

NINTH ANNUAL REPORT 1998-99

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ELQUE POLYESTERS LIMITED

BOARD OF DIRECTORS

Mr. Abhijit Sen	(Chairman cum Managing Director)
Mr. B. Chattopadhyay	(Technical Director)
Mr. Arvind Jain	(Executive Director)
Mr. Satyajit Mitra	(Director)
Mr. Supratik Sen Barat	(Director)
Mr. Umasankar Chattopadhyay	(Director)
Mr. V. P. Taneja	(Director)
Mr. B.P. Mandal	(Nominee Director - IDBI)
Mr. Y.D. Kuwon	(Nominee Director - S. K. Global Ltd.)

REGISTERED OFFICE

85, S.N.Banerjee Road
Calcutta - 700 014

AUDITORS

M/s. M. Chatterjee & Co.,
Chartered Accountants
8/2, Kiran Sankar Ray Road
Calcutta - 700 001

PLANT

Plot No. 51 - 56, Sector - II
Falta Export Processing Zone
24 Parganas (S), West Bengal

BANKERS

State Bank of India
UTI Bank Ltd.

ELQUE POLYESTERS LIMITED

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Notice

Notice is hereby given that the Ninth Annual General Meeting of the members of ELQUE POLYESTERS LTD. will be held on Saturday, the 25th September, 1999 at 11.30 a.m. at Eastern Zonal Cultural Centre, 'Aikatan', IA-290, Sector III, Salt Lake, Calcutta - 700 091 to transact the following business.

ORDINARY BUSINESS :

1. To consider and adopt the audited accounts for the year ended 31st March, 1999 together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Satyajit Mitra who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Y. D. Kuwon who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended, the Company hereby approves the reappointment of Mr. Abhijit Sen as Managing Director of the Company for a further period of five years with effect from 01.01.2000 till 31.12.2004 on the existing terms and conditions."

"RESOLVED FURTHER THAT in the event of statutory amendment or modification to Companies Act, 1956 or any other law for the time being in force or any rules made thereunder, the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites etc. without any further reference to the members of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be expedient to give effect to the aforesaid resolutions."

By Order of the Board

Place : Calcutta
Date : 31st July, 1999

Abhijit Sen
Chairman Cum
Managing Director

ELQUE POLYESTERS LIMITED**Notes**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the time of the meeting.
2. Explanatory Statement setting out material facts pursuant to section 173(2) of the Companies Act, in 1956 in respect of item Nos. 5 of the notice is annexed hereto.
3. The Register of members and Share transfer books of the Company will remain closed from 24th September, 1999 to 25th September, 1999 (both days inclusive) for the purpose of Annual General Meeting.
4. Shareholders desiring any information as regard the Accounts of the Company are requested to write to the Registered Office of the Company at 85, S.N.Banerjee Road, Calcutta - 700 014 well in advance to enable the management to keep the information ready.
5. Copies of Annual Reports will not be circulated at the meeting. Members are requested to bring their copies of Annual Report to the meeting.
6. Members are requested to intimate to the company about their change in address, if any, promptly including pin code quoting correct Folio Number and also notify mistake, if any, in the respective address to ensure proper delivery of mail.

**Explanatory Statement pursuant to Section 173(2)
of the Companies Act, 1956.**

Item No. 5

Mr. Abhijit Sen, Managing Director of the Company ceases his term as such on 31.12.99 after completing a period of 5 years. Mr.Sen has indepth knowledge of the International PET Industry. It is desirable in the interest of the Company that the Company should avail of his able and expert knowledge and guidance for the growth of the Company.

The Board of Directors has appointed him as Managing Director for a further period of 5 years w.e.f. 01.01.2000 till 31.12.2004 in its meeting held on 31st July 1999 on the existing term which are as follows :

- | | | |
|----------------------------|---|---|
| 1. Basic Salary | : | Rs.8,000/- (Rupees eight thousand only) per month. |
| 2. Perquisite | : | |
| (a) Medical Re-imbursement | : | Expenses incurred for self and family subject to a limit of one month's salary per year or three month's basic salary over a period of three year |

ELQUE POLYESTERS LIMITED

- (b) Leave Travel Concession : For self and family in accordance with the rules of the Company.
- (c) Other benefits : (i) Free use of car with driver for Company's business.
- (ii) Earned/Privilege Leave :
On full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of service.
- (iii) Reimbursement of actual expenses incurred on entertainment in the course of business of the Company.

