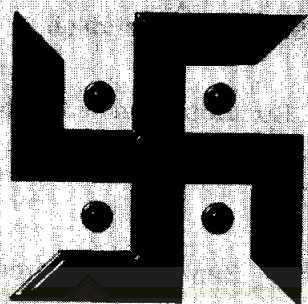




SARLA
POLYESTER LIMITED

100% EOU



8TH
ANNUAL REPORT
2000-2001



BOARD OF DIRECTORS	Mr. Madhusudan S. Jhunjunwala	Chairman
	Mr. Krishnakumar M. Jhunjunwala	Managing Director
	Mr. Sanjay Karandikar	Director
	Mrs. Vrinda K. Jhunjunwala	Director
	Mr. Arun Vaid	Director
AUDIT COMMITTEE	Mr. Madhusudan S. Jhunjunwala	Chairman
	Mr. Arun Vaid	
	Mr. Sanjay S. Karandikar	
AUDITORS	M/S. Sundarlal, Desai & Kanodia Chartered Accountants Mumbai	
BANKER	Oriental Bank Of Commerce	
REGISTERED OFFICE & FACTORY	Survey No. : 59/1/4, Amlī Piparia Industrial Estate Silvassa - 396 230 U.T. of Dadra & Nagar Haveli	
ADMN. OFFICE	304, Arcadia Nariman Point Mumbai - 400 021.	
SHARE TRANSFER AGENT	M/S. Sharex (India) Pvt. Ltd. 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai - 400 001	

8th Annual Report

NOTICE

NOTICE is hereby given that the **EIGHTH ANNUAL GENERAL MEETING of the Members of SARLA POLYESTER LIMITED** will be held on **Saturday, the 29th September, 2001** at the Registered Office of the Company at SURVEY NO. : 59/1/4, AMLI, 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, 2001 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. VRINDA K. JHUNJHUNWALA, who retires by rotation and being eligible offers herself 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 Mr. Arun Vaid, 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 his 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 a Special Resolution: -

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, If any, of the Companies Act, 1956, the Articles Of Association of the company be altered in the following manner: -

 1. By inserting the following Article 18A after the existing Article 18.

DEMATERIALIZATION OF SECURITIES**18A.i) Dematerialization/offer/issue of securities.**

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize or rematerialize its securities under the Depository Act. It can also offer and issue its securities in the dematerialized form. The Company shall intimate the details of allotment to the Depository immediately on allotment of such securities.

Investors in a new issue and the beneficial owners shall have the option to rematerialize the shares subsequent to the allotment or dematerialization, as the case may be, in which event the company shall issue to the investor/ beneficially the required certificate of securities subjects to the provisions of applicable laws, rules, regulation or guidelines.

ii) Securities in Depository mode to be in fungible form.

All securities held in the Depository mode with a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act shall apply to such securities held by a Depository on behalf of the beneficial owner.

iii) Right of Depositories and beneficial owners

- a) Notwithstanding anything contained contrary in the Act or in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.



- b) Save as otherwise provided in (a) above, the Depository as the registered owner securities shall not have any voting or other rights in respect of the securities held by it.
- c) Every person holding securities of the company and whose name is entered as the beneficial owner in the register maintained by a Depository shall be deemed to be a member of the company. The beneficial owner of securities shall alone be entitled to all liabilities in respect of the securities held by the Depository.

iv) Service of document :

Notwithstanding anything contained contrary in the act or in these Articles, where securities are held in a Depository mode, the records of the beneficial owner may be served by a Depository on the Company by means of electronic mode or by delivery of floppies or discs.

v) Transfer of Securities :

Nothing contained in section 108 of the Companies Act or in these Articles, shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered in the register maintained under the Depository Act by a Depository as beneficial owner(s).

vi) Distinctive numbers of securities held in the Depository mode :

Nothing contained in the Act or in these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the Depository mode.

vii) Register and index of beneficial owners :

The register and index of beneficial owners maintained by a Depository under the Depository Act, 1996 shall be deemed to be Register and index of Members and holders of securities for the purpose of these Articles and the Companies Act.

