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CS	<input checked="" type="checkbox"/>			DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>			DIV	<input checked="" type="checkbox"/>
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WOOLWORTH (INDIA) LIMITED

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Woolworth (India) Limited

Board of Directors

BALUJA SUDARSHAN LAL
BHATTACHARYA SUKUMAR
JAIN BHAGWATI LAL
JALAN TOLARAM
KANORIA SHYAM SUNDAR
KHAITAN PRADIP KUMAR
LOHIA AJAI PRAKASH
RAI PRABHAT KUMAR
SEN GUPTA SANTIPRASAD
SRINIVASAN KRISHNAMURTHI
UNNI K. VIJAYAN

Company Secretary

GUPTA SANJAY

Auditors

R. SINGHI & CO.,
Chartered Accountants

S.S. KOTHARI & CO.,
Chartered Accountants

Registered Office

UNI WORTH HOUSE
3A, Gurusaday Road,
Calcutta - 700 019
Phone : 240-8885
Fax : (033) 2408302
E-Mail : calcutta@uniworth.com

Bankers

ABN AMRO BANK N. V.
ALLAHABAD BANK
BANK OF AMERICA
CENTURIAN BANK LTD.
DEUTSCHE BANK
HDFC BANK LTD.
HONGKONG BANK
STATE BANK OF INDIA
STATE BANK OF MYSORE
THE BANK OF RAJASTHAN LTD.
UNITED BANK OF INDIA
UTI BANK LTD.

Registrars

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

Plants

100% EOU Worsted Yarn Division

- a) Urla Growth Centre
Raipur, M.P.
- b) MIDC Butibori, Nagpur, Maharashtra

Solicitors

L. P. AGARWALLA & CO.

Silk Division

Amriti
Malda, W.B.

Urla Growth Centre
Raipur, M.P.

Woolworth (India) Limited**NOTICE :**

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of Woolworth (India) Limited will be held at G.D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Calcutta - 700 019 on Wednesday, 23rd 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 as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date and to receive the Auditors' Report.
2. To declare dividend on Preference and Equity Shares.
3. To appoint directors in place of Mr. T.R. Jalan, Mr. S.S. Kanoria and Mr. S.P. Sen Gupta, who retire by rotation and are eligible for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

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

As Ordinary Resolutions :

- a) **RESOLVED THAT** pursuant to all applicable provisions of the Companies Act, 1956, Mr. A.P. Lohia be re-appointed as Managing Director of the Company for a period of five years with effect from 01.04.1999 on the terms and conditions including remuneration detailed in the draft agreement now placed before the meeting and for the purpose of identification initialled by the Chairman, that the draft agreement be and is hereby approved and that the Board of Directors be and is hereby authorised to execute the stamped engrossment of the draft agreement with liberty to the Board of Directors to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereinafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board of Directors and Mr. A.P. Lohia, Managing Director.
- b) **RESOLVED THAT** pursuant to all applicable provisions of the Companies Act, 1956, Mr. S. Sharma, be appointed as Manager of the Company U/s. 269 of the Companies Act, 1956 for a period of five years with effect from 01.07.1998 on the terms and conditions including remuneration detailed in the Explanatory statement annexed to the Notice with liberty to the Board of Directors to alter or vary the terms and conditions so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereinafter be made thereto by the Central Government in that behalf from time to time, or any amendment thereto as may be agreed to between the Board of Directors and Mr. S. Sharma, Manager.

Registered Office :
UNWORTHHOUSE
3A, Gurusaday Road,
Calcutta - 700 019,
27th June, 1998

By Order of the Board of Directors

S. Gupta
Company Secretary



Woolworth (India) Limited

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, 1st September, 1998 to Wednesday, 23rd September, 1998, both days inclusive.
- c) If dividend on shares as recommended by the Directors is declared at the meeting, payment of such dividend will be made within Statutory period to those members whose names appear on the Company's Register of Members on the 23rd September, 1998.
- d) Persons who have already registered their dividend mandates are requested to confirm the same.
- e) The Company has already transferred unclaimed dividend declared upto the financial year ended 31st March, 1994 and Interim Dividend for 1994-95 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their aforesaid dividends may claim their dividend from the Registrar of Companies, West Bengal, 11nd MSO Building, 2nd Floor, 234/4, A.J.C. Bose Road, Calcutta - 700 020.

The Unpaid Dividend that are due for transfer to the Central Government are as follows:

<u>Dividend</u>		<u>Due for Transfer on</u>
9th Equity Dividend (Final)	1994-95	10.12.1998
10th Equity Dividend (Interim)	1995-96	15.05.1999
11th Equity Dividend (Final)	1995-96	12.12.1999
12th Equity Dividend (Final)	1996-97	28.10.2000

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

- f) Shareholder are requested to intimate us the particulars of their Bank Account, Multiple Folios, Change of Address and Complaint, if any, in the format furnished.
- g) Explanatory Statement U/s. 173(2) of the Companies Act, 1956 is annexed herewith in respect of items of special business.

