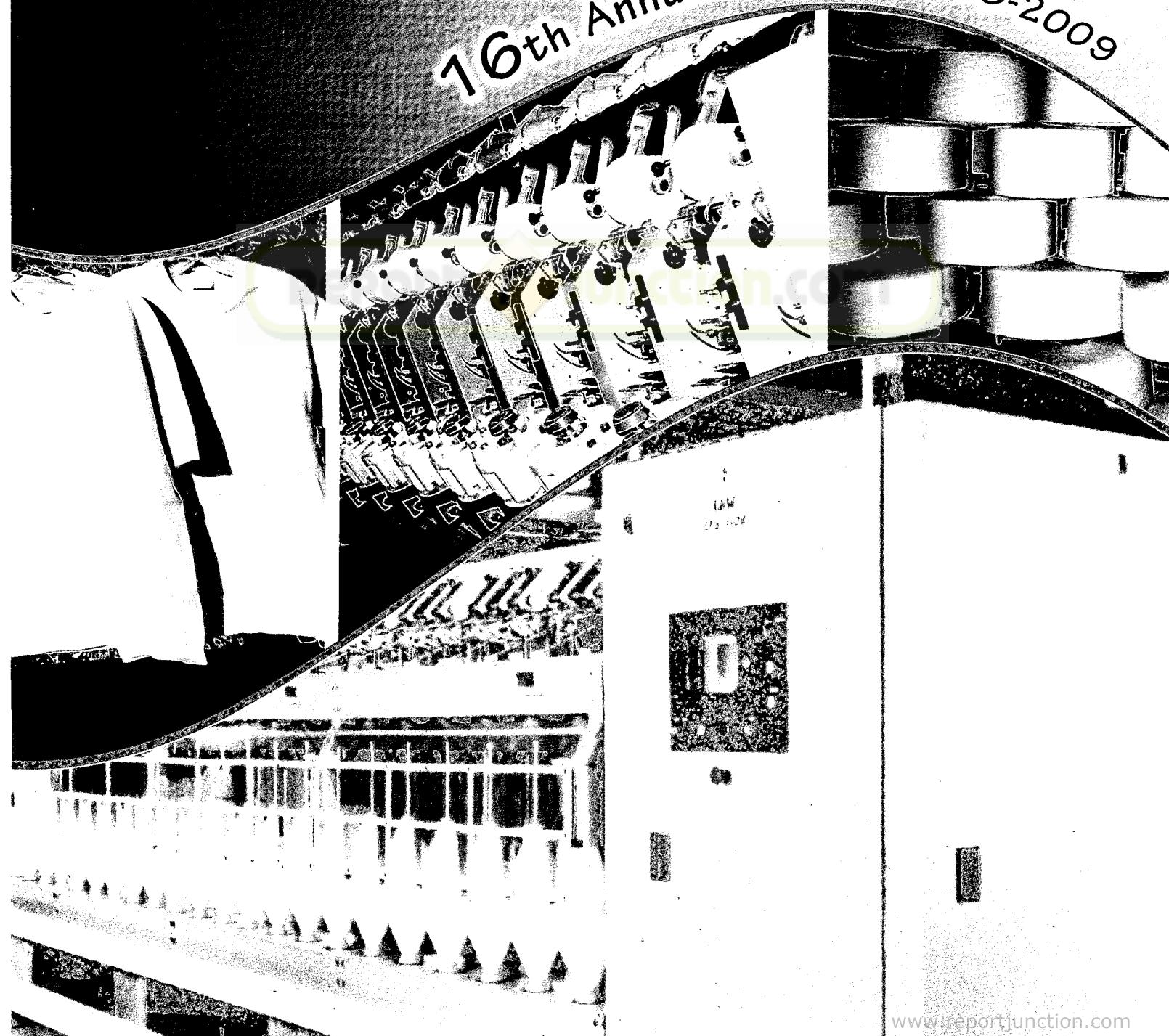
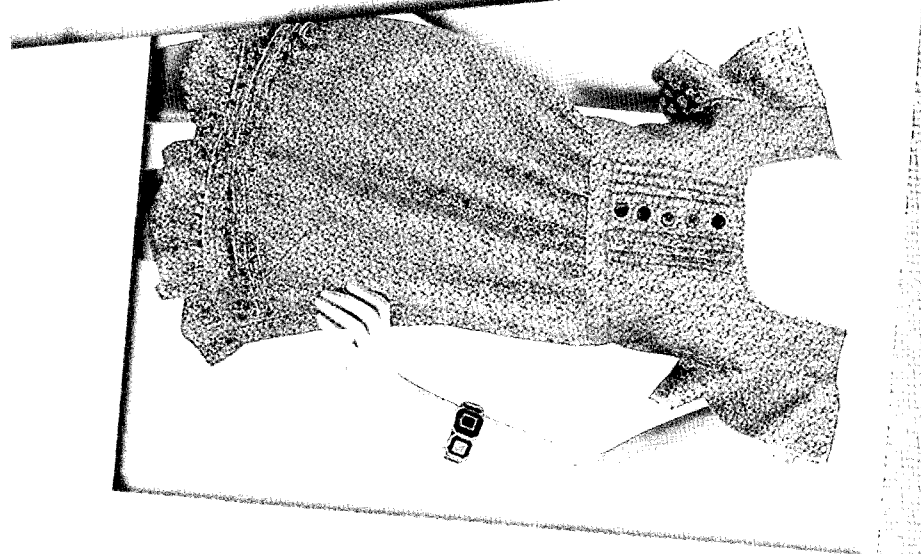


