. It suffered mainly on account of high and volatile crude oil prices, steep depreciation of Indian rupee against dollar and lastly but not the least, general slow down of major economies of the world. Your Company also got impacted due to these factors by way of high raw material and energy costs and foreign currency exchange loss. Despite these adversities, your Company has been able to show an increase of Rs. 3.21 crores in net profit due to efficient usage of raw material, energy conservation, quality of its finished products and better management of working capital.

FINANCIAL RESULTS

Rs. / Crores

	This Year	Previous Year
Sales / Income from Operations (Less Excise Duty)	**1162.33**	1183.68
Profit before Depreciation, Interest, Exceptional Items and Tax	**109.00**	113.25
Add / (Less) :		
Depreciation	**(59.10)**	(59.02)
Interest (Net)	**(23.82)**	(30.62)
Taxation (Net)	**(5.96)**	(7.60)
Voluntary Retirement compensation	**(3.50)**	(2.60)
Net Profit	**16.62**	13.41
Add: Balance brought forward from previous year	**113.10**	112.77
Profit available for appropriation	**129.72**	126.18
Less: Dividend	**10.03**	10.03
Tax on Dividend	**1.70**	1.70
General Reserve	**1.70**	1.35
Balance carried forward to next year	**116.29**	113.10

DIVIDEND

We recommend a dividend at the rate of 50% (i.e. Rs. 5 per Equity Share of Rs.10/- each) for the year ended 31st March, 2009 (Previous year 50% (i.e. Rs. 5.00 per Equity Share of Rs.10/- each).

COURSE OF BUSINESS AND OUTLOOK

The Management's Discussion and Analysis Report, as required under Corporate Governance, forming a part of this report, is a reflection of the current state of business. It also deals with the opportunities and threats faced by your Company and the Company outlook.

The prospects of synthetic yarn industry in short-term is linked with the movement of crude oil prices in international market as the raw material of synthetic yarn are derivatives of crude oil. However, the long-term prospects of synthetic yarn industry is good with the growing Indian economy and demand growth in end-use products i.e. synthetic textiles and automobile tyres.

The Union Government, to boost polyester and nylon yarn demand has reduced excise duty in December 2008 from 8% to 4%.

MODERNISATION

Your Company has been continuously focusing on modernisation of its plants particularly at Pune and Mahad Sites and investment in balancing equipment to have improved productivity and quality of its products. Since uninterrupted power supply is very critical to the operations of the Company, special emphasis is given for modernisation of power generating equipment.

HUMAN RESOURCE DEVELOPMENT AND ENVIRONMENT

The Report on Management's Discussion and Analysis includes its observations and approach to human resources, industrial relations, safety, health and environment. It is your Company's firm belief that success of any organisation is largely depend upon the human capital and your Company's thrust is for their continuous development.

A wage settlement for Pune Site was signed for three years in May 2008.

The Board wishes to place on record its deep appreciation for the integrity, commitment and hard work of its employees at every level in bringing improvements at all its factories and offices to meet challenging environment.

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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 the report.

CORPORATE GOVERNANCE

Your Company reaffirms its commitment to Corporate Governance and is fully compliant with the conditions of Corporate Governance stipulated in clause 49 of the Listing Agreement with Stock Exchanges. A separate section on compliance with the conditions of Corporate Governance and a Certificate from the firm of practising Company Secretaries dated 4th May, 2009 in this regard is annexed hereto and forms a part of the Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 and on the basis of explanation and compliance certificate given by the executives of the Company and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under :

i) that in the preparation of the annual accounts, the applicable accounting standards had been followed;

ii) 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;

iii) 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; and

iv) that the directors had prepared the annual accounts on a going concern basis.

DIRECTORS

In accordance with Articles of Association of the Company, Mr. R. A. Shah and Mr. B. S. Mehta, Directors of the Company will retire by rotation and being eligible, offer themselves 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 re-appointment. Their remuneration for the current year is to be fixed by you.

COST AUDITORS

The Cost Accounts Records maintained by your Company for both the products-Polyester and Nylon are subject to yearly audit by qualified Cost Auditors. Your Company has appointed M/s. N.I. Mehta & Co., a firm of Cost Auditors for conducting the audit of such records for the financial year 2008-09.

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the name and other particular of an employee is set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company. Any member, who is interested in obtaining such particulars about an employee may write to the Company Secretary at Registered Office of the Company.

For and on behalf of the Board of Directors

B. K. BIRLA
G. M. SINGHVI
Directors

Place : Mumbai
Date : 4th May, 2009

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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

The Company is engaged in the continuous process of energy conservation through improved operational and maintenance practices:

a) Energy Conservation measures taken:

1. Reduction in compressed air consumption in the spinning / winding machines.
2. Replacement of water spray distribution system in air handling units with cell deck type pad.
3. Optimisation of air handling units to reduce air flow and cooling load.
4. Improvement in steam generation capacity from the waste heat recovery boilers.
5. Installation of blowers & submerged diffusers in place of top mounted aerators in effluent treatment plant.
6. Optimisation of instrument air pressure and shifting of instrument air to plant air for tangling jets in spinning/winding machines.
7. Improvement in insulation of steam piping.
8. PLC based loading and unloading controls on air compressors.
9. Installation of new capacitor to improve power factor.
10. Stoppage of one cooling tower by optimising cooling water load.

b) Additional Investment and Proposals, if any, being implemented for conservation of Energy.

