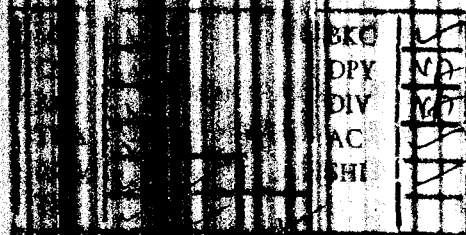




FABWORTH (INDIA) LIMITED



ANNUAL
REPORT
1997-98



FABWORTH
(INDIA)
LIMITED

Board of Directors

KUMAR NARENDRA - CHAIRMAN
AGARWALLA LAKSHMAN PRASAD
JAIN BHAGWATI LAL
KUMAR ASHOK
LOHIA AJAI PRAKASH
PAREKH KANTILAL
MISRA BRIJENDRA PRASAD - IFCI NOMINEE

Company Secretary

KANODIA ANAND KUMAR

Auditors

M/s. S.S. KOTHARI & CO.,
CHARTERED ACCOUNTANTS

Registered Office

UNIWORTH HOUSE
3A, Gurusaday Road,
Calcutta - 700 019
Phone : 91-33-240-8885
Fax : (033) 2408302

Bankers

HONGKONG BANK
INDUSIND BANK
PUNJAB & SIND BANK
STATE BANK OF INDIA

Registrars

ABC Computers (P) Limited
National Council of Education Building
Jadavpur University Campus
Calcutta - 700 032.
Phone : 473-5363

Solicitors

M/s. L.P. AGARWALLA & CO.

Works

100% EOU Weaving Unit
Urla Growth Centre
Raipur, M.P.

100% EOU Finishing Unit
MIDC Butibori
Nagpur, Maharashtra

27/8/1998

11:30 AM

11:30 AM



NOTICE

Notice is hereby given that the sixth Annual General Meeting of the Members of SANSKO SERVICES (INDIA) LIMITED will be held at G. D. Birla Sabhagar, 29, Ashutosh Chatterjee Avenue, Calcutta - 700 019 on Wednesday, the 9th September, 1998 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Balance Sheet for the year ended on 31st March, 1998 and the Profit & Loss Account for the year ended on that date and to elect the Directors.
2. To appoint directors in place of Mr. N. Kumar and Mr. P. Agarwal who retire by rotation and are eligible 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 any amendment, the following resolution:

As Ordinary Resolution:

RESOLVED THAT pursuant to all applicable provisions of the Companies Act, 1956, Mr. K. Darbari be appointed as Manager of the Company u/s. 249-B of the Companies Act, 1956 for a period of five years with effect from 01.07.1998 on the terms and conditions of his appointment as indicated in the Explanatory Statement annexed to the Notice with liberty to the Board of Directors to vary the terms and conditions so as not to exceed the limits specified in Section 249-B of the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force, any amendment and/or modifications that may hereinafter be made thereto by the Central Government without behalf from time to time, or any amendment thereto as may be agreed to between the Board of Directors and Mr. K. Darbari, Manager.

Registered Office
Uniworth House
3A, Gurusaday Road
Calcutta - 700 019
27th June, 1998

Secretary to the Board of Directors

A. K. KANODIA
Company Secretary

NOTES

- (a) 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. Proxies in order to be effective must be received at the Registered Office not less than 48 hours before the meeting.
- (b) The Register of Members and Transfer Books of the Company will be closed from Tuesday, 18th August, 1998 to Wednesday, 9th September, 1998, both days inclusive.
- (c) Intimation of any change of address should be given to the Company immediately.
- (d) The unpaid Dividend that are due for transfer to the Central Government are as follows:-

Dividend

3rd Dividend (Final) 1994-95
4th Dividend (Interim) 1995-96
5th Dividend (Final) 1995-96

Debit for the transfer of

22.07.1998
11.08.1998
11.08.1998

Members who have not encashed their aforesaid dividend warrants are requested to approach the Company's Registrar and Transfer Agents, quoting their names, Dividend warrant no. and no. of shares held for obtaining duplicate Dividend Warrants.

- (e) Explanatory Statement u/s 173 (2) of the Companies Act, 1956 is annexed herewith in respect of items of special business.



FABWORTH
(INDIA)
LIMITED

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

The relative Explanatory Statements pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Item No. 4 is as follows :

The Board of Directors ("The Board") of the Company at its Meeting held on 27th June, 1998 appointed Mr. K. Darbari, as Manager of the Company for a period of five years, commencing from 1st July, 1998.

Mr. K. Darbari, is B.Sc. with 25 years experience mainly in Textile Industry. Considering his background and experience, it was considered that the appointment of Mr. K. Darbari as Manager of the Company would benefit the Company.

In accordance with the terms of appointment, Mr. K. Darbari was entitled to the following remuneration :

Salary	: Rs. 16,000/- per month
Ex-Gratia	: Rs. 500/- per month
Housing	: He will be provided either a Company arranged accommodation at an expenditure not exceeding 60% of Basic Salary or a house rent allowance of an equivalent amount.
Medical	: He will be reimbursed medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
Leave Travel Concession	: He will be entitled to avail leave travel concession for self and family, once in a year incurred in accordance with the Rules specified by the Company.

Note : For the above purposes 'family' means the spouse, dependent children and dependent parents.

Personal Accident Insurance	: This will be arranged at a premium as per rules specified by the Company.
Leave Encashment	: Leave encashment shall be encashable at the end of the tenure as per the Company's Rules Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Provident Fund Contribution as per Rules of the Company.

He shall be entitled to become a member of the approved Gratuity and/or Superannuation Fund, as and when created.

