

# ANNUAL REPORT 1999-2000



**XIL** XPRO INDIA LIMITED

**XPRO INDIA LIMITED**

**REGISTERED OFFICE &  
BIAX DIVISION**

Barjora-Mejia Road, P.O. Ghutgoria,  
Tehsil : Barjora, Distt : Bankura 722 202,  
West Bengal.

**CORPORATE OFFICE**

1, Industrial Area, NIT,  
Faridabad 121 001, Haryana.

**CIMMCO SPINNERS DIVISION**

B-1, MIDC, Chincholi-Kondi,  
Solapur 413 006, Maharashtra.

**COEX DIVISION**

2-3, Industrial Area, NIT,  
Faridabad 121 001, Haryana.

**THERMOSETS DIVISION**

Poisar Bridge, Kandivili (West),  
Mumbai 400 067, Maharashtra.

**REGISTRARS &**

**SHARE TRANSFER AGENTS**

MCS Limited, Sri Venkatesh Bhavan,  
212 A, Shahpurjat, New Delhi 110 049.

**EQUITY SHARES LISTED ON**

Calcutta Stock Exchange  
Stock Code Number 34003

**AUDITORS**

M/s Lodha & Co.,  
New Delhi.

**BOARD OF DIRECTORS**

Sri SIDHARTH BIRLA

*Chairman*

Sri AMITABHA GHOSH

Sri HAIGREVE KHAITAN

Sri P. MURARI

Sri UTSAV PAREKH

Sri S. RAGOTHAMAN

Sri R.R. BHANSALI

*Managing Director*

**COMPANY SECRETARY**

Sri S.C. JAIN

**SENIOR EXECUTIVES**

Sri C. BHASKAR

*President & Chief Operating Officer*

Sri W. SURYAPRAKASAM

*Executive Vice President,*

*Cimmco Spinners Division*

Sri H. BAKSHI

*Executive Vice President (Operations)*

*Biax Division*

Sri MANMOHAN KRISHAN

*Vice President (Works),*

*Coex Division*

Sri A.D. INAMDAR

*Vice President,*

*Thermosets Division*

**CHAIRMAN'S LETTER  
TO THE SHAREHOLDERS****DEAR SHAREHOLDER :**

I am happy to express on behalf of the management, as well as on my own behalf, our thanks for the valued support that we continue to receive from you and our other stakeholders. We shall always strive hard to continuously earn this faith and support.

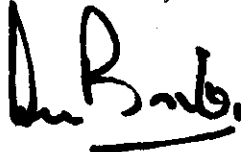
The Company completed its second year of operations and has shown commendable results. This has encouraged the Board to recommend a dividend, which it believes, is a modest but prudent beginning.

The Board will continue to evaluate management strategies and endorse those that aim to reinforce core businesses, yield better performance and enhance shareholder value. I personally am confident that the Company's business areas have significant as well as long term potential for delivering high growth and returns. The Directors' Report and the Management Discussion and Analysis accentuate our rational optimism in the expansion of capacities, both undertaken as well as foreseen. The new manufacturing line for cast films at Coex Division is expected to go online soon.

I would also like to share with you that a basic study made by a leading international management consultancy firm showed that the Company's operations are fairly efficient and cost effective. Even so, the management team has taken up the task of enhancing efficiencies, optimising costs and improving their best practices. These steps are crucial in facing up to the competitive environment successfully.

One of the Board's central tasks continues to be encouraging the organisation to accomplish yet higher levels of value creation through superior products, quality governance and healthy business practices. May I look forward to your continued good wishes and support to the Company.

Yours Sincerely,

**SIDHARTH BIRLA***Chairman*

**XPRO INDIA LIMITED****NOTICE****TO THE SHAREHOLDERS**

Notice is hereby given that the Third Annual General Meeting of Xpro India Limited will be held at the Registered Office of the Company at Barjora-Mejia Road, P. O. Ghutgoria, Tehsil: Barjora, Distt.: Bankura, West Bengal 722 202 on Thursday, July 6, 2000 at 11.00 a.m. to transact the following business:

1. To consider and adopt the Directors' Report and audited Statement of Account for the Financial year ended March 31, 2000.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Sri P. Murari who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

**SPECIAL BUSINESS:**

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

5. **AS AN ORDINARY RESOLUTION**

"RESOLVED THAT Sri Amitabha Ghosh, a Director of the Company, who holds office upto the date of this Annual General Meeting under Article 137 of the Articles of Association of the Company, be and is hereby reappointed a Director of the Company, liable to retire by rotation."