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 Items No. 5(a) and (b) are as follows :

Woolworth (India) Limited



Item No. 5(a)

Mr. A.P. Lohia was re-appointed Managing Director of the Company with effect from 01.04.1994 for a period of five years by an agreement dated 20.07.1994, which expires on 31.03.1999. The Board of Directors with the consent of Mr. A.P. Lohia, places the proposed Ordinary Resolution before the Company in the Annual General Meeting for his re-appointment as Managing Director with effect from 01.04.1999 for a period of five years on the terms and conditions detailed in the Draft Agreement.

The terms and conditions including remuneration are detailed in the Draft Agreement to be entered into between the Company and Mr. A.P. Lohia. The details of remuneration as per the Draft Agreement are as follows :

Subject to the provisions of Section 198 and 309 of the Companies Act, 1956, including any statutory modification or re-enactment for the time being in force or any amendments and/or modifications that may hereinafter be made thereto or any amendments thereto as may be agreed to between the Board of Directors and the Managing Director, the Managing Director shall be entitled to the following remuneration for the period of his agreement.

- | | | | |
|------|--------------------|---|--|
| i) | Salary | : | In the Pay Scale of Rs. 60,000-5,000-80,000 per month |
| ii) | Commission | : | 1% p.a. of the net profits of the Company subject to a ceiling of an amount equal to the annual salary. |
| iii) | Perquisites | : | Perquisites shall be restricted to an amount equal to the annual salary or Rs. 9,00,000 per annum whichever is higher. |

Part A

- (i) Housing I-The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceilings :
- a) Bombay, Calcutta, Delhi and Madras-sixty per cent of the salary, over and above ten per cent payable by the Managing Director.
 - b) Other places-fifty per cent of the salary, over and above ten per cent payable by the Managing Director.

Housing II-In case the accommodation is owned by the Company, ten per cent of the salary of the Managing Director shall be deducted by the Company.

Housing III-In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing-I

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the Managing Director.

- (ii) Medical Re-imbursement-Expenses incurred for the Managing Director and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- (iii) Leave Travel Concession-For the Managing Director and his family, once in a year incurred in accordance with any Rules specified by the Company.
- (iv) Club Fees-Fees of clubs on actual basis.
- (v) Personal Accident Insurance-Premium on actual basis.

For the purpose of this Part "family" means the spouse, dependent children and dependent parents of the Managing Director.



Part B

The Managing Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified in the Act :

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service;
- c) Encashment of leave at the end of the tenure; and
- d) Provision of Car for use on Company's business and Telephone at residence.

Minimum Remuneration

In the event of loss or inadequacy of profits during the aforesaid period, salary and perquisites as above payable to the Managing Director shall be the minimum remuneration subject to a maximum of Rs. 10,50,000/- per annum or Rs. 87,500/- per month.

The Draft Agreement between the Company and Mr. A.P. Lohia is available for inspection by the members of the Company before the date of the meeting at its Registered Office between 11 a.m. and 1 p.m. on any working day.

This may be treated as an abstract of the Draft Agreement between the Company and Mr. A.P. Lohia, pursuant to Section 302 of the Companies Act, 1956.

The proposed resolution is recommended for passing.

None of the Directors, except Mr. A.P. Lohia, is directly or indirectly concerned and/or interested in the resolution.

Item No. 5(b)

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

Mr. S. Sharma, is B. Text with 17 years experience mainly in Textile Industry. Considering his background and experience, it was considered that the appointment of Mr. S. Sharma as Manager of the Company would benefit the Company.

In accordance with the terms of appointment, Mr. S. Sharma 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.

Woolworth (India) Limited



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.

Perquisites in the above remuneration, as determined under the Income Tax Act, 1961 shall be limited to the annual salary or Rs. 4,00,000/- whichever is higher.

The Draft Appointment Letter of Mr. S. Sharma 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. S. Sharma, 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 :
UNI WORTH HOUSE
3A, Gurusaday Road,
Calcutta - 700 019.

By Order of the Board of Directors

Calcutta, the 27th day of June, 1998

S. Gupta
Company Secretary



Woolworth (India) Limited

DIRECTORS' REPORT TO THE MEMBERS

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

FINANCIAL HIGHLIGHTS :