1. Converting electrical heating of dowtherm boilers of polymerisation columns to thermal heating.
2. Installation of thermic fluid heating system for dowtherm boilers of spinning machines.
3. Installation of reverse osmosis plant to further treat tertiary effluent water.
4. New centrifugal compressor in place of existing reciprocating compressors.
5. Partitioning of various areas to reduce air conditioning load.
6. Optimisation of compressed air consumptions to ensure running of air compressors at full load.

c) Impact of Measures at (a) and (b) above for reduction of energy consumption and on the cost of production of goods :

The above measures have resulted in reduction in consumption of electricity and fuel oils with consequent reduction in the cost of production.

d) Total energy consumption and energy consumption per unit of production as per prescribed Form - A given hereafter.

(B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form - B

a) **Research & Development (R & D)**

(I) **Specific areas in which R & D is carried out by the company :**

- Installation of fine filters for raw material and facilities for homogenisation.
- Replacement of imported spin finish by indigenous spin finish.
- Modification of polymerisation reactors.
- Increase in package weight of polyester beams.
- Trials with hot tubes on polyester spinning machines.
- Development of new products.
- Modification of creel locking arrangement on cording machines.
- Development and indigenisation of spares through local vendors.
- Installation of suitable drives on spinning machines to reduce waste.
- Modifications in textile spinning machines for production of specialty yarn.

(II) **Benefits derived as a result of the above R & D**

- Quality improvement, customer satisfaction.
- Cost reduction, productivity & efficiency enhancement.
- Reduction in maintenance cost, easy availability of spares parts.
- Enlargement of market base with new products.

(III) **Future plan of action**

- Productivity enhancement of spinning machines and draw winder machines.
- Development of new products.
- Further development of indigenous spin finish.

(IV) **Expenditure on R & D** Rs. Crores

		2008-09	2007-08
(i)	Capital	(See Note Below)	
(ii)	Recurring	1.37	0.75
(iii)	Total	1.37	0.75
(iv)	Total R & D expenditure as a percentage of total turnover	0.11%	0.06%

Note : The Company has spent Rs. 1.94 Crores (2008-09) and Rs. 0.11 Crores (2007-08) and shown as normal capital expenditure, although it is also used for R & D.

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b) **Technology Absorption, Adaptation & Innovation**

(i) ***Efforts in brief, made towards technology absorption, adaptation & innovation***

- Conversion of polyester spinning machines to produce nylon yarn.
- Conversion of fuel oil fired boiler into biomass fired boiler.
- Modification of winders to make use of slit type paper tube in place of notch type paper tube and also to enable reuse of paper tube.

(ii) **Benefits derived as a result of above efforts**

- Improvement in capacity utilisation.
- Flexibility of fuel use in boiler.
- Improvement in yarn string up process.

(iii) **Future plan of action**

- Retrofitting to existing spinning machines for productivity increase.
- Adoption of technology for usage of bagasse briquette in oil fired heat transfer media.

(iv) **Information regarding imported technology**

[Imported during the last 5 years (from the *beginning of the financial year)*]

a. Technology Imported : NIL

b. Year of Import : Not applicable

c. Has the technology *been fully absorbed* : Not applicable

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

a. Activities relating to exports, initatives taken to increase exports, development of new export markets for products and services and export plans:

The Company continuously explore export market for its various products, but have not been able to identify lucrative market so far. The realization in the domestic market is much more rewarding. However, in the process, the Company has supplied some of its products to 100% E.O.U units, which are considered as deemed exports.

b. Total foreign exchange used and earned is contained in Schedule I item 17(c),(d),(e) and (f) in notes on Accounts.

(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 2008-09	Previous Year 2007-08
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
(a) Purchased		
Units (KWH)	**72034450**	49158074
Total Amount (Rs. in Lacs)	**3560.56**	2291.54
Rate per Unit (Rs.)	**4.94**	4.66
(b) Own Generation		
Through diesel generators		
Units (KWH)	**116162887**	148242393
Units per Litre of fuel oil	**4.35**	4.27
Cost per unit (Rs.)	**5.28**	4.36
(c) F.O. / L.D.O.		
(For Own Generation)		
Quantity (Kgs)	**26698994**	34698103
Total Amount (Rs. in Lacs)	**6137.15**	6461.10
Rate/Unit (Rs.)	**22.99**	18.62
2. FURNACE OIL/Solid Biomass Briquettes		
(For Steam Generation)		
(a) F.O. / L.D.O.		
Quantity (Kgs)	**6700106**	8973016
Total Amount (Rs. in Lacs)	**1645.10**	1691.65
Rate/Unit (Rs.)	**24.55**	18.85
(b) Solid Biomass Briquettes (for Steam Gen.)		
Quantity (Kgs)	**2598162**	–
Total Amount (Rs. in Lacs)	**121.43**	–
Rate/Unit (Rs.)	**4.67**	–
STEAM (COST PER TON)		
Units (TON)	**161794**	182992
Units per Ton of fuel	**24.15**	20.39
Cost per unit (Rs.)	**1092**	924
3. NITROGEN		
Units (NM^3)	**3135169**	3126308
Total Amount (Rs. in Lacs)	**78.57**	69.76
Cost per unit (Rs.)	**2.51**	2.23

