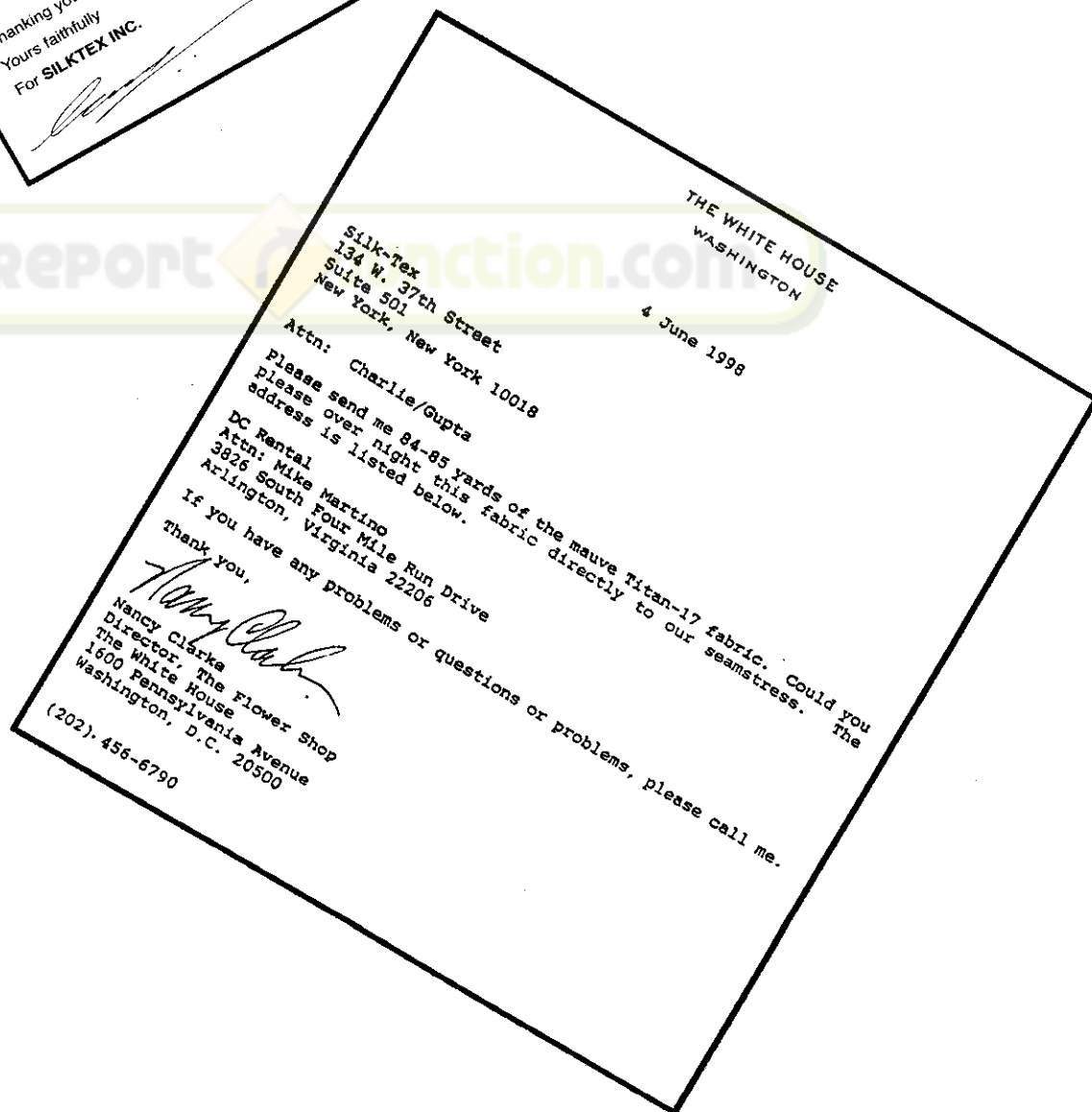
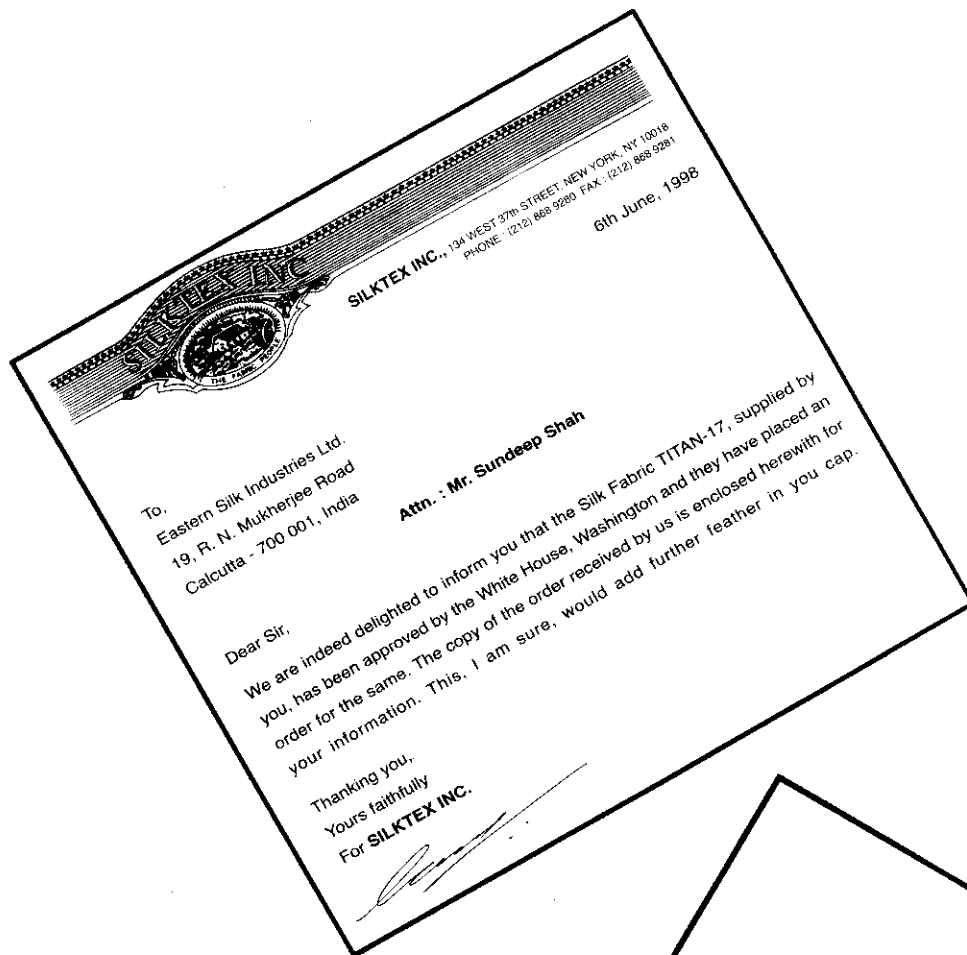


