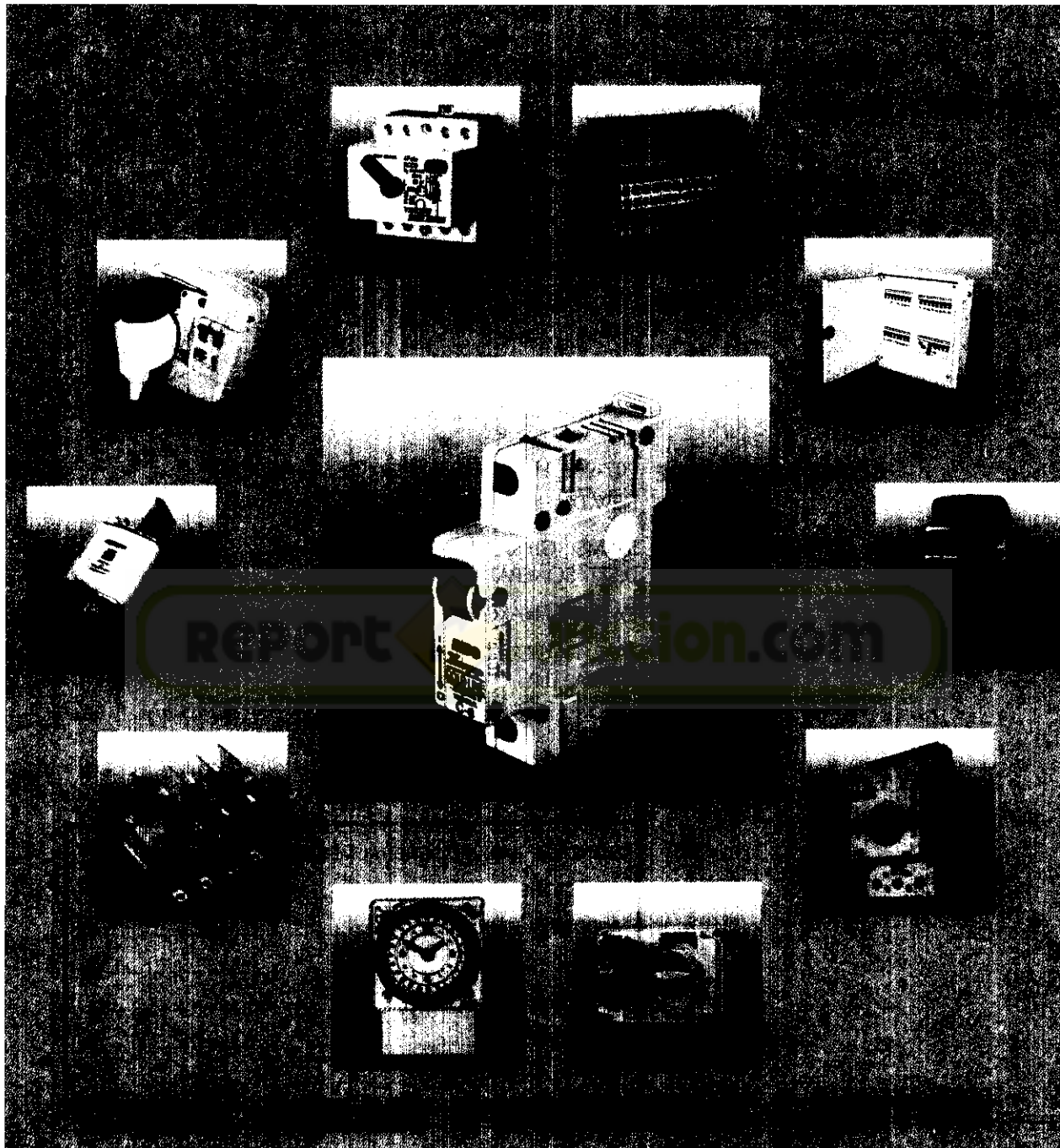


ANNUAL REPORT 1998-99



BOARD OF DIRECTORS	V. P. MAHENDRU	- CHAIRMAN CUM MANAGING DIRECTOR
	P. K. RANADE	- JOINT MANAGING DIRECTOR
	VINAY MAHENDRU	- EXECUTIVE DIRECTOR
	R. C. BANSAL	- DIRECTOR
	D. N. DAVAR	- DIRECTOR