Your Directors recommend the resolution set out at No.5 of the notice for adoption by the Shareholders of the Company.

Except Mr. Abhijit Sen none of the Directors of the Company shall be deemed to be interested/concerned in any way in the resolution.

The above may please be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Place : Calcutta
Date : 31st July, 1999

By Order of the Board

Abhijit Sen
Chairman Cum
Managing Director

ELQUE POLYESTERS LIMITED**Directors' Report to the Members**

Your Directors have pleasure in presenting their Ninth Annual Report alongwith the Audited Accounts of the Company for the period ended 31st March '99.

REVIEW OF OPERATION

This year remained an inactive year for the Company. In fact the whole industry remained inactive and depressed during the year. The International market for PET Resin, as reported last year, continued sailing in the southward direction. The International prices declined from US\$ 750 F.O.B to US\$ 480 F.O.B PMT during the year. Although new capacity creation has been very nominal and some plants in South Korea and other parts of the world have shut down due to heavy losses but the huge accumulated inventory of the industry and the cut-throat competition for market shares propelled down the prices further.

During the year the Company could run its plant for less than 3 months only due to uneconomical prices and produced 2362 MT of Resin. It sold 2009 MT in the overseas market and 1029 MT in the domestic market. The Company incurred a cash loss of Rs. 547 lacs and a net loss of Rs. 2711 lacs after interest and depreciation.

DOMESTIC MARKET

In line with the international prices, the prices in the domestic market remained subdued throughout the year under review. Although demand witnessed a pick up but resistance from PET processors compelled resin manufacturers to lower their prices.

COMPARISON OF PROJECTION VS PERFORMANCE

Pursuant to Clause 43 of the Listing Agreement comparison of actual performance for the year 1998-99 with the projected financial performance indicated in the prospectus dated 6th May 1996 is as under:

	Projected (Rs. in lacs)	Actual (Rs. in lacs)
Capacity utilisation (%)	90%	12%
Sales	12549	1147
PBDIT	2925	(547)
PAT	1526	(2711)
Dividend	15%	—

FUTURE OUTLOOK

In the first quarter of the current fiscal year PET prices have been observed to be rising world wide albeit at a slow rate. Management hopes that it will take another one year to revive the whole situation. The momentum in demand growth in domestic market is expected to pick-up on account of superior quality of PET in comparison to other packaging material and introduction of global standards in consumer goods packaging. Recent Government announcement, including the prohibition on sale of loose edible oil, the

mandatory compliance of standards for mineral water packaging and the reduction of excise duties on soft drinks are all likely to have a very impressive impact on the consumption of PET in the country in the new millennium.

YEAR 2000 COMPLIANCE

Year 2000 compliance implies that all key computer systems are verified to be capable of correctly recognising and processing date related information beyond December 31, 1999.

The Company's Year 2000 compliance program is devised to commit adequate resources to assess risk and take corrective actions, wherever required, to ensure that there is no disruption of manufacturing activities and operations in the plant and there is no inaccuracy in the financial accounting and other transactions undertaken by the Company in the course of business activities.

The likely cost implication has been assessed by the Company and on the basis of realistic, provisional estimates, the costs to be incurred for achieving Year 2000 compliance will not have any significant impact on the Company's financial position or results of operations.

As a result of assessments, modifications, upgrades, or replacements-planned, ongoing or already completed, the Company believes that the Year 2000 issue will not pose any significant problems for the Company's business, processes and operations.

It is anticipated that all systems will be certified Year 2000 compliant by October 1999. Internal identification of all business, manufacturing, automation and IT Systems has been completed. Remedial actions wherever required, have been initiated.

The impact of the Year 2000 is not very critical in our case, still the Company is developing contingency plan.

REPORTING TO BIFR

The accumulated losses of the Company having exceeded the networth of the Company, the Board of Directors is in the process of making a reference of the Company to the BIFR as required by the provisions of Sick Industrial Companies (Special Provisions) Act., 1985.

AUDITORS

M/s. M. Chatterjee & Co., Chartered Accountants, the Statutory Auditors of your Company retire at the end of this Annual General Meeting and being eligible, offer themselves for re-appointment.

OBSERVATION OF THE AUDITORS

The observation of the Auditors on the Annual Accounts of the Company read with Notes on Accounts are self explanatory and do not require any further explanation.