

ANNUAL REPORT 2001 - 2002



REGISTERED OFFICE &**BIAX DIVISION**

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

CIMMCO SPINNERS DIVISION

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

COEX DIVISION

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

CORPORATE OFFICE

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

THERMOSETS DIVISION

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

REGISTPARS &**SHARE TRANSFER AGENTS**

MCS Limited, Sri Venkatesh Bhavan,
212 A, Shahpur Jat, New Delhi 110 049

EQUITY SHARES LISTED ON

Calcutta Stock Exchange
Stock Code Number 10034003
ISIN Number INE 445C01015

AUDITORS

M/s Lodha & Co.,
New Delhi.

BOARD OF DIRECTORS**Sri SIDHARTH BIRLA**

Chairman

Sri AMITABHA GHOSH**Sri HAIGREVE KHAITAN****Sri DEBNEEL MUKHERJEE****Sri P. MURARI****Sri UTSAV PAREKH****Sri S. RAGOTHAMAN****Sri C. BHASKAR**

Executive Director & Chief Operating Officer

COMPANY SECRETARY**S.C. JAIN****SENIOR EXECUTIVES****H. BAKSHI**

*Executive Vice President,
Biax Division*

D.P. GOENKA

*Joint President,
Spinning Division*

A.D. INAMDAR

*Vice President,
Thermosets Division*

MANMOHAN KRISHAN

*Vice President (Works),
Coex Division*

XPRO INDIA LIMITED : ANNUAL REPORT 2001-02**NOTICE****TO THE SHAREHOLDERS**

Notice is hereby given that the Fifth Annual General Meeting of the Members 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 Friday, July 12, 2002 at 10.30 a.m. to transact the following business:

1. To consider and adopt the Directors' Report and audited Balance Sheet and Profit & Loss Account as at and for the year ended March 31, 2002.
2. To declare Dividend on Equity Shares.
3. To appoint Directors in place of Shri Amitabha Ghosh & Shri S. Ragothaman who retire by rotation and being eligible, offer themselves 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 pursuant to Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby reorganised by converting 50,00,000 unissued Equity Shares of Rs.10/- each out of 2,00,00,000 Equity Shares of Rs.10/- each forming part of the Authorised Share Capital of the Company into and classifying as 50,00,000 Unclassified Shares of Rs.10/- each and that consequently existing Clause V of the Memorandum of Association of the Company relating to the Authorised Share Capital be and is hereby altered by deleting the same and substituting in its place and stead the following as new Clause V

"V. The Authorised Share Capital of the Company is Rs.20,00,00,000/- (Rupees Twenty Crores only) divided into 1,50,00,000 Equity Shares of Rs.10/- each; and 50,00,000 Unclassified Shares of Rs.10/- each with the rights, privileges and conditions attached thereto as per the relevant provisions contained in the Articles of Association of the Company for the time being or as may be fixed by the Board of Directors or Committee thereof from time to time with power to increase or reduce the Capital of the Company and to divide the Shares in the Capital for the time being into several classes and to classify the unclassified shares and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company or by the Board of Directors or Committee thereof from time to time and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company and consolidate or sub-divide the shares and issue the shares in higher or lower denominations."

6. AS A SPECIAL RESOLUTION

"RESOLVED that in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange where the shares of the Company are listed and subject to such approvals, permissions and sanctions of such authorities as may be necessary and subject also to such terms, conditions and modifications as may be prescribed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot in accordance with the Guidelines on Preferential Issues framed by Securities & Exchange Board of India (SEBI) in this behalf upto 30,00,000 Equity Shares of Rs.10/- each to Members (other than Promoters and persons deemed to be acting in concert), Financial Institutions, Mutual Funds, Asset Management Companies, Banks, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, for an aggregate amount not exceeding Rs.25 Crores (including premium), on preferential basis on such terms and conditions as the Board may deem fit in one or more tranches at par or at such price or prices including premium or in such manner as the Board may in its absolute discretion think fit.

RESOLVED FURTHER that the Equity Shares be offered for subscription as aforesaid by an Offering Document as may be approved by the Board stating the terms of the offer including a provision therein that the offer if not accepted within such time as may be specified in the Offering Document or within such further time as may from time to time be extended by the Board shall be deemed to have been declined.