Car & Telephone	: The Company shall provide car and telephone at residence. Provision of car for use of Company's business and telephone at residence will not be considered as perquisites. Personal Long Distance calls on telephone and use of car for private purposes shall be treated as perquisites as per IT Rules.
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Perquisites in the above remuneration, as determined under the Income Tax Act, 1961 shall be limited to the annual salary or Rs. 2,50,000/- whichever is higher.

The Draft Appointment Letter of Mr. K. Darbari is available for inspection by the members of the Company before the date of the meeting at the Registered Office between 11 A.M. and 1 P.M. on any working day.

This may be treated as an abstract of the Draft Appointment Letter of Mr. K. Darbari, pursuant to Section 302 of the Companies Act, 1956.

The proposed resolution is recommended for passing.

None of the Directors is directly or indirectly concerned and/or interested in the resolution.

Registered Office
Uniworth House
3A, Gurusaday Road
Calcutta - 700 019
27th June, 1998

By Order of the Board of Directors

A. K. KANODIA
Company Secretary

MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING.



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Sixth Annual Report together with the Statement of Accounts for the year ended 31st March, 1998.

FINANCIAL HIGHLIGHTS

	31st March, 1998 (Rs. in lacs)	31st March, 1997 (Rs. in lacs)
Sales	832.52	718.44
Profit before Interest and Depreciation	603.52	1198.67
Less : Interest	279.23	717.89
Profit before Depreciation	324.29	480.78
Less : Depreciation	41.71	434.57
(Loss) / Profit	282.58	46.21
Add : Balance b/f from the Previous Year	277.02	270.87
Balance carried to Balance Sheet	560.60	317.08

DIVIDENDS

In view of the loss in the current year, your Directors do not recommend any dividend.

OPERATIONS/PERFORMANCE

Asian economy is passing through a recession coupled with the devaluation of the Indian Rupee. The textile industry is largely impacted due to the above. Despite all the Company achieved an export of 8.36 lacs mtrs. compared to previous year export of 6.66 lacs mtrs. leading to an increase of 26%. However, sales in domestic tariff area was affected due to non availability of the raw materials and Government of India, due to certain restrictions on the export oriented units. This has resulted in a reduction of capacity in the plants and accordingly impacted the profit. The cash profit during the year was Rs. 282.58 lacs against last year Rs. 46.21 lacs.

FUTURE PROSPECTS

To improve the capacity utilisation of the plants, it has been decided to convert the Company's export oriented units to enable penetrate the large domestic market which is growing rapidly. The disposable income of the middle and high middle classes in India is increasing and the demand for high value products is substantial sales potential for Company's high value products. Necessary communication has been initiated to obtain the approvals/sanctions from the appropriate authorities as well as to establish a marketing organisation on all India basis. The penetration in the new markets particularly in the US and Europe is also expected to yield favourable results in the current year.

The aforesaid strategic actions will help in increasing the capacity utilisation and thereby the profitability of the Company.



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DEPOSITS

Your Company has not accepted any deposit within the meaning of Section 58A, of the Companies Act, 1956 and the rules made thereunder.

AUDITOR'S REPORT

The notes to the Accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments.

DIRECTORS

Mr. N. Kumar and Mr. L.P. Agarwalla, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

M/s. S.S. Kothari & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

The Company has no employee whose remuneration is more than the limit specified in Section 217(2A) of the Companies Act, 1956.

ADDITIONAL INFORMATION

The statement showing required particulars pursuant to Section 217(1)(e) of the Companies read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

INDUSTRIAL RELATIONS

Industrial Relations continued to remain cordial throughout the year. Your Directors wish to place on record their appreciation for dedicated and sincere services rendered by the executives, staff and workmen at all levels.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the co-operation and assistance received from the Central and State Governments, Financial Institutions, Banks, Shareholders and others during the year under review.

On behalf of the Board of Directors

L. P. AGARWALLA

Director

A. P. LOHIA

Director

Calcutta
27th June, 1998



ANNEXURE I TO THE DIRECTORS' REPORT

STATEMENT SHOWING PARTICULARS PURSUANT TO THE COMPANIES DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS RULES 1988

ENERGY CONSERVATION

A.	Power and fuel Consumption	1996-97
1.	Electricity	
a)	Purchase Unit (KWH in lacs)	66.23
	Total Amount (Rs. in lacs)	227.37
	Rate/KWH (in Rs.)	3.43
B.	Consumption per unit production	
	Production (Units in Linear Mts. in lacs)	
	Pure Wool Fabrics	12.13
	Polywool	18.98
	Others	1.02
	Electricity per Linear Mts. (Units)	
	Pure Wool Fabrics	2.13
	Polywool	2.13
	Others	2.13

"FORM B"

Form for disclosure of particulars with respect to absorption

Research & Development (R & D)

- Specific areas in which R & D :
carried out by the Company
 - Development of high quality Apparel Fabrics for upper segment markets.
 - Development of Standard Apparel Fabrics in line with latest designs in International Markets like Pure Wool Fabrics, Pure Wool Fabrics with High Tech etc.
 - Computerised Statistical Programming System helped to fulfill the requirements of different types of reports of the different markets.
 - Consistent Quality management by strict vigilance on Standard Production Parameters.
- Benefit derived as a result
of the above R & D :
 - Receiving repeat orders from the International & Domestic Markets and established the name of Uniworth Corporation as the Best Quality Manufacturers.
 - Ultimately resulted in increase of turnover of the Company.
 - Presenting a wide bouquet of new offerings in International and Domestic Markets to cater to consumer satisfaction and deliver high quality products in line with new designs and International quality standards.