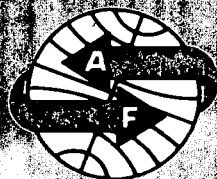
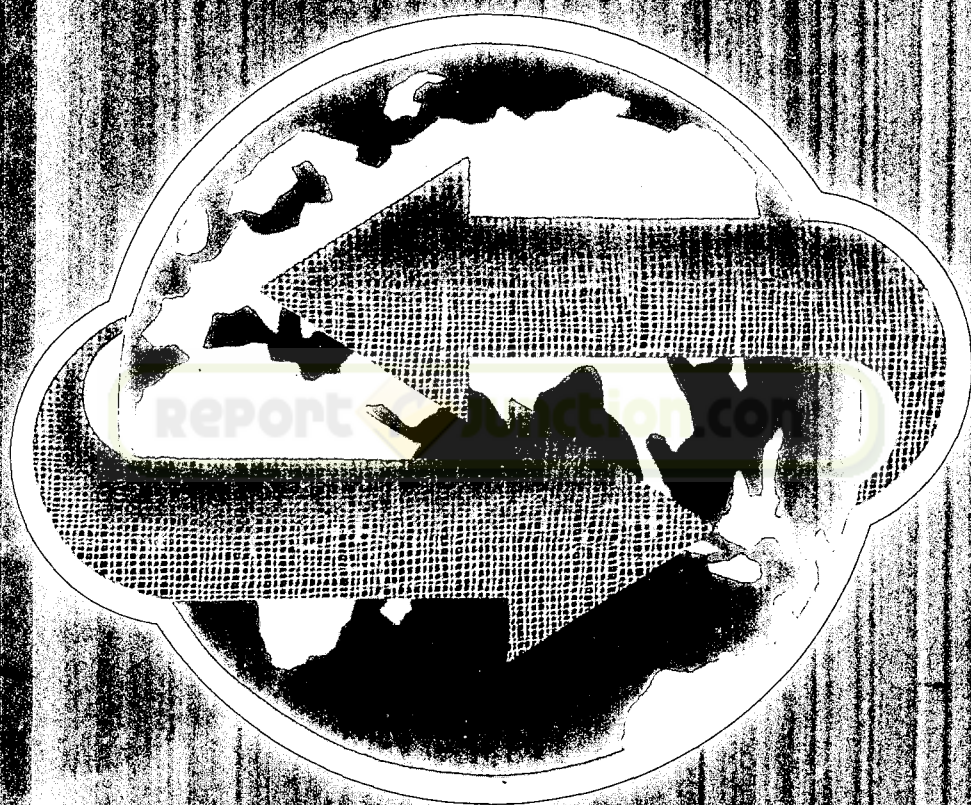


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| | | | |
|-----|----|-----|----|
| MD | ✓ | BKC | ✓ |
| CS | NA | DPY | MA |
| ED | ✓ | DIV | MA |
| TRA | NA | AC | MA |
| AGM | ✓ | SHI | ✓ |
| YE | ✓ | | ✓ |

ARYAN FINEFAB LIMITED ANNUAL REPORT 1997-98

TENTH ANNUAL GENERAL MEETING

Date : 30th September, 1998
Day : Wednesday
Time : 11.00 a.m.
Place : PLOT NO. 1559/1A
RAJPUR KADI
DIST. MEHSANA, GUJARAT

BOARD OF DIRECTORS

SHRI DHIRENDRA NATH RAI
Chairman & Managing Director

SHRI ARVIND KUMAR RAI
SHRI ALOK TYAGI
SHRI PREM KUMAR RAI

AHMEDABAD OFFICE :

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

BANKERS

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

BOMBAY OFFICE :

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

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

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





ARYAN FINEFAB LIMITED

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DIRECTORS' REPORT

1. FINANCIAL HIGHLIGHTS

| | 31.03.98 (12 Months) (Rs'000) | 31.03.97 (15 Months) (Rs'000) |
|---|-------------------------------------|-------------------------------------|
| Sales & Other Income | 488118 | 624239 |
| Gross Profit | 28832 | 86191 |
| Less: | | |
| Financial Charges | 26688 | 38352 |
| Depreciation | 17858 | 23922 |
| Profit (Loss) Before Tax | (15714) | 23917 |
| Income Tax | Nil | 1500 |
| Net Profit/(Loss) Available for Appropriation | (15714) | 22417 |
| Prior Period Adjustments | 13054 | 19529 |
| Balance Brought From Previous Year | 21125 | 23238 |
| Dividend @ Nil (P.Y. Nil) | Nil | Nil |
| Transfer From/to General Reserve | 7643 | 5000 |
| Balance Carried Forward | Nil | 21125 |

2. DIVIDEND

The Board of Directors of the company have decided to forgo dividend during the year on account of Loss incurred by the company.