# Asahi Fibres Limited

16th Annual Report 2008-2009







# ANNUAL REPORT 2008-2009

## BOARD OF DIRECTORS

Shri Saurabh Kumar Tayal – Chairman  
 Shri Jai Kumar Mishra – Managing Director  
 Shri Jodha Ram Dhaka  
 Shri Shiv Prasad Srivastava  
 Shri Harinder Kumar  
 Shri Mahendra Patel  
 Dr. B. Samal  
 Shri V. Sridar

## PRINCIPAL BANKER

The Bank of Rajasthan Ltd.

## AUDITORS

A. F. Khasgiwala & Co.  
 Chartered Accountants

## REGISTERED OFFICE

Ecomax, Musrane, Taluka Wada,  
 Dist. Thane-421312

## CORPORATE OFFICE

Kamat Ind. Estate,  
 396, Veer Savarkar Marg,  
 Opp. Siddhivinayak Temple,  
 Prabhadevi,  
 Mumbai- 400 025.

## 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, 8<sup>th</sup> August, 2009, at 11.30 a.m.,  
 at Ecomax, Musrane, Taluka Wada, Dist. Thane-421312



## ASAHI FIBRES LIMITED

### Notice

**NOTICE IS HEREBY GIVEN** that the 16<sup>th</sup> Annual General Meeting of the Members of ASAHI FIBRES LIMITED will be held on Saturday the 8<sup>th</sup> August, 2009 at 11.30 a.m. at Ecomax, Musrane, Taluka Wada, Dist. Thane 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, 2009 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 Harinder Kumar, Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
3. To re-appoint Shri Mahendra S. Patel, Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint M/s. A. F. Khasgiwala & Co., Chartered Accountants, as Auditor 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 Auditor's remuneration.

#### SPECIAL BUSINESS

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

- 5 **"RESOLVED THAT** Dr. B. Samal, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 20<sup>th</sup> October, 2008 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation."
- 6 **"RESOLVED THAT** Shri V. Sridar, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 31<sup>st</sup> January, 2009 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall 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 5 & 6 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. 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.
4. The Register of Members and Share Transfer Register of the Company will remain closed from Thursday, 6<sup>th</sup> August, 2009 to Saturday, 8<sup>th</sup> August, 2009 (both days inclusive) to comply with Annual Book Closure requirements.
5. 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.
6. Members, who require any information on the Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2009 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.
7. 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.

For and on Behalf of the Board of Directors

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

**Saurabh Kumar Tayal**  
Chairman

## ANNUAL REPORT 2008-2009

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

#### ITEM NO. 5:

Dr. B. Samal was appointed as an Additional Director by the Board on 20<sup>th</sup> October, 2008 under Section 260 of the Companies Act, 1956. He holds office up to 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 Dr. B. Samal for the office of the Director of the Company.

Dr. B. Samal is M.Sc (Agriculture) has Specialization in Agricultural Economics and Farm management, Ph. D in Economics from Kalyani University, West Bengal.

Dr. B. Samal is Former Member of Securities Appellant Tribunal (SAT), Former Chairman & Managing Director of Allahabad Bank and Former Chairman & Managing Director of Industrial Investment Bank of India.

The Board recommends the passing of this resolution. None of the Directors is interested in the Resolution.

#### ITEM NO. 6:

Shri V. Sridar was appointed as an Additional Director by the Board on 31<sup>st</sup> January, 2009 under Section 260 of the Companies Act, 1956. He holds office up to 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 V. Sridar for the office of the Director of the Company.

Shri V. Sridar is Graduate in Bachelor of Science (B.Sc.) and Chartered Accountant (C.A). He has rich experience of working in Banking Sector.

Shri V. Sridar has 3 years experience as Chairman and Managing Director of UCO Bank and total 34 years experience in Banking Sector. He has served on Boards of several Banks during his tenure.

The Board recommends the passing of this Resolution. None of the Directors is interested in the Resolution.

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

**Place : Mumbai**

**Date : 26<sup>th</sup> June, 2009**

**Saurabh Kumar Tayal**  
**Chairman**

## ASAHI FIBRES LIMITED

### *Directors' Report*

Dear Members,

Your Directors have pleasure in presenting the 16<sup>th</sup> Annual Report and the Audited Statements of Accounts of your Company for the Financial Year ended 31<sup>st</sup> March, 2009.

#### FINANCIAL RESULTS

	2008-09 (Rs. in Lacs)	2007-08 (Rs. in Lacs)
Sales	2848.70	2304.34
Profit before Depreciation, Interest and Tax	354.95	151.18
Depreciation	283.81	89.92
Provision for Tax	10.37	6.94
Deferred Tax Liability	435.56	0.00
Profit (Loss) for the year	(374.80)	54.32
Profit / (Loss) brought forward from Previous Year	(544.09)	(598.41)
Profit / (Loss) carried to Balance Sheet	-(918.89)	(544.09)

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

#### DIVIDEND

Due to 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 Sales Turnover of Rs 2848.70 Lacs in the Financial Year 2008-09 as against Rs.2304.34 Lacs in respect of the Previous Financial Year 2007-08. The Profit before depreciation, interest and tax was Rs.354.95 Lacs in the Financial Year 2008-09 as against Rs.151.18 Lacs in the Previous Financial Year. There was a loss of Rs.374.80 Lacs during the year under Report after making provision for taxation of Rs 445.93 Lacs (including Rs. 435.56 Lacs towards Deferred tax Liability) against profit after tax of Rs 54.32 Lacs in the Previous Financial Year.

#### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of the Company, Shri Harinder Kumar and Shri Mahendra S. Patel Directors of the Company are due to retire at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

The Board of Directors of the Company in its meeting held on 20<sup>th</sup> October, 2008 appointed Dr. B. Samal as an Additional Director of the Company and on 31<sup>st</sup> January 2009 appointed Shri V. Sridar as an Additional Director of the Company.

#### 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:

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2009 the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments

## ANNUAL REPORT 2008-2009

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;

- (iii) 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;
- (iv) that the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2009 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.

### AUDITORS

M/s. A. F. Khasgiwala & Co., Chartered Accountants, the Auditor of the Company, holds office until the conclusion of the ensuing Annual General Meeting and is eligible for reappointment. The Company has received a letter from M/s. A. F. Khasgiwala & 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 : 26<sup>th</sup> June, 2009

Saurabh Kumar Tayal  
Chairman

# ASAHI FIBRES LIMITED

## 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 2008-2009

### 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 31.03.2009	Year ended 31.03.2008
<b>A. Power and Fuel Consumption in respect of :</b>		
<b>1. Electricity</b>		
(a) Purchased		
1. Units (KWH in Lacs)	50.53	54.11
2. Total amount (Rs. in lacs)	295.10	355.50
3. Rate per unit (Rs/unit)	5.84	6.57
(b) Own Generation		
(Through Diesel Generator/Furnace Oil)		
1. Units (KWH in Lacs)	--	--
2. Units per litre of fuel	--	--
3. Cost per unit (Rs/unit)	--	--
2. Coal		
3. Furnace Oil		
1. Furnace Oil (Ltr. In Lacs)	--	--
2. Total Amt (Rs. In Lacs)	--	--
3. Cost Rs./ltr.	--	--
4. Others/Internal Generation	--	--
<b>B. Consumption per unit of production</b>		
(Product : Yarn & Fabric)		
1. Electricity (KWH/Tonne)	2096.38	3049.43
2. Coal (Kgs.)	--	--
3. Furnace Oil (Ltrs.)	--	--
4. Steam (Tonnes)	--	--



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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:

Activities relating to exportmarkets for products and services and export plan

The Company is exploring avenues to export its premium quality fabrics.

	Year ended 31.03.2009	Year ended 31.03.2008
a) Foreign Exchange Outgo (Rs. in Lacs)	—	—
b) Foreign Exchange earned (Rs. in Lacs)	—	—

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

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

**Saurabh Kumar Tayal**  
Chairman

# ASAHI FIBRES LIMITED

## 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

2.1 The Board of Directors consists of 8 Directors. During the year 2008-2009, the Board met 4 times on the following dates namely 14<sup>th</sup> June 2008, 26<sup>th</sup> July 2008, 20<sup>th</sup> October 2008 and 31<sup>st</sup> January 2009. There was no time gap of four months or more between any two meetings.

The following Table gives details of Directors, attendance of Directors at the Board Meetings and at the 15<sup>th</sup> Annual General Meeting held on 12<sup>th</sup> August, 2008, number of Membership held by Directors in the Board / Committees of various Companies: -

Name	Category	Attendance Particulars		Number of other directorships and Total Committee member/Chairmanships		
		Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Shri Saurabh Kumar Tayal	NEC	4	Yes	8	1	1
Shri Jai Kumar Mishra	MD	4	Yes	1	Nil	Nil
Shri Jodha Ram Dhaka	ID	4	Yes	Nil	1	Nil
Shri Shiv Prasad Srivastav	ID	4	Yes	Nil	1	Nil
Shri Mahendra S. Patel	ID	Nil	No	Nil	1	Nil
Shri Harinder Kumar	ID	3	Yes	9	Nil	4
Dr. B Samal*	ID	2	No	10	6	2
Shri V. Sridar#	ID	Nil	No	5	Nil	Nil

\* Appointed w.e.f. 20<sup>th</sup> October, 2008

# Appointed w.e.f. 31<sup>st</sup> January, 2009

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

### 2.2 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: -