RESOLVED FURTHER that the Board be and is hereby authorised to issue, offer and allot such number of Equity Shares as may be necessary in accordance with the terms of the offering and that all such Equity Shares shall rank pari passu, from their respective dates of allotment, with the existing Equity Shares of the Company, save and except that the said shares will be eligible to pro-rata dividend from the date of allotment of such shares.

RESOLVED FURTHER that for the purpose of giving effect to the Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters, and things and carry out or accept all such conditions, modifications and alterations as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the Equity Shares and further to finalise and execute all documents and writings as may be necessary, desirable or expedient without being required to seek any further consent or approval of the Company in this regard."

XPRO INDIA LIMITED : ANNUAL REPORT 2001-02**7. 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 by inserting the following heading & Article as Article 126A after Article 126:

"Payment of Commission to Non-executive Directors"

126A. A Director who is neither in the whole-time employment of the company nor a managing director may be paid remuneration -
either

- a) by way of monthly, quarterly or annual payment with the approval of the Central Government ;
- or
- b) by way of commission if the Company by special resolution authorises such payment ;

Provided that the remuneration paid to such a Director, or where there is more than one such Director, to all of them together, shall not exceed -

- i) one per cent of the net profits of the Company, if the Company has Managing or Whole-time Director or Manager ;
- ii) three per cent of the net profits of the Company, in any other case ;

Provided further that the Company in general meeting may, with the approval of the Central Government, authorise the payment of such remuneration at a rate exceeding one per cent or, as the case may be, three per cent of its net profits."

8. AS A SPECIAL RESOLUTION

"RESOLVED that pursuant to Section 309(4) read with Section 309(7) of the Companies Act, 1956, the Directors of the Company be and are hereby authorised to receive commission (to be divided between them equally or in such manner as they may from time to time determine) at a rate not exceeding 1% of the net profits of the Company computed in the manner referred to in Sub-section (1) of Section 198 of the Companies Act, 1956 for each of the five Financial Years of the Company commencing from April 1, 2002.

Provided that the Directors may at their discretion decide the exact amount to be disbursed by way of commission in each such financial year within the limit stipulated above."

9. AS AN ORDINARY RESOLUTION

"RESOLVED that in partial modification of Resolution No.2 passed at the Extra-Ordinary General Meeting held on March 5, 2001 regarding the appointment of and remuneration payable to Shri C. Bhaskar as a Whole-time Director of the Company for a period of five years with effect from January 1, 2001 and in accordance with the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions (if any), of the Companies Act, 1956, the Company hereby approves the payment to Shri C. Bhaskar of commission not exceeding 2% of the net profits of the Company every year or part thereof and special allowance be increased from Rs.17,500/- per month to Rs.30,000/- per month with effect from April 1, 2002; within the overall limit of 5% of net profits and all other terms and conditions as approved by the Members at their said Extra-Ordinary General Meeting remaining unchanged."

10. AS AN ORDINARY RESOLUTION

"RESOLVED that in partial modification of Resolution No. 7 passed at the Third Annual General Meeting held on July 6, 2000 regarding the appointment of and remuneration payable to Shri Sidharth Birla, Chairman, as a Whole-time Director of the Company for a period of five years with effect from March 1, 2000 and in accordance with the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions (if any) of the Companies Act, 1956, the Company hereby approves the payment to Shri Sidharth Birla of commission not exceeding 2% of the net profits of the Company every year or part thereof; within the overall limit of 5% of net profits and all other terms and conditions as approved by the Members at their said Annual General Meeting remaining unchanged."

Registered Office :

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

April 26, 2002

By Order of the Board

S.C. JAIN
Company Secretary

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. The Register of Members of the Company will remain closed from July 1, 2002 to July 12, 2002 (both days inclusive).
4. Dividend on Equity Shares declared at the Annual General Meeting will be paid to those Shareholders, whose names stand on the Register of Members of the Company on July 12, 2002 and the Dividend Warrants will be posted on or before August 10, 2002.
5. Members are requested to notify the change in their registered address, if any, along with the Pin Code Number immediately to the Company's Registrars & Share Transfer Agents, MCS Ltd., Sri Venkatesh Bhavan, 212-A, Shahpurjat, New Delhi - 110 049 quoting their folio numbers.
6. Members holding more than one Share Certificate in the same name under different Ledger Folios, are requested to apply for consolidation of such folios to the Company's Registrar and Share Transfer Agents at New Delhi as stated in Note No.5 above.

