

# ADINATH TEXTILES LIMITED



**19TH ANNUAL REPORT 1999**



# ADINATH TEXTILES LIMITED

## BOARD OF DIRECTORS

Sh. D. K. Oswal	Chairman
Sh. Anil Kumar	
Sh. O. P. Sahni	
Sh. R.C. Singal	
Sh. Sanjiv Mohan	
Sh. Rajneesh Oswal	Executive Director
Sh. Vishal Oswal	

## GENERAL MANAGER (Finance & Taxation)

Sh. A. K. Kapoor

## AGM (Finance & Commercial)

Sh. R. K. Bhandari

## COMPANY SECRETARY

Sh. Vipin K. Bhatia

## BANKERS :

- |                   |                          |
|-------------------|--------------------------|
| 1. INDIAN BANK    | 2. STATE BANK OF PATIALA |
| 3. ALLAHABAD BANK | 4. STATE BANK OF INDIA   |

## AUDITORS :

M/s. Dass Khanna & Co.

Chartered Accountants

Ludhiana.

## REGISTERED OFFICE & WORKS

VILLAGE - BHOLAPUR, P.O. SAHABANA  
CHANDIGARH ROAD, LUDHIANA - 141 123.

## SALES OFFICE

1133, Rupa Mistry Street,  
Near Jain Dharamshala,  
Ludhiana - 141 008.

## BRANCHES :

- 4-J & E, GOPALA TOWER,  
25, RAJENDRA PLACE,  
NEW DELHI - 110 008.
- 302, RAHEJA CHAMBERS,  
NARIMAN POINT,  
MUMBAI - 400 021.

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# ADINATH TEXTILES LIMITED

## NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of the Company shall be held on Thursday, the 30th day of September, 1999 at 2.30 P.M. at the Registered Office of the Company at Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet, of the Company as at 31.3.1999 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Anil Kumar, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sh. Vishal Oswal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

5. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), IF ANY, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION :

"RESOLVED THAT in modification of the resolution passed by the Company at the General Meetings held on 30.07.1984, 04.03.1989, 08.03.1990 & 30.11.1995, 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 and/or charge the immovable and/or moveable properties, both present and future, of the Company wherever situated and/or the whole of the undertakings of the Company together with power to take over the management of the business and concern of the Company in certain events of default, to secure the repayment of loan for an amount not exceeding Rs. 1500 lacs (One thousand five hundred lacs) in aggregate in favour of Bankers of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with Bankers of the Company documents and such other agreements for creating mortgage and/or charge and/or hypothecation as may be required and to do all other acts, deeds, matters and things as may be necessary or expedient for the purpose of giving effect to this resolution."

"RESOLVED FURTHER THAT all acts, deeds & things already done by the Board of Directors, to give effect to the forgoing resolutions be and are hereby approved and ratified by the Company."

6. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), IF ANY, THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION :

"RESOLVED THAT subject to the provisions of sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII to the said Act and other laws, rules and regulations for the time being in force or which may come into force at a future date, the consent of the Company be and is hereby accorded for the re-appointment of Sh. Rajneesh Oswal as Executive Director for a period of 5 year w.e.f. 1.7.99 on the remuneration and terms and conditions as set out in the explanatory statement to this notice and in the agreement entered into with Sh. Rajneesh Oswal."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to increase the remuneration or vary the terms of remuneration and perquisites of Sh. Rajneesh Oswal as Executive Director within the provisions of the Companies Act, 1956 read with Schedule XIII or any amendments thereto from time to time, in future as well without making any reference to the General Meetings".



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7. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION (S), IF ANY, THE FOLLOWING RESOLUTION 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 Act") the existing Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below:

The following new Articles be inserted as Articles 50A and 50B after Article 50.

