



# **Asahi Fibres Ltd.**

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**14th Annual Report  
2006 - 2007**

**ASAHI FIBRES LIMITED****14th ANNUAL REPORT 2006 - 2007****BOARD OF DIRECTORS**

Shri Jay Kumar Mishra – Chairman  
 Shri Gaurav Aggarwal – Managing Director.  
 Shri Jodha Ram Dhaka  
 Shri Shiv Prasad Srivastava  
 Shri Mahendra Patel  
 Shri Romil Aggarwal  
 Shri Harindra Kumar  
 Shri Saurabh Kumar Tayal

**PRINCIPAL BANKER**

The Bank of Rajasthan

**AUDITORS**

B. M. Gattani & Co.  
 Chartered Accountants

**REGISTERED OFFICE**

Ecomax, Taluka Musrane, Wada, Dist. Thane

**CORPORATE OFFICE**

396, Veer Savarkar Marg  
 Opp. Siddhivinayak Temple  
 Prabhadevi,  
 Mumbai 400025.

**R & T AGENT**

Mondkar Computers Pvt Ltd  
 21, Shakil Nivas, Opp Satya Sai Baba Temple  
 Mahakali Caves Road, Andheri (East)  
 Mumbai – 400 093.

**PLANTS**

Valsad, Gujarat

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**ANNUAL GENERAL MEETING on Saturday, 9<sup>th</sup> June 2007, at 3.00 p.m.,  
 at 65, Ecomax, Taluka Musrane, Wada, Dist. Thane**

**ASAHI FIBRES LIMITED****14th ANNUAL REPORT 2006 - 2007****NOTICE**

NOTICE IS HEREBY GIVEN that the 14<sup>th</sup> Annual General Meeting of the Members of ASAHI FIBRES LIMITED will be held at the Registered Office of the Company at. Ecomax, Taluka Musrane, Wada, Dist. Thane at 3.00 p.m. on Saturday the 9<sup>th</sup> June 2007 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Company's Balance Sheet as at 31<sup>st</sup> March 2007 and Profit and Loss Account for the year ended on that date together with Reports of Directors and Auditors thereon.
2. To re-appoint Shri Mahendra Patel Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
3. To re-appoint Shri Romil Aggarwal Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Shri Harinder Kumar Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint M/s. B.M.Gattani & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the Auditors' Remuneration.

**SPECIAL BUSINESS**

To consider and, if thought fit, to pass with or without modifications the following resolutions **AS ORDINARY RESOLUTIONS**:

6. **"RESOLVED THAT** Shri Saurabh Tayal, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on the 30<sup>th</sup> April 2007 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation."
7. **"RESOLVED THAT** Shri Gaurav Aggarwal, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on the 30<sup>th</sup> April 2007 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation."
8. **"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions of the Companies Act, 1956 and other statutes the decision of Board of Directors of the Company appointing Shri Gaurav Aggarwal as Managing Director of the Company for a period of 3 years w.e.f. 30<sup>th</sup> April 2007.
9. **FURTHER RESOLVED THAT** since Shri Gaurav Aggarwal has opted not to draw any remuneration, no Managerial remuneration shall be paid to him till any reconsideration by the Board of Directors, subject to the approval of the members of the company.