3. APPROPRIATION :

The Net result of operations have resulted in Loss and hence no appropriations are made for the year.

4. PRESENT WORKING :

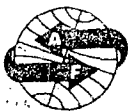
The Current year witnessed a slow down in production, arising on account of below par capacity utilisation. The disruption in the continuous working capital flow have severely effected business, causing erosion in margins, adding to production and operation cost.

The expansion project has not commenced commercial production, the financial constraints and cost over run have impeded the commencement of the project, gearing up the expansion project and providing for additional working capital requirement are under negotiation, all efforts are being directed for an early solution to the present state mate.

The company aims to secure a higher capacity utilisation of its production capacity and an concentrated effort on value added product to improve its future performance.

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 PERSONNEL :

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 re-appointment.

10. DIRECTORS :

Mr Arvind Kumar Rai and Mr Prem Kumar Rai who retire by rotation and being eligible, offer themselves for reappointment as Directors at the ensuing Annual General Meeting,

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 , Share holders and Customers for their unstinted support.

Place : Ahmedabad **FOR. ARYAN FINE FAB LTD.**

On behalf of the Board of Directors

Date : June 30,1998.

D.N.RAI

[Signature]
Co. Secretary Cum Finance Manager

Chairman & Managing Director.



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**ANNEXURE TO THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 1998, INFORMATION
U/s 217 (2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975**

| NAME/AGE | DESIGNATION & NATURE OF DUTIES | TOTAL REMUNERATION Rs. (12 MONTHS) | QUALIFICATION | EXPERIENCE | DATE OF JOINING | LAST EMPLOYMENT HELD |
|-------------------------------------|------------------------------------|---|--------------------|------------|--------------------|---|
| Shri Dhirendra Nath Rai (65 Yrs) | Chairman & Managing Director | 900000 | D.T.M. (KANPUR) | 41 | 1st April 1989 | JOINT EXECUTIVE PRESIDENT GRASIM INDUSTRIES LTD. |
| Shri Arvind Kumar Rai (39 Yrs) | Director | 612600 | B.Com.,FCA | 14 | 17th July 1987 | None |
| Shri Prem Kumar Rai (36 Yrs.) | Director | 480000 | B.Sc., MBA | 10 | 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 and out go, as required 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 earning and out go :

The company has exported goods directly and through export houses. During the year company has realised foreign exchange amounting to Rs. 799.69 lacs (P.Y. Rs. 1161.06 lacs) through direct exports. Company has incurred a sum of Rs. 402.45 lacs (P.Y. 54.99 lacs) and Rs. 42.04 lacs (P.Y. 17.58 lacs) towards purchase of imported raw material, consumables and Rs. 1.85 lacs (P.Y. 9.25 lacs) for foreign travelling expenses.



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ANNEXURE FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

31.03.98

31.03.1997

A. POWER & FUEL CONSUMPTION

1. Electricity

| | | | |
|-----|--|----------------|----------------|
| (a) | Purchased Unit | 49,92,178 | 59,03,405 |
| | Total Amount (Rs.) | 1,49,63,890 | 1,66,17,790 |
| | Rate per unit (Rs.) | 3.00 | 2.81 |
| (b) | Own Generation | | |
| | (i) Through Diesel Generator Units | 45,15,630 | 36,24,400 |
| | Units per 1 lt. of Diesel oil | 3.28 | 3.28 |
| | Cost/per unit (Rs.) | 3.00 | 2 |
| | (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)

Quantity (Tonnes Total cost (Rs.)

Average rate/Tonnes (Rs.)

Not applicable

Not applicable

3. Furnace Oil

Quantity (K.Lts.)

Total Amt (Rs.)

Average Rate Rs./Ltr.

NIL

NIL

4. Others/Internal Generations

(Please give details)

Quantity

Total Cost

Rate/Unit (Rs.)

NIL

NIL

NIL

NIL

Not applicable

Not applicable

B. CONSUMPTION PER UNIT OF PRODUCTION

Product (Cotton Grey Fabrics)

1. Electricity

(Purchased & Generation)

Units/Mtr of Grey Production

95,07,808

95,27,805

0.81

0.77