

ANNUAL REPORT 1996 - 97







ARYAN FINEFAB LIMITED

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NINTH ANNUAL GENERAL MEETING

Date : 27th September, 1997
 Day : Saturday
 Time : 11.00 a.m.
 Place : PLOT NO. 1559/1/A,
 RAJPUR KADI
 DIST. MEHSANA, GUJARAT.

AHMEDABAD OFFICE :

5 B & C TRADE CENTRE,
 NAVRANGPURA,
 AHMEDABAD-380 009.

BOMBAY OFFICE :

BUSINESS PLAZA,
 PLOT NO. 33,
 4TH FLOOR, GAZDAR BANDH ROAD
 SANTACRUZ (WEST)
 BOMBAY-400 054

MD	✓	BKC	✓
CS	NA	DPY	NA
RO	✓	DIV	NA
TRA	NA	AC	✓
AGM	✓	SHI	✓
YE	✓		

Note :

- Shareholders intending to require information about accounts to be explained in the meeting are requested to inform the Company at least seven days in advance of the Annual General Meeting.
- Shareholders are requested to bring their copy of Annual Report at the Annual General Meeting.

BOARD OF DIRECTORS

SHRI DHIRENDRA NATH RAI
Chairman & Managing Director

SHRI ARVIND KUMAR RAI
 SHRI ALOK TYAGI
 SHRI PREM KUMAR RAI

BANKERS

PUNJAB NATIONAL BANK
 THE HONGKONG & SHANGHAI
 BANKING CORPORATION LTD.
 THE BANK OF NOVA SCOTIA
 UCO BANK
 ALLAHABAD BANK
 ICICI BANKING CORPORATION LTD.

AUDITORS

KAPOOR & COMPANY
 CHARTERED ACCOUNTANTS

REGISTERED OFFICE

PLOT NO. 1559/1/ A
 RAJPUR KADI,
 DIST. MEHSANA, GUJARAT.

WORKS

UNIT-I.

(100%) EOU
 PLOT NO. 917,
 RAJPUR KADI,
 DIST. MEHSANA, GUJARAT.

UNIT-II.

PLOT NO. 1559/1/A,
 RAJPUR KADI,
 DIST. MEHSANA, GUJARAT

UNIT-III.

PLOT NO. 1559/1/B,
 RAJPUR KADI,
 DIST. MEHSANA, GUJARAT



CHAIRMAN'S STATEMENT

Dear Shareholders,

As we all know that it has been a difficult period for Indian industries in general due to severe liquidity crunch which not only made finance dearer but led to slack demand. In addition to that we had antidumping duty problem which was provisionally imposed by European Union. Strong U.S. dollar made imports expensive in Europe and we had fairly stable currency rate throughout leading to tight margins.

Inspite of temporary setbacks and problems your company has gone ahead with expansion program of increasing capacity of weaving and processing. Expansion project costing Rs. 1400 lacs has been financed by ICICI and company's own internal accruals.

I wish to assure you of our best efforts and hope our strategy of increasing capacity in difficult times will yield better results when things improve.

Jai Hind

D. N. RAI
Chairman & Managing Director



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DIRECTOR'S REPORT

The Director take pleasure in presenting Ninth Annual Report and Audited Statement of accounts for the period ended 31st March 1997 together with Auditors Report thereon :

1. FINANCIAL HIGHLIGHTS :

	31-03-97 (15 Months) (RUPEES'000)	31-12-95 (12 Months) (RUPEES'000)
Sales & Other Income	624240	418967
Gross Profit	86404	71938
Less :		
Financial Charges	38565	11603
Depreciation	23922	19699
Profit Before Tax	23917	40636
Income Tax	1500	Nil
Net Profit Available for Appropriation	22417	40636
Prior period Adjustments	19529	(382)
Balance Brought From Previous Year	23238	20080
Dividend @ Nil (P.Y. 10% for 12 Months)	Nil	12860
Dividend (short provision of earlier year)	Nil	407
Transfer to General Reserve	5000	25000
Balance Carried Forward	21125	23238

2. DIVIDEND :

The Board of Directors of the company have decided to forgo dividend during the year in view of the expansion undertaken by the company.

3. APPROPRIATION :

Out of the profit available for appropriation, your Directors propose to transfer a sum of Rs. 50 lacs to General Reserve.

4. PRESENT WORKING :

The Company's various plants are working satisfactorily. In addition to fabric activity company has also started exporting garments. At present export orders are executed to European countries and South America.

The Company has embarked upon expansion project to increase its weaving and processing capacity, by adding highly efficient second hand imported plant, Expansion will increase the existing capacity by about 12000 meters/day in weaving and 8000 meters/day in processing. The total cost of expansion is Rs. 1400 lacs out of which ICICI Ltd. has funded Rs. 1000 lacs and Rs. 400 lacs by way of internal accruals. The project will go on stream in the last quarter of the Year 1997.

5. INSURANCE :

All the properties belonging to the Company are duly insured against all risks.



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6. CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE :

Additional Information on conservation of energy, technology, absorption, foreign exchange earnings and outgo as require to be disclosed in terms of 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 is annexed hereto and forms part of this report.

7. PERSONAL :

Industrial relations are cordial. The Directors express, their appreciation for the support given and contribution made by the employees at all levels to the successful operation of the company.