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7 EXPLANATORY STATEMENT
(PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956/ SEBI CODE FOR CORPORATE GOVERNANCE)

Item No. 3

- i. Shri Amitabha Ghosh, aged 64 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.

Shri Amitabha Ghosh is presently Director on the Boards of Kesoram Industries Limited, Orient Paper & Industries Limited, Associated Cement Companies Limited, Assam Brooke Limited, Piramal Holdings Limited, Palit Consultancy Pvt. Limited, Centenary Leasing Co. Pvt. Limited, Sahara India Life Insurance Corporation Limited, Nicco Corporation Limited, Mysore Cements Limited, Usha Martin Telekom Limited, Sahara India Financial Corporation Limited & Zenith Fibres Limited.

Shri Amitabha Ghosh is Chairman, of the Audit Committee & Investment Committee of Sahara India Financial Corpn. Limited, Chairman, of the Audit Committee of Orient Paper & Industries Limited and member of the Audit Committee of Kesoram Industries Limited, Assam Brook Limited and Piramal Holdings Pvt. Limited.

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

- ii. Shri S. Ragothaman, aged 56 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 29 years in the field of Finance.

Shri S. Ragothaman is presently Director on the Boards of Bombay Dyeing Mfg. Co. Limited, Ennore Foundries Limited, S. Ragothaman Corporate Services Pvt. Limited & Nextset Software India Pvt. Limited.

Shri S. Ragothaman is Chairman, of the Audit Committee of our Company, besides being member of the Audit Committee of Bombay Dyeing & Mfg. Co. Ltd. & Ennore Foundries Ltd.

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

Item No. 5

The Authorised Share Capital of the Company amounting to Rs.20,00,00,000/- (Rupees Twenty Crores only) is at present classified as Equity Shares only with voting rights. Keeping in view the amended provisions of the Companies Act, 1956, your approval is sought to reclassify and/or reorganise Authorised Share Capital of the Company by dividing into 1,50,00,000 Equity Shares of Rs.10/- each and 50,00,000 Unclassified Shares of Rs.10/- each.

None of the Directors are interested in the resolution.

Item No. 6

This resolution relates to a proposal to issue, offer and allot Equity Shares from time to time to Members (other than Promoters and persons deemed to be acting in concert), Financial Institutions, Mutual Funds, Asset Management Companies, Banks, Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons as may be appropriate. The Company is advised that the said issue, the pricing thereof and allotment will be in accordance with the Guidelines for Preferential Issue of Securities & Exchange Board of India (SEBI) dated August 4, 1994 as amended and consents as may be necessary will be obtained from the appropriate authorities.

The listing agreement with the Calcutta Stock Exchange provide that further issue of shares by the Company shall be offered to the existing Members of the Company unless decided otherwise in a General Meeting. Section 81 of the Act also provides inter alia that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing members of the company in the manner laid down in the said Section unless the Members in a General Meeting decide otherwise.

In compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended, the Company has forwarded a copy of the Board Resolution dated April 26, 2002 for the aforesaid issue to the said Stock Exchange where the shares of the Company are listed. In accordance with the said Regulations, the following information is furnished:

Proposed Allottees of the Securities	:	Members (other than Promoters and persons deemed to be acting in concert), Financial Institutions, Mutual Funds, Asset Management Companies, Banks, Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons as may be appropriate.
Present holding of the Proposed Allottees	:	Cannot be determined at this stage. See table below.
Price at which the Securities are proposed to be issued	:	Subject to SEBI's formula for minimum pricing.
Purpose and reason for such Allotment	:	For strengthening the long-term resource base of the Company, including for meeting working capital and capital expenditure needs.
Consequential changes, if any, in the Board of Directors of the Company	::	None proposed
Consequential changes, if any, in the Voting rights	:	As given below

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SHAREHOLDING PATTERN		Existing as on March 31, 2002		Proposed Issue		Post Issue	
		No. of Equity Shares	%	No. of Equity Shares	No. of Equity Shares	%	
a.	Promoters and persons deemed to be acting in concert	34,60,843	48.54	-	34,60,843	34.16	
b.	Institutional Investors			30,00,000	66,69,607	65.84	
	- Mutual Funds & UTI	75,019	1.05				
	- ICICI / IDBI / IFCI	1,89,981	2.66				
	- Banks, Ins. Co's, & Other FIs, FIIs	9,96,470	13.98				
c.	Others						
	- Private Corporate Bodies	1,86,816	2.62				
	- NRIs/OCBs	44,860	0.63				
	- Indian Public	21,76,461	30.52				
Total Equity Shares		71,30,450	100.00	30,00,000	1,01,30,450	100.00	

Directors' Interest : None of the Directors are deemed to be interested in this resolution except as shareholders generally, where relevant.

