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Annual Report

1996 - 97

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ANKIT YARNS LIMITED



8th Annual Report

BOARD OF DIRECTOR

Harish G. Bulchandani	<i>Chairman & Managing Director</i>
Ramakant K. Kanodia	<i>Director</i>
Ajay M. Jian	<i>Director</i>
Mahendranath Tikku	<i>Director</i>

BANKERS

Bank of India

The North Kanara G.S.B. Co-operative Bank Ltd.

AUDITORS

Dave & Dave

Chartered Accountants

Mumbai - 400 002.

REGISTERED OFFICE

9, Industry House,
Plot No-4, Marwah Estate,
Off. Saki-vihar Road,
Andheri (East),
Mumbai - 400 072.

FACTORY

G-36, Tarapur Industrial Area,
Boisar (W.R.),
Dist. Thane - 401 506.

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ANKIT YARNS LIMITED**NOTICE**

NOTICE is hereby given that the Eighth Annual General Meeting of the members of **ANKIT YARNS LIMITED** will be held at 9, Industry House, Plot No-4, Marwah Estate, Off Saki-vihar Road, Andheri (East), Mumbai - 400 072 on Saturday 29th November, 1997 at 2.00 p.m. to transact the following business :

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st March, 1997 and the Balance Sheet as on that date alongwith the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ramakant Kanodia who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ajay Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT Dave & Dave, Chartered Accountants, the retiring Auditors be and are hereby appointed as Auditors of the Company to hold office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at such remuneration as may be decided by the Board of Directors of the Company at a later date, plus out-of-pocket expenses."

SPECIAL BUSINESS :

5. To Appoint a Director in place of Mr. Harish G. Bulchandani who was appointed as an Additional Director and who holds office upto the date of this Annual General Meeting.
6. To appoint a Director in place of Mr. Mahendranath Tikku who was appointed as an Additional Directors and who holds office upto the date of this Annual General Meeting.

7. To Consider and thought fit, to pass the following Resolution as an ordinary Resolution with or without modification :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 & 311 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956. Mr. Harish G. Bulchandani be and is hereby appointed as Managing Director of the Company for a period of five years with effect from 22nd January, 1997 on the terms and conditions mentioned below.

- I (a) Rs. 10,000/- per month inclusive of D.A. subject to 1(c) in the scale of Rs. 10,000/- - 5,000/- - 30,000/-.
- (b) Perquisites such as fully Furnished House or House Rent Allowances, Expenditure incurred on Gas, Electricity, Water and Furnishing, Medical benefits for Self and Family, leave travel concession, Club fees, Personal Accident Insurance or other allowances equivalent to annual Salary or Rs. 4,50,000/- whichever is less.
- (c) In case of absence or inadequacy of profits, he will be entitled to Salary, Perquisites and other allowances mentioned above as minimum remuneration for the purpose of Section 198 of the Companies Act, 1956.

The Salary and perquisites as mentioned in 1(a), (b) and (c) above will be exclusive of :

- (I) Contribution to provident fund, superannuation fund or annuity fund to the extent of these either or put together are not taxable under the Income-Tax Act, 1961.
- (II) Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service and ;
- (III) Encashment of leave at the end of tenure.

- II Commission on the Annual Net Profits of the Company as may be decided by the Board at end of each financial year computed in the manner laid down in Section 198 and Section 309 (5) of the Companies Act, 1956 on the total remuneration.

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III Free use of Company's car with driver for the business of the Company.

IV Free Telephone facility at residence.

He shall be entitled to reimbursement of expenses actually and properly incurred by him for business of the Company.

He shall not be liable to retire by rotation as a Director.

Regd. Office :

9, Industry House,
Plot No-4, Marwah Estate,
Off. Saki-vihar Road,
Andheri (E),
Mumbai - 400 072.

By Order of the Board

HARISH G. BULCHANDANI
Chairman & Managing Director

NOTE :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The explanatory statement required under the provisions of the Section 173 (2) of the Companies Act, 1956 is annexed hereto.

EXPLANATORY STATEMENT :

The Following explanatory statement sets out all material facts in respect of items of Special Business mentioned in the accompanying Notice dated 18th October, 1997.

ITEM NO. 5 AND 6 :

MR. HARISH G. BULCHANDANI and MR. MAHENDRANATH TIKKU were appointed as additional Directors of the Company on the 26th December, 1996. Their terms of office expire at the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company. They have rich business experience in yarn Market. Their appointments will be in the interest of the company. The Board of Directors therefore recommend your approval thereto. Except Mr. Harish G. Bulchandani and Mr. M.N. Tikku no other Director is concerned or interested in the resolution.

ITEM NO. 7 :

MR. HARISH G. BULCHANDANI was appointed as Managing Director of the Company by the Board of Directors at their Meeting held on 22nd January, 1997. After resignation of Mr. Ramakant Kanodia as Managing director of the Company, it was absolutely essential to appoint Mr. Harish G. Bulchandani as Managing Director of the Company to look after the entire business activities of the Company.

Mr. HARISH G. BULCHANDANI is an experienced businessman. He has been engaged in yarn business for more than twenty years. His terms of appointment are already mentioned in the resolution. The said terms may also be treated as an abstract under the provisions of section 302 of Companies Act, 1956. The Board of Directors recommend your approval thereto.

Except Mr. HARISH G. BULCHANDANI, no other director is concerned or interested in the resolution.