	Current Year 2008-09	Previous Year 2007-08
B. ENERGY CONSUMPTION PER UNIT OF PRODUCTION		
PRODUCTS (With Details) UNIT		
1. ELECTRICITY (Kwh/Ton of Product)		
(a) Synthetic Textile Yarns	**1580**	1536
(b) Industrial Yarn / Fabric	**3684**	3604
(c) Polyester Chips	**114**	109
2. FURNACE OIL/LSHS (Kgs/Ton of Product)		
(For Steam Generation)		
(a) Synthetic Textile Yarns	**73**	71
(b) Industrial Yarn / Fabric	**190**	216
(c) Polyester Chips	**79**	79
3. NITROGEN (NM^3/Ton of Product)		
(a) Synthetic Textile Yarns	**31**	22
(b) Industrial Yarn / Fabric	**40**	31
(c) Polyester Chips	**6**	7

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MANAGEMENT'S DISCUSSION AND ANALYSIS

1. OVERALL REVIEW

During the year under review, crude oil and petrochemical prices, not only remained volatile but also rose to an alarming level in the international market. In addition to this, financial crisis particularly in the United States resulted in slow down of major economies in the world. Consequently, Indian economy also slowed down and this impacted almost all industries. The automobile industry specifically commercial vehicle manufacturers, transport operators and tyre industry to whom the Company is supplying its products, directly or indirectly, also suffered badly. Weakening of Indian Rupee against US Dollar was another important factor to adversely impact the Indian industry.

In the backdrop of the above situation, the profitability of the Company during first nine months of the Financial Year 2008-09 suffered adversely. In this period, the raw material and fuel costs were the highest of recent times. This resulted in fall in demand specifically in the textile industry and consequently lower profit margins. However, during the last quarter, the onset of global recession brought about a substantial drop in crude oil and petrochemical prices. The steep fall in raw material and fuel prices helped generate domestic demand in the textile industry and improved financial performance.

During the year 2007-08 and in the first nine months of the year 2008-09, the impact of foreign currency fluctuation on the outstanding foreign currency loans pertaining to capital account was charged to Profit & Loss Account. However, in the fourth quarter of 2008-09, with the recent changes in the Accounting Standard-11 by the Central Government, the Company has decided to capitalize the same for both these years. Consequently, for the year 2007-08 a sum of Rs. 3.96 crores has been capitalized by crediting Rs. 2.62 crores to General Reserve and creating a deferred tax asset of Rs.1.34 crores. Similarly, for the year 2008-09 a sum of Rs. 9.34 crores has been capitalized. After the said capitalization, the foreign exchange loss for the whole year chargeable to Profit & Loss Account stands at Rs. 22.71 crores. At plant operational level, in the face of adversities during a rather eventful year, the Company took pragmatic decisions pertaining to production, inventory management, financial management which are normally required during changing economic environment and was able to improve its overall performance.

2. INDUSTRY STRUCTURE & DEVELOPMENT

Raw material and energy are the most important costs of synthetic yarn industry. Since these costs are crude oil derivatives, the short-term performance of the industry is closely linked with the movement of crude oil prices in the international market. However, in the long run, it is the growing domestic demand which provides growth momentum to this industry.

The Government of India has taken several measures to stimulate the Indian economy. The textile industry, the second largest employer in the country and a foreign currency earner, also got due attention and support from the Government of India. In December 2008, excise duty on polyester and nylon yarns was reduced from 8% to 4%. This, coupled with falling crude oil prices, has helped improve the prospects of this industry for the time being. The demand has started picking up from January 2009.

The problem of accumulation in CENVAT credit due to inverted excise duty structure where duties on raw material are higher than finished goods particularly in case of Polyester POY, continues. It is further compounded by accumulation on account of purchase of capital goods. The synthetic yarn industry has made several representations to the Government of India, but so far the Government has not provided any relief to the industry.

Polyester is a poor man's fibre. The demand is growing continuously. To cater to the growing demand, substantial increase in polyester capacities have been planned for 2009-10. It is likely to create mis-match in demand supply situation. Polyester chips market will have over supply situation in the near future forcing under utilization of polyester chips capacities.

Nylon Filament Yarn (NFY) market has remained stagnant. The closure of one of the NFY capacity in the year under review and fall in raw material prices in the fourth quarter has helped NFY market and profit margin has improved. Nylon Tyre Cord Fabric (NTCF) demand is linked with the fortunes of transport and commercial vehicle

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