GENERAL MANAGER A. K. GHOSH
CORPORATE PLANNING & FINANCE

SR. MANAGER (LEGAL) B. S. BHADAURIYA
& COMPANY SECRETARY

AUDITORS J. C. BHALLA & CO., NEW DELHI

BANKERS STATE BANK OF PATIALA
STATE BANK OF INDIA
CANARA BANK

CORPORATE OFFICE 207-208, HEMKUNT TOWER, 98, NEHRU PLACE,
NEW DELHI - 110019

REGD. OFFICE & WORKS 51KMS., G.T.KARNAL ROAD, MURTHAL ,
DISTT. SONEPAT, HARYANA

WORKS BY- LANE, NAKODAR ROAD, JALANDHAR, PUNJAB

CFL UNIT A-39, HOSIERY COMPLEX, PHASE-II EXTN.,
NOIDA, U.P.

CONTENTS	PAGE NO.
NOTICE OF ANNUAL GENERAL MEETING.....	2
DIRECTORS' REPORT.....	6
AUDITORS' REPORT.....	8
BALANCE SHEET.....	10
PROFIT & LOSS ACCOUNT.....	11
SCHEDULES.....	12
CASH FLOW STATEMENT.....	25

NOTICE

Notice is hereby given that the **Sixteenth Annual General Meeting** of the members of the **INDO ASIAN FUSEGEAR LIMITED** will be held on **Thursday, the 30th September, 1999, at 9:00 A.M. at 51 Kms. G.T. Karnal Road, Murthal, Distt. Sonapat, Haryana - 131 027**, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, and the Profit and Loss Account of the Company for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the financial year ended 31st March, 1999.
3. To appoint a Director in place of Sh. V.P.Mahendru, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sh. P.K.Ranade, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. **To consider and, if thought fit, to pass, with or without modification(s), the following as a "SPECIAL RESOLUTION":**
"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and are hereby altered by adding the following Article No. 13, after the existing Article No.12.

BUY-BACK OF SHARES

13. Notwithstanding anything contained in these Articles, the Board of Directors may, if thought fit, buy -back such of the Company's own shares and other securities as it may deem expedient, at such times, and on such terms & conditions subject to such limits and approvals, as may be permitted and/or required by laws, rules, regulations and guidelines."

7. **To consider and, if thought fit, to pass, with or without modification(s), the following as a "SPECIAL RESOLUTION":**
"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the following Clause No. 29 be inserted after the existing Clause III (B) (28) of the Objects Clause of the Company's Memorandum of Association.

29. To amalgamate, de-merge, re-construct, re-organise or enter into any similar arrangement whereby the Company's business or any part thereof is transferred to any body corporate or any other entity, whether by acquisition, disposal, or any other modality, for consideration by/to the Company or its Members by way of cash, shares, rights, privileges or otherwise, and to do all other things incidental and necessary to give effect to the same."

8. **To consider and, if thought fit, to pass, with or without modification(s), the following as an "ORDINARY RESOLUTION":**

"RESOLVED THAT in modification of earlier resolution passed in this behalf, the consent of the Company, be and is hereby accorded under Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time all such sums of money from any one or more of the Company's bankers/or persons, firms, body corporates or financial institutions as they may deem expedient and necessary for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors and outstanding shall not exceed the sum of Rs. 3000 Lakhs (Rupees Three Thousand Lakhs Only) at any point of time."

9. **To consider and, if thought fit, to pass, with or without modification(s), the following as an "ORDINARY RESOLUTION":**

"RESOLVED THAT in modification of earlier resolutions passed in this behalf, the consent of the Company, be and is hereby accorded in terms of Section 293 (1)(a), and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to mortgage, charge and/or hypothecate all or any part of movable and immovable properties of the Company as may be necessary, wheresoever situate, both present and future, in such manner as the Board may direct, together with power to take over the management of the Company in certain events of default, to or in favour of the financial institutions, banks, investment institutions, mutual funds, trusts and other body corporates (hereinafter referred to as the "Lending Agencies") / Trustees for the holders of debentures/bonds and /or other instruments which may be issued on private placement basis or otherwise, to secure Rupee Term Loans/Foreign Currency Loans/Working Capital Facilities/ Loans/Debentures/Bonds and other instruments of an equivalent aggregate value not exceeding Rs. 4000 Lakhs (Rupees Four thousand lakhs only) together with interest thereon at an agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and other moneys payable by the Company to the Trustees under

the Trust Deed and to the Lending Agencies under their respective Agreements/Loan Agreements/Debenure Trust Deeds to be entered into by the Company in respect of the said borrowings."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to finalise with the Lending Agencies/Trustees the documents for creating the aforesaid mortgages, charges and/ or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts, deeds and things and to execute all such documents as may be necessary for giving effect to the above resolution.

10. **To consider and, if thought fit, to pass, with or without modification(s), the following as a "SPECIAL RESOLUTION":**
"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company, be and are hereby altered in the manner following that is to say:-

I. Following Article be inserted as Article No. 3A after existing Article No.3.

3A "Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a beneficial owner in the records maintained by a Depository under the Depositories Act, 1996.

II. The following heading and Article be inserted as Article No. 14 after Article No.13 of the Articles of Association of the Company.

14 (1) Definitions For the purpose of this Article:-

- (a) "Beneficial Owner" shall mean a person or persons whose name(s) is/are recorded as such with a Depository under the Depositories Act, 1996.
- (b) "Depository" shall mean a Depository as defined under Clause(e) of Sub-section (1) of Section 2 of the Depositories Act, 1996."
- (c) "Security" means such security as may be specified by SEBI from time to time.
- (d) "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992."
- (e) Words and expressions used and defined in the Depositories Act, 1996, shall have the same meanings respectively assigned to them.

Dematerialisation of Securities (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing as well as new shares and other securities and to offer the same in a dematerialised form pursuant to the Depositories Act, 1996.

Issue of Securities and option for investors (3) (a) Notwithstanding anything contained in these Articles, every issue of securities by the Company may be in dematerialised form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities. (b) Every existing member or any person subscribing to securities offered by the Company shall have the option either to receive security certificates or to hold the securities with a depository. Such a member or person who is the beneficial owner of the securities can, at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of Securities. (c) If a person opts to hold his security with a depository, the Company shall intimate such depository the details of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Rights of Depositories and Beneficial Owners (4) (a) Notwithstanding anything contained in any other Law for the time being in force or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner. (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have other membership rights in respect of the securities held by it. (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Distinctive numbers of Securities held in a depository (5) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

By order of the Board of Directors,
For **INDO ASIAN FUSEGEAR LIMITED**

Regd. Office :

51 Kms. G.T. Karnal Road,
Murthal, Distt. Sonapat,
Haryana.

Dated : 16th August, 1999

(B.S.BHADAURIYA)
SR. MANAGER (LEGAL) & COMPANY SECRETARY

IMPORTANT NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
3. Explanatory Statements under Section 173(2) of the Companies Act, 1956, in respect of Special Business set out under Item No. 6, 7, 8, 9 & 10 are annexed herewith.
4. Members who are holding shares in identical names in more than one folio are requested to write to the Company enclosing the Share Certificate(s) to enable the Company to consolidate their holdings under one folio.
5. Members are requested to notify any change in their addresses, specifying the full address in block letters with the Pin Code of the Post Office.
6. Entry in the Meeting Hall shall be strictly restricted to Members/valid proxies only carrying the Attendance Slips.
7. Members are requested to bring their copy of Annual Report at the meeting as extra copies will not be supplied at the venue of the meeting.
8. Members seeking further information on the Accounts or any other matter are requested to write to the Company at least 15 days before the meeting so that the relevant information can be kept ready at the meeting.
9. Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, the 28th September, 1999 to Thursday, the 30th September, 1999** (both days inclusive), for the purpose of Annual General Meeting and payment of dividend, if any.
10. Dividend on Equity shares as recommended by the Board of Directors, if declared at the meeting, will be paid to those members of the Company whose name(s) appear(s) on the Register of Members on Thursday, the 30th September, 1999.
11. The Amount of unclaimed/unpaid dividend for and upto the financial year ended 31st March, 1994, has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205-A of the Companies Act, 1956. Those members who have so far not claimed their dividends for the said periods may claim the same by submitting an application in prescribed **Form II to the Registrar of Companies, NCT of Delhi & Haryana, Paryavaran Bhawan, 2nd Floor, C.G.O. Complex, Lodi Road, New Delhi 110 003.**
12. Pursuant to the provisions of Section 205-A of the Companies Act, 1956, as amended, dividend for the Financial Year ended 31st March, 1995, and thereafter, which remain unpaid or unclaimed for a period of 7 (Seven) years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed dividend warrant(s) so far for the Financial Year ended 31st March, 1995, or any subsequent financial years are requested to write to the Company.
13. Members desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit the prescribed Form 2B for this purpose to the Company.

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 6**

Pursuant to Section 77A of the Companies Act, 1956, or any other modification (s) thereof, it is proposed to insert a new Article No. 13 in the Articles of Association of the Company as set out in the proposed resolution to enable the Company to buy-back its own shares or other specified securities, if necessary. This is only an enabling provision to facilitate buy-back of shares or other specified securities, if necessary, and any proposals as and when finalised will be placed before the members separately, for their approval.

Pursuant to Section 31 of the Companies Act, 1956, the amendment in Articles of Association of the Company requires the approval by Special Resolution of the Members.

The Board of Directors recommend the 'Special Resolution' for approval of Members.

None of the Directors of the Company is concerned or interested in the resolution except as Members of the Company.

ITEM NO.7

With globalisation and the changing business environment, it has become necessary that corporates re-look at the structure of their businesses to align themselves with the changing scenario, and it is planned that the Company would also undertake such a review in the near future. To facilitate this re-structuring, it is considered necessary that a clause be added to the Objects Clause of the Company's Memorandum of Association. This is only an enabling provision to facilitate re-structuring, if necessary, and any proposals as and when finalised will be placed before the Members separately, for their approval. Section 17 of the Companies Act, 1956, provides that any alteration to the Objects Clause of the Memorandum of Association should be approved by the Members by Special Resolution, and accordingly consent of the members is being sought to the proposed alteration.

The Board of Directors recommends the 'Special Resolution' for approval of Members.
None of the Directors of the Company is concerned or interested in the resolution except as Members of the Company.

ITEM NO. 8

The Board of Directors at present are empowered to borrow money pursuant to Section 293 (1) (d) of the Companies Act, 1956, subject to maximum of the paid-up share capital and its free reserves. Keeping in view the additional borrowing requirements of the future projects, it is proposed to pass a resolution authorising the Board of Directors pursuant to Section 293 (1) (d) of the Companies Act, 1956 to borrow upto an amount not exceeding Rs. 3000 lakhs. (Rupees Three thousand lakhs only).

The Board of Directors recommends the 'Ordinary Resolution' for approval of Members.
None of the Directors of the Company is concerned or interested in the resolution.

ITEM NO. 9

The borrowings of the Company are in general required to be secured by suitable mortgage/hypothecation or charge on all or any of the movable and immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors from time to time in consultation with the Lenders.

It is therefore, proposed to authorise the Board of Directors for creation of mortgages, charges and/or hypothecations on movable and immovable properties of the Company, present and future, wheresoever situate, as the Board may direct for securing the financial assistance from financial institutions, investment institutions, banks, mutual funds, trusts and other body corporates (the Lending Agencies) as set out in the resolution.

As the documents to be executed between the Lending Agencies/Trustees and the Company may contain the power to take over the management of the Company in certain events of default, it is necessary for the Company to pass resolution under Section 293 (1) (a) of the Companies Act, 1956, for creation of the mortgage, charge and/or hypothecation in favour of the Lending Agencies/Trustees.

The Board of Directors recommends the 'Ordinary Resolution' for approval of Members.
None of the Directors of the Company is concerned or interested in the resolution.

