



SARLA POLYESTER LTD.

6TH
ANNUAL
REPORT
1998-99



BOARD OF DIRECTORS

Mr. Madhusudan S. Jhunhunwala	Chairman
Mr. Krishnakumar M. Jhunhunwala	Managing Director
Mr. Sanjay S. Karandikar	Whole-Time Director
Mrs. Vrinda K. Jhunhunwala	Director

AUDITORS

M/s. Sundarlal, Desai & Kanodia
Chartered Accountants
Mumbai

BANKER

Oriental Bank of Commerce

**REGISTERED OFFICE
& FACTORY**

Survey No.: 59/1/4, Amli
Piparia Industrial Estate
Silvassa - 396 230
U.T. of Dadra & Nagar Haveli

ADMN. OFFICE

304, Arcadia
Nariman Point
Mumbai-400 021

**SHARE TRANSFER
AGENT**

Shepan Consultants Limited
82/86, Perin Nariman Street
Fort, Mumbai-400 001



NOTICE

NOTICE is hereby given that the **SIXTH ANNUAL GENERAL MEETING** of the Members of **SARLA POLYESTER LIMITED** will be held on **TUESDAY, THE 21st DAY OF SEPTEMBER, 1999** at the Registered Office of the Company at Survey No. : 59/1/4, Amla Piparia Industrial Estate, Silvassa-396 230, U.T. of Dadra & Nagar Haveli, at 11.30 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended as on that date together with schedules thereon and the Reports of the Directors and Auditors.
2. To appoint a Director in place of Mr. MADHUSUDAN S. JHUNJHUNWALA, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To Consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ordinary Resolution :-
 "RESOLVED THAT Mrs. VRINDA K. JHUNJHUNWALA, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member pursuant to section 257 of the Companies Act, 1956 proposing her candidature for the office of Director be and is hereby appointed a Director of the Company, liable to retire by rotation."
5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an ordinary Resolution :-
 "RESOLVED THAT subject to the provisions of section 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, read with schedule XIII to the said Act, the approval of the Company be and is hereby accorded to the re-appointment of Mr. KRISHNA KUMAR M. JHUNJHUNWALA, as Managing Director of the Company for a period of 5 years commencing from 1st October, 1999 at the remuneration and on the terms and conditions as set out in Item No. 5 of the Explanatory Statement annexed to the Notice."
6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ordinary Resolution :-
 "RESOLVED THAT subject to the provisions of sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, read with schedule XIII to the said Act, the approval of the Company be and is hereby accorded to the re-appointment of Mr. SANJAY S. KARANDIKAR as a Whole Time Director of the Company for a period of 5 years commencing from 1st November, 1999 at the remuneration and on the terms and conditions as set out in Item No. 6 of the Explanatory Statement annexed to the Notice."

For & on behalf of Board of Directors

Mumbai
Date : 28th June, 1999

MADHUSUDAN S. JHUNJHUNWALA
Chairman

6th Annual Report**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than Forty-Eight hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 1999 to 21st September, 1999 (both days inclusive).
4. Members are requested to :
 - A. Quote their Ledger Folio Number in all their Correspondence.
 - B. Send their Queries, if any, atleast 10 days in advance of the date of the Meeting so that the information can be made available at the meeting.
 - C. Bring the copy of the Annual Report along with them as copies of the Report will not be distributed at the Meeting in view of increased cost of printing.
 - D. Intimate for change in their Address, if any.
5. An Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of Item No. 4 to 6 is annexed hereto.

ANNEXURE TO NOTICE**Explanatory Statement pursuant to section 173 of the Companies Act, 1956.****ITEM No. 4**

Mrs. VRINDA K. JHUNJHUNWALA was appointed as an Additional Director of the Company by the Board of Directors with effect from 15th November, 1998, under section 260 of the Companies Act, 1956 and holds office upto the date of the ensuing Annual General Meeting. The Resolution at Item No. 4 is meant to re-appoint her.

As required under section 257 of the Companies Act, 1956, Notice has been received from a Member proposing the name of Mrs. VRINDA K. JHUNJHUNWALA for the office of Director.

Mr. MADHUSUDAN S. JHUNJHUNWALA and Mr. KRISHNAKUMAR M. JHUNJHUNWALA, Directors of the Company being relative of Mrs. VRINDA K. JHUNJHUNWALA are deemed to be considered or interested in the Resolution.