**FURTHER RESOLVED THAT** Shri Gaurav Aggarwal shall not be liable to retire by rotation.

**NOTES :**

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto under item no 6,7,8 and forms an integral part of this notice.
2. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A SHAREHOLDER OR NOT) AS HIS/HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL BE ENTITLED TO VOTE ONLY UPON A POLL.
3. Information relating to Item No- 2,3,4,6,7 as required under clause 49 of the Listing Agreement with the Stock Exchange is annexed hereto.
4. The instrument(s) appointing the Proxy, if any, shall be delivered at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Meeting and the instrument of proxy shall be treated as invalid in case of default.
5. The Register of Members and Share Transfer Register of the Company will remain closed from Thursday, the 7<sup>th</sup> June 2007 to Saturday, 9<sup>th</sup> June 2007 (both days inclusive) to comply with Annual Book Closure requirements.
6. All documents and agreements referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except holidays, between 10.00 A.M. and 1.00 P.M., up to the date of Annual General Meeting.
7. Members needing any information are requested to write to the Company at its Corporate Office at least 7 days in advance of the Annual General Meeting, so as to enable the Management to keep the information ready at the meeting.
8. Member(s) are advised to avail of nomination facility pursuant to section 109 of the Companies Act 1956. They may nominate a person in the prescribed manner i.e. by sending Form 2B under Rule 4CCC and 5B duly filled and signed in by the Member(s) to whom/her/his shares shall vest in the event of his / her death. They may send the nomination form to the Company at its Corporate Office directly.
9. Consequent to BIFR order dated 03/05/2006 the Paid-up share Capital of the Company stood reduced by 90%. The Company has issued and dispatched new Share Certificates of face value of Re 1/- each to those shareholders whose names appeared in the Register of Members as at close of Business Hours on 3<sup>rd</sup> August 2006. In case of non-receipt of share certificates please write to the Registrar and Share Transfer Agents by giving folio No/Certificate No etc.

**For and on Behalf of the Board of Directors**

Place : Mumbai  
Date : 30th April 2007

**Jay Kumar Mishra**  
Chairman

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 :

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### ITEM NO. 6:

Shri Saurabh Kumar Tayal was appointed as an Additional Director by the Board on 30<sup>th</sup> April 2007 under Section on 260 of the Companies Act, 1956. He holds office till the conclusion of this Annual General Meeting. The Company has received a Notice along with the requisite deposit amount from a member, under Section 257 of the Act, signifying his intention to propose the candidature of Shri Saurabh Kumar Tayal for the office of the Director of the Company.

The Board recommends the passing of this resolution. None of the Directors except Shri Saurabh Kumar Tayal is interested in this resolution.

#### ITEM NO. 7 :

Shri Gaurav Aggarwal was appointed as an Additional Director by the Board on 30<sup>th</sup> April 2007 under Section on 260 of the Companies Act, 1956. He holds office till the conclusion of this Annual General Meeting. The Company has received a Notice along with the requisite deposit amount from a member, under Section 257 of the Act, signifying his intention to propose the candidature of Shri Gaurav Aggarwal for the office of the Director of the Company.

The Board recommends the passing of this resolution. None of the Directors except Shri Gaurav Aggarwal is interested in this resolution.

#### ITEM NO. 8:

Shri **Raman Aggarwal**, Managing Director of the Company resigned from the Board of the Directors of the Company on 30<sup>th</sup> April 2007 and thus also ceased to hold the office of Managing Director. The Board of Director of the Company appointed Shri **Gaurav Aggarwal** as Managing Director on 30<sup>th</sup> April 2007 for a period of Five years w.e.f. 30<sup>th</sup> April 2007. Shri Gaurav Aggarwal has opted not to draw any remuneration.

The Directors recommend the Resolution for members' approval.

None of the Directors except Shri Gaurav Aggarwal are interested or consented this Resolution.

**For and on Behalf of the Board of Directors**

Place : Mumbai  
Date : 30th April 2007

**Jay Kumar Mishra**  
Chairman

## DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 14<sup>th</sup> Annual Report and the Audited Statements of Accounts of your Company for the Financial Year ended 31<sup>st</sup> March 2007.

## FINANCIAL RESULTS

	2006-2007 (Rs. In lacs)	2005-2006 (Rs. In lacs)
Sales	1785.62	513.78
Other Income	3.25	0.00
Profit before Depreciation, Interest and Tax	109.20	47.5
Depreciation	81.59	62.08
Provision for Tax & Deferred Tax	3.10	0.00
Profit (Loss) for the year	24.51	(14.58)
Profit / (Loss) brought forward from Previous Year	(1166.75)	(1152.17)
Profit / (Loss) carried to Balance Sheet	(1142.24)	(1166.75)

**Note :** Previous year figures have been regrouped / rearranged wherever necessary

## DIVIDEND

In adequacy of profit in the year under report, your Directors do not recommend any dividend on the equity shares for the year under review.