ANNUAL REPORT 1998-99



ESI LIMITED



ESI LIMITED

CHAIRMAN & MANAGING DIRECTOR

S. S. Shah

DIRECTORS

Ajit Khandelwal

B. R. Dhavale

H. S. Gopalka

M. H. Jafri

O. P. Agarwal

Prabir Chakravarti

R. S. Rungta

SECRETARY

K. T. Sheth

AUDITORS

B. K. Shroff & Co.

23A, Netaji Subhas Road

Calcutta - 700 001

BANKERS

State Bank of Mysore

Bank of Baroda

State Bank of Hyderabad

Allahabad Bank

The Federal Bank Ltd.

IDBI Bank Ltd.

REGISTERED OFFICE

19 R. N. Mukherjee Road

Calcutta - 700 001

FACTORY

A-9, Sector - 3

Noida - 201 301

Dist. Ghaziabad

U.P.

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NOTICE

The Fifty-third Annual General Meeting of ESI LIMITED will be held on Wednesday, the 22nd September, 1999 at 3.00 P. M. at Kala Kunj, 48, Shakespeare Sarani, Calcutta - 700 017, to transact the following business :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri H. S. Gopalka who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri R. S. Rungta who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

6. "RESOLVED THAT Shri Mansoor Husain Jafri be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

7. "RESOLVED THAT Shri Om Prakash Agarwal be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

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

8. "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for the payment of remuneration as set out in the Explanatory Statement annexed hereto, to Shri Pramod Kumar Shah, a relative of Shri S. S. Shah, Chairman and Managing Director of the Company, to hold an office or place of profit under the Company as President with effect from 1st April, 1999."

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

9. "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for the payment of remuneration as set out in the Explanatory Statement annexed hereto, to Shri Sundeep Shah, a relative of Shri S. S. Shah, Chairman and Managing Director of the Company, to hold an office or place of profit under the Company as President with effect from 1st April, 1999."

Registered Office :

19, R. N. Mukherjee Road

Calcutta - 700 001

Dated : The 23rd August, 1999.

By Order of the Board

K. T. SHETH

SECRETARY

**NOTES :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 8th September, 1999 to 22nd September, 1999, both days inclusive.
3. Dividend, when declared will be made payable on or after 22nd September, 1999 to those shareholders whose names appear in the Register of Members on 22nd September, 1999.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business is annexed hereto.
5. Pursuant to the amended provisions of Section 205A of the Companies Act, 1956, dividends for the financial year ended 31st March, 1995 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government.
Members who have not encashed their dividend warrants pertaining to these years may approach the Company or its Registrars for obtaining duplicate dividend warrants.
6. The shares of the Company are listed on Stock Exchanges at Calcutta, Mumbai, Delhi, Ahmedabad and National Stock Exchange. The annual listing fees for the year 1999-2000 has been paid by the Company to the said Stock Exchanges.

EXPLANATORY STATEMENT :

Pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 6

Shri Mansoor Husain Jafri was appointed on 28th October, 1998 as an Additional Director of the Company. He vacates his office at this Annual General Meeting pursuant to provisions of Section 260 of the Companies Act, 1956. Due Notice U/s. 257 of the Companies Act, 1956 has been received from a Member proposing the appointment of Shri Jafri as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.

The Board considers that the appointment of Shri Mansoor Husain Jafri will be beneficial to the Company and accordingly recommends the approval of this Resolution.

None of the Directors of the Company other than Shri Jafri, is interested in this Resolution.

Item No. 7

Shri Om Prakash Agarwal was appointed on 23rd April, 1999 as an Additional Director of the Company. He vacates his office at this Annual General Meeting pursuant to provisions of Section 260 of the Companies Act, 1956. Due Notice U/s. 257 of the Companies Act, 1956 has been received from a Member proposing the appointment of Shri Agarwal as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.

The Board considers that the appointment of Shri Om Prakash Agarwal will be beneficial to the Company and accordingly recommends the approval of this Resolution.

None of the Directors of the Company other than Shri Agarwal, is interested in this Resolution.

Item No. 8

Shri Pramod Kumar Shah has been working as President of the Company. He is a relative of Shri S. S. Shah, Chairman and Managing Director of the Company. Based on his work performance, the remuneration payable to Shri Pramod Kumar Shah was revised with effect from 1st April, 1999, as under :

- i) Salary : Rs. 15,000/- (Rupees Fifteen Thousand only) per month.



ii) Perquisites :

- a) Provident Fund not exceeding 12% (Twelve percent) of the salary.
- b) Reimbursement of medical expenses for self and family subject to maximum of one month's salary, per annum.
- c) Leave Travel Allowance subject to maximum of one month's salary in a year.
- d) Fees of Club subject to maximum of two Clubs.
- e) Gratuity payable as per the rules of the Company.

The Board recommends for your approval the increased remuneration payable to Shri Pramod Kumar Shah as stated above.

Shri S. S. Shah, being a relative of Shri Pramod Kumar Shah, may be deemed to be interested in the resolution.

Item No. 9

Shri Sundeep Shah has been working as President of the Company. He is a relative of Shri S. S. Shah, Chairman and Managing Director of the Company. Based on his work performance, the remuneration payable to Shri Sundeep Shah was revised with effect from 1st April, 1999, as under :

- i) Salary : Rs. 15,000/- (Rupees Fifteen Thousand only) per month.

ii) Perquisites :

- a) Provident Fund not exceeding 12% (Twelve percent) of the Salary.
- b) Reimbursement of medical expenses for self and family subject to maximum of one month's salary, per annum.
- c) Leave Travel Allowance subject to maximum of one month's salary in a year.
- d) Fees of Club subject to maximum of two Clubs.
- e) Gratuity payable as per the rules of the Company.

The Board recommends for your approval the enhanced remuneration payable to Shri Sundeep Shah as mentioned above.

Shri S. S. Shah, being a relative of Shri Sundeep Shah, may be deemed to be interested in the resolution.



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Fifty-third Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 1999.

FINANCIAL RESULTS :

	(Rs. in Lacs)	
	1999	1998
Profit before depreciation and taxation	784.05	972.29
Less : Depreciation	35.43	37.98
Profit	748.62	934.31
Less : Income Tax for earlier years	26.73	—
	721.89	934.31
Add : Investment Allowance Reserve utilised written back	—	9.30
	721.89	943.61
Add : Balance brought from previous year	1157.55	890.58
	1879.44	1834.19
Which the Directors have appropriated as follows :		
General Reserve	300.00	300.00
Preference Share Redemption Reserve	280.00	160.00
Proposed Dividend :		
On Preference Shares	123.23	18.16
On Equity Shares	128.72	178.78
Corporate Dividend Tax	27.72	19.70
Balance carried forward to next year	1019.77	1157.55
	1879.44	1834.19

OPERATIONS :

The sales and processing income during the year increased from Rs. 9850.44 lacs to Rs. 11342.40 lacs. The net profit was, however, lower at Rs. 748.62 lacs as against Rs. 934.31 lacs of the previous year. The stiff market competition coupled with soaring input costs resulted in lower margins and affected the profitability.

DIVIDEND :

Your Directors recommend payment of the following Dividends for the year :

- i) On 14,00,000 — 13% Cumulative Redeemable Preference Shares on prorata basis. Rs. 1,23,23,288/-
- ii) On 71,51,235 Equity Shares @ 18% Rs. 1,28,72,223/-



CHANGE OF NAME

With a view to keep in line with the diversified activities of the Company, the abbreviated name "ESI LIMITED" was approved by the Shareholders at the Extra-Ordinary General Meeting held on 14th November, 1998. A fresh Certificate of Incorporation to this effect was issued by the office of Registrar of Companies, West Bengal, on 25th November, 1998.

EXPANSION AND FUTURE OUTLOOK

The modernisation and expansion programme undertaken by the Company at its Noida Unit has been completed. This programme, besides increasing the capacity from 40.5 Lacs metres per annum to 60 Lacs metres per annum, has improved the quality and the product mix.

The land dispute at Gurgaon (Haryana) has been sorted out and legal formalities are being concluded.

The Company has set up a 100% Export Oriented Unit (EOU) for the manufacture of dyed and printed Silk, Cotton and Synthetic fabrics and made-ups at Falta Export Processing Zone in the State of West Bengal. Further a Private Bonded Warehouse has also been set up by the Company in the said Export Processing Zone (EPZ) for trading including re-export. The Company has been allotted a space of 1041 Sq. Metres for the EOU and a space of 900 Sq. Metres for the Private Bonded Warehouse.

DIVESTMENT

During the year, the Company sold its holding of 15,00,000 Equity shares of Rs. 10/- each in Eastern Enterprises Limited. As a result of the divestment, Eastern Enterprises Limited is no longer a subsidiary of your Company.

PUBLIC DEPOSIT SCHEME

During the year, your Company accepted deposits under its Public Deposit Scheme and the balance as on 31st March, 1999 was Rs. 6,90,000/-. However the Public Deposit Scheme was terminated with effect from 1st April, 1999 and the refund of the principal and interest accrued till 31st March, 1999 have been made.

STATUS ON Y2K

The Company has taken appropriate and effective steps to be Y2K compliant. The expenditure to ensure Y2K compliance does not have any material financial impact.

DISCLOSURE OF PARTICULARS

The information required under Rule 2 of the Companies Act, 1956 (Disclosure of Particulars in the Report of Board of Directors Rules 1988) relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed.

AUDITORS

Messrs B. K. Shroff & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for reappointment.

The observations of Auditors are explained where necessary in the appropriate notes to the Accounts.

DIRECTORS

Shri H. S. Gopalka and Shri R. S. Rungta retire from office by rotation and are eligible for re-appointment.

Shri Mansoor Husain Jafri and Shri Om Prakash Agarwal were appointed as Additional Directors of the Company and hold office upto the date of the forthcoming Annual General Meeting.

Shri R. L. Gaggar resigned with effect from 12th August, 1999. Shri Asutosh Joshi who was appointed on 28th October, 1998 as an Additional Director of the Company resigned with effect from 20th August, 1999. Your Directors place on record their appreciation of the support and guidance given to the Board by Shri Gaggar and Shri Joshi during their tenure as Directors of the Company.

**ESI LIMITED****PERSONNEL**

The Board of Directors wishes to express its appreciation to all the employees of the Company for their valued contributions to the operations of the Company during the year.

The information required under section 217(2A) of the Companies Act, 1956, is as under :

(i) Statement of particulars of the employees throughout the financial year under review, who are in receipt of remuneration in the aggregate of not less than Rs. 6,00,000/- during the year.

Name	Age (Years)	Designation	Remuneration (Rs.)	Qualification	Total experience (years)	Date of Joining	Last Employment
S. S. SHAH	64	Chairman & Mg. Director	10,03,485/-	B. Com. LLB	45	1.9.1952	—

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation extended by the Financial Institutions, Bankers, Agents and Customers of the Company.

Registered Office :

19, R. N. Mukherjee Road

Calcutta - 700 001

Dated : The 23rd August, 1999.

By Order of the Board

S. S. SHAH

Chairman & Managing Director

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