The Directors commend this Resolution for your approval.

ITEM No. 5

Mr. KRISHNAKUMAR M. JHUNJHUNWALA was appointed as Managing Director of the Company from 1st October, 1994 for a period of 5 years. The Board at its Meeting held on 28th June, 1999 re-appointed him as Managing Director of the Company for a further period of 5 years with effect from 1st October, 1999.

The remuneration and other terms and conditions for his re-appointment are as under :-

1. Subject to the Supervision and Control of the Board of Directors, the Managing Director will carry out such duties and exercise such powers as may be entrusted to him by the Board of Directors.



2. During the employment, the Managing Director shall devote his whole time and attention to the Business of the Company as may be necessary or required and shall use his best endeavours to promote the Company's interest and welfare.

3. The Managing Director shall be entitled to the following remuneration, perquisites and benefits :

Salary Rs. 10,000/- (Rupees Ten Thousand only) per month.

PERQUISITES :

(i) Medical Reimbursement Expenses incurred for the Managing Director and his family subject to a ceiling of one month's salary in a year or five months' salary over a period of five years.

(ii) Leave Travel Concession For the Managing Director and his family, once in a year incurred in accordance with any rules specified by the Company.

(iii) Club Fees Fees of Clubs subject to a maximum of Two Clubs. This will not include admission and life membership fees.

EXPLANATION Family means the spouse, dependent children and parents of the appointee.

(iv) Gratuity Gratuity not exceeding half a month's salary for every completed year of service.

(v) Car Provision of a Chauffeur driven Car for Use on Company's business and Mobile Telephone. However, personal long distance calls and use of the Car for private purposes shall be billed by the Company to the Managing Director.

4. OTHER TERMS AND CONDITIONS :

(i) The Managing Director will be entitled to one month's leave with full pay and allowance for every eleven month's of service. Such leave may be accumulated and encashed in accordance with the Company's rules and practices in force from time to time.

(ii) The remuneration, terms and Conditions of the said appointment of the Managing Director may be varied from time to time subject to the conditions of Schedule XIII to the Companies Act, 1956, or any amendments made hereafter, as may be agreed to, between the Directors and Managing Director.

(iii) If at any time the Managing Director ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Managing Director in terms of the Agreement and such Agreement shall terminate forthwith.

(iv) The appointment may be, terminated by either party, giving to the other party, Three months' Notice."

The re-appoint and remuneration of Mr. KRISHNAKUMAR M. JHUNJHUNWALA as the Company's Managing Director requires the approval of the Members of the Company as per the provisions of Schedule XIII and section 269 and 309 of the Companies Act, 1956.

The Resolution set out in the Notice under Item No. 5 is meant for this purpose.

The Directors commend the Resolution for your approval.

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Mr. MADHUSUDAN S. JHUNJHUNWALA and Mrs. VRINDA K. JHUNJHUNWALA being relative of Mr. KRISHNAKUMAR M. JHUNJHUNWALA are deemed to be concerned or interested in the Resolution.

ITEM No. 6

Mr. SANJAY S. KARANDIKAR was appointed as Whole Time Director of the Company from 1st November, 1994 for a period of 5 years. The Board at its Meeting held on 28th June, 1999 re-appointed him as a Whole Time Director of the Company for a further period of 5 years with effect from 1st November, 1999.

The Remuneration and other terms and conditions for his re-appointment are as under :-

1. Subject to the supervision and control of the Board of Directors, the Whole Time Director will carry out such duties and exercise such powers as may be entrusted to him by the Board of Directors and Managing Director.
2. During the employment, the Whole Time Director shall devote his Whole Time and attention to the business of the Company as may be necessary or required and shall use his best endeavours to promote the Company's interest and welfare.
3. The whole Time Director shall be entitled to the following remuneration, perquisites and benefits :

Salary	Rs. 8,500/- (Rupees Eight Thousand Five Hundred only) per month.
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PERQUISITES :