6. **AS AN ORDINARY RESOLUTION**

"RESOLVED THAT Sri S. Ragothaman, a Director of the Company, who holds office upto the date of this Annual General Meeting under Article 137 of the Articles of Association of the Company, be and is hereby reappointed a Director of the Company, liable to retire by rotation".

7. **AS AN ORDINARY RESOLUTION**

"RESOLVED THAT pursuant to the Articles of Association of the Company and provisions of Sections 198, 269 & 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the Company hereby approve the appointment of Sri Sidharth Birla, Chairman, as a Whole-time Director of the Company whose office shall not be liable to retirement by rotation under the Companies Act, 1956 for a period of five years with effect from March 1, 2000 subject generally to the Rules as laid down by the Board, at remuneration by way of salary, perquisites and other allowances as detailed below :

- |                            |    |   |
|----------------------------|----|---|
| i) Salary                  | :  | Rs. 1,50,000 per month with an annual increase of Rs. 15,000 per month.   |
| ii) Commission             | :  | Nil   |
| iii) Housing               | :  | Fully furnished leased/Company owned housing, or a house rent allowance in lieu thereof as per Company Rules (not exceeding 60% of salary). |
| iv) Perquisites/Benefits : | a) | Reimbursement of medical/hospitalisation expenses for self and family.  |
|                            | b) | Personal Accident Insurance.  |
|                            | c) | Free use of car with chauffeur and telephones at residence.   |
|                            | d) | Reimbursement of fare for self and family anywhere in India or abroad once a year while on leave, including boarding and lodging expenses.  |
|                            | e) | Expenditure incurred by the Company on gas, electricity & water.  |
|                            | f) | Club fees : Subject to a maximum of two clubs. This will not include admission and Life Membership Fee.                                     |

Perquisites/benefits shall be subject to an aggregate ceiling of Rs.15.00 Lacs per annum and be valued as per Income Tax Rules, 1962.

**XPRO INDIA LIMITED**

- v) Other perquisites (Not to be included in the computation of the ceiling on remuneration specified in Para i, ii, iii and iv above)
- a) Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, and
- b) Gratuity at the rate of 15 days' salary for each completed year of service at the end of the tenure, and
- c) Encashment of unavailed leave at the end of the tenure.
- vi) Minimum Remuneration : Notwithstanding anything contained herein, in the event of inadequacy or absence of profits in any year under Sections 349 and 350 of the Companies Act, 1956 as amended, it is proposed to pay the above said remuneration by way of minimum remuneration, where necessary with the approval of the Central Government."

**8. AS AN ORDINARY RESOLUTION**

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for creation of such securities in such manner, in such form, upon such of the assets of the Company both present and future, for securing loans availed/to be availed from time to time by the Company from the Banks/Financial Institutions and other appropriate authorities as may be agreed to by the Board of Directors of the Company and Banks/Financial Institutions and other appropriate authorities".

**9. AS A SPECIAL RESOLUTION**

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and are hereby modified and altered to the extent and in the manner as hereinafter stated :

i. Insert the following heading and Article as Article 59A after Article 59:

**59A RIGHT OF NOMINATION**

- a) Notwithstanding anything contained in these Articles, every holder of Shares or Debentures of the Company may, at any time, nominate a person to whom his Shares or Debentures shall vest in the event of his death and the provisions of Sections 109A and 109B of the Act shall apply in respect of such nomination.
- b) No person shall be recognised by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the Shares or Debentures of the Company in the manner specified under Section 109A of the Act.
- c) The Company shall not be in any way responsible for transferring the Shares and/or Debentures consequent upon such intimation in the event of death.
- d) If the holder(s) of the Shares or Debentures survive the nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked."

**Registered Office :**

Barjora-Mejia Road, P.O. Ghutgoria,  
Tehsil : Barjora, Distt.: Bankura,  
West Bengal 722 202

By Order of the Board

**S. C. JAIN**  
Company Secretary

April 24, 2000

**XPRO INDIA LIMITED****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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy Form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting.
3. Members are requested to notify the change in their registered addresses, if any, alongwith the Pin Code number immediately to the Company's Registrars & Share Transfer Agents, MCS Ltd, 212 A, Shahpurjat, New Delhi - 110 049 quoting their folio numbers.
4. The Register of Members of the Company will remain closed from July 1, 2000 to July 6, 2000 (both days inclusive).
5. Dividend on Equity Shares declared at the Annual General Meeting will be paid to those Shareholders, whose names stand on Register of Members of the Company on July 6, 2000 and to whom Dividend Warrants will be posted on or before August 16, 2000.
6. EXPLANATORY STATEMENT  
(PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956/SEBI CODE FOR CORPORATE GOVERNANCE)

**Item No. 3**

Sri. P. Murari, aged 66 years, holds a Masters Degree in Economics and has been a member of the Indian Administrative Services. He has vast administrative experience both at the Centre and in State and retired as a Secretary to the Government of India. His areas of specialisation are general industrial administration, formulation of industrial policies, administration of public sector and co-operative sector industrial undertakings including sick units, health and family planning sector management, energy sector, financial administration and food processing.

