



**FABWORTH  
(INDIA)  
LIMITED**

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A N N U A L  
R E P O R T  
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FABWORTH  
(INDIA)  
LIMITED

#### Board of Directors

KUMAR NARENDRA - CHAIRMAN  
GHOSH SAMIR  
KUMAR ASHOK  
LOHIA AJAI PRAKASH  
PAREKH KANTILAL  
SMALL WAYNE F.  
SRINIVASAN KRISHNAMURTHI

#### Company Secretary

NAGARAJAN KRISHNAMURTHY

#### Auditors

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

#### Bankers

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

#### Solicitors

M/s. KHAITAN & CO.

#### Registered Office

UNI WORTH HOUSE  
3A, Gurusaday Road,  
Calcutta - 700 019  
Phone : (033) 240-8885  
Fax : (033) 240-8302

#### Registrars

ABC Computers (P) Limited  
National Council of Education Building  
Jadavpur University Campus  
Calcutta - 700 032.  
Phone : (033) 473-5363

#### Works

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

100% EOU Finishing Unit  
MIDC, Butibori  
Nagpur, Maharashtra



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#### NOTICE :

Notice is hereby given that the Seventh Annual General Meeting of the Members of FABWORTH (INDIA) LIMITED will be held at Science City, Mini Auditorium, JBS Haldene Avenue, Calcutta - 700 046 on Wednesday, the 22nd September, 1999 at 11.30 A.M. to transact the following businesses :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Ashok Kumar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

#### SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass with or without modification, the following resolutions:

##### As Ordinary Resolutions :

- a) RESOLVED THAT Mr. Samir Ghosh who was appointed an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 80(a) of the Company's Articles of Association and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the Office of a Director be and is hereby appointed a Director of the Company liable to retire by rotation.
- b) RESOLVED THAT Mr. Krishnamurthi Srinivasan who was appointed an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 80(a) of the Company's Articles of Association and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the Office of a Director be and is hereby appointed a Director of the Company liable to retire by rotation.
- c) RESOLVED THAT Mr. Wayne F. Small who was appointed an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 80(a) of the Company's Articles of Association and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the Office of a Director be and is hereby appointed a Director of the Company liable to retire by rotation.
- d) RESOLVED THAT Subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company approves the revised terms of remuneration of Shri K. Darbari, Manager of the Company for the remaining period of his tenure of office, effective April 1, 1999 as set out below :

Salary : In the range of Rs. 16,000 to 30,000 per month.

The Board of Directors of the Company be and is hereby authorised, in its absolute discretion and from time to time, to fix, within the range stated above, the salary payable to Shri K. Darbari.

Other Terms and Conditions : Same as approved before.

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Manager shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof.

Registered Office  
Uniworth House  
3A, Gurusaday Road,  
Calcutta - 700 019  
Date : 20th August, 1999

By Order of the Board

K. NAGARAJAN  
Company Secretary



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#### 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 Wednesday, 15th September, 1999 to Wednesday, 22nd September, 1999, both days inclusive.
- c) Intimation of any change of address should be given to the Company immediately.
- d) Explanatory Statement U/s. 173 (2) of the Companies Act, 1956 is annexed herewith in respect of items of special business.
- e) Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
- f) The Equity Shares of the Company are listed with the Stock Exchanges at Ahmedabad, Calcutta, Delhi and Mumbai.
- g) The unclaimed Dividend that are due for transfer to the Central Government are as follows :

Dividend	Due for the Transfer on
4th Dividend (Interim) 1995-96	16.07.2003
5th Dividend (Final) 1995-96	30.08.2003

Members who have not encashed their aforesaid dividend warrants are requested to approach the Company's Registrar and Transfer Agents, quoting their Folio No., Dividend Warrant No. and No. of Shares held for obtaining duplicate Dividend Warrants.

- h) The Company is providing nomination facility in accordance with the provisions of Sections 109A and 109B of the Companies Act, 1956. The prescribed Nomination Form is attached.

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

#### ANNEXURE TO THE NOTICE :

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

The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 4(a) to 4(d) are as follows :

Item No. 4(a) :

Mr. Samir Ghosh who was appointed an Additional Director of the Company with effect from 9th September, 1998 in terms of Section 260 of the Companies Act, 1956 and Article 80(a) of the Articles of Association of the Company, vacates his office at this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received by the Company from a member proposing the appointment of Mr. Samir Ghosh as a Director of the Company at this Annual General Meeting, liable to retire by rotation.

The proposed resolution is recommended for adoption. No one other than Mr. Samir Ghosh is concerned and/or interested in the aforesaid resolution.

Item No. 4(b) :

Mr. Krishnamurthi Srinivasan who was appointed an Additional Director of the Company with effect from 28th May, 1999 in terms of Section 260 of the Companies Act, 1956 and Article 80(a) of the Articles of Association of the Company, vacates his office at this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received by the Company from a member proposing the appointment of Mr. Krishnamurthi Srinivasan as a Director of the Company at this Annual General Meeting, liable to retire by rotation.



