

TENTH ANNUAL REPORT 1999-2000



ELQUE POLYESTERS LIMITED

BOARD OF DIRECTORS

Mr. Abhijit Sen	(Chairman cum Managing Director)
Mr. Satyajit Mitra	(Director)
Mr. Supratik Sen Barat	(Director)
Mr. Umasankar Chattopadhyay	(Director)
Mr. Y.D. Kuwon	(Director)

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 Tenth Annual General Meeting of the members of ELQUE POLYESTERS LTD. will be held on Saturday, the 30th December at 11.30 a.m. at Eastern Zonal Cultural Centre, 'Aikatan', 1A-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, 2000 together with the Directors' and Auditors' Report thereon.
2. To Appoint a Director in place of Mr. Umasankar Chattopadhyay who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Supratik Sen Barat who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

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. The Register of members and Share transfer books of the Company will remain closed from 29th December, 2000 to 30th December, 2000 (both days inclusive) for the purpose of Annual General Meeting.
3. Shareholders desiring any information in respect of the Accounts of the Company are requested to write to the Registered Office of the Company at 85, S.N. Banerjee Road, Calcutta - 700014 well in advance to enable the management to keep the information ready.
4. Copies of Annual Reports will not be circulated at the meeting. Members are requested to bring their copies of Annual Report to the meeting.
5. Members are requested to intimate to the company about their change in address, if any, including pin code and quoting the correct Folio Number and also notify mistakes, if any, in their address to ensure proper delivery of mail.

By Order of the Board

Place : Calcutta

Date : 30th November, 2000.

Abhijit Sen

Chairman Cum
Managing Director

ELQUE POLYESTERS LIMITED**Directors' Report To The Members**

Your Directors have pleasure in presenting their Tenth Annual Report alongwith the Audited Accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS

	1999-2000 (Rs. in '000)	1998-99 (Rs. in '000)
Turnover	14532	114726
Profit/(Loss) before Interest and Depreciation	(19870)	(54661)
Interest	204618	139232
Depreciation	72790	71436
Loss/(Gain) on Exchange fluctuation	(29)	2532
Miscellaneous Expenses Written Off	3218	3218
Net Profit /(Loss) for the year	(300467)	(271079)
Add: Brought forward from previous year	(477464)	(206385)
Balance Carried to Balance Sheet	(777931)	(477464)

REVIEW OF OPERATION

Global recession in the international market for PET continued during the year under review as in the earlier year. Prices of the finished product both at the international level and in the domestic market remained low throughout the year, which together with large accumulated inventories in the Industry in general and non-availability of raw materials at competitive prices, made it unremunerative to resume operation of the Plant.

However, during the year under review, your Company had taken effective steps to streamline its existing inventories and had sold 78 MT of Resin in the overseas market and 271 MT in the domestic market resulting in a turnover of Rs. 145.32 lacs as against Rs. 1147.26 lacs in the previous year. But there being no production your company incurred a cash loss of Rs. 198.70 lacs and a net loss of Rs. 3004.67 lacs, as against Rs. 2710.79 lacs in the previous year.

CURRENT STATUS OF PLANT OPERATION

Since March, 2000 the international prices of PET Resin started improving dramatically. The operation of the plant therefore became viable and your Company took all possible steps to resume production and the plant became fully operational from October, 2000 under certain strategic arrangement. The major raw materials were also available from the domestic market at economic prices. Major raw materials like purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG) were available from MCC PTA India Pvt. Ltd., Haldia, W. B. and Indian Petrochemicals Corporation Ltd., Gandhar, Gujarat respectively. The Directors inform you that the products of the Company are gaining acceptance both in the Domestic and International markets.

INTERNATIONAL MARKET

Prices of PET Resin continued to hover around US\$ 450 per MT during most part of the year under review. However, the prices have improved substantially from March, 2000 and had reached a peak of US\$ 950/MT stabilising at around US\$ 850/MT as against US\$ 450/MT in the previous year.

DOMESTIC MARKET

In line with the International market the Domestic market for PET Resin has also improved. There has been a noticeable increase in the consumption of PET bottles by the Mineral Water, Soft Drinks and Pharmaceutical industries, replacing tin, glass etc., resulting in creation of an overall increase in the demand of the products of your Company.

FUTURE OUTLOOK

The prices of PET Resins have been on an increase since March, 2000 and have now stabilised at a level of US\$ 850/MT. But even these prices are expected to increase further due to increase in demand and more and diverse use of the final end products of PET Resins. Further, global acceptance of PET products as a superior quality packaging material together with introduction of global standards in consumer goods packaging, is likely to push up both demand and consequent increase in the prices of your Company's products. Recent Government notifications regarding prohibition on sale of loose edible oil, mandatory compliance of standards for mineral water packaging and reduction of excise duty on soft drinks would also have a positive impact on the consumption of PET in the country in the coming years.

BIFR STATUS

The accumulated losses of the Company having exceeded its Net Worth, a reference was made to the BIFR under section 15(1) of Sick Industrial Companies Act (SICA) and the Company was declared "sick" in terms of Section 3(1)(o) of the Act on 13th January, 2000 and the Industrial Development Bank Of India (IDBI) was appointed as the Operating Agency, to formulate a rehabilitation scheme. The draft Rehabilitation Proposal has been duly submitted to IDBI which is currently under their consideration.

AUDITORS

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

ELQUE POLYESTERS LIMITED**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.**

Information as required under section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in Annexure-A forming part of this Report.

PERSONNEL

Information as required under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure - B forming part of this Report.

OBSERVATION OF THE AUDITORS

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

DIRECTORS

During the year Mr. B. Chattopadhyay, Mr. Arvind Jain, Mr. V.P. Taneja and Mr. B.P. Mandal (Nominee Director, IDBI) have ceased to be Directors of the Company. The Board places on record its appreciation for the valuable services rendered by Mr. Chattopadhyay, Mr. Jain, Mr. Taneja and Mr. Mandal during their tenure of Directorship.

Mr. Umasankar Chattopadhyay and Mr. Supratik Sen Barat retire by rotation and are eligible for re-appointment.

ACKNOWLEDGMENT

The Directors take this opportunity to express their sincere appreciation for the assistance and co-operation received during the year from the Industrial Development Bank of India, State Bank of India, UTI Bank Limited, SBI Home Finance Limited, West Bengal Industrial Development Corporation, Development Commissioner of FEPZ and the Customs, Excise and other Statutory Authorities. The Directors also record there appreciation to M/s S. K. Global Ltd. for their wholehearted support and assistance for operation of the plant. The Directors finally place on record their sincere appreciation of the services rendered by the employees of the Company.

For and on behalf of the Board

Place : Calcutta
Date : 30th November, 2000

Abhijit Sen
Chairman cum
Managing Director

ANNEXURE - A

**INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956
READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE
REPORT OF THE BOARD OF DIRECTORS) RULES, 1988**

A. CONSERVATION OF ENERGY

1. Various conservation measures taken :
 - a) Installation of capacitor banks for improvement of power factor.
 - b) Use of low power (17W) lamps for lighting.
 - c) Adequate and quality insulation of hot and cold lines.
 - d) Installation of energy efficient pumps and elimination of gear boxes to reduce transmission losses.
 - e) Installation of variable speed A/C Drives and PLC Invertor System.
2. Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
 - a) Optimum insulation thickness on pipe lines to minimise heat losses from the surface.
 - b) Conducting energy audit.
 - c) Conducting illumination surveys to identify the existing lux levels in the plant.
3. Impact of measures of (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods :

Consumption of energy per unit of production has come down marginally due to measures related to energy conservation undertaken as stated above.
4. Total energy consumption and energy consumption per unit of production :

The plant was inoperative throughout the year and as such no energy had been consumed for production purposes during the year under review.

B. TECHNOLOGY ABSORPTION

- 1) The Company's Research and Development activities have been strengthened by procurement and installation of latest and sophisticated instruments to create a world class centre of excellence.
- 2) The Company's local technical development remained closely synchronised with the development works undertaken by our Collaborators.
- 3) Development of quality system continues with rapid progress being made towards ISO 9002 certification for the plant and increased focus on product quality.