Presently he is adviser to President, FICCI and various other professional bodies. He has been Chairman of National Commission on Energy Conservation Awareness, National Commission on Media Strategy for Rural Employment Programmes, and National Commission on Food Processing of Government of India. Sri. Murari is presently a Director on the Boards of Daurala Organics Ltd, SVC Superchem Ltd, Indian Rayon and Industries Ltd, Metal Box India Ltd, Shreyas Shipping Ltd, Nova Iron & Steel Ltd, Hindustan Tin Works Limited, Mukand Ltd, Total Financial Services Ltd, Aban Loyd Chiles Offshore Ltd, Raunaq International Ltd, Creditcapital Asset Management Co. Ltd, HEG Ltd, Herdillia Chemicals Ltd, Bhoruka Power Corporation Ltd, South Asian Petrochem Ltd and SMV Consultants Private Ltd.

He is a member of Audit Sub-committee of Mukand Ltd, Daurala Organics Ltd and Investment Committee of Creditcapital Asset Management Co Ltd besides being member of Nominations Committee and Remuneration and Evaluations Committee of our Company.

Except Sri. P. Murari, no other Director is interested in the resolution.

**Item No. 5**

Sri Amitabha Ghosh, aged 62 years, is a Chartered Accountant and Fellow, Indian Institute of Bankers having expertise in finance and banking spanning over five decades. He has been Chairman & Managing Director of Allahabad Bank and Dy. Governor and Governor of Reserve Bank of India. He was also Chairman of RBI Services Board and Deposit Insurance and Credit Guarantee Corporation and member of the Boards of IDBI, Exim Bank, IRBI, National Institute of Bank Management and Institute of Banking Personnel Relations.

Sri Ghosh is presently Director on the Boards of Kesoram Industries Ltd, Orient Paper & Industries Ltd, Associated Cement Companies Ltd, Assam Brooke Ltd, Herdilla Chemicals Ltd, Consolidated Fibres & Chemicals Ltd, Total Financial Services Ltd, Piramal Healthcare Ltd, Jonas Woodhead & Sons India Ltd, Palit Consultancy Pvt Ltd, Centenary Leasing Company Pvt Ltd, Trade Wings (Calcutta) Pvt Ltd, VXL Landis & Gyr Ltd, Nicco Corporation Ltd, Mysore Cements Ltd, Usha Martin Telekom Ltd, Sahara India Financial Corporation Ltd and Zenith Fibres Ltd.

Sri Ghosh is Chairman & member of Investment & Audit Committee of Sahara India Financial Corporation Ltd and member of Audit Committee of Kesoram Industries Ltd, Orient Paper & Industries Ltd and Consolidated Fibres & Chemicals Ltd.

Except Sri Amitabha Ghosh, no other Director is interested in the resolution.

**Item No. 6**

Sri S. Ragothaman, aged 54 years, is a Commerce Graduate and Chartered Accountant. He is presently a self-employed professional and was formerly a senior official of ICICI Ltd. He has to his credit vast experience of over 27 years in the field of Finance.

He is presently on the Boards of Bombay Dyeing & Mfg. Co Ltd, Cheminor Drugs Ltd, Ennore Foundries Ltd, Mafatlal Industries Ltd, Ratna Cements Yadwad Ltd, Spartek Fine China Ltd, Southern Fotochem Ltd, Sibar Software Services India Ltd and Swagath Capital Market Services Ltd.

Sri S. Ragothaman is Chairman, of the Audit Committee of our Company, and Mafatlal Industries Ltd, besides being member of the Audit Committee of Bombay Dyeing & Mfg. Co. Ltd, Cheminor Drugs Ltd, and Ennore Foundries Ltd.

Except Sri S. Ragothaman, no other Director is interested in the resolution.

**Item No. 7**

Sri. Sidharth Birla, Chairman, aged 43 years, is a Science Honours Graduate and holds a Master's Degree in Business Administration. He has extensive experience of over 21 years in industry and business. Sri Birla is also on the Board of Directors of Birla Holdings Ltd, Birla VXL Ltd, Birla Healthy Life Ltd, India Trade Promotion Organisation, Mysore Cements Ltd, Shree Cement Ltd, Sutlej Cotton Mills Supply Agency Ltd, VXL Landis & Gyr Ltd, and YPO (Delhi Chapter). Sri Birla is Chairman of the Nominations Committee and Remuneration and Evaluations Committee of our Company, besides being member of the Committee of Directors of Birla VXL Ltd and Mysore Cements Ltd.