Item No.7

The Companies Act, 1956 permits payment of commission to non-executive Directors. Accordingly, Article 126A is proposed to be inserted in the Articles of Association of the Company in line with the said provisions of the Act.

The Board of Directors recommend the resolution for your approval.

All non-executive Directors may be considered to be interested in passing of the resolution.

Item No.8

The non-executive Directors have to devote considerable time to the business of the Company and the Company is benefited by their expertise and mature advice. It is appropriate that they are paid suitable remuneration by way of a share of the profits. Further more keeping in view the recent amendments to the Companies Act, 1956 and applicability of SEBI Code for Corporate Governance which have cast onerous responsibilities on non-executive Directors also, it is considered proper and equitable to suitably remunerate the non-executive Directors on the Board. After deliberating upon recommendations of the Remuneration & Nomination Committee, the Board recommends to the members to approve payment of commission to the non-executive Directors in accordance with the provisions of Section 198(1) read with Section 309(4) & 309(7) of the Companies Act, 1956.

All non-executive Directors not in the employ of the Company may be deemed to be concerned or interested in this Resolution.

Item No.9

Shri C. Bhaskar was appointed as Executive Director & Chief Operating Officer with effect from January 1, 2001 (currently he is also discharging duties and responsibilities of the Chief Executive); he heads the management team, holds operational responsibility for the day-to-day activities of the Company; he has been entrusted with ensuring that all management functions are carried out professionally, and is accountable to the Board for actions and results.

The Remuneration & Nomination Committee had examined and recommended building in a performance-based linkage in the total package of Shri Bhaskar; improvement in the Company's financial performance is fundamental for enhancing shareholder value. The Committee deliberated on the results achieved so far by the Company, the responsibilities of Shri Bhaskar, the overall prospects and a broad internal and external relativity between remuneration and benefits. The Committee decided to recommend to the Board to consider seeking Shareholders' relevant enabling approval for modifying terms of Shri Bhaskar with effect from April 1 2002 for the remainder of his present appointment, to allow for payment of a commission not exceeding 2% of net profits (as computed under Sections 198, 349 & 350 of the Companies Act, 1956 as amended) and Special Allowance be increased from Rs.17,500/- per month to Rs.30,000/- per month and the entire package being subject to ceiling as laid down in Schedule XIII to the Companies Act, 1956 and within the overall limit of 5% of net profits.

Accordingly the Board recommends the resolution, as set out at item No.9 of the Notice convening this meeting, for your approval.

The resolution with the explanatory statement may also be treated as an abstract of the terms of the appointment and remuneration of Shri C. Bhaskar as Whole-time Director as required under Section 302 of the Companies Act, 1956.

Except Shri C. Bhaskar, no other Director is interested in the aforesaid Resolution.

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Item No.10

Shri Sidharth Birla, Chairman was appointed as Whole-time Director, under the Companies Act, with effect from March 1, 2000. He has extensive experience of over 23 years in industry and business. He provides 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.

The Board had examined the overall prospects and a broad internal and external relativity between remuneration and benefits. After due deliberation the Board is seeking Shareholders' enabling approval for modifying terms of Shri Birla with effect from April 1, 2002 for the remainder of his present appointment, to allow for payment of a commission not exceeding 2% of net profits (as computed under Sections 198, 349 & 350 of the Companies Act, 1956 as amended) and the entire package being subject to ceiling as laid down in Schedule XIII to the Companies Act, 1956 and within the overall limit of 5% of net profits.

Accordingly the Board recommends the resolution, as set out at item No. 10 of the Notice convening this meeting, for your approval.

The resolution with the explanatory statement may also be treated as an abstract of the terms of the appointment and remuneration of Shri Sidharth Birla as Whole-time Director as required under Section 302 of the Companies Act, 1956.