ITEM No.10

With the introduction of the Depositories Act, 1996, and the Depository system, some of the provisions of the Act relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system.

The Depository System of holding Securities in an electronic form is a far and more convenient method for holding and trading in the Securities of a Company in terms of elimination of voluminous and cumbersome paper work, avoidance of fake certificates, saving in cost towards stamp duty payable on the market value of shares etc.

The Company is in the process of joining the Depository System and it is, therefore, proposed that the Company's Articles of Association be suitably altered, as set out in the Resolution at Item No. 10 to reflect the provisions introduced by the Depositories Act, 1996, and spell out the rights of the beneficial owners of the Securities in such a system.

Pursuant to Section 31 of the Companies Act, 1956, the amendment in Articles of Association of the Company requires the approval by Special Resolution of the Members.

The Board of Directors recommends the 'Special Resolution' for approval of Members.
None of the Directors of the Company is concerned or interested in the resolution except as members of the Company.

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By order of the Board of Directors,
For **INDO ASIAN FUSEGEAR LIMITED**

Regd. Office :

51 Kms. G.T. Karnal Road,
Murthal, Distt. Sonapat,
Haryana.

Dated : 16th August, 1999

(B.S. BHADAURIYA)
SR. MANAGER (LEGAL) & COMPANY SECRETARY

DIRECTORS' REPORT

Your Directors have pleasure in presenting their **Sixteenth** Annual Report and Audited Accounts of the Company for the Year ended 31st March, 1999.

FINANCIAL RESULTS AND OPERATIONS

	For the year ended 31.03.99 (Rs. in Lakhs)	For the Year ended 31.03.98 (Rs. in Lakhs)
a) Profit before Tax	119.09	176.67
b) Less: - Provision for Taxation	14.67	25.50
- Tax paid for earlier years	0.00	<u>9.20</u>
c) Profit after Tax	104.42	148.97
d) Add : Profit brought forward from previous year	206.82	<u>190.72</u>
e) Surplus available for appropriation	311.24	<u>339.69</u>
f) Proposed Dividend	46.76	93.52
g) Corporate Dividend Tax	4.68	9.35
h) Transfer to General Reserve	25.00	30.00
i) Retained profit carried forward to the following year	234.80	206.82
	311.24	<u>339.69</u>

The Company has achieved turnover and other income of Rs. 3926.83 Lakhs as compared to Rs. 3198.27 Lakhs of the previous year. The Profit before tax was Rs. 119.09 Lakhs for the current year as against Rs. 176.67 Lakhs of the previous year.

Sales performance of the Company was in line with expectations. Your Company was able to successfully complete its prestigious CFL Project in time, improve its operating performance, reduce cost and achieve higher quality standards. However increase in the marketing and launch cost from Rs. 55.35 Lakhs to Rs. 85.07 Lakhs and high interest incidence from Rs. 241.28 Lakhs to Rs. 342.65 Lakhs due to sizeable capital investments in CFL Project impacted materially on cash profits. Further there was a substantial increase in provision for depreciation from Rs. 109.58 Lakhs to Rs. 212.34 Lakhs due to capital investments relating to the CFL Project resulting in decrease in net profit of the Company for the Current year.

DIVIDEND

Your Directors are pleased to recommend dividend @ 5% on the paid-up equity share capital of the Company for the year ended 31st March, 1999. If approved, the dividend will be payable to those members of the Company, whose name(s) appear on the register of members at the close of business hours on Thursday, the 30th September, 1999.

STRATEGY FOR COMPETITIVENESS & GROWTH AND FUTURE PROSPECTS

Your Company has been following the policy of growth by modernising its existing plants, product development, improvement in quality and also by investments in new projects so that it can continuously improve its competitiveness and strengthen its leadership in the core industrial sector in which it is engaged. In the last two years your Company has made sizeable capital investments in these areas. Your Company had to undertake these capital investments at the time of high interest regime and depressed capital market conditions, otherwise the Company's ability to compete could have been impaired.

Your Directors are confident that the results of these investments would substantially improve the sales and profitability of your Company in future. Your Directors, therefore, look forward to the future with great confidence.