Regd. Office :

9, Industry House,
Plot No-4, Marwah Estate,
Off. Saki-vihar Road,
Andheri (E),
Mumbai - 400 072.

By Order of the Board

HARISH G. BULCHANDANI
Chairman & Managing Director

Mumbai : 18th October, 1997

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ANKIT YARNS LIMITED**DIRECTORS' REPORT**

Yours Directors submit Eighth Annual Report of the Company alongwith the Audited Statement of Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	1996-97	1995-96
	Rs.	Rs.
Sales & Other Income	4,78,96,328	7,33,92,213
Profit/(Loss) before Interest & Depreciation	(31,02,078)	(83,91,352)
Less : Interest	48,38,877	49,25,439
Less : Depreciation	19,59,905	27,38,513
Net Profit/(Loss)	(99,00,860)	(1,60,55,304)
Less : Depreciation of earlier years Written Back	28,58,403	—
Add : Balance Profit/(Loss) brought forward from previous year	(1,89,60,695)	(29,05,391)
Balance Profit/(Loss) Carried to Balance Sheet	(2,60,03,152)	(1,89,60,695)

In view of Loss incurred during the year under review, your Directors regret their inability to recommend any dividend for the year ended 31st March 1997.

ACCOUNTS :

Regarding observation of Auditors in para 2(d) of their report to the members, your Director have to state that various notes contained in Schedule 19 forming part of Accounts referred to by the Auditors in their report are self explanatory.

YEAR IN RETROSPECT :

The Year under review was a difficult period mainly due to severe financial crisis. The Company tried to mobilise its resources in the effective manner by several cost cutting exercise & appointment of Technical Personnel. The effect of all such exercises would be felt in the coming year.

DIRECTORATE :

During the year under review, Mr. Ramavtar Kanodia and Mr. Pawan Jain resigned as Directors of the Company. The Board place on record its appreciation for valuable services rendered by them during their tenure of directorships with the Company.

Mr. Harish G. Bulchandani and Mr. Mahendranath Tikku were appointed as additional Directors of the Company during the year under review. An Ordinary Resolution is proposed for confirming appointment of Mr. Harish G. Bulchandani as Managing Director of the Company.

Mr. Ramakant Kanodia & Mr. Ajay Jain retires by rotation but being eligible offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES :

The Company does not have any employees whose particulars are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956.

CONVERSATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, ETC. :

Information as per 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 and forming part of the Directors' Report for the year ended 31st March, 1997 is annexed hereto.

INSURANCE :

All the properties and insurable interest of the Company have been adequately insured.

AUDITORS :

Dave & Dave, Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting. They being eligible offer themselves for re-appointment.

INFORMATION UNDER LISTING AGREEMENT WITH STOCK EXCHANGES :

The Company raised Rs. 2.62 crores through Public Issue as per Prospectus dated 10th October, 1992. The funds so raised have been fully utilised to finance the project as mentioned in the said Prospectus. The Company incurred losses as compared to the projected profit after tax mentioned in the said Prospectus. The main reason for variation are (i) Changes in Government Policies. (ii) Recession in yarn market. (iii) Changes in International Prices.

APPRECIATION :

The Directors place on record their appreciation for support and co-operation received from staff and various departments of the Government, Bankers, SICOM, MSFC, Suppliers and Dealers.

On behalf of the Board

Place : Mumbai
Dated : 18th October, 1997

HARISH G. BULCHANDANI
Chairman & Managing Director

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ANNEXURE TO THE DIRECTORS REPORT

Information as required under Section 217 (1) (e) of the Companies Act, 1956 :

Form for Disclosure of particulars with respect to Conservation of Energy**(A) CONSERVATION OF ENERGY :**

The Company uses electrical power supplied by the State Electricity Board for its manufacturing operations. The consumption of power is in accordance with its requirements. Efforts to conserve and optimize the use of energy are made through improved operational methods and constant monitoring of usage. The total energy consumption is given in the prescribed form as below :

FORM - A**Disclosure of Particulars with respect to Conservation of Energy.****A. Power and fuel Consumption**

	1996-97	1995-96
1. ELECTRICITY :		
(a) Purchase		
Unit	1187274	993724
Total Amount	3531448	2922024
Rate/Unit	2.97	2.94
(b) Own Generation		
(i) Through Diesel Generator	398516	1530477
(ii) Through Steam Turbine Generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Others/Generation	NIL	NIL

B. Consumption per unit of production

	1996-97	1995-96
Standards		
Products (Kg.)	606542	536854
Electricity (Unit in Rs. per Kg)	6.48	8.30
Furnace Oil	-	-
Coal	-	-
Others	-	-

FORM - B**Disclosure of particulars with respect to Technology Absorption and Innovation.**

The Company manufacturers texturised and Roto yarn on the basis of technology available with it which has been fully absorbed. The Company does not have any separate Research and Development Department.

C. Foreign Exchange Earnings and Outgo

After the conversion of the Company as 100% Export Oriented Unit the Company could achieve deemed exports turnover of Rs.299.50 Lacs.

	Rs.
a) Foreign Exchange used	31,45,967
b) Foreign Exchange earned	NIL

On behalf of the Board

Place : Mumbai
Dated : 18th October, 1997

HARISH G. BULCHANDANI
Chairman & Managing Director

1996-97