## OPERATIONS

During the year the Company has achieved a sales of Rs 1785.62 lacs as against 513.78 in the last year. The Profit before depreciation, interest and tax was Rs 109.20 lacs and after depreciation and provision of taxes there was a net profit of 24.51 lacs as against loss of Rs 14.58 lacs in the last year. Your Directors are hopeful that with the sanctioned of rehabilitated scheme by Hon'able BIFR the profitability of the Company during the year 2007-08 will improve.

## SANCTION OF REHABILITATION SCHEME:

The Hon'able BIFR by an order dated 3<sup>rd</sup> May 2006 has sanctioned Rehabilitation Scheme filed by the Company. In terms of the said Rehabilitation scheme the existing Paid-Up Share Capital of the Company stands reduced by 90%. The Company has already dispatched new share certificates of face value of Re 1/- to the Shareholders of the Company, whose names appeared in the Register of Members as on the close of business hours as on 3<sup>rd</sup> August 2006, which was fixed as Record Date, in cancellation of the Old Share Certificates of Face value of Rs 10/- each. The Promoters and Strategic Investors have brought in Rs 6,04,00,000 in terms of sanctioned Rehabilitation Scheme. Your Board of Directors have issued and allotted 6,04,00,000 equity shares of Re 1/- each on Preferential basis to the Promoters and Strategic Investors on 30<sup>th</sup> August 2006. In terms of Rehabilitation Scheme, the Authorized Share Capital of the Company has been increased from Rs 7,00,00,000 divided into 70,00,000 of Rs 10/- each to Rs 8,00,00,000 divided into 7,00,00,000 equity shares of Rs 1/- each and 1,00,000 preference shares of Rs 100/- each.

## DIRECTORS

The Honable BIFR by order dated 2<sup>nd</sup> June 2006 has been pleased to appoint SHRI R. P. M. Tripathi as Special Director on

the Board of the Company. His appointment has come into force from the date of the order that 2<sup>nd</sup> June 2006. Since the provisions of The Companies Act 1956 are not applicable to appointment, Shri R. P. Tripathi will continue as Director on the Board of the Company until such time the Hon'able BIFR passes any fresh order in this regard.

During the year under Report of Shri Saurabh Kumar Tayal and Shri Gaurav Aggarwal were appointed as Additional Directors of the Company on 30/04/2007. These Directors hold office until the conclusion on the forthcoming Annual General Meeting. Necessary Resolutions for their appointment have been placed for consideration of the Members of the Company.

Shri Romil Aggarwal Shri Mahendra Patel and Shri Harendra Kumar retire by rotation and being eligible they have offered themselves for re-appointment.

Shri Raman Aggarwal has resigned as Director of the Company and therefore automatically ceased from the office of the Managing Director. The Board places on record the valuable services rendered by him to the Company during his tenure as Director of the Company.

Shri Gaurav Aggarwal has been appointed as Managing Director with effect from 30<sup>th</sup> April 2007 for a period of 3 years.

## PARTICULARS OF EMPLOYEES

There were no employees drawing remuneration of Rs.24,00,000/- or more per annum employed throughout the year or Rs.2,00,000/- or more, per month employed for a part of the year.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibilities Statement, it is hereby confirmed:

- that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2007, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for the year under review;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- that the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2007 on a 'going concern' basis.

## CORPORATE GOVERNANCE:

The Company has complied with Corporate Governance Code as stipulated under clause 49 of the Listing Agreement. A separate section on Corporate Governance along with a certificate from the Practicing Company Secretary confirming the Compliance is annexed and forms part of this report.

## DEPOSITS:

During the year under report the company has not accepted any fixed deposits.

