

ANKIT YARNS LTD.

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the members of ANKIT YARNS LIMITED will be held at 9, Industry House, Plot No. 4, Marwah Estate, Off Sakivihar Road, Andheri (East), Mumbai- 400 072 on Wednesday 30th September, 1998 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, 1998 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. Mahendranath Tikku who retires by rotation and being eligible, offers himself for re-appointment.
3. TO consider and if though 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.

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

By Order of the Board

Date : 5th September, 1998

Sd/-

H. G. Bulchandani
Chairman & Managing Director

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.

| | | | | |
|-----|-------------------------------------|--|-----|-------------------------------------|
| MD | <input checked="" type="checkbox"/> | | BKC | <input checked="" type="checkbox"/> |
| CS | <input checked="" type="checkbox"/> | | DPY | <input checked="" type="checkbox"/> |
| RO | <input checked="" type="checkbox"/> | | DIV | <input checked="" type="checkbox"/> |
| TRA | <input checked="" type="checkbox"/> | | AC | <input checked="" type="checkbox"/> |
| AGM | <input checked="" type="checkbox"/> | | SHI | <input checked="" type="checkbox"/> |
| YE | <input checked="" type="checkbox"/> | | | |

DIRECTOR' REPORT

Your Directors submit Ninth Annual Report of the Company alongwith the Audited Statement of Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

| | 1997-98 | 1996-97 |
|--|---------------|---------------|
| | <u>Rs.</u> | <u>Rs.</u> |
| Sales & Othe Income | 8,88,72,925 | 4,78,96,328 |
| Profit/(Loss) before Interest & Depreciation | 21,57,861 | (31,02,078) |
| Less : Interest | 48,57,652 | 48,38,877 |
| Less : Depreciation | 21,18,916 | 19,59,905 |
| | ----- | ----- |
| Net Profit/(Loss) | (48,18,707) | (99,00,860) |
| Less : Depreciation of earlier years written Back | - | 28,58,403 |
| Add : Balance Profit/(Loss) brought forward from previous year | (2,60,03,151) | (1,89,60,695) |
| | ----- | ----- |
| Balance Profit/(Loss) Carried to Balance Sheet | (3,08,21,858) | (2,60,03,152) |
| | ===== | ===== |

In view of accumulated losses your Directors regret their inability to recommend any dividend for the year ended 31st March, 1998.

ACCOUNTS :

Regarding observation of Auditors in para 2(d) of their report to the members, your Directors 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 RESTROSPECT

During the year under review, the turnover of the Company increased to Rs. 8.88 Crores as compared to Rs. 4.79 Crores of the previous year. The improvement in the perferance is mainly due to effective cost control and better quality control. In spite of current recession, your Directors feel that the performance will still improve during the current year.

DIRECTORATE

After the close of the year, Mr. Ramakant Kanodia and Mr. Ajay 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.

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Mr. Suresh D. Hotwani was appointed as Director of the Company in casual vacancy caused due to resignation of Mr. Ramakant Kanodia.

Mr. Mahendranath Tikku retires by rotation but being eligible offer himself 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.

CONVERSION 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, 1998 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 reasons 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

Sd/-

Place : Mumbai

HARISH G. BULCHANDANI

Dated : 5th September, 1998

Chairman & Managing Director

ANNEXURE TO THE DIRECTORS REPORT

Information as required under Section 217(1)(e) of the Companies Acts, 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 of Conservation of energy.

A. Power and fuel Consumption

| | <u>1997-98</u> | <u>1996-97</u> |
|---------------------------------------|----------------|----------------|
| 1. ELECTRICITY : | | |
| (a) Purchase | | |
| Unit | 763262 | 1187274 |
| Total Amount | 3035043 | 3531448 |
| Rate/Unit | 3.97 | 2.97 |
| (b) Own Generation | | |
| (i) Through Diesel Generator | 44201 | 398516 |
| (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 | | |
| Standards | <u>1997-98</u> | <u>1996-97</u> |
| Products (Kg.) | 762485 | 606542 |
| Electricity (Unit in Rs. per Kg) | 4.04 | 6.48 |
| Furnace Oil | --- | - |
| Coal | --- | - |
| Others | --- | - |

FORM - B

Disclosure of particulars with respect to Technology Absorption and innovation.

The Company manufactures 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 Earning and Outgo

After the conversion of the Comany as 100% Export Oriented Unit the Company could achieve deemed exports turnover of Rs.341.00 Lacs.

| | |
|----------------------------|------------------|
| a) Foreign Exchange used | Rs. 64,02,810 |
| b) Foreign Exchange earned | NIL |

On behalf of the Board

Sd/-

Place : Mumbai
Dated : 5th September, 1998

HARISH G. BULCHANDANI
Chairman & Managing Director

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AUDITOR'S REPORT

To,
The Members,
ANKIT YARNS LIMITED

We have audited the attached Balance Sheet of M/s. ANKIT YARNS LIMITED as at 31st March 1998, and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto and report that:

- 1) As required by manufacturing and other companies (Auditors' Report) order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the annexure hereto a statement on the matters specified in paragraph 4 and 5 of the said order.
- 2) Further to our comments in the Annexure referred to in paragraph 1 above we state that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion and to the best of our information and according to explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 1998.
 - ii) In the case of Profit & Loss Account of the Loss for the year ended on that date.

For DAVE & DAVE
Chartered Accountants

L.S. DAVE
Partner

Place : Mumbai
Dated : 05th September, 1998.

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 1 of our report of even date:

1. As stated to us the Company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets. As explained to us, all the fixed assets have been physically verified by the Management at reasonable intervals during the year. We are informed that no material discrepancies have been noticed by the management on such verification as compared to the aforesaid records of fixed assets.
2. None of the fixed assets have been revalued during the year.
3. Physical verification was conducted by the management at reasonable intervals during the year and/or at the close of the year in respect of finished goods, stores, spare parts, packing material and raw materials save and except goods lying with third parties.
4. As explained to us, the procedures of physical verification of stocks followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
5. According to the records produced to us for our verification there were no material discrepancies noticed on physical verification of stocks as compared to book records and the same has been properly dealt with in the books of account.
6. In our opinion the valuation of Stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. We are informed that the Company has accepted interest free unsecured loans from the Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under section 370(1-B) of the Companies Act, 1956. In our opinion, in view of the long term association with such group companies, the terms are not prima facie prejudicial to the interest of the Company.
8. We are informed that no loans, secured or unsecured have been granted to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and to the Companies under the same management as defined in Section 370(1-B) of the Companies Act, 1956.
9. According to information and explanation given to us, the Company has not given any loans or advances in the nature of loans to any body except interest free advances to its employees, which have been recovered as per stipulations modified from time to time.
10. On the basis of selective checks carried out during the course of Audit and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of stores, raw material including components, plant & machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanation given to us, the transactions of purchases of goods and materials