He has been appointed in a wholetime capacity to provide inputs on matters relating to corporate governance, communicating with stakeholders, holding of high level reviews of strategy/plans and performance, besides his valuable advice and guidance to the senior management in setting the Company's strategic direction in a dynamic economic environment including providing necessary assistance and suggestions in matters relating to expansion, development and diversification of the Company's businesses.

Except Sri Sidharth Birla, no other Director is interested in the aforesaid resolution.

**Item No. 8**

In order to meet Working Capital and other financial requirements, the Company has availed/shall avail from time to time loans from Banks/Financial Institutions and other authorities. The said loans if and when availed are required to be secured by mortgage and/or charge on certain assets and since mortgaging/charging by the Company of its immovable and/or movable properties may be considered as disposal of the Company's properties and undertakings, it is necessary for the shareholders to pass resolution under Section 293(1)(a) of the Companies Act, 1956 for creation of such mortgage/charge.

None of the Directors have any interest in the aforesaid resolution.

**Item No. 9**

The Companies (Amendment) Act, 1999 has provided the facility of nomination to the Share/Debenture holders. The introduction of the nomination facility will enable nomination of any person in whom the interest of the holder of the Shares and /or Debentures shall vest in the event of the death of the holder. Consequently, it is proposed to insert Article 59A in the Articles of Association of the Company to provide for the facility of nomination in respect to Shares and Debentures, if any, issued by the Company.

**INSPECTION OF DOCUMENTS**

The Articles of Association of the Company alongwith a copy thereof reflecting the proposed alteration as set out in Item No.9 is open for inspection at the Registered Office of the Company between 10 a.m. and 12 noon on any working day prior to the date of the meeting.

**Registered Office :**

Barjora-Mejia Road, P.O. Ghutgoria,  
Tehsil : Barjora, Distt.: Bankura,  
West Bengal 722 202

April 24, 2000

By Order of the Board

**S. C. JAIN**  
Company Secretary

**XPRO INDIA LIMITED****REPORT OF THE DIRECTORS  
TO THE SHAREHOLDERS**

We have pleasure in presenting herewith our Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2000. Sales for the year amounted to Rs.171.90 Crores.

**FINANCIAL RESULTS**

	<u>Rs. Lacs</u>
<b>PROFIT BEFORE DEPRECIATION</b>	<b>882.81</b>
Less : Depreciation	401.89
	<hr/>
Profit before Tax	480.92
Less: Provision for Tax	42.50
	<hr/>
<b>PROFIT AFTER TAX</b>	<b>438.42</b>
Add :	
Surplus brought forward	209.23
Debenture Redemption Reserve no longer required, written back	93.33
	<hr/>
<b>Leaving a Balance of</b>	<b>740.98</b>
<b>which is being appropriated as :</b>	
General Reserve	50.00
Proposed Dividend	89.13
Tax on Dividend	19.61
Surplus carried forward	582.24
	<hr/>
	<b>740.98</b>

We recommend a maiden dividend of Rs. 1.25 per Share, subject to any necessary approvals.

**REVIEW OF KEY OPERATIONAL MATTERS**

The operations of your Company were carried out satisfactorily throughout the year and this is reflected adequately in the above results. Management Discussion and Analysis as required under the corporate governance code is annexed hereto. For the sake of brevity, repetition has been avoided in our report.

The white goods industry, a significant client base for your Company, is expected to continue to exhibit good fundamentals. This enhances our confidence in the Sheets business of the Coex Division. Growth is expected to continue for superior and functional type of films for packaging manufactured by Coex Division, as distinct from simple over-wraps or bags, which lead to waste and environmental issues. Expansion of coextruded cast film capacity from 1,400 MT to 5,000 MT per annum has been undertaken through addition of a state-of-the-art production line, which is now at an advanced stage of installation.



The Biax Division maintained its high capacity utilisation. Growth in BOPP capacity of the Division was overtaken by market growth in the past few years and as such options for capacity enhancement to help regain market share are being assessed and a decision is expected to be taken soon on the same.

There are no material matters calling for report regarding Cimmco Spinners and Thermosets Divisions, where operations and results both continue to be satisfactory on the whole.

**STATUTORY INFORMATION & OTHER MATTERS**

Information forming part of this report in respect of Employees, Absorption of Technology, Energy Conservation and Foreign Exchange inflow/outflow, as per requirements of the Companies Act, 1956 is annexed hereto. No problems were faced during the Y2K changeover. Listing has been granted on the Calcutta Stock Exchange for your Company's Equity Shares with effect from March 29, 2000. Relations with employees were cordial and we record our appreciation of the contribution made by employees at all levels during the year. Your Company is committed to adopting the best practices for corporate governance. Accordingly SEBI's code has been adopted and our report on the same is annexed hereto.

Sri Amitabha Ghosh and Sri S. Ragothaman were invited to join the Board following recommendation by the nominations committee and were appointed Additional Directors during the year. Sri Sidharth Birla, Chairman was appointed as a whole-time Director, but in a non-executive capacity, effective from March 1, 2000 subject to shareholder and other necessary approvals. Sri P. Murari retires by rotation and Sri Amitabha Ghosh and Sri S. Ragothaman hold their offices until the Annual General Meeting at hand. Being eligible they offer themselves for reappointment. Necessary information has been provided in the explanatory statements to the proposed resolutions, which are recommended for your approval.

Observations of the Auditors read together with relevant notes to the accounts are self-explanatory.

M/s Lodha & Co. retire as Auditors and, being eligible, offer themselves for reappointment.

We place on record our appreciation for the valuable co-operation and support received by the Company from all its Bankers, Financial Institutions and concerned Government and other Authorities.

**FOR AND ON BEHALF OF THE BOARD**

New Delhi  
April 24, 2000

**SIDHARTH BIRLA**  
Chairman

**XPRO INDIA LIMITED****MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

We have pleasure in submitting here the Management Discussion and Analysis report on the businesses of your Company. We have attempted to include discussions on specified matters to the extent relevant or within limits that in our opinion are set and imposed by the Company's competitive position. Xpro India Limited has entered the first year of the new millennium with improved performance. Sales amounted to Rs.171.90 Crores, growing about 6%. Export earnings were Rs.57.73 Crores largely accounted for by cotton yarn. The Profit Before Tax improved appreciably to Rs.4.81 Crores in the face of continuing competitive pressures, increasing power cost as well as steep price increases in polymers. Though we believe that all our businesses are backed up by the necessary skills and expertise, our core competency can be seen to lie in the extrusion field and the coextrusion process. The improvement in our performance is representative of the competitiveness of our core operations and the overall quality of our products and services.

**COMPANY & INDUSTRY STRUCTURE**

Operations of the Company are structured into 4 operating Divisions. Each Division has been kept self-sufficient managerially to perform its own duties and functions and support is provided at a corporate level as required. Data on capacities, volumes and turnover are to be found in the Notes to the Accounts in this Annual Report; a summary is given here. Utilisation levels stay high as well as uniform; any negative change is mainly due to changes in product mix. All Divisions turned in positive results.

	FY 98 / 99		FY 99 / 00	
	<i>Production</i>	<i>Sales</i>	<i>Production</i>	<i>Sales</i>
BIAX DIVISION	3,560	3,897	3,480	4,149
COEX DIVISION	7,895	5,014	7,774	4,228
THERMOSETS DIVISION	2,916	2,044	3,100	2,155
<i>Polymers Activities</i>	<b>14,371</b>	<b>10,955</b>	<b>14,354</b>	<b>10,532</b>
CIMMCO SPINNERS DIVISION	3,567	5,250	4,123	6,658
<b>TOTAL</b>		<b>16,205</b>		<b>17,190</b>

Note : Production in MT; Sales in Rs. Lacs; for Sales value of Coex Division, see details below

The industry structure in the field of polymers processing is spread very wide, from miniscule to fairly large capacities. There is no discernible direct thumb-rule in terms of "size vs. profitability" and it is possible for each player to work out its own viable economics depending upon a variety of factors. The most prominent of these is the combination of product mix and market segment or niche that the player focuses on. Supply chain linkages to clients can play an additional role for many players particularly due to the geographical dimensions of the country. Since polymers have been freely available at prices synchronized to global prices, market focus besides technical and service competence has been the key to success. It is fair to say that your Company is a mid-size player, with significant strengths in its market segments and thus does not relate or react acutely to a "commodity-like" market pressure. The cotton yarn industry on the other hand is an established one, where economies of scale have played an important role. Here, your Company operates an essentially viable operation, however on the lower side of the capacity scale, and thus has chosen to operate within selected markets successfully. In the overall, your Company's operations are relatively capital intensive and raw material and power constitute the largest proportion of the total cost. We believe that the opportunities are substantial, both in terms of market growth and product diversity