### Article 50A Nomination

- a. Every Shareholder or debenture holder of the Company, may at any time, nominate a person to whom his share or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.
- b. Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders, in such manner, as may be prescribed under the Act.
- c. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the share or debenture, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be, on the death of the joint holders, become intitled to all the rights in such shares or debentures or, as the case may be, all the joint holders in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- d. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint any person to become entitled to shares in, or debentures of the Company in the manner prescribed under the Act, in the event of his death, during the minority.

- e. A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either

- i) To register himself as holder of the share or debenture as the case may be : or
- ii) To make such transfer of the share or debenture, as the deceased shareholder or debenture holder, as the case may be, could have made.

### Article 50B- Dematerialisation of securities and Depository System.

- a. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a Dematerialised form pursuant to the Depositories Act, 1996 or any other enactments in this regard and a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of the beneficial owner.
- b. Every person holding securities of the Company and whose name is entered as the beneficial owner of securities shall be entitled to all the liabilities in respect of his securities which are held by a depository.
- c. Nothing contained in section 108 of the Act or these Articles shall apply to a transfer or securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

By order of the Board

for ADINATH TEXTILES LIMITED

Sd/-

Place : Ludhiana

VIPIN K. BHATIA

Date : 26th July, 1999

(Company Secretary)

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### NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. A blank proxy form is enclosed. The proxy, in order to be effective, must be deposited at the Registered Office of the Company, not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books will remain closed from Thursday, the 23rd day of September, 1999 to Thursday, the 30th day of September, 1999 (both days inclusive).
3. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 9.30 A.M. to 11.30 A.M. on all working days, upto date of Annual General Meeting.
4. Members are requested to send their queries, if any, to Registered Office of the Company at least 10 days before the date of the meeting.
5. Members are requested to notify immediately change in their address, if any, to the Company at its Registered Office by quoting their folio numbers.

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

#### FOR ITEM NO. 5

The Company avails from time to time various credit facilities from the Bankers of the Company. As on date the Company has availed Rs. 948 lacs as credit under various schemes from the Bankers of the Company. Board of Directors also proposes to avail of credit facilities from the said bankers in future depending upon the need based requirements of the Company.

In order to create securities by way of mortgage/charge on the assets of the Company and to avail of the said credit facilities, approval of the share holders is sought in terms of Section 293 (1) (a) and other applicable provisions. If any, of the Companies Act, 1956.

Hence a resolution as per item no. 5 of the agenda is proposed.

Yours Directors, therefore, recommend the resolution for your consideration and approval.

None of the Directors is, in any way, interested in the resolution.

#### FOR ITEM NO. 6

The Board of Directors in their meeting held on 26th July 1999, have approved the re-appointment of Sh. Rajneesh Oswal as Executive Director for a further period of 5 years w.e.f 1.7.99 on the remuneration and terms and conditions as set out in the agreement entered with Sh. Rajneesh Oswal which is open for inspection at the Registered Office of the Company between 9.30 A.M. and 11.30 A.M. on all working days upto the date of the Annual General Meeting. The terms and Conditions in brief are given hereunder.

Salary : Salary will be in the scale of

- a. Rs. 30,000 - 5,000 - 50,000 per month.

Commission : 1% of the net profits of the Company not exceeding 50% of annual salary subject to the total remuneration being within the limits as prescribed in Part II of Schedule - XIII of the Companies Act, 1956.

- b. Perquisites : the perquisites shall be allowed to in addition to the salary and commission. However, such perquisites shall be restricted to an amount equal to one year's salary during each year as per details given below :

a) Housing : Free residential accomodation or House Rent Allowance equal to 40% of the basic salary. Free furnishing is to be provided by the Company. Expenditure incurred by Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962.

b) Medical Reimbursement : Expenses incurred by the appointee (including medical Insurance Premium) on self and his family will be subject to a ceiling of one month's salary in a year or three month's

## ADINATH TEXTILES LIMITED

(c) Leave Travel Concession : The expenses incurred on leave travel by the appointee on self and his family shall be reimbursed once in a year in accordance with the rules specified by the Company.

(d) Clubs Fee : Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

(e) Personal Accident Insurance : Premium not to exceed Rs. 5000/- per annum.

(f) Provident Fund : Company's contribution towards Provident, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent, these either singly or put together are not taxable under the Income Tax Act, 1961. The said contribution will also be subject to the rules framed by the Company in this respect.

(g) Gratuity : Gratuity payable shall not exceed half a month's salary for each completed year of service. This will, however, be subject to ceiling prescribed by the Central Government from time to time.

(h) Car : Free use of company's car for official work as well as for personal purposes along with driver.

(i) Leave Encashment : Payment of earned leave as per Company's Rules.

The Executive Director will not be paid any sitting fee for attending meetings of Board or any Committee thereof.

The above may be treated as the abstract of terms & conditions regarding appointment of Executive Director required to be circulated to the members pursuant to section 302 (i) of the Companies Act, 1956. Accordingly to resolution No. 6 is put up before the members for consideration and approval.

None of the Directors, except Sh. Rajneesh Oswal, Executive Director the appointee Sh. D. K. Oswal, Chairman and Sh. Vishal Oswal being related to the appointee, is in any way interested in the proposed resolution.

### FOR ITEM NO. 7

By the Companies (Amendments) Act, 1999 the holder of security of the Company have been given an option to nominate a person to whom the right of security holders of the Company will vest in the event of his death it would be beneficial if such a nomination clause is included in the Articles of Association of the Company.

The Articles of Association of the Company now does not permit the conversion of shares from physical form to electronic form. In order to comply the rules and regulations of Central Government, SEBI and Stock Exchanges it required to have provisions in Articles.

A copy of the Articles of Association of the Company together with all the proposed amendments is available for inspection at the Registered Office of the Company during the office hours on all working days.

Under section 31 of the Companies Act 1956 alteration of Article of Association can be done only by passing a special resolution and accordingly, the resolution set out in item No. 7 has been proposed as a special resolution.

None of the Directors of the Company is concerned or interested in the resolution set out in item no. 7.

By order of the Board  
for ADINATH TEXTILES LIMITED

Sd/-

Place : Ludhiana      **VIPIN K. BHATIA**  
Date : 26th July, 1999      (Company Secretary)





# ADINATH TEXTILES LIMITED

## DIRECTOR'S REPORT

Your Directors have pleasure in presenting their 19th Annual Report on the affairs of the Company together with Audited Accounts for the year ended 31st March, 1999.

### FINANCIAL RESULTS

(Rs. in lacs)

	1998-99	1997-98
Gross Sales	3040.55	2923.32
Profit before interest and		
Depreciation	310.51	269.37
Less Interest	191.08	163.81
Gross Profit	119.43	105.65
Depreciation	112.88	111.23
Net Profit/(Loss) Before Tax	6.55	(5.67)

### PERFORMANCE REVIEW

Year under review has been the year of turnaround. Efforts of the management of your Company have been resulted in terms of net profits, though these are very marginal. Turnover of the Company for the period ended 31st March, 1999 is up by Rs. 117 lacs at Rs. 3040 lacs in comparison of Rs. 2923 lacs during last year. Cash accruals are Rs. 119.43 lacs as against Rs. 105.65 lacs in last year resulting in net profit of Rs. 6.55 lacs

### EXPORTS

During the year the performance on export front was very encouraging and total exports were placed at Rs. 734.77 lacs as against of Rs. 474.03 lacs in last year showing a 56% increase.

### DIVIDEND

Your Company is passing through a period of transition and consolidation. As such your Directors regret their inability to recommend any dividend for the year under review.

### DIRECTORS

Sh. Anil Kumar and Sh. Vishal Oswal, Directors are retiring by rotation and being eligible offer themselves for reappointment.

### AUDITORS

Statutory Auditors of the Company M/s Dass Khanna & Co. Chartered Accountants, Ludhiana retire at the ensuing Annual General Meeting and are eligible for re-appointment.

### COST AUDITORS

M/s Ramanathan Iyer & Co., