

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>



# FILATEX INDIA LIMITED

## 8th ANNUAL REPORT 1997-98

### **BOARD OF DIRECTORS**

Mr. A.C.Burman  
Chairman

Mr. Artur Roschker

Mr. D.P.Gupta

Mr. L.P. Aggarwal  
IDBI Nominee

Mr. MadhuSudhan Bhageria  
Managing Director

Mr. Madhav Bhageria  
Wholetime Director

Mr. Purushotam Bhageria  
Wholetime Director

Mr. S.P. Setia

### **COMPANY SECRETARY**

Mr.Sanjeev Gupta

### **BANKERS**

Oriental Bank of Commerce  
Punjab National Bank  
Union Bank of India

### **AUDITORS**

Arun K. Gupta & Associates,  
R-7A, Green Park,  
New Delhi - 110 016

### **REGISTERED OFFICE**

S.No. 274, Demni Road,  
Dadra - 396 191  
( U.T. of Dadra & Nagar Haveli )

### **CORPORATE OFFICE**

42, Community Centre,  
New Friends Colony,  
New Delhi - 110 065.

### **WORKS**

A-2, Extension  
Phase-II (Noida)  
Distt.Gautam Budh  
Nagar - 201 304 (U.P.)

S.No. 274, Demni Road,  
Dadra - 396 191  
( U.T. of Dadra & Nagar Haveli )



### NOTICE

NOTICE is hereby given that the 8th Annual General Meeting of the members of **FILATEX INDIA LIMITED** will be held as scheduled below:

**DAY :** MONDAY  
**DATE :** 28TH SEPTEMBER, 1998  
**TIME :** 9.30 A.M.  
**PLACE :** SURVEY No. 274, DEMNI ROAD, DADRA  
 (U.T. OF DADRA & NAGAR HAVELI ) 396 191.

to transact the following business:

#### ORDINARY BUSINESS

- To receive, consider and adopt the Balance Sheet as at March 31, 1998 and the Profit & Loss Account of the Company for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mr. A.C. Burman who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Artur Roschker who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and authorise the Board of Directors to fix their remuneration. M/s Arun K. Gupta and Associates, Chartered Accountants are the retiring Auditors and are eligible for re-appointment.

#### SPECIAL BUSINESS

- To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:-

RESOLVED THAT Mr. S.P. Setia who was appointed as an Additional Director of the Company and who holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing pursuant to Section 257 of the Companies Act, 1956 proposing his candidature to the office of Director be and is hereby appointed as Director of the Company.

- To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:-

RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions, if any, of the said Act including any statutory modification(s) or re-enactment thereof for the time being in force and in partial modification of the Ordinary Resolution previously passed at the Annual General Meeting held on 28th September, 1996, the salary, perquisites, allowances and commission be paid as given below to Mr. Madhu Sudhan Bhageria, Managing Director with effect from 01.04.1998 for the remainder of tenure of his term upto 24.11.2000.

- Consolidated Salary:** Rs.20,000 - 2,500 - 30,000
- Commission:** One per cent of the net profits of the Company subject to a ceiling of 50% of the salary.
- Perquisites and Allowances:** In addition to the aforesaid consolidated salary and commission, Mr. Madhu Sudhan Bhageria shall also be entitled to perquisites like furnished accommodation or housing allowance in lieu thereof, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc. in accordance with the rules of the Company, the monetary value of such perquisites being limited to Rs.30,000 per month, for the purposes of which limit:-
  - perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such rules, perquisites shall be evaluated at actual cost;
  - use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls) shall not be included;
  - Company's contribution to Provident Fund and Superannuation Fund not exceeding 10% of the consolidated salary shall not be included;
  - Gratuity payable not exceeding half months salary for each completed year of service shall not be included; and
  - Encashment of unavailed Earned Leaves at the end of each year on his request or at the end of his tenure shall not be included.

- To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:-

RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions, if any, of the said Act including any statutory modification(s) or re-enactment thereof for the time being in force Mr. Purushotam Bhageria be and is hereby appointed as Wholtime Director of the Company for a period of 5 years w.e.f. 01.04.1998 on the following terms and conditions:-

- Consolidated Salary :** Rs.15,000 - 2,000 - 25,000
- Commission:** One per cent of the net profits of the Company subject to a ceiling of 50% of the salary.
- Perquisites and Allowances:** In addition to the aforesaid consolidated salary and commission, Mr. Madhav Bhageria shall also be entitled to perquisites like furnished accommodation or housing allowance in lieu thereof, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc. in accordance with the rules of the Company, the monetary value of such perquisites being limited to Rs.22,500 per month, for the purposes of which limit:-
  - perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such rules, perquisites shall be evaluated at actual cost;
  - use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls) shall not be included;
  - Company's contribution to Provident Fund and Superannuation Fund not exceeding 10% of the consolidated salary shall not be included;
  - Gratuity payable not exceeding half months salary for each completed year of service shall not be included; and
  - Encashment of unavailed Earned Leaves at the end of each year on his request or at the end of his tenure shall not be included.

- To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:-

RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions, if any, of the said Act including any statutory modification(s) or re-enactment thereof for the time being in force Mr. Madhav Bhageria be and is hereby appointed as Wholtime Director of the Company for a period of 5 years w.e.f. 01.04.1998 on the following terms and conditions:-

- Consolidated Salary:** Rs.15,000 - 2,000 - 25,000
- Commission:** One per cent of the net profits of the Company subject to a ceiling of 50% of the salary.
- Perquisites and Allowances:** In addition to the aforesaid consolidated salary and commission, Mr. Madhav Bhageria shall also be entitled to perquisites like furnished accommodation or housing allowance in lieu thereof, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc. in accordance with the rules of the Company, the monetary value of such perquisites being limited to Rs.22,500 per month, for the purposes of which limit:-
  - perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such rules, perquisites shall be evaluated at actual cost;
  - use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls) shall not be included;
  - Company's contribution to Provident Fund and Superannuation Fund not exceeding 10% of the consolidated salary shall not be included;
  - Gratuity payable not exceeding half months salary for each completed year of service shall not be included and
  - Encashment of unavailed Earned Leaves at the end of each year on his request or at the end of his tenure shall not be included.

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

RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification (s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and

## FILATEX INDIA LIMITED

sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to buyback from the existing holders of shares, on a proportionate basis and/or from the open market by the Company out of its free reserves or out of the share premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time; provided that the aggregate of the shares so bought back shall not exceed Rs.10 crores (Rupees Ten crores only).

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to raise funds to the extent of Rs.10 Crores in one or more tranches, through issue/private placement of Debentures/Bonds or any other form of securities for the purpose of Buyback of Company's Equity Shares on such terms and conditions as may be decided by the Board of Directors and permissible under the law.

RESOLVED FURTHER THAT the Board of Directors of the Company pursuant to Section 293(1)(a) of the Companies Act, 1956 be and are hereby authorised to mortgage and/or charge and/or hypothecate all the present and/or future immovable or movable properties and the whole or substantially the whole of the undertaking of the Company in such manner as the Board of Directors may decide for the purpose of securing unto the Agents and Trustees for the holders of Non Convertible Debentures or any debt instrument(s)/securities of the aggregate nominal face value not exceeding Rs. 10 Crores to be issued, together with interest thereon, further interest, liquidated damages remuneration or any other costs, charges and expenses of the Agents and Trustees for the holders of the said Debentures/Securities and other monies in terms of an agreement to be entered into between the Company and the said Agents and Trustees.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper.

RESOLVED FURTHER THAT nothing hereinabove contained shall confer any right on any shareholder to offer or any obligation on the Company or the Board to buy back any Equity Shares.

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

RESOLVED THAT in supersession of the resolution passed at the 4th Annual General Meeting held on 18.07.94, consent of the Company be and is hereby accorded to the Board of Directors in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, for borrowing monies from time to time for the business and purpose of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed (apart from temporary loans obtained/ to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however, that the aggregate amount of monies which may be borrowed shall not at any time exceed the limit of Rs.200 crores (Rupees Two hundred crores only).

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provision, if any, of the Companies Act, 1956 to the Board of Directors for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board may deem fit, the whole or substantially the whole of the undertaking of the Company wherever situate, present and future whether presently belonging to the Company or not, with a right to take over the management of the business and undertaking of the Company in certain events, in favour of any lender including financial/investment institution(s), bank(s), insurance company(ies) or others including trustees for the holders of debentures as may be required and approved by the lead institution in order to secure:

- the redemption of debentures issued to be issued by the Company and/or the repayment of any loan(s) or credit facilities granted and/ or to be granted from time to time to the Company by any one or more of the aforesaid institutions/persons; and
- the payment of interest at the respective agreed rates, compound/additional interest, liquidated damages, costs, charges, expenses and all other money(ies) in terms of the respective Letters of Sanction/Offer, Prospectus or any other offer document, Loan Agreement, Trustees Agreement, Debenture Trust Deed, Agreements/Deeds of Hypothecation, etc. executed to be executed by the Company in respect of the said loans/credit facilities/debentures.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise the form, extent and manner of, and the documents and deeds, where applicable, for creating the appropriate mortgages and/or charges on such of the immovable and/or movable properties of the Company on such terms and conditions as may be decided by the Board in consultation with the Lender and/or the Trustees and for reserving the aforesaid right and for performing all such acts and things as may be necessary for giving effect to this resolution.

12. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:-

RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue or allot, in one or more tranches, to such persons as are in the permanent employment of the Company at the time the issue is made as may be decided solely by the Board, such number of Equity Shares of the Company of the face value of Rs.10 each, not exceeding such percentage of the capital of the Company as may be permitted by the law, as the Board may deem fit, for subscription for cash or allocated as an option to subscribe, on such terms and at such price as may be fixed and determined by the Board prior to the issue and offer thereof in accordance with applicable guidelines and provisions of law and otherwise ranking pari passu with the Equity Shares of the Company as and when issued and in existence and on such other terms and conditions and at such time or times as the Board may, in its absolute discretion and in the best interest of the Company deem fit; provided that the aforesaid issue of Equity Shares may instead be in the form of fully or partly Convertible Debentures, Bonds, Warrants or other securities as may be permitted by the law from time to time and the issuance of such securities in aggregate shall not exceed such percentage of the capital of the Company as may be permitted by the law.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required in pursuance of the above issue, and that the Equity Shares so allotted shall rank in all respects pari passu with the existing Equity Shares of the Company save and except that such Equity Shares may be with or without voting rights, if permitted by the law.

RESOLVED FURTHER THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board to secure, if necessary, all or any of the above mentioned securities to be issued, by the creation of mortgages and/or charges on all or any of the Company's immovable and/or movable assets, both present and future in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the terms of issue, issue price and all other terms and matters connected therewith including the creation of mortgages and/or charges and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the issue.

By Order of the Board of Directors  
for FILATEX INDIA LIMITED  
SANJEEV GUPTA  
COMPANY SECRETARY

PLACE : NEW DELHI

DATE : 17.08.1998

### NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH AT THE REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 17th September, 1998 to 28th September, 1998 (both days inclusive)
- Documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on any working day during office hours from 9.00 A.M. to 5.00 P.M. upto the date of this Meeting.
- Members/Proxyholders are requested to produce at the entrance the enclosed Admission Slip duly completed and signed for admission to the meeting hall.
- Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready.
- The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out above is annexed hereto.





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

### ITEM NO. 5

Mr. S.P.Setia was co-opted as an Additional Director of the Company on 17.08.1998. Mr. Setia holds office upto the date of this Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 have been received from the members of the Company signifying their intention to propose the candidature of Mr. Setia to the office of the Directors of the Company.

The Board of Directors consider that the continuance of Mr. S.P.Setia on the Board will be beneficial to the Company and recommend the resolution of his appointment for your approval.

None of the Directors of the Company except Mr. S.P.Setia is concerned or interested in this resolution.

### ITEM NO. 6

Mr. MadhuSudhan Bhageria was appointed as Managing Director of the Company for a period of 5 years w.e.f. 25.11.1995. In view of the efforts put by Mr. MadhuSudhan Bhageria towards the growth of the Company, the Board of Directors have subject to the approval of shareholders increased the remuneration payable to Mr. MadhuSudhan Bhageria w.e.f. 01.04.1998 for the remainder of his term upto 24.11.2000. The remuneration as set out in the resolution is in conformity with the guidelines for managerial remuneration contained in Schedule XIII to the Companies Act, 1956.

Your Directors recommend passing of this resolution.

Except Mr. MadhuSudhan Bhageria, Mr. Purushotam Bhageria and Mr. Madhav Bhageria none of the Directors of the Company is concerned or interested in this resolution.

### ITEM NO.(S) 7 & 8

In view of the increased operations, the Board of Directors have subject to the approval of shareholders appointed Mr. Purushotam Bhageria and Mr. Madhav Bhageria as Wholtime Directors of the Company for a period of 5 years w.e.f. 01.04.1998. The terms of their appointment as set out in the resolution are in conformity with the guidelines for managerial remuneration contained in Schedule XIII to the Companies Act, 1956.

Your Directors recommend passing of these resolutions.

Except Mr. Purushotam Bhageria, Mr. Madhav Bhageria and Mr. MadhuSudhan Bhageria none of the Directors of the Company is concerned or interested in these resolutions.

### ITEM NO 9

Buy back of own shares or other securities convertible into equity shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, sought to lay down the operative provisions to regulate the buy back of shares/ securities by companies. The said bill has not yet become the law. It is expected that, in due course of time, the law will be amended to allow such buy back. It is proposed to buy back equity shares of the Company upto an amount of Rs.10 crores (Rupees Ten crores only) from the existing shareholders on a proportionate basis and/or from the open market, subject to necessary enactment in this regard.

The buy back of shares as aforesaid would entail investing of an amount which would not be less than the market value of the shares and shall be met out of the free reserves and/or the shares premium account and/or out of the proceeds of an issue specifically made for the purpose or from such other sources as may be permitted by law. The shares so bought back shall be dealt with as per the then prevailing law/regulation. The Board is of the opinion that it will be in the best interest of the Company if shareholders approve the said resolution, permitting such buy back, so that the Company will be able to implement this resolution once the law is amended. The resolution, if approved, will be operative and given effect to from the applicable date as may be prescribed in this regard.

The approval of the Shareholders for such buy back of shares was obtained at the Annual General Meeting of the Company, held on 25th October, 1997. The resolution as set out in this Notice is being proposed again as the law in this regard has so far not been amended. The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible.

Your Directors recommend passing of this the resolution as a SPECIAL RESOLUTION.

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

### ITEM NO. 10

Section 293(1)(d) of the Companies Act, 1956, provides that the Board of Directors of a public company shall not, except with the consent of the company in general meeting, borrow monies which together with the monies already borrowed (apart from the temporary loans obtained from the company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose.

Under the existing authorisation granted by the Company at the 4th Annual General Meeting held on 18.07.94, the Board of Directors is authorised to borrow monies for the business and purpose of the Company upto an aggregate amount of Rs.100 crores. Taking into account, the expansion/ diversification plans which would require the Company to resort to substantially higher borrowings the existing limit is proposed to be enhanced to Rs.200 crores (excluding temporary loans obtained from the Company's bankers in the ordinary course of business).

Your Directors recommend passing of this resolution.

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

### ITEM NO. 11

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors of a public company shall not, except with the consent of the company in general meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company.

For the purpose of its business, the Company has borrowed/ would be resorting to borrowings from time to time in the form of loans, debentures and/or other financial assistance from various financial/investment institutions, banks insurance companies and other lenders upto Rs.200 crores (Item No.10) in addition to working capital facilities from banks of the Company, both present and future. The proposed resolution authorises the Board to secure such loans, credit facilities, debentures etc. as may be availed of/raised by the Company from time to time.

Your Directors recommend passing of this resolution.

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

### ITEM NO. 12

In the present competitive environment in the country and in the long term interest of the Company and its Shareholders, it is necessary that the Company adopts measures for attracting and retaining qualified, talented and competent personnel. Stock Option Schemes, designed to foster a sense of ownership and belonging amongst personnel, is a well accepted approach to this end. It is, therefore, appropriate to consider introducing a Stock Option Scheme for the permanent employees of the Company. The shares may be allotted directly to the employees or allocated in accordance with Stock Option Scheme framed in that behalf, in accordance with the provisions of the prevailing law. It is intended that any such Stock Option Scheme shall not involve an issue/allocation of shares/options representing more than such percentage of the capital of the Company as may be permitted by the law. The proposed resolution is designed to enable achievement of these objectives.

Section 81 of the Act, provides, inter alia, that whenever it is proposed to increase the Subscribed Capital of a Company by the allotment of further shares, such further shares shall be offered to the existing Shareholders of the Company in the manner laid down in the said Section unless the Shareholders in General Meeting decide otherwise. The consent of the Shareholders is therefore sought to authorise the Board of Directors to issue the Shares etc. in the manner set out in this Resolution.

Your Directors recommend passing of this resolution as a SPECIAL RESOLUTION.

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

By Order of the Board of Directors  
for FILATEX INDIA LIMITED

SANJEEV GUPTA  
COMPANY SECRETARY

PLACE : NEW DELHI

DATE : 17.08.1998

REGISTERED OFFICE:

Survey No.274, Demni Road, Dadra.

(U.T. of Dadra & Nagar Haveli) 396 191.

# FILATEX INDIA LIMITED

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 8th Annual Report alongwith the Audited Accounts for the year ended March 31, 1998.

### FINANCIAL RESULTS

Particulars	1997-98 (Rs. in lacs)	1996-97 (Rs. in lacs)
Sales/Income from Operations	8301	5632
Gross Profit before Interest,		
Depreciation & Taxation	1512	805
Interest	707	292
Depreciation	351	189
Provision for Taxation	7	31
Net Profit carried to		
Balance Sheet	447	293

As your company has deployed its internal accruals for its expansion programme, your Directors consider it prudent not to recommend any dividend for the year under review.

### OPERATIONS & OUTLOOK

As reported last year, your Company had taken up an expansion of its existing facilities at Dadra involving a capital outlay of Rs. 22.72 crores for optimising the Company's operations and reducing per unit overhead costs. The expansion when fully implemented will increase the manufacturing capacity of Synthetic Filament Yarn from 6195 MT to 15200 MT p.a. The trial production of the expansion has already commenced and commercial production is expected by September, 1998. The expansion was financed through term loans and internal accruals. Your Company has increased its manufacturing capacity at a very low capital cost which will help in reducing its per unit fixed cost which in turn will help your Company to be more competitive. Your Company is also taking up various measures for cost reduction which will result in savings in variable cost.

Man made yarn is popular on account of its durability, lower prices and increased availability. The demand growth of PFY has been the fastest as its properties are superior to other man made fibers. Your Company has identified potential foreign markets and is also concentrating on exports. Your Company has substantial export orders in hand and it is expected that the exports shall show a continued growth in the years to come.

Your Company is one of the leading manufacturers of Synthetic Monofilament Yarns. Your Company is also exploring the possibilities for finding newer applications of Synthetic Monofilament Yarns.

### FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits.

### DIRECTORS

Mr. S.P. Setia was co-opted as Additional Director since the last Annual General Meeting and holds office upto the date of the forthcoming Annual General Meeting. Requisite notices have been received under Section 256 of the Companies Act, 1956 from the members of the Company signifying their attention to propose him for the office of Director.

Mr. A.C. Burman and Mr. Artur Roschker, Directors retire by rotation and are eligible for re-appointment.

### AUDITORS

M/s Arun K. Gupta & Associates, Chartered Accountants, Auditors of the Company hold office upto the conclusion of the forthcoming Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (I-B) of the Companies Act, 1956.

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

A statement showing the necessary information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed to this Report.

### PARTICULARS OF EMPLOYEES

A statement showing the particulars of employees under Section 217 (2A) of the Companies Act, 1956 is annexed to this Report.

### ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the all round co-operation and contribution made by all the employees which contributed substantially to the growth of business of the Company. Your Directors also wish to thank and gratefully acknowledge the sustained co-operation and support received by the Company from the Central and State Government Departments, Financial Institutions, Banks, Dealers, Vendors and Shareholders of the Company.

For and on behalf of the Board of Directors

Place : New Delhi  
Date : 17.08.1998

MADHUSUDHAN BHAGERIA  
Managing Director

PURUSHOTAM BHAGERIA  
Whole time Director



## ANNEXURE TO DIRECTORS' REPORT

### REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO IN ACCORDANCE WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

#### A. CONSERVATION OF ENERGY:

##### 1. Energy Conservation measures taken:

- The Company continues to accord special focus on energy conservation and continuous efforts are being made to optimise and reduce energy consumption.
- Steps have also been taken to generate greater awareness of energy saving in technical & production staff.

##### 2. Additional Investment and proposal, if any, being implemented for reduction of consumption of energy:

- The Company is constantly reviewing further avenues of savings in energy consumption in the plant.

##### 3. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- The Company has been able to reduce power consumption per Kg of yarn and has also improved the efficiency of D.G set.

##### 4. Total energy consumption and energy consumption per unit of production:

The details are provided in Form 'A' given below.

#### B. TECHNOLOGY ABSORPTION:

The details are provided in Form 'B' given below.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

##### a) Activities relating to exports, initiative taken to increase export, development of new export markets for product services & export plans:

The Company has exported 1271 MTs of Polyester Filament Yarn. It is expected that the exports will increase substantially during the Current Year.

- b) Foreign Exchange earned : Rs. 346 Lacs  
 Foreign Exchange used : Rs. 1006 Lacs

#### D. INFORMATION ON POLLUTION CONTROL MEASURES:

The Company is maintaining & monitoring environment & pollution control parameters at its plants on a continuous basis. The Company is maintaining proper effluent treatment plant to keep the environment pollution free. Environment & pollution parameters are regularly analysed and actual values are within the permissible norms.

### FORM 'A'

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

	1997-98	1996-97
<b>A) Power and Fuel Consumption:</b>		
1. Electricity		
a) Purchased Units KWH	1,35,16,880	1,21,975
Total amount Rs.	2,96,95,318	4,30,305
Rate per unit Rs.	2.20	3.50
b) Own generation through DG Sets		
Units KWH	66,22,707	83,13,080
Units per Liter of Diesel oil	3.52	3.39
Cost per unit Rs.	2.33	2.13
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Others	Nil	Nil
<b>B) Consumption per unit of production (per Kg):</b>		
Electricity (KWH)	2.13	1.72