

ANNUAL REPORT

1998 - 99



ARYAN finefab Ltd.


ARYAN FINEFAB LIMITED
ANNUAL REPORT 1998-99
ELEVENTH ANNUAL GENERAL MEETING

Date : 25th August, 1999
 Day : Wednesday
 Time : 11=00 A.M.

Place : PLOT NO. 1559/1/A
 RAJPUR KADI
 DIST. MEHASANA, GUJARAT

AHMEDABAD OFFICE :

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

MUMBAI OFFICE :

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

BOARD OF DIRECTORS

SHRI DHIRENDRA NATH RAI
 Chairman & Managing Director

SHRI ARVIND KUMAR RAI Director
 SHRI ALOK TYAGI Director (Up to 27-10-98)
 SHRI PREM KUMAR RAI Director
 SHRI AMARNATH RAI Director (From 31-7-99)

BANKERS

PUNJAB NATIONAL BANK
 THE HONGKONG & SHANGHAI
 BANKING CORPORATION LTD.
 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

Note :

1. 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
2. Shareholders are requested to bring their copy of Annual Report at the Annual General Meeting

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DIRECTORS REPORT

1. FINANCIAL HIGHLIGHTS	31.03.99 (12 Months) (Rs'000)	31.03.98 (12 Months) (Rs'000)
Sales & Other Income	2,29,857	4,88,118
Gross Profit/ (Loss)	(1,02,293)	28,830
Less:		
Financial Charges	28,994	26,688
Depreciation	12,581	17,858
Profit/(Loss) Before Tax	(1,43,868)	(15,716)
Income Tax	Nil	Nil
Net Profit/(Loss) Available for Appropriation	(1,43,868)	(15,716)
Prior Period Adjustments	42,993	13,054
Balance Brought From Previous Year	Nil	21,125
Dividend @ Nil (P.Y. Nil)	Nil	Nil
Transfer From/to General Reserve	1,02,357	7,643
Balance Carried Forward	(84,504)	Nil

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 AND REASONS FOR LOSS :

The company has operated in the year under review at a very low capacity which works out to 15 % capacity utilisation of weaving units and 30 % process house approximately. Liquidation of stocks and roll over and recovery from debtors was extremely difficult due to bad economic situation prevailing in the country and the economy as a whole.

The Hongkong and Shanghai Bank, one of the participating banks to companies working capital requirement exited where by triggering working capital crisis, Rs.100 lacs was liquidated from the companies accounts directly.No alternative bank could be inducted inspite of the efforts made by the management due to bad economic situation prevailing in the country. Hongkong Bank has gone ahead and filed recovery suit against the company, which is being contested in the Honorable Court.

Even the existing bank who gave the sanction for enhancement of limit did not disburse the limit due to apprehension created by the withdrawal of limit by The Hongkong & Shanghai Bank, As the exiting bank continued to force for repayment.

Expansion project suffered due to ensuing liquidity crisis and lack of working capital funds.

Apart from internal and external constraints the market conditions kept on deteriorating in terms of demand and prices due to South-East Asian crisis and substantial currency devaluation in most of these countries, rendered our product incompetative and also dumping tendency of crisis ridden South-East Asian countries flooded the market with cheap goods.

Company suffered severe set back in its export market and due to general recession even local markets was very difficult. The current year could be termed as one of the toughest year in terms of finance, business and production thus resulting in loss as shown in the results above.

**ARYAN FINEFAB LIMITED****ANNUAL REPORT 1998-99****5. INSURANCE :**

Barring work-in-progress on capital account of expansion project, All the properties belonging to the Company are duly insured against all risks.

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 :

In accordance with the provisions of the companies Act, 1956 and the company's articles of association. Shri Arvind kumar Rai retires by rotation and being eligible offers himself for re- election. Shri Alok Tyagi resigned as director of the company with effect from 27th octomber 1999, The directors wish to place on record their since appreciation of the advice and counsel rendered by Shri Alok Tyagi during their long and distinguished tenure as Directors of the company. Shri Amarnath Rai appointed as a director on 31st July 1999 in the casual vacancy caused by the resignation of Alok Tyagi ceases to hold office at the forth coming Annual General meeting and is proposed for reappointment.

11. STATUTORY INFORMATION :

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

12. Y2K compliance :

Your company has taken adequate precaution to overcome Y2K problems. The company does not expect any major bottlenecks in operation due to Y2K related issues.

13. 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.

On behalf of the Board of Directors

Place : Ahmedabad

D.N.RAI

Chairman & Managing Director.

Date : 27th May, 1999



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ANNEXURE TO THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31 ST MARCH, 1999, 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 (66 Yrs)	CHAIRMAN & MANAGING DIRECTOR	900000	D.TM (KANPUR)	42	1ST APRIL 1989	JOINT EXECUTIVE PRESIDENT GRASIM INDUSTRIES LTD
SHRI ARVIND KUMAR RAI (40 Yrs)	DIRECTOR	612600	B.COM, FCA	15	17TH JULY 1987	None
SHRI PREM KUMAR RAI (37 Yrs)	DIRECTOR	480000	B.Sc., MBA	11	17TH JULY 1987	None


1 ANNEXURE TO THE DIRECTOR'S 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 Director's 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, 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 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. 237.70 lacs (P. Y. Rs. 799.69 lacs) through direct exports. Company has incurred a sum of Rs. Nil (P. Y. Rs. 402.45 lacs) and Rs. Nil (P. Y. Rs. 42.04 lacs) towards purchase of imported raw material, consumables and Rs. 5.11 lacs (P. Y. Rs 1.85 Lacs) for foreign travelling expenses.


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ANNEXURE FORM- A
DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY
31.03.99
31.03.98
A POWER & FUEL CONSUMPTION

1.	Electricity		
	(a) Purchased Unit	11,61,156	49,92,178
	Total Amount (Rs.)	70,81,904	49,63,890
	Rate per unit (Rs.)	6.10	3.00
	(b) Own Generation		
	(i) Through Diesel Generator Units	39,95,920	45,15,630
	Units per 1 lt. of Diesel oil	3.28	3.28
	Cost/per unit (Rs.)	3.00	3.00
	(ii) Through Steam turbine Gene Units	Not Applicable	Not Applicable
	Cost/Unit	Not applicable	Not applicable
2.	Coal (Specify quality and whereused)	Not applicable	Not applicable
	Quantity (Tonnes Total cost)Rs.		
	Average rate/Tonnes (Rs.)		
3.	Furnace Oil		
	Quantity (K.Lts.)		
	Total Amt (Rs.)	NIL	NIL
	Average Rate Rs./Ltr.		
4.	Others/Internal Generations	NIL	NIL
	(Please give details)		
	Quantity		
	Total Cost	NIL	NIL
	Rate/Unit (Rs.)	Not applicable	Not applicable

B. CONSUMPTION PER UNIT OF PRODUCTION

Product (Cotton Grey Fabrics)		
1. Electricity	51,57,076	95,07,808
(Purchased & Generation)		
Units/Mtr of Grey Production	0.81	0.81