**ASAHI FIBRES LIMITED****14th ANNUAL REPORT 2006 - 2007****AUDITOR'S REPORT**

The remarks made by the Auditors in their Report have been suitably dealt within the schedules and notes and therefore, do not call for any further clarification.

**AUDITORS**

M/s. B. M. Gattani & Co. Chartered Accountants, the Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s. B. M. Gattani & Co. to the effect that their reappointment as Auditors, if made, would be within the limits under Section 224(1B) of the Companies Act, 1956.

**ACKNOWLEDGEMENT**

Your Directors place on record their appreciation of the assistance and support extended by Banks, Consultants, Solicitors, Shareholders and Employees of the Company.

For and on Behalf of the Board of Directors

Place : Mumbai  
Date : 30th April 2007

**Jay Kumar Mishra**  
Chairman





## ASAHI FIBRES LIMITED

14th ANNUAL REPORT 2006 - 2007

## ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e), of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year 2006 - 2007

1. Electricity (KWH/Tonne)	0.00	0.00
2. Coal (Kgs.)	0.00	0.00
3. Furnace Oil (Ltrs.)	0.00	0.00
4. Steam (Tonnes)	0.00	0.00

**I. CONSERVATION OF ENERGY****a) Energy conservation measures taken:**

The Company has been making concerted efforts for enhancement in capacity utilization, cost competitiveness and quality through systematic process monitoring and adherence to technological norms. Sophisticated instruments are used for regulation and adjustment as per parameters. Efforts are also made for up gradation of the quality of the Plant Operation. Utilities are being combined for effective energy conservation.

**b) Additional Investments and Proposals being implemented for reduction of consumption of energy:**

The Company, as a matter of policy, has a regular and ongoing programme for investments in energy saving devices. Studies are being made to reduce energy consumption and make suitable investments in this area, if necessary.

**c) Impact of the measures (a) & (b) above for reduction of energy consumption and consequential impact on the cost of production of goods:**

The Company has economised considerably the cost of power despite steep hike in the tariffs and is constantly exploring avenues for cost saving as an on-going process.

**d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A OF THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE THEREOF**

	Year ended 31.03.2007	Year ended 31.03.2006
<b>A. Power and Fuel Consumption in respect of :</b>		
<b>1. Electricity</b>		
(a) Purchased		
1. Units (KWH in Lacs)	34.99	10.09
2. Total amount (Rs. in lacs)	230.24	66.20
3. Rate per unit (Rs/unit)	6.50	6.50
(b) Own Generation (Through Diesel Generator/Furnace Oil)		
1. Units (KWH in Lacs)	0.00	0.00
2. Units per litre of fuel	0.00	0.00
3. Cost per unit (Rs/unit)	0.00	0.00
<b>2. Coal</b>		
<b>3. Furnace Oil</b>		
1. Furnace Oil (Ltr. In Lacs)	2473.59	1356.46
2. Total Amt (Rs. In Lacs)	0.00	0.00
3. Cost Rs./ltr.	0.00	0.00
4. Others/Internal Generation		

<b>B. Consumption per unit of production</b> (Product : Yarn & Fabric)	0.00	0.00
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**Note :** Since the Company manufactures different qualities of fabrics/yarns with product-mix changing significantly, there are no specific norms for per unit of production.

**II. TECHNOLOGY ABSORPTION****Efforts made in technology absorption in prescribed Form 'B' :****1. Research and Development:**

a) Specified areas in which R & D activities are carried out by the Company. R & D activities are being carried out continuously to produce better quality of yarn and fabrics.

b) Benefits derived as a result of the above. As a result of R & D activities, the Company has been able to produce quality fabrics conforming to international standards.

c) Future Plan of Action. Efforts aimed at cost reduction, improvement in quality of products and development of new process will continue.

d) Expenditure on R & D. Expenditure on R & D is being booked under the respective heads in the Profit & Loss Account as no separate account is maintained for this purpose.