- | | |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) Housing I | The expenditure incurred by the Company on hiring unfurnished accommodation for the Whole Time Director will be subject to a Ceiling of Sixty percent of the salary, over and above Ten percent payable by the Whole Time Director. |
| Housing II | In case the accommodation is owned by the Company, Ten percent of the salary of the Whole Time Director shall be deducted by the Company. |
| Housing III | In case no accommodation is provided by the Company, the Whole Time Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I. |
| (ii) Bonus | Annual Bonus equal to one month salary. |
| (iii) Gratuity | Gratuity not exceeding half a month's salary for every completed year of service. |

4. OTHER TERMS AND CONDITIONS :

- i) The Whole Time Director will be entitled to one month's leave with full pay and allowance for every eleven months of service. Such leave may be accumulated and encashed in accordance with the Company's rules and practices in force from time to time.
- ii) The remuneration, terms and conditions of the said appointment of the Whole Time Director may be varied from time to time subject to the conditions of



Schedule XIII to the Companies Act, 1956, or any amendments made hereafter, as may be agreed to, between the Directors and whole Time Director.

- iii) If at any time the Whole Time Director ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Whole Time Director in terms of this appointment and such appointment shall terminate forthwith.
- iv) This appointment may be terminated by either party, giving to the other party, one month Notice.
- v) The Whole Time Director Shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whosoever or make any use whatsoever for his own or for whatever purpose of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the Company or as to any trade secrets or secret know-how or process of the Company, and the Whole Time Director during the continuance of his employment hereunder shall also use his best endeavours to prevent any other person from doing so.
- vi) The Whole Time Director undertakes that without prior written consent of the Company, he shall not engage in or serve directly or indirectly whether as principal, Agent, Director (excluding the office merely assisting Director) partner or employee or in any other capacity either full time or part in any business, trade, profession or political organisation other than the business of the Company.
- vii) The employment of the Whole Time Director shall be forthwith determined if he shall become insolvent or make any composition or arrangement with his creditors. If the Whole Time Director is guilty of negligence in the conduct of the business or for any other act of omission inconsistent with duties as the Whole Time Director or in breach of these conditions as in the opinion of the Board of Directors renders his retirement from the office of the Whole Time Director desirable, the Company may by notice given in writing to the Whole Time Director determine this appointment with immediate effect."

The re-appointment and remuneration of Mr. SANJAY S. KARANDIKAR requires the approval of the members of the Company as per the provisions of Schedule XIII and section 269 and 309 of the Companies Act, 1956.

The Resolution set out in the Notice under Item No. 6 is meant for this purpose. The Directors commend the Resolution for your approval.

None of the Directors is concerned or interested in the Resolution.

For & on behalf of Board of Directors

Mumbai
Date : 28th June, 1999

MADHUSUDAN S. JHUNJHUNWALA
Chairman

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DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting their **Sixth Annual Report** on the business and operations of the Company together with Audited statement of Accounts for the year ended 31st March, 1999.

1. FINANCIAL RESULTS

(Rs. in Lacs)

	<u>1998-99</u>	<u>1997-98</u>
Total Income	3588.49	3560.89
Profit before interest and Depreciation	351.02	412.84
Less: (1) Interest 135.03		
(2) Depreciation 48.76		
	183.79	208.17
Profit before tax	167.23	204.67
Less : Provision for tax	---	---
Profit after tax	167.23	204.67
Balance Brought forward	394.35	209.68
Surplus available for appropriation	<u><u>561.58</u></u>	<u><u>414.35</u></u>

2. APPROPRIATION

Transfer to General Reserve	300.00	20.00
Balance carried forward to Balance Sheet	261.58	394.35
	<u><u>561.58</u></u>	<u><u>414.35</u></u>

3. OPERATING RESULTS AND PROSPECTS

The year under review has perhaps been of the most difficult ones in the Company's history. Economic slowdown in the country continued. In this scenario your Company was able to earn a total income of Rs.167.23 lacs, as against Rs. 204.67 lacs earned during the previous year. However, the Export performance during the fiscal 1998-99 was the highest ever of Rs. 1821.80 lacs as compared to Rs. 827.81 lacs during the previous year.

The next few years will be challenging for the Company and will call for the exercise of hard options to ensure competitiveness and infact long term survivability. Several measures are under consideration and specific action in the areas of cost reduction and increased productivity have already been initiated. While the present times have been difficult there is a good reason to believe that there will be continuous growth in the industry, increased and consistant demand for the Company's products in the international Market.