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The proposed resolution is recommended for adoption. No one other than Mr. Krishnamurthi Srinivasan is concerned and/or interested in the aforesaid resolution.

Item No. 4(c) :

Mr. Wayne F. Small who was appointed an Additional Director of the Company with effect from 30th July, 1999 in terms of Section 260 of the Companies Act, 1956 and Article 80(a) of the Articles of Association of the Company, vacates his office at this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received by the Company from a member proposing the appointment of Mr. Wayne F. Small as a Director of the Company at this Annual General Meeting, liable to retire by rotation.

The proposed resolution is recommended for adoption. No one other than Mr. Wayne F. Small is concerned and/or interested in the aforesaid resolution.

Item No. 4(d) :

Mr. K. Darbari was appointed as Manager under Section 269 of the Companies Act, 1956 at a salary of Rs. 16,000 per month. Since Mr. K. Darbari has been actively associated with the Company and contributing to the Company, the Board thought it fit to prescribe a range and determine his remuneration as and when the Board deems fit.

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

The proposed resolution is recommended for adoption. None of the Directors is directly or indirectly concerned and/or interested in the aforesaid resolution.

Registered Office  
Uniworth House  
3A, Gurusaday Road,  
Calcutta - 700 019.

Calcutta, the 20th day of August, 1999

By Order of the Board

K. NAGARAJAN  
*Company Secretary*

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## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Seventh Annual Report together with Audited Statement of Accounts for the year ended 31st March, 1999.

### FINANCIAL HIGHLIGHTS :

	31st March, 1999 (Rs. in lacs)	31st March, 1998 (Rs. in lacs)
Sales	7452.32	7382.59
Profit/(Loss) before Interest and Depreciation	(2994.46)	1003.54
Less : Interest	1024.37	979.28
Profit/(Loss) before Depreciation	(4018.83)	24.26
Less : Depreciation	435.68	417.17
Profit/(Loss) for the year	(4454.51)	(392.91)
Add : Balance b/f from the Previous Year	(75.83)	317.08
Transfer to Capital Reserve	3.28	—
Balance carried to Balance Sheet	<u>(4533.62)</u>	<u>(75.83)</u>

## OPERATIONS

As an Export Oriented Unit the thrust of your Company's operations is in the export market. The global recession has been the most acute in Japan and Europe, where your Company's products have been in greatest demand. The Cumulative effect of these recessionary years was compounded by the Asian Crisis. The affected countries indulged in cut throat competition and disturbed the prevailing market prices adversely. This has affected the Operation of the Company.

Your Directors are of the opinion that the intrinsic value of the Company's business on the strength of product superiority and competitiveness is not at all in doubt. Your Company needs financial restructuring to emerge as a robust player in the export markets. The losses for the year stand at Rs.44.55 crores mainly due to erosion in value of stocks, which has been provided in the accounts. Your Directors are taking all necessary steps to overcome the situation. In view of the above your Directors regret their inability to recommend any dividend.

## PROVISIONS OF SICA, 1985

The provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) will be applicable to the Company as more than 50% of the peak net worth has been eroded as on 31st March, 1999. An Extraordinary General Meeting of the Members of the Company will be convened for considering the causes for erosion of the net worth and the measures to overcome the situation, as prescribed by the said Act.

## DEPOSITS

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

## AUDITORS' REPORT

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

## DIRECTORS

Mr. L. P. Agarwalla resigned from the Board with effect from 28.05.1999. Mr. B. L. Jain resigned from the Board with effect from 30.07.1999. Mr. B. P. Mishra resigned from the Board with effect from 14.07.1999 consequent to IFCI



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withdrawing his nomination from the Board. Your Directors would like to record their appreciation for the services rendered by the aforesaid Directors.

Mr. Ashok Kumar retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. By virtue of the provision of Article 80(a) of the Articles of Association and Section 260 of the Companies Act, 1956, M/s. Samir Ghosh, K. Srinivasan and Wayne F. Small, Additional Non-Executive Directors of the Company, will vacate office at the ensuing Annual General Meeting of your Company and have filed their consent to act as Directors of the Company, if appointed. Notice has been received under Section 257 of the Companies Act, 1956 from Members of the Company for their appointment as Director of your Company. The Board of Directors at its meeting held on 20th August, 1999 recommended their appointment as Non-Executive Directors of your Company, liable to retire by rotation. Appropriate resolutions seeking your approval is appearing in the Notice convening the Annual General Meeting of the Company.

#### 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 Act, 1956 and the rules framed thereunder 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.

#### Y2K COMPLIANCE

The Company has made adequate arrangements for tackling the Y2K issues. The Company does not anticipate any system breakdown due to the Y2K issues.

#### 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

Calcutta, 20th August, 1999

NARENDRA KUMAR  
CHAIRMAN