2. Technology Absorption, Adoption and Innovation. The Company has not utilized any imported technology.

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

a) Activities relating to export markets for products and services and export plan. The Company is exploring avenues to export its premium quality fabrics.

**b) Foreign Exchange Outgo (Rs. in Lacs)**

	Year ended 31.03.2007	Year ended 31.03.2006
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c) Foreign Exchange earned (Rs. in Lacs)

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For and on Behalf of the Board of Directors

Place : Mumbai  
Date : 30<sup>th</sup> April 2007

Jay Kumar Mishra  
Chairman

## CORPORATE GOVERNANCE REPORT

This brief Report on matters required to be stated on Corporate Governance pursuant to Clause 49 of the Listing Agreements is as under:

### 1. Company's Philosophy on Code of Governance

ASAHI FIBRES LIMITED, the concept of Corporate Governance hinges on total transparency, integrity and accountability of the management team. The main goal of Corporate Governance is maximization of shareholder's value and protection of the interests of all the stakeholders. It includes the policies and procedures adopted by the Company in achieving its objective in relation to its shareholders, employees, customers, and suppliers, regulatory authorities and society at large.

The Company has ensured that the Directors of the Company are conscious to their duties, obligations and responsibilities to the best interest of the Company, to give direction and remain accountable to their shareholders and other beneficiaries for their actions. The responsibilities of the Board includes setting out the Company's strategic aims, providing the leadership to put them into effect, supervision of the management of the business and reporting to the shareholders on their stewardship.

It is a recognized philosophy of the Company that effective and good Corporate Governance is a must, not only in order to gain credibility and trust, but also as a part of strategic management for the survival, consolidation and growth.

### 2. Board of Directors

The Board of Directors consists of 8 Directors. During the year 2006-2007, the Board met 6 times on the following dates namely 22th June 2006, 30th June 2006, 29th July 2006, 30th August 2006, 28th October 2006 and 16th January 2007. There was no time gap of three months or more between any two meetings.

The following Table gives details of Directors, attendance of Directors at the Board Meetings and at the 13th Annual General Meeting held on 30th September 2006, number of Membership held by Directors in the Board / Committees of various Companies :-

Name	Category	Attendance Particulars		Number of other directorships Total Committee and member/Chairmanships		
		Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Shri Jay Kumar Mishra	NEC	6	Yes	4	2	2
Shri Raman Aggarwal (Resigned with effect from 30/04/2007)	MD	4	Yes	1	Nil	Nil
Shri Jodha Ram Dhaka	ID	6	Yes	10	2	Nil
Shri Shiv Prasad Srivastava	ID	6	Yes	2	2	Nil
Shri Mahendra Patel	ID	6	Yes	1	Nil	Nil
Shri Romil Aggarwal	ID	6	Yes	3	3	2
Shri Harendra Kumar	ID	6	Yes	4	1	1
Shri R. P. M. Tripathi	ND	2	-	-	Nil	Nil

"NEC" = Non Executive Chairman, "MD" = Managing Director, "ID" = Independent Director, "ND" = Nominee Director" Except for the Chairman and Managing Director the other Directors retire by rotation.

### Re-appointment of Directors

As required under Clause 49 (VI) of the Listing Agreement the brief details of the Directors seeking re- appointment at the ensuing Annual General Meeting are furnished hereunder: -

Sr. No	Name of Director	Brief Resume	Area of Expertise	Other Directorships	Other Committee Memberships	Other Committee Chairmanship
1.	Shri Romil Aggarwal	5 Years experience as Technical Consultant in Fabrication and Designing of various Mills	Technical Consultant in Fabrication and Designing of various Mills	3	2	Nil
2.	Shri Mahendra S. Patel	25 Years experience in Spinning Industries	Spinning Industries	1	2	Nil
3.	Shri Harinder Kumar S. Singh	25 Years experience in Spinning Industries only	Spinning Industries	4	3	2