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# Asahi Fibres Limited

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**Fourth Annual Report**  
**1996 - 97**



## **BOARD OF DIRECTORS**

SHRI SANGRAMSINH P. GAEKWAD - *Chairman*

SHRI AMIT A. SHAH - *Managing Director*

SHRI S.Y. REGE

SHRI SUSHIL K. SAIN

SHRI M.T. MODY

SHRI A.K. SHAH

## **AUDITORS**

HARIDAS ASSOCIATES  
CHARTERED ACCOUNTANTS

## **BANKERS**

UNION BANK OF INDIA

## **REGISTERED OFFICE**

21 / 24-B, NARIMAN BHAVAN,  
227, NARIMAN POINT, MUMBAI - 400 021.

## **WORKS**

VILLAGE - SALVAV, TALUKA - PARDI, NEAR VAPI,  
DISTRICT - VALSAD, GUJARAT - 396 191.

## **REGISTRAR AND TRANSFER AGENT**

SM Consultancy Services  
(Division of SM Finance Ltd.)  
SM House, 11, Sahakar Road, Vile Parle (East),  
Mumbai - 400 057.

## NOTICE

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of the members of the Company will be held at Nariman Bhavan (Ground Floor) 227, Nariman Point, Mumbai - 400 021 on Saturday the 27th September 1997 at 11.00 A.M. to transact the following business :

## ORDINARY BUSINESS:

1. To receive consider and adopt the Balance sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri S.P. Gaekwad who retires by rotation, and is eligible for reappointment.
3. To appoint a Director in place of Shri Sushil K. Sain who retires by rotation, and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration.

## SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED that the company hereby approves of the delisting of Equity shares of the company from the stock exchanges at Ahmedabad and Rajkot and that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things including execution of any documents for this purpose.

6. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution :

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 (including any amendment to or reenactment thereof for the time being in force), the relevant guidelines of the Securities and Exchange Board of India and other authorities as may be applicable in respect of Preferential issue of shares and enabling provisions in the Memorandum and Articles of Association of the Company and the listing Agreement entered into by the Company with the concerned Stock Exchanges and subject to approval of Reserve Bank of India (RBI) and all other concerned authorities, and such other approvals, permissions and sanctions to the extent and of the conditions or modifications as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them in granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or duly authorised Committee thereof for the time being exercising the relevant powers conferred by the Board, consent of the Company be and is hereby accorded to the Board/Committee to issue, and allot 65452 Equity Shares of Rs.10/- each for cash at par aggregating to Rs. 6,54,520/- to MTM Trading Pte.Ltd - Singapore the collaborator of the Company by way of Preferential allotment.

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors or its Committee be and is hereby authorised to do all such acts, deeds, matters and things as they may, in their absolute discretion deem necessary, appropriate and desirable".

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Explanatory Statement in respect of special business as required under Section 173(2) of the companies Act, 1956 is annexed hereto.
3. The Register of members and share transfer books of the Company will remain closed from Tuesday 23rd September, 1997, to Saturday 27th September, 1997 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General meeting.

BY ORDER OF THE BOARD

AMIT A. SHAH  
Managing Director

Dated :19th August, 1997

Registered Office:  
21/24-B, Nariman Bhavan,  
Nariman Point,  
Mumbai - 400 021.

## ANNEXURE TO NOTICE

## EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

## ITEM NO.5

The Equity shares of the company are at present listed with the stock Exchanges at Mumbai, Ahmedabad and Rajkot. The Equity shares of the company on Ahmedabad and Rajkot stock exchanges are not traded in a material way. The number of shareholders in those regions are also not significant. The Board of Directors of the Company therefore proposes that the equity shares of the Company should be delisted from Ahmedabad and Rajkot stock Exchanges. The listing of the shares will however continue with Mumbai Stock exchange which is a regional stock exchange.

The Board of Directors therefore recommend the approval by the members of the special resolution at Item No.5 of the accompanying notice.

None of the Directors of the company is interested in the said resolution.

## ITEM No.6:

MTM Trading Pte Ltd- Singapore is the collaborator and one of the promoters of the Company. As per the terms of Prospectus for the Public issue made by the Company and the approvals of the Secretariat for Industrial Approval, Government of India and Reserve Bank of India, they were allotted 15,00,000 Equity Shares of Rs. 10 - each for cash at par which represents 25.10 % of the total paid up share capital of the Company.

In view of the foreign exchange fluctuation, there was an excess amount of Rs. 6,54,520/- out of the application money for the said 15,00,000 Equity shares remitted by them to the Company. It is therefore proposed to issue 65,452 Equity Shares at a price of Rs. 10 - per share i.e. at par value to the said collaborators MTM Trading Pte Ltd-Singapore which will cover the said excess amount lying with the Company. The preferential allotment as mentioned above will result in the increase in the shareholding of MTM Trading Pte Ltd to 15,65,452 Equity shares which will be 25.91% of the total paid up share capital as increased by the said preferential allotment. The Shareholding pattern of the Company after such allotment will be as under :

	Percentage of present paid up Capital	Percentage after Preferential paid up Capital
A. MTM Trading Pte Ltd.	25.10	25.91
B. Indian Promoters	10.19	10.08
NRI holding	14.90	14.74
C. Public	49.81	49.27

The representative of MTM Trading Pte Ltd. is already a Director of the Company and there will be no consequential change in the Board of Directors of the Company and in the voting rights except to the extent of the increase in the above shareholding of MTM Trading Pte Ltd. Such allotment would also not result in change of control over the company.

The necessary applications have been made to the Central Government and Reserve Bank of India for their permission to issue the shares to MTM Trading Pte.Ltd.

