

20th  
ANNUAL REPORT  
2002



ADDI INDUSTRIES LIMITED

<b>BOARD OF DIRECTORS</b>	:	Shri C. L. Jain	-	Chairman & Managing Director
	:	Shri R. K. Khanna		
	:	Shri Harihar Lal		
	:	Dr. P. K. Hari		
	:	Shri S. C. Singhal	-	Whole-time Director
	:	Shri U. K. Srivastava	-	Whole-time Director
<b>DIRECTOR (FINANCE) &amp; COMPANY SECRETARY</b>	:	Shri S. C. Singhal		
<b>BANKERS</b>	:	Punjab National Bank		
<b>AUDITORS</b>	:	M/s. S. R. Dinodia & Co. Chartered Accountants K-39 Connaught Circus New Delhi-110 001		
<b>CORPORATE OFFICE</b>	:	A-106, Sector IV Noida - 201 301 (U.P.)		
<b>REGISTERED OFFICE</b>	:	A-34, Industrial Area Sikandrabad - 203 205 (U.P.)		
<b>WORKS</b>	:	A-105,106, Sector IV Noida - 201 301 (U.P.)	:	B-1, 2, 3, Hosiery Complex Phase-II, Noida (U.P.)
		C-227, Industrial Area Bulandshahr Road Ghaziabad (U.P.)	:	
		A-34, Industrial Area Sikandrabad-203205 (U.P.)		

#### Request to Members

1. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested kindly to bring their copies to the meeting.
2. Members/Proxy holders are requested to bring the Attendance Slip duly filled in for attending the Meeting.



## ADDI INDUSTRIES LIMITED

### NOTICE

#### TO ALL MEMBERS

THE **Twentieth Annual General Meeting** of the Members of Addi Industries Ltd. will be held on Saturday, the 28th day of September, 2002 at 9.30 A. M. at the Regd. Office of the Company at A-34, Industrial Area, Sikandrabad-203205, Distt. Bulandshahr (U.P.), to transact the following business:

#### Ordinary Business

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2002 alongwith the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Dr. P. K. Hari, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri S. C. Singhal, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors for the current year 2002-2003 and to fix their remuneration.

M/s. S. R. Dinodia & Co., Chartered Accountants, New Delhi, who hold office till the conclusion of this Annual General Meeting, being eligible, have furnished their consent and the requisite Certificate u/s 224/(1-B) of the Companies Act, 1956.

#### Special Business

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

"RESOLVED THAT in partial modification of the earlier resolution/s passed by the Members, and pursuant to the provisions of Sections 198, 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule-XIII thereof, the consent and approval of the Members of the Company be and is hereby accorded to the revision in the remuneration payable to Shri C. L. Jain, Managing Director, as under :

	Existing	Revised
a) Salary	Rs. 1,10,000 (Rs. One Lac ten thousand) (in the scale of Rs.100000-10000-130000) per month	Rs. 1,25,000 (Rs. One Lac Twenty five thousand) (in the scale of Rs. 125000-12500-150000) per month
b) Commission	1% on the Net Profits of the Company	2% on the Net Profits of the Company
c)	All other terms and conditions shall remain unchanged.	

"RESOLVED FURTHER THAT the aforesaid enhanced remuneration shall be paid to the Managing Director as minimum remuneration in the event of absence or inadequacy of profits in any year."

"RESOLVED FURTHER THAT the aforesaid enhanced remuneration shall be paid to the Managing Director w.e.f. 1st April, 2002 till 30th September, 2003".

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds and things as may be required and deemed necessary, in the best interest of the Company".

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 and any other applicable provisions and Schedule-XIII of the Companies Act, 1956, the consent and approval of the Members of the Company be and is hereby accorded to the appointment of and payment of the following remuneration to Smt. Urmila Jain, as Whole-time Director of the Company, for a period w.e.f. 1st December, 2001 to 24th August, 2002, appointed subject to the superintendence, control and direction of the Board of Directors and the Managing Director of the Company.



## ADDI INDUSTRIES LIMITED

- a) Salary
- i) w.e.f. 1st December, 2001 to 31st March, 2002 Rs. 1,00,000/- (Rupees One Lac) per month
- ii) w.e.f. 1st April, 2002 to 24th August, 2002 Rs. 1,25,000/- (Rupees One Lac Twenty Five Thousand) in the scale of Rs. 125000-12500-150000 per month.
- b) Perquisites : Usual perquisites as applicable to the Sr. Executive/s of the Company, from time to time.