Except Shri Sidharth Birla, no other Director is interested in the aforesaid Resolution.

Registered Office :

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

April 26, 2002

By Order of the Board

S.C. JAIN
Company Secretary



XPRO INDIA LIMITED : ANNUAL REPORT 2001-02**REPORT OF THE DIRECTORS
TO THE SHAREHOLDERS**

We are happy to present our Annual Report along with the Audited Accounts of your Company for the year ended March 31, 2002.

FINANCIAL RESULTS

	(Rs. lacs)
March 31, 2002	
Working for the year yielded a	
Profit before Depreciation and Tax of	1,282.94
Less : Depreciation	546.55
Profit Before Tax	736.39
Less:	
- Provision for Tax	60.00
- Deferred Tax Provision for the year	110.00
- Income Tax Provision for earlier years	4.25
Profit After Tax	562.14
Add : Surplus brought forward	1,075.30
Leaving a Balance of	1,637.44
Which is being appropriated as:	
- Deferred Tax Provision for earlier years	275.00
- General Reserve	50.00
- Proposed Dividend	106.96
- Surplus carried forward	1205.48
	1,637.44

We recommend for your approval a dividend of Rs.1.50 per Share. No dividend tax has been provided as proposed in the Finance Bill, 2002 which is yet to be passed by Parliament.

REVIEW OF KEY OPERATIONAL MATTERS

The operations of the company were carried out satisfactorily during the year as reflected in the financial results given above despite the generally difficult year for Indian industry. This was possible through aggressive marketing and disciplined exercises in cost reduction. Quantitative volumes were higher by nearly 11 % in the polymer business areas while the fall in sales turnover by about 6 %, to Rs. 153.43 Crores, was essentially due to price adjustments consequent on fall in prices of input materials – polymers and cotton, and an increase in toll manufacturing. The Management Discussion & Analysis Report, as required by the corporate governance code, is annexed hereto and repetition has been avoided here.

With a growth rate of 25-30%, an expanding consumer base and population of over a billion, India has one of the most rapidly expanding flexible packaging industries in the world. Flexible packaging usage is increasing rapidly as consumerism spreads calling for more convenience products. This situation augurs well for the company as a major supplier of inputs (BOPP and Cast films, and plastic foils) to the packaging and conversion industry. The white goods industry, another significant customer base for the company, registered an unprecedented decline of over 10 %. However, the company responded well to the challenges of the market and achieved an overall growth in volumes while consolidating our position as market leader. Current forecast indicate renewed growth in this sector.

Considering the consolidation taking place in the BOPP films industry, the company is evaluating various options for capacity enhancement.

The yarn/textile business segments were hard hit by global recession, compounded by the post-September 11 situation in the US which was

reflected in all our conventional markets. The situation has now stabilised and trends are favourable both in respect of volumes and margins.

STATUTORY INFORMATION AND OTHER MATTERS

Information as per the requirements of the Companies Act and our report on corporate governance form a part of this Report and are annexed hereto. Relations with employees were generally cordial and we record our appreciation of the contribution made by committed employees during the year. Sri Amitabha Ghosh and Sri S Ragothaman, Directors, retire by rotation and, being eligible, offer themselves for reappointment.

Observations of the Auditors when read together with the relevant notes to the accounts and accounting policies relating to depreciation are self-explanatory. As per our governance practices, the management's statement on the integrity and fair presentation of financial statements is provided to the Board as an integral part of the accounts approval process. However, as per Section 217(2AA) of the Companies Act the Directors indicate that they have taken reasonable and bonafide care (a) that in the preparation of the annual accounts the applicable accounting standards had been followed and proper explanations relating to material departures, if any, have been furnished; (b) that such accounting policies were selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit & loss of the Company for the period; (c) that proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with provisions of the Companies Act for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities; (d) that these accounts have been prepared on a Going Concern basis.

The Audited Balance Sheet and Profit & Loss Account along with the Director's Report for the year ended March 31, 2002 of Xpro Global Limited, the wholly owned subsidiary of the Company are annexed hereto. Consolidated accounts are also presented herewith as required.

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

We record our sincere appreciation for the valuable cooperation and support received by the Company from its Banks, Financial Institutions and concerned Government and other authorities.