2. By inserting following Article 19B after the Article 19A.

NOMINATION FACILITY

19B. The Company will register and deal with nominations in accordance with the provisions of Section 109A and section 109B of the Companies Act. Such nomination can be revoked by the holder of the securities at any time by notifying the same to the Company.

3. By inserting the following Articles 190, after the Article 19B.

Non-Applicability of Articles 48 to 11 when shares are held in electronic mode.

19C. Nothing contained in Articles 48 to 11 shall apply to transfer or transmission of shares, effected by the transferor and the transferee when both of them are transferring the shares in electronic form.

4. By inserting the following Article 19D after the Article 19C.

DEMATERIALIZATION/REMATERIALIZATION OF SECURITIES

19D. Upon receipt of certificate of securities on surrender by a person who has entered into an Agreement with the Depository, the Company shall cancel such certificate and substitute in its records the name of the Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

If a beneficial owner opts out of the Depository in respect of any security of the Company and the Company receives due intimation thereof from the Depository, the conditions and on payment of such fees as may be prescribed or determined by the Board, issue certificate for the said securities to the beneficial owner or the transferee, as the case may be".

For & on behalf of Board of Directors
MADHUSUDAN S. JHUNJHUNWALA
Chairman

PLACE : MUMBAI

DATE : 28th June, 2001

8th 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 17th September 2001 to 29th September 2001 (both days inclusive).
4. An Explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of item No. 4 and 5 are Annexed hereto.

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

Mr. Arun Vaid was appointed as an additional Director of the Company by the Board of Directors with effect from 1st November, 2000, under section 260 of the Companies Act, 1956 and he holds office upto the date of the ensuring Annual General Meeting. The Resolution at Item No. 4 is meant to re-appoint him. As required under section 257 of the Companies Act, 1956, Notice has been received from a Member proposing the name of Mr. Arun Vaid for the office of Director.

None of the Directors of the Company expect Mr. Arun Vaid is concerned or interested in the resolution.

The Directors commend this Resolution for your approval.

ITEM NO. 5

With the introduction of Depository Act, 1956, the securities can be held in an electronic form, which is far safer and more convenient method for holding and trading in the securities of a Company. It is, therefore proposed to amend specific clauses in the Articles of Association as set out in Item No.5 to bring them in line with the operations of the Depository mechanism to enable the Company to issue, transfer/transmit securities in electronic mode.

Further, as per the Notice dated 30/03/2001 received from the Stock Exchange Mumbai, Company has been directed to establish connectivity with Depositories by 30th April, 2001 to trade the shares of the Company in compulsorily in dematerialized form. Accordingly, your Company has entered into Agreements with both the Depositories.

Hence, the proposed Resolution is recommended to be passed as special resolution. None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

A copy of Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection, by the Members of the Company, at its Registered Office during normal business hours on any working day.

For & on behalf of Board of Directors
MADHUSUDAN S. JHUNJHUNWALA
Chairman

Place : Mumbai

Date : 28th June, 2001



DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their **Eighth Annual Report** on the business and operations of the Company together with Audited statement of Accounts for the year ended **31st March 2001**.

1. FINANCIAL RESULTS

	<u>2000-2001</u>	(Rs. in lacs) <u>1999-2000</u>
Total Income	5451.46	3938.89
Profit before Financial Charges and Depreciation	438.57	372.35
Less : (1) Financial Charges	135.00	
(2) Depreciation	63.12	
	198.12	181.85
Profit before tax	240.45	190.50
Less : Provision for tax	3.00	0.20
Profit after tax	237.45	190.30
Balance brought forward	451.88	261.58
Surplus available for appropriation	<u>689.33</u>	<u>451.88</u>
APPROPRIATION		
Transfer to General Reserve	200.00	NIL
Prior Period Adjustments	13.60	NIL
Balance carried forward to Balance Sheet	<u>475.73</u>	<u>451.88</u>
	<u>689.33</u>	<u>451.88</u>

2. OPERATIONS

During the year under review the performance of the Company was satisfactory looking into the overall Economic conditions and specially slowdown in Textile Sector.

Total sales of the Company grew by 38.60% from Rs. 39.07 Crores in the year 1999-2000 to Rs.54.15 Crores in the year 2000-2001. Export sales grew by 25.95% from Rs. 18.34 Crores to Rs. 23.10 Crores. The net profit of the Company also grew by 24.74% from Rs. 1.90 Crores to Rs. 2.37 Crores. All this have been possible due to reducing the cost, increasing the efficiency and value addition, development of new products and increasing the sales both Exports and local.