"RESOLVED FURTHER THAT the aforesaid remuneration, and the enhanced remuneration w.e.f. 1st April, 2002, and perquisites shall be paid to the Whole-time Director as minimum remuneration in the event of absence or inadequacy of profits in any year."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds and things as maybe required and deemed necessary in the matter, and to give effect to this resolution".

7. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956, the consent and approval of the Company be and is hereby accorded to the appointment of and payment of the following remuneration to Shri Abhishek Bansal as Manager (Overseas Operations) w.e.f. 1st July, 2002 :

- a) Salary : Rs. 20,000 (Rupees Twenty thousand) per month (Consolidated)

"RESOLVED FURTHER THAT the appointment of Shri Abhishek Bansal shall be governed by all other terms and conditions as applicable to the Senior/Key Executive/s of the Company from time to time".

"RESOLVED FURTHER THAT the Board of Directors be and they are hereby authorised to do all such acts, deeds and things as may be required and deemed necessary, in the best interest of the Company".

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, the following alteration to the Articles of Association by insertion of new 'Article 3A' after the existing 'Article 3', & new 'Article 81A' after the existing 'Article 81' be and is hereby approved.

#### Article 3A

"Subject to and in compliance of the requirements of Section 77A, 77AA and 77B of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and any Rules and Regulations that may be prescribed by the Central Government, Securities & Exchange Board of India (SEBI), Stock Exchanges where the shares of the Company are listed or any other appropriate authority in this regard, the Company, in a General Meeting may, upon the recommendation of the Board, at any time and from time to time, by a Special Resolution authorise Buy-back of any part of the Share Capital of the Company, fully Paid-up as on that date".

#### Article 81A. Postal Ballot

The Company may pass a resolution by postal ballot in the manner prescribed by Section 192A of the Companies Act, 1956 ("the Act") and such other applicable provisions of the Act and any future amendments or re-enactments. Notwithstanding anything contained in the provisions of the Act, the Company, being a listed Company, shall, in the case of a resolution relating to such business, as the Central Govt. may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of a postal ballot instead of transacting the business in a general meeting of the Company".

By order of the Board  
ADDI INDUSTRIES LIMITED

Regd. Off.: A-34, Industrial Area,  
Sikandrabad - 203 205 (U.P.)  
Dated : August 24, 2002

S.C. Singhal  
Director (Fin.) & Company Secretary

**Notes :**

- (a) **A Member entitled to attend and vote is entitled to appoint a Proxy. The Proxy need not be a Member of the Company. Proxies must be lodged with the Company not less than 48 hours before the Meeting.**
- (b) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto and forms part of this Notice.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 23rd September, 2002 to Saturday, the 28th September, 2002 (both days inclusive).
- (d) The Company's Equity Shares are listed on the Delhi, Mumbai and Ludhiana Stock Exchange/s, and the listing fees have been duly paid.
- (e) **NOMINATION:** Pursuant to new Section 109A inserted in the Companies Act, 1956 individual Shareholders holding Shares of the Company singly or jointly may nominate an individual to whom all the rights in the Shares of the Company shall vest in the event of death of the sole/all joint Shareholders.
- (f) **DEMATERIALISATION:** The Equity Shares of the Company are dematerialised and the trading has to be compulsorily in demat mode. Those Shareholders who have not yet got their equity shares dematerialised may approach the Depository participant with whom they are maintaining account, for getting their Shares dematerialised.
- (g) **REGISTRARS & TRANSFER AGENTS:** The Company has appointed M/s. Beetal Financial & Computer Services (P) Ltd., 321-S, Chirag Delhi (Near Shahid Bhagat Singh College), New Delhi-110 017, as its Registrars & Transfer Agents. Shareholders may write to them also directly, or communicate with the Company at its Corporate Office, as they may like.
- (h) Pursuant to Clause 49 of the Listing Agreement, the particulars of directors retiring by rotation are given in the note relating to Corporate Governance.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Special Business**

**Items No. 5 :** Shri C. L. Jain was appointed as Managing Director of the Company for a period of 5 years w.e.f. 1st October, 1998. Keeping in view the liberalised guidelines on managerial remuneration issued by the Central Govt., the Status enjoyed and the Standard of living of the Managing Director, the Board of Directors thought it expedient and quite justified for a suitable revision by way of enhancement in the remuneration w.e.f. 1st April, 2002. There has been a tremendous growth in the business and exports of the Company over the years under the dynamic leadership, control and direction of the affairs of the Company, and mature guidance and services rendered by the Managing Director to the Company. The remuneration including perquisites as set out in the resolution is proposed to be paid as minimum remuneration in the event of absence or inadequacy of profits in any year.

The Directors commend the resolution for payment of enhanced remuneration for the remaining term of his appointment, from 1st April, 2002 to 30th September, 2003, for your consideration and approval.

None of the Directors, except Shri C. L. Jain himself and Smt. Urmila Jain, being related to him, is, in any way, directly or indirectly, concerned or interested in the Resolution. This may also be treated as an Abstract and Memorandum of Interest u/s 302 of the Companies Act, 1956.

**Item No. 6 :** Smt. Urmila Jain, Director, was re-appointed as Whole-time Director of the Company for a period of five years w.e.f. 1st December, 2001 to 30th November, 2006 on the then existing remuneration of Rs. 1,00,000 per month, which was revised to Rs. 1,25,000 per month w.e.f. 1st April, 2002 till the remaining term upto 30th November, 2006.

Smt. Urmila Jain, a Post Graduate in English has been a Director of the Company, almost since inception and has been associated with the Co. looking after the Production and other related matters. She was appointed as Whole-time Director for a period of 5 years w.e.f. 1st December, 1996 and now re-appointed Whole-time Director for a period of 5 years w.e.f. 1st December, 2001. Keeping in view the liberalised guidelines on

managerial remuneration issued by the Central Govt. from time to time, the growth in the business and exports and improved profitability of the Company, the remuneration as set out in the resolution was fixed and enhanced w.e.f. 1st April, 2002. It is proposed that the remuneration including perquisites be paid as minimum remuneration to her in the event of absence or inadequacy of profits in any year.

The Directors commend the resolution for appointment of and payment of remuneration to Smt. Urmila Jain, as Whole-time Director of the Company, for your consideration and approval. Smt. Urmila Jain has however resigned from the directorship of the Company and ceases to be Whole-time Director w.e.f. the 24th of August, 2002. Therefore the appointment and payment of remuneration as set out in the resolution is for a period from 1st December, 2001 to 24th August, 2002.

None of the Directors, except Smt. Urmila Jain herself and Shri C. L. Jain being related to her and interested to that extent, is in any way, directly or indirectly, concerned or interested in the resolution. This may also be treated as an Abstract and Memorandum of Interest u/s 302 of the Companies Act, 1956.

**Item No. 7 :** Keeping in view the increasing business and export activities of the Company and the ongoing proposed diversification plans of the Company, the Board of Directors appointed Shri Abhishek Bansal, a Graduate in Information Technology and Electronic Data Processing/Computer Applications from the University of Leeds, U.K., as Manager (Overseas Operations), w.e.f. 1st July, 2002 at a consolidated remuneration of Rs. 20,000 (Rupees Twenty Thousand) per month.

In view of his technical knowledge and the related activities of the Company, it is considered advantageous and beneficial to the business of the Company, particularly for meeting the challenges of the Overseas/International Market complexities.

Shri Abhishek Bansal is related to Shri C. L. Jain and Smt. Urmila Jain, Directors of the Company. In view of the provisions of Section 314 and other applicable provisions of the Companies Act, 1956, the appointment of and payment of aforesaid remuneration to Shri Abhishek Bansal is placed before the Members.

The Board of Directors commend the resolution for the consideration and approval of the Members. Except Shri C. L. Jain and Smt. Urmila Jain, no other Director is in any way, directly or indirectly, concerned or interested in the Resolution.

**Item No. 8 : ARTICLE 3A :** As per the provisions of Sections 77A, 77AA and 77B of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999, the Company can purchase its own shares and other securities subject to such restrictions, conditions as have been imposed in the aforesaid provisions. At present the Articles of Association of the Company do not permit the Company to purchase its own shares or securities. Therefore, the Articles of Association are proposed to be altered by insertion of a new 'Article 3A' after existing 'Article 3'.

**ARTICLE 81A :** Section 192A of the Companies Act, 1956 was inserted by the Companies (Amendment) Act, 2000 which enables a listed Company to pass Resolutions relating to certain businesses notified by the Central Govt., by means of a postal ballot. It is, therefore, proposed to amend the Articles of Association by inserting a new 'Article 81A' after existing 'Article 81' to conform to the amended provisions of the Companies Act, 1956.

Under Section 31 the Articles of Association of the Company can be altered with the approval of Shareholders by a Special Resolution.

The Board recommends the resolution for approval of the Shareholders.

None of the Directors are, in any way, directly or indirectly, concerned or interested in the proposed resolution.

A copy of the existing Articles of Association of the Company together with a copy of the proposed amendment/s will be open for inspection by Members at the Registered Office of the Company between 10.00 a.m. and on all days, except Sundays and holidays until the date of the Annual General Meeting or any adjournment thereof.

**Regd. Off.:** A-34, Industrial Area,  
Sikandrabad - 203 205 (U.P.)  
**Dated :** August 24, 2002

By order of the Board  
**ADDI INDUSTRIES LIMITED**

S.C.Singhal  
Director (Fin.) & Company Secretary

**DIRECTORS' REPORT**

**Dear Members**

The Directors of your Company have pleasure in presenting their TWENTIETH ANNUAL REPORT on the Accounts of the Company for the financial year ended on 31st March, 2002.

**Financial Results :**

Your Company's performance for the year ended on 31st March, 2002 has been as shown hereunder:

	(Rs. in Lacs) 2001-2002	(Rs. in Lacs) 2000-2001
Turnover & other Income (incl. Exports)	7194.60 (6278.32)	5285.88 (4596.08)
Gross Profit before interest & depreciation	867.64	588.94
Less : Interest	129.49	180.46
Depreciation	292.32	265.64
<b>Net Profit before tax</b>	<b>445.83</b>	<b>142.84</b>
Provision for Taxation	—	—
Add: Adjustment for deferred Tax	5.51	—
<b>Net Profit after tax</b>	<b>451.34</b>	<b>142.84</b>
Surplus carried forward	451.34	142.84

The challenges in and the complexities of the international market are no doubt a deterrent factor, and the company has to constantly gear up its activities and efforts to meet such adverse factors. The Company has to strive hard to keep its foreign buyers continuing their business association, which is presently, inter alia, due to the excellent quality of the Company's products, timely delivery schedules and the conformity of its Works and products to international standards from all aspects. The company has to conserve its resources for all such eventualities and other developmental activities, in view thereof, the Directors do not recommend a dividend for the year under report.

**Operations**

The Company has achieved significant growth in its turnover-Rs. 6376.10 Lacs, as against Rs.4597.59 Lacs in the preceding year, registering an increase of 38.68% over that year. A gradual but steady growth in its activities and control of costs have resulted in higher productivity and profitability during the year under review. The working results would have been better but for keen and stiff competition and the changing environment in the international market. The company has continued to concentrate on manufacturing high value-added products, and also diversification and development of new products. Latest and most modern plant & machinery have been updated and added, particularly, in the knitting and dyeing units of the Company. This has been necessitated over the years not only due to technological advancement/s in the plant and machinery, but also to keep abreast of and conform to international standards.

**Exports**

The major thrust of the Company is on increasing its exports. The exports continue to grow. During the year under report, the company has achieved exports of Rs. 6278.32 Lacs, registering an increase of 36.60% over last year exports of Rs. 4596.08 Lacs. The Company has made a niche in fine quality and excellence of its products in the international markets.

**Technology upgradation, modernisation-cum-diversification**

Further capital expenditure of Rs. 353.48 Lacs has been incurred during the year under report, as against Rs. 307.23 Lacs in the preceding year, on acquisition of latest and most modern plant and equipment for the upgradation of its existing plant and machinery in the knitting, dyeing and manufacturing units. The company recognizes the need and is committed to continue its efforts for technology upgradation and modernisation for further improvement of the quality of its products and achieving operational efficiency, lower costs and improved profitability.

**Future Prospects**

During the first 4 months period of April-July, 2002, the Company has achieved exports of Rs. 3545 Lacs against Rs. 2086 Lacs in the corresponding period of the last year. Barring any unforeseen circumstances, the Company is poised for achieving better prospects in future.



**Finances**

Your Company continues to have the support of its Bankers, Punjab National Bank (PNB), for the increasing working capital requirements commensurate with the gradual and steady growth in its business activities.

**Deposits**

The Company has neither invited nor accepted any deposits from the public within the meaning of the Companies (Acceptance of Deposits) Rules, 1975, during the year under Report.

**Directors**

Dr. P. K. Hari and Shri S. C. Singhal, Directors of the Company, retire by rotation and, being eligible, offer themselves for re-appointment.

Shri R. D. Thapar & Smt. Urmila Jain, Directors of the Company, have resigned. Smt. Urmila Jain also ceases to be Whole-time Director of the Company.

The Board places on record its deep appreciation for the valuable advice, mature guidance and services rendered to the Company by both Shri R. D. Thapar and Smt. Urmila Jain as Director/s of the Company.

**Auditors**

M/s S. R. Dinodia & Company, Chartered Accountants, New Delhi, retire and, being eligible; offer themselves for re-appointment as Auditors of the Company for the current year 2002-2003. The Company has received the consent and the requisite Certificate u/s 224(1-B) of the Companies Act, 1956 from them.

**Corporate Governance**

A Report on Corporate Governance in compliance of Clause 49 of the Listing Agreement/s with the Stock Exchanges, applicable to the Company for the first time for the current financial year ended 31st March, 2002, is annexed to, and forms part of this Report.

**Directors' Responsibility Statement**

As required u/s 217(2AA) of the Companies Act, 1956, your Directors state that :

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any, in the financial statement;
- ii) the accounting policies have been selected and applied consistently and judgements and estimates have been reasonably and prudently made when required 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 and loss of the Company for that period;
- iii) proper and sufficient care has been taken for 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 any fraud or other irregularities; and
- iv) the annual accounts for the financial year have been prepared on a going concern basis.

**Particulars of Employees**

The information under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 may be taken as NIL.

**Conservation of Energy etc.**

The information u/s 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

**Appreciation**

Your Directors acknowledge with gratitude the continued support, assistance and cooperation received from the Govt., & its various Agencies, its Bankers, Customers, Suppliers, Dealers and Shareholders, at all times.

Once again, the Directors place on record their deep appreciation for the commitment and dedication of the Employees and Workers at all levels, which is a proven bench mark and instrumental in achieving the sustained growth of your Company from year to year.

For and on behalf of the  
Board of Directors

**C.L. JAIN**

Chairman & Managing Director

Place : New Delhi

Dated : August 24, 2002



**ADDI INDUSTRIES LIMITED****ANNEXURE TO DIRECTORS' REPORT**

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.

**Conservation of Energy :** Energy conservation measures have always been a crucial factor to maintain Company's objective of continuous improvement in operational efficiency of its plants. The same are closely monitored to minimise losses. Various measures, namely Roof A.C. Sheeting, maximum use of natural day light, arresting leakages of air and steam and proper insulation for preventing loss of heat etc. have been implemented to reduce consumption of power, air, water & steam. These measures have and are resulting in cost savings for the Company.

Total energy consumption & consumption per unit during the year ended 31st March, 2002, is as per Form 'A' given below:

**a) Power and Fuel Consumption :****FORM 'A'**

	31.03.2002	31.03.2001
1. ELECTRICITY		
(a) Purchased		
Units	2503020	1656430
Total amount (Rs./Lacs)	115.54	90.02
Rate/unit (Rs.)	4.70	5.43
(b) Own Generation		
i) Through diesel generator,		
Units	462000	420000
Unit per ltr. of diesel oil	3.50	3.50
Cost/unit (Rs.)	4.52	4.31
ii) Through steam turbine/generator	N.A	N.A
2. COAL		
Qty. (Kgs.)	N.A	N.A
Value (Rs./Lacs)	N.A	N.A
3. FURNACE OIL (LDO)		
Qty. (Ltrs.)	1452000	1116000
Value (Rs./Lacs)	161.57	124.71
4. OTHERS: INTERNAL GENERATION	N.A	N.A

**b) Consumption per unit of production :**

Product	Unit (Per)	Electricity (Units)		Furnace Oil (KL.)		Coal (KG.)	
		Curr. Yr.	Prev. Yr.	Curr. Yr.	Prev. Yr.	Curr. Yr.	Prev. Yr.
1. Cotton Hosiery 1000Pcs.		903	864	-	-	-	-

**Technology Absorption :** The requisite particulars are given in Form B below : **FORM 'B'**

**Research and Development (R&D) :** Continuous R&D is being carried out in manufacturing operations. In today's customer-driven market, demanding both quality and lower cost, the Company continues to give due attention and stress on R&D activities to achieve maximum benefit for process and product by adapting all round technological development. The cumulative measures taken to update and use the latest technology for improvement in productivity are yielding positive results and enabling the Company in concentrating upon manufacturing of high value added products. Expenditure on R&D has been shown under respective heads of expenditure, since it is not separately identifiable.

**Technology Absorption, Adoption and Innovation :** The company is putting greater emphasis on absorption of design and manufacturing technology. Priority is given in using latest technology for improving productivity, product quality and reducing consumption of raw materials and fuels.

**Foreign Exchange Earnings and Outgo :** Total Foreign Exchange earned and used :

	31.03.2002	(Rs./Lacs)	31.03.2001
Earnings :	6278.32		(4607.24)
Outgoings :	517.63		(326.02)

For & on behalf of the Board of Directors

Place : New Delhi  
Dated : August 24, 2002

**C.L. JAIN**  
Chairman & Managing Director