The Special Resolution is therefore proposed under Section 81(1A) of the Companies Act, 1956 at item No. 6 of the accompanying notice.

The Board of Directors recommends the approval by the members of the said Resolution.

Shri M.T. Mody Director of the Company is interested in the said resolution as he is a Director of MTM Trading Pte Ltd.

BY ORDER OF THE BOARD

AMIT A. SHAH  
Managing Director

Dated :19th August, 1997

Registered Office:  
21/24-B, Nariman Bhavan  
Nariman Point,  
Mumbai - 400 021.

**Asahi Fibres Limited****Fourth Annual Report 1996 - 97****DIRECTORS' REPORT**

To

**THE MEMBERS,**

Your directors present before you the Fourth Annual Report and audited accounts of the company for the year ended 31st March, 1997.

**FINANCIAL RESULTS:**

The Financial results of the Company for the year are summarised below :

	1996-97 (Rs. In Lakhs)	1995-96 (Rs. In Lakhs)
Sales and other Income	686.04	281.68
Profit/(Loss) before Interest and Depreciation	33.03	10.40
Less : Interest	128.10	52.82
Depreciation	81.28	45.96
Profit/(Loss) for the year	(176.35)	(88.38)
Add: Balance of Loss carried from Previous Year	(90.13)	(1.81)
Less: Excess Provision written back	NIL	0.06
Balance carried to Balance Sheet	(266.48)	(90.13)

**OPERATIONS:**

The turn-over for the year under review was Rs. 655.75 Lakhs. The efforts are being made to streamline the working of the company to the desired level.

**PROJECTIONS V/S PERFORMANCE:**

	Projected	(Rs. In Laes) Actual
	31.3.1997	31.3.1997
- Sales	1854.41	655.75
- Other Income	23.18	30.28
- Profit/(Loss)	124.45	(176.35)

**PARTICULARS OF THE EMPLOYEES:**

The Company does not have any employee, whose particulars are required to be given pursuant to the provisions of Section 217(2A) of the companies Act, 1956 read with the companies (particulars of Employees) Rules, 1975.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:**

Additional information as required by the Companies (Disclosure of Particular in the Report of Board of Directors) Rules, 1988 is given in prescribed format as Annexure-I of the Report.

**DIRECTORS:**

Shri S.P. Gaekwad and Shri. Sushil K. Sain would retire by rotation at the forthcoming Annual General Meeting and they are eligible for reappointment.

**DELISTING OF SHARES:**

It is proposed to get the Equity shares of the Company delisted with Ahmedabad and Rajkot stock Exchanges. The listing with Mumbai Stock Exchange will however continue.

**PREFERENTIAL ISSUE OF SHARES:**

It is proposed to issue Equity shares for an amount not exceeding Rs 6,54,520/- by way of Preferential issue. The necessary resolution will be proposed for approval of shareholders.

**ACKNOWLEDGEMENTS**

The Directors acknowledge the excellent co-operation and support extended by Union Bank of India and Employees of the company.

**AUDITORS:**

M/s. Haridas Associates - Chartered Accountants, the Auditors of the Company would retire at the forthcoming Annual General Meeting and they are eligible for re-appointment.

For and on behalf of the Board

Place : Mumbai  
Dated : 19th August, 1997**A.K.SHAH**      **AMIT A. SHAH**  
(Director)      (Managing Director)



## ANNEXURE

## ANNEXURE-I

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

In accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule 1988.

## A. CONSERVATION OF ENERGY

- a) Periodical energy analysis are being carried out to monitor the usage of energy.
- b) Energy saving and conservation devices are installed.
- c) Consumption of energy has been closely monitored and usage is optimised.
- d) The measures for conservation of energy is an on going process and will save energy to the maximum possible.

## FORM : A

## POWER AND FUEL CONSUMPTION

	1996-97	1995-96
1. Electricity		
a) Purchased Units	2671420	870416
Total Amount (Rs.)	7968967	2575987
Rate per Unit (Rs.)	2.98	2.96
b) Own Generation		
Through diesel generator Units	24474	40380
Total Amount (Rs.)	109851	151200
Rate per Unit (Rs.)	4.49	3.74
2. Consumption per unit of production: Electricity unit consumed per kg. of yarn is 2.85 (Previous year 2.18)		

## B. RESEARCH AND DEVELOPMENT (R&amp;D)

1. Specific areas in which R & D was carried out by the Company.
  - Grading of Cotton for specific count and quality of Yarn
  - Evaluation and maintenance of quality of yarn at various stages of processing and optimizing the process parameters to achieve the best yarn quality to cope with international standards.
2. Benefits derived as a result of the above R & D
  - To Complete effectively in the International market.
3. Future Plan of Action.
  - To complete effectively in the international market.
4. Expenditure on R & D
  - a) Capital NIL
  - b) Recurring NIL
  - c) Total NIL
  - d) Total R & D expenditure as a percentage of total turnover Not applicable

## C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adoption and innovation.
 

Continuous efforts are made towards technology absorption. Priority is given in improving the quality of the product and increasing productivity through cost effective programmes.
2. Imported Technology NIL

## D. FOREIGN EXCHANGE EARNINGS AND OUTGO

- The Company is a 100% Export Oriented Unit (EOU) with a strong commitment towards promoting exports.
- Foreign Exchange Outgo Rs. 21.95 Lacs
- Foreign Exchange Earned Rs. 449.87 Lacs

For and on behalf of the Board

Place : Mumbai  
Dated : 19th August, 1997

A.K.SHAH  
(Director)

AMIT A. SHAH  
(Managing Director)