The Company is hopeful to request the performance in the current year barring unforeseen circumstances.

3. DIVIDEND

Your Directors do not recommend dividend for the year ended 31st March 2001, to ploughback the profits for normal capital expenditure and working capital.

4. DIRECTORS

Mrs. Vrinda K. Jhunjhunwala, Director of the Company retired by rotation at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment.

Mr. Arun Vaid was appointed as an Additional Director during the year by the Board of Directors of the Company. He holds this office till the conclusion of the ensuing Annual General Meeting and eligible for re-appointment is to be reappointed.

8th Annual Report**5. FIXED DEPOSIT**

The Company has not accepted any deposit within the meaning of Section 58-A of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975.

6. PERSONNEL

Particulars of employees within the meaning of Section 217 (2 A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975, as amended by the Companies Amendment Act, 1988, are not applicable since there were no employees who were in receipt of remuneration prescribed under the Rules.

7. AUDITORS

M/s. Sundarlal, Desai & Kanodia, the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment.

8. AUDITORS' REPORT

The notes of the Accounts referred to in the Auditors' Report are self explanatory and, therefore, do not require any further comments.

9. CORPORATE GOVERNANCE

As per the schedule of implementation of corporate governance the Company is required to implement all the requirements of Clause 49 of the Listing Agreements within 2002-2003 financial year. However the management has started to take necessary steps to implement the same at the earliest.

10. DIRECTORS' RESPONSIBILITY STATEMENT

A Directors' Responsibility Statement as required Under Section 217(2AA) of the Companies Act 1956 as given below :-

- (I) Directors' have followed the applicable accounting standards in the preparation of the Annual Accounts and proper explanation relating to material departures have been given in schedule 19 of Notes on accounts forming part of the accompanying Accounts.
- (II) Directors have selected the Accounting Policies as given in schedule 19 of Notes on Accounts and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2001 and of the profit of the Company for the year ended on that date.
- (III) Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities.
- (IV) Directors have prepared the Annual Accounts for the year ended 31st March, 2001 on a Going Concern basis.

11. ENERGY CONSERVATION TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

- [a] As required under section 217(1)(e) of the Companies Act, 1956 and the Rules made thereunder, the concerned particulars relating to Energy Conservation, technology absorption and foreign exchange earnings and outgo are given in Annexure, which is attached hereto and forms part of this Report.

**FORM 'A'**

Form for Disclosure of Particulars with respect to conservation of Energy

A. Electricity	Current Year	Previous Year
(a) Purchased		
Unit	921160	624049
Total amount [Rs.]	4391845	2864953.29
Rate/Unit [Rs.]	4.76	4.59
(b) Own Generation		
(i) Though diesel generator		
Unit	7927800	6568480
Units per ltr. of diesel oil	3.620	3.395
Cost/Unit (Rs.)	Rs.3.38	Rs. 3.26
(ii) Through steam turbine generator	---	---
2. Coal (Specify quality & where used)	---	---
3. Furnace Oil	---	---
4. Others/internal generation	---	---
5. Consumption per unit of production		

	Standards (if any)	Current year	Previous year
Products (with details) Unit			
Electricity	---	4.76 (mtr)	4.40 (mtr)
Furnace Oil	---	---	---
Coal (specify quality)	---	---	---
Others (specify) DIESEL	---	0.36 (ltrs)	0.32 (ltrs)

FORM 'B'

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R & D)

1. Specific areas in which R & D is carried out by the Company	New Product Development, Process Development and Optimising process parameters.
2. Benefits derived as a result of the above R & D	Introduction of several new types of Polyester and Nylon Yarns.
3. Future Plan of Action	To meet the changing requirement of customers around the world and development of new products.
4. Expenditure on R & D	
(a) Capital	All machineris are dedicated for operational as well as R & D activities. Hence no separate accounts are maintained and as such expenditure on R & D is not separately ascertainable.
(b) Recurring	
(c) Total	
(d) Total R & D expenditure as a percentage of total turnover.	N. A.