8. AUDITORS OBSERVATION :

Regarding the observations made by the Auditors in their Report, the notes referred to by them are self explanatory and require no further comments of the Board.

9. AUDITORS :

M/s Kapoor & Co. Chartered Accountants, Ahmedabad, the Auditors of the Company will be retiring at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

10. DIRECTORS :

Mr. Alok Tyagi retire from the Board by rotation at the ensuing Annual General Meeting, but being eligible, offer himself for re-appointment.

11. STATUTORY INFORMATION :

The information required under section 217 (2A) of the Companies Act 1956 is given as per separate Annexure enclosed.

12. APPRECIATION :

The Board wishes to express its deep appreciation to all the staff member for their contribution to the creditable performance of the Company and to the Bankers, Financial Institutions, Shareholders and Customers for their unstained support.

Place : Ahmedabad

Dated : July 30, 1997

On behalf of the Board of Directors

D.N. RAI

Chairman & Managing Director



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**ANNEXURE TO THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 1997. INFORMATION
U/s 217 (2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975**

Name/Age	Designation & Nature of Duties	Total Remuneration (15 months)	Qualification	Experience	Date of Joining	Last Employment Held
Shri Dharendra Nath Rai (64 Yrs)	Chairman & Managing Director	11,25,000	D.T.M. (KANPUR)	40	1ST April 1989	JOINT EXECUTIVE PRESIDENT GRASIM INDUSTRIES LTD. -None-
Shri Arvind Kumar Rai (38 Yrs)	Director	7,50,000	B.Com., FCA	13	17th July 1987	
Shri Prem Kumar Rai (35 Yrs)	Director	6,00,000	B.Sc., MBA	9	17th July 1987	-None



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ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology, Absorption and Foreign Exchange Earnings Out go as require under the Companies (Disclosure of Particulars in the Board of Directors' Report) Rules 1988.

A. Conservation of Energy :

(a) Energy Conservation Measures taken :

The Company has been giving high priority to conservation of energy on continuous basis by close monitoring of energy consuming equipment, optimising use of steam and close liaison between energy producing centres and consuming points, as Company has installed all latest equipments to optimise the consumption of energy.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL.

(c) Impact of measures at (a) and (b) above for reduction in energy consumption and consequently cost of products has reduce.

The aforesaid measures have resulted in reduction in energy consumption and consequently cost of production stands reduce.

(d) Total energy consumption and energy consumption per unit of production "As per Annexure 'A' attached."

FORM 'B'

Research and Development : (R & D)

1. Specific areas in which R & D carried out by the company:

- Improving product quality and developing new product qualities.
- Improving productivity and reducing cost of production.
- Controlling wastes and fabric damages.
- Change in sizing mix to reduce cost of production benefits derived as a result of above efforts e.g. product, improvement cost reduction, product development.
- Due to various measures taken company has reduce its cost of production.

Future plan of Action :

Continuing R&D in the relevant area.

Expenditure on R & D :

Expenditure on in-house research and development has been shown under respective heads of expenditure in the profit and loss account as no separate account is maintained.

Technology absorption, adaption and innovation :

As this plant came in operation in 1990, which is based on latest technology prevailing in the world. Plant has inherent properties of low consumption of energy and high production efficiency.

Foreign Exchange earnings and out go :

The company has exported goods directly and through export houses. During the year company has realised foreign exchange amounting to Rs. 1161.06 lacs (P.Y. Rs. 633.07 lacs) through direct exports. Company has incurred a sum of Rs. 54.99 lacs (P.Y. Rs. 5.02 lacs) and Rs. 17.58 lacs (P.Y. Rs. Nil) towards purchase of imported raw material, consumables and Rs. 9.25 lacs (P.Y. Rs. 11.31 lacs) for foreign travelling expenses.



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ANNEXURE FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	31.03.1997	31.12.1995
A. POWER & FUEL CONSUMPTION		
1. Electricity		
(a) Purchased Unit	59,03,405	45,12,142
Total Amount (Rs.)	1,66,17,790	1,17,42,187.46
Rate per unit (Rs.)	2.81	2.60
(b) Own Generation		
(i) Through Diesel Generator Units	36,24,400	13,45,332
Units per 1 lt. of Diesel oil	3.28	3.28
Cost/per unit (Rs.)	2	1.92
(ii) Through Steam turbine Generator Units	Not Applicable	Not Applicable
Units per Lts of fuel oil/gas		
Cost/Unit		
2. Coal (Specify quality and where used)	Not Applicable	Not Applicable
Quantity (Tonnes Total cost (Rs.)		
Average rate/Tonnes (Rs.)		
3. Furnace Oil	NIL	NIL
Quantity (K.Lts.)		
Total Amt (Rs.)		
Average Rate Rs./Ltr.	NIL	NIL
4. Others/Internal Generations		
(Please give details)	NIL	NIL
Quantity		
Total Cost		
Rate/Unit (Rs.)	Not Applicable	Not Applicable
B. CONSUMPTION PER UNIT OF PRODUCTION		
Product (Cotton Grey Fabrics)		
1. Electricity	95,27,805	58,57,474
(Purchased & Generation)		
Units/Mtr of Grey Production	0.77	0.72