	31ST MARCH, 1998 (Rs. in Lacs)	31ST MARCH, 1997 (Rs. in Lacs)
Total Income	<u>30089.19</u>	<u>27282.84</u>
Profit before Interest and Depreciation	5149.95	5367.13
Less : Interest	<u>2933.05</u>	<u>2636.98</u>
Profit before Depreciation	2216.90	2730.15
Less : Depreciation	<u>1596.78</u>	<u>1171.82</u>
Profit before Tax	620.12	1558.33
Less : Provision for Taxation	—	—
Profit After Tax for the year	620.12	1558.33
Add : Depreciation written back for earlier years	—	1045.35
Net Profit after Tax	620.12	2603.68
Add : Balance B/F from the Previous Year	<u>1657.28</u>	<u>1600.44</u>
Profit available for appropriation	<u>2277.40</u>	<u>4204.12</u>
Appropriations :		
Debenture Redemption Reserve	145.00	145.00
General Reserve	100.00	1000.00
Dividend on Preference Shares	23.13	—
Dividend on Equity Shares @ 15%	509.78	1274.40
Corporate Dividend Tax	53.29	127.44
Surplus Balance carried to Balance Sheet	<u>1446.20</u>	<u>1657.28</u>
	<u>2277.40</u>	<u>4204.12</u>

Dividends

The Directors have recommended a dividend of Rs. 1.50 per Equity Share (Previous Year Rs. 3.75) for the Financial Year ended 31st March, 1998, which if approved, at the forthcoming Annual General Meeting, will be paid to all those members whose names appear in the Register of Members as on 23rd September, 1998. Further, the Directors have also recommended dividend on Preference Shares @ 13% p.a. on pro-rata basis.

Operations

The Global economy is passing through a recession due to various external factors. The turmoil in South East Asian economy and recession in Japan coupled with unprecedented devaluation in Exchange Rates impacted the Industries in India during the year. Your Company achieved a production growth of 4.97% from 6.50 million kgs to 6.82 million kgs. However, the sales quantity marginally reduced from 6.38 million kgs to 5.82 million kgs (8.88%) mainly due to the aforesaid external factors.

The Wool Top Making Plant at Nagpur Factory has been commissioned during the year and the remaining part of the Diversification-cum-Expansion Plan both at Raipur and Nagpur is expected to be completed by December, 1998.

The Operating Profit Before Interest & Depreciation during the year was Rs. 51.50 Crores as against previous year's Rs. 53.67 Crores and Profit Before Tax was Rs. 6.20 Crores as against previous year's Rs. 15.58 Crores. The Company has successfully raised External Commercial Borrowings of USD 20 Million at competitive rates through State Bank of India, London, primarily to finance the ongoing Expansion-cum-Diversification Project. The Company has also successfully converted most of its INR Loans to Foreign Currency Loans as the Company is enjoying natural hedge against the Foreign Exchange risk.

Future Prospects

Recession in Japan and South East Asian Countries followed by slow down in European economy is likely to continue during 1998 which might effect the Company's operations globally. However, certain strategic actions initiated by the

Woolworth (India) Limited



Company such as penetration in Domestic Markets, penetration in Latin American Countries, USA etc., Financial Restructuring is expected to improve the sustainable competitiveness of the Company and thus will yield favourable results. Further more, the present devaluation of Rupee and weakening of Australian Currency is expected to improve the margins and competitiveness of the Company.

Under the circumstances and in the opinion of the Directors, the future prospects of the Company appears to be encouraging and bright.

Share Capital

During the year, your Company has raised 13% Non-Convertible Cumulative Redeemable Preference Shares aggregating Rs. 6 Crores by way of Private Placement with IDBI. Further, the Company has allotted 2268 Equity Shares against the Rights Issue, 1994 abeyance cases at a premium of Rs. 50/- per share which are entitled for pro-rata dividend for the year under review.

Your Directors are pleased to inform you that your Company has entered into an agreement with National Securities Depository Ltd., (NSDL) to facilitate your holdings and trading of the Company's equity shares in electronic form and the dematerialisation of the Company's shares will start very soon. Your Company strives to provide best possible services to the Shareholders through a level of professionalism and fully computerised system.

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 Comments in the Auditors' Report with notes to the Accounts in Schedule are self explanatory.

Directors

Mr. T.R. Jalan, Mr. S.S. Kanoria and Mr. S.P. Sen Gupta, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

During the year, Mr. K.V. Unni, was appointed as Nominee Director of The Industrial Credit & Investment Corpn. of India Limited (ICICI) on the Board in place of Mr. S.H. Bhojani. The Board places on record its appreciation for the valuable guidance received from Mr. S.H. Bhojani during his tenure as Director.

Mr. K. Srinivasan has resigned as Wholtime Director of the Company though he continues to be on the Board. The Board also places on record its appreciation for the valuable guidance received from Mr. K. Srinivasan during his tenure as Wholtime Director.

Auditors

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

Particulars of Employees

Statement showing particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed and forms part of this report.

Additional Information

Information in accordance with the provisions 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 the annexure forming part of this report.

Industrial Relations

Relations with the employees 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 would like to express their grateful appreciation for the assistance and co-operation received from the Central and State Government, Financial Institutions, Banks, Shareholders, Investors and all those associated with the Company during the year under review.

For and on Behalf of the Board of Directors

T. R. Jalan

Chairman

Calcutta, the 27th day of June, 1998