For and on behalf of the Board

New Delhi
April 26, 2002

Sidharth Birla
Chairman

XPRO INDIA LIMITED : ANNUAL REPORT 2001-02**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

We have pleasure in submitting here a Management Discussion & Analysis Report on the businesses of the Company. We have attempted to include discussions on all specified matters to the extent relevant or within limits that in our opinion are imposed by the Company's own competitive position. The Company completed the year with overall improved financial performance despite the continuing competitive pressures and the generally poor overall market conditions. Production quantities in polymer business areas grew by approximately 11 %, while in the yarn/textile business capacity utilisation was maintained at similar levels. Despite this, sales value, at Rs. 153.43 Crores, was lower by about 6 % and Export earnings, principally accounted for by cotton yarn, were lower at Rs.17.44 Crores. In the net, the reduction accounts for price adjustments consequent to fall in input prices of polymers and cotton, competitive pressures on selling prices, increased sales in domestic tariff areas as permitted and an increase of over 25 % in conversion activity. Profit before tax improved by nearly 14 % to Rs. 7.36 Crores, while Profit after tax was lower by 5 % after providing for enhanced depreciation (increase of 27 %) and Rs. 110 lacs towards deferred tax for the year as required under current accounting standards. We believe that all our businesses are backed up by necessary skills and expertise; our core competency can be seen to lie in the extrusion field, particularly in the coextrusion process. Our financial performance is generally representative of competitiveness in our core operations and quality of products and services.

COMPANY & INDUSTRY STRUCTURE

Our operations are structured into 2 segments viz. Polymers Business and Yarn/Textile Business. Operating divisions within each business segment are kept self-sufficient managerially to perform their own duties and functions with support provided at a corporate level as required. Data on capacities, volumes and turnover are contained in the Notes to the Accounts; a summary is given below.

Segment	FY 00 / 01		FY 01 / 02	
	Production MT	Sales Rs. lacs	Production MT	Sales Rs. lacs
Polymers Business				
BIAX Division	3,543	4,636	3,659	5,131
COEX Division	6,678	4,033	7,833	4,239
THERMOSETS Division	2,978	2,195	3,092	2,250
	13,199	10,864	14,584	11,620
Yarn/Textile Business				
SPINNING Division	3,332	5,447	2,539	3,723
TOTAL		16,311		15,343

(Coex Division's production includes on conversion basis, which cannot reflect fully in sales value).

The industry structure in the field of polymers processing is spread wide, from minuscule to fairly large capacities. There is no direct thumb-rule in terms of "size vs. profitability" and it is possible for players to work out their own viable economics depending upon various factors, mainly a 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 some. Since polymers are freely available at prices synchronized to global prices, market focus besides technical & service competence has been the key to success. It may be fair to say that the Company is a mid-size player, with significant strengths in its market segments and subject to the usual market pressures. The cotton yarn sector is an established one, where economies of scale can play a role. The 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, the Company's operations are relatively capital intensive and raw material and power constitute the largest proportions of cost. We believe that opportunities are substantial, both in terms of market growth and our product diversity and that threats from replacement products are not especially significant. The principal raw materials used by the Company are

Polypropylene, Styrene Polymers, LD/LLD Polyethylene, Cotton, Phenol & Formaldehyde.

We recognise that total customer satisfaction is the key to our success. Our aim is to build sound customer relationships through creation of value for them, and in the process to earn an equitable return for ourselves. Quality is built into products through appropriate manufacturing technology and work methods. Manufacturing at all units is carried out by suitably qualified personnel under strict quality standards. Continuous product development for specific applications has helped the Company in developing technically sustainable solutions with clearly apparent customer benefits. The Biax Division's unit (the first BOPP Film unit in the country to be certified under ISO 9002 standards has recently been certified under the ISO 9001:2000 standards – again the first such Indian BOPP films unit. The Coex Division's unit remains the only Indian unit to be certified under ISO 9002 standards for the manufacture of Coextruded Multilayer Plastic Sheets and Cast Films. The Spinning Division's unit is also duly certified.

Biax Division

Biax Division manufactures a wide range of Biaxially Oriented Polypropylene ("BOPP") Films on a sophisticated, automated production line. It commenced operations with technical know-how from a leading global manufacturer; the technology was fully absorbed and supplemented by in-house development. The films produced by us are coextruded. BOPP films have multipurpose use in various applications ranging from packaging of food items to sophisticated films for use in certain electronic components, besides being used for print lamination, adhesive tape and related sectors. With an expanding consumer base built upon a large population, India has one of the most rapidly expanding flexible packaging industries in the world. With BOPP films constituting a major input into this industry and with the development of new applications, the oriented films market continues to grow at about 14% annually. During the year, the industry in India has witnessed consolidation with two major producers announcing a merger, the creation of fresh capacity as well as announcements of further capacity creation. Our capacity at 4,600 MT is essentially dedicated towards specialised products/markets, which together with consistent quality and service standards enabled the unit achieve high capacity utilisation despite excess domestic capacity. Preliminary work on capacity enhancement on films has commenced. A new unit to metallise films and other substrates will also be installed shortly. During the year production was 3,659 MT, which actually translates to full capacity utilisation, as the product mix is of a finer average gauge than the basis for calculating installed capacity as per standard practice.

Coex Division

Coex Division manufactures coextruded sheets & coextruded cast films. Our products are usually custom-made to customer needs and based on various polymers including Polystyrene, Polypropylene & Polyethylene. Applications for our product range are wide and our range includes a variety of sheets for refrigerator liners, disposable containers, automotive parts, etc. Cast films are high clarity films including stretch wrap and cling film, specially formulated films for medical disposables, hygiene films, polypropylene film & others for packaging applications. Full production has not yet been demonstrated on the new cast film line as certain technical issues remain to be resolved to our satisfaction by the suppliers. Battenfeld Gloucester Europe/SMS Folientechnik. Total production of sheets & films at this division was 7,833 MT during the year, reflecting an increase in sheet and cast films production by over 11 % and 35 % respectively. The refrigerator markets were sluggish throughout the year and the industry registered a de-growth of over 11 %. However, the company consolidated its position as the leading supplier of sheets to the white goods industry through consistent focus on product quality, development and service. Growth in demand for sophisticated packaging materials continues to be driven by new product applications.

Thermosets Division

The unit of the Thermosets Division, originally established about 50 years ago, is a pioneer in the field of Thermosetting materials, including Phenol Formaldehyde & Melamine Formaldehyde besides Phenolic Resins. These products are widely used in electrical accessories and components, automotive parts, textile machinery, railway signalling parts, grinding wheels, friction materials, laminates, adhesives, inks and tyres/rubber industry. The

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Division's ability to offer a comprehensive product range spanning numerous grades (including specially developed types) has helped it to acquire market leadership. Total production during the year was 3,092 MT. The unit is the largest producer for Phenolic moulding compounds & Non-Foundry Phenolic resins. Ability to offer a comprehensive range of products, particularly specially developed custom-made specifications has helped the unit acquire market leadership. Technical up-gradation commenced in the last year have helped improve productivity and product quality. Further improvements are planned.

Spinning Division

Spinning Division (called Cimco Spinners Division) comprises a 100% Export Oriented Unit producing cotton yarn, with an installed capacity of 26,208 spindles, with its yarn conforming to high international standards of quality. Total production during the year at 2,539 MT, was near full capacity utilisation - the prima-facie decrease from the previous year being due to finer product mix and discontinuation of doubling of out-sourced yarn. During the year the global textile markets passed through severe recessionary conditions, reflecting the conditions prevailing in the US markets. Our conventional markets such as Korea suffered due to lower off-take of finished fabrics/garments from Europe and USA and prices and margins were affected adversely. From time to time the unit sold yarn, to the extent permitted to EOUs, in the domestic markets in view of better realisations; therefore the export value stood reduced. In view of the generally depressed market conditions, no significant trading activity was undertaken during the year. Development activities undertaken have enabled the unit to tap new markets & niche customers in Asia, Europe and the EEC. Comparative studies by SITRA have shown that this unit continues to achieve overall superior performance.

ENVIRONMENT & SAFETY

We firmly believe that safe and healthy working conditions in factories and other premises are as necessary and important as production, productivity and quality. Our policy requires conduct of activities in such a way as to take foremost account of health and safety of all concerned, besides conservation of natural resources and protection of the environment to the extent possible.

HUMAN RESOURCES

We recognise that employees represent our greatest asset and potential. It is only through motivated, creative and business-minded employees that we can achieve our aims. Involvement, commitment, teamwork and continuous updating of skills and knowledge are integral to our objectives of advancing a highly professional, productive culture. Permanent employment totals 804, of which officers and staff account for 320, and workmen for the balance (last year 829 and 319 respectively).

OTHER MATTERS

There are no further or typical areas of risks or concerns outside the usual course of business foreseeable at this time. Internal control systems have been found to be adequate, but are continuously reviewed with a view to improvement. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence. We have taken all care to diligently comply with all applicable laws and regulations. The overall financial performance is in line with and reflective of operational performance. Liquidity constraints with customers still impose cash flow and interest burdens on the businesses. Our outlook continues to remain positive and we face challenges with sincerity and determination. Our sincere thanks are due to all employees and team-mates, particularly the Division Heads, whose dedicated and hard work allowed these results to be achieved. We are grateful to all our Bankers, Financial Institutions & concerned Authorities for their continued support, and to all our customers for their faith & confidence; we commit ourselves to their fullest satisfaction.

CAUTIONARY STATEMENT

Statements in the Management's Discussion & Analysis Report which seek to describe the Company's objectives, projections, estimates, expectations or predictions may be considered to be "forward-looking statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from any expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices,

cyclical demand and pricing in the Company's markets, changes in Government regulations, tax regimes, economic developments within India and countries with which the Company conducts business besides other factors, such as litigation and labour negotiations.

For and on behalf of the Management Team

New Delhi
April 26, 2002

C. BHASKAR
Executive Director & Chief Operating Officer

**REPORT OF THE DIRECTORS
ON CORPORATE GOVERNANCE**

The Board has adopted the principles of good corporate governance and is committed to adopting, besides any obligations under relevant laws or regulations, best relevant practices for governance. We believe that good governance is voluntary and self-disciplining with the strongest impetus coming from Directors, and the management itself. The organisation at Xpro India Limited aims to be progressive, competent and trustworthy, creating and enhancing value for stakeholders and customers, while reflecting and respecting the best of Indian values in its conduct. The Board lays emphasis on integrity, transparency and accountability.

THE BOARD OF DIRECTORS**Composition**

The Board consists of 8 Directors, of which 7 are non-executive. As a policy the identities, positions, duties and responsibilities of the Chairman & Chief Executive are kept separate and suitably defined. Accordingly the Chairman's position, even where whole-time, is non-executive in essence and his role, which is specified by the Board, does not cover routine managerial responsibilities. The management of the Company is vested in executive Director(s) appointed for the purpose, subject to the general supervision, control and direction of the Board. Sri C. Bhaskar has been appointed Executive Director & Chief Operating Officer (currently also discharging the duties and responsibilities of the Chief Executive); he heads the management team, holds operational responsibility for day-to-day activities of the Company, has been entrusted with ensuring that all management functions are carried out professionally, and is accountable to the Board for actions and results.

With the clear demarcation of responsibilities at top levels in the Company, the SEBI code requires that 3 Directors or one-third of the Board, whichever is more, should be independent. Our Board has 6 (a majority) independent Directors viz. Sri Amitabha Ghosh (formerly a Banker and Deputy Governor of Reserve Bank of India), Sri Haigreve Khaitan (Advocate), Sri P. Murari (IAS (retired), formerly Secretary to the Government of India), Sri Utsav Parekh (Merchant Banker) & Sri S. Ragothaman (self-employed professional, formerly a senior officer at ICICI); Sri Debnree Mukherjee (Executive Director & Chief Operating Officer, ICICI Infotech Pte. Limited) nominee of ICICI, is considered independent. Sri Sidharth Birla, Chairman (MBA, B.Sc.(Hons.)) represents promoters. Sri C. Bhaskar is the only executive Director. None of the Directors are related to each other or to promoters.

The independent Directors play an important role in deliberations at the Board level and bring to the Company their wide experience in fields of industry, banking, finance, law, administration and policy, and contribute significantly to Board committees. Their independent role vis-à-vis the Company implies that they have a distinct contribution to make by adding a broad perspective, by ensuring that the interests of all shareholders are kept in acceptable balance and also in providing an objective view in any potential conflict of interest between stakeholders. To review the functioning and effectiveness of the Board, the Chairman and non-executive Directors review the same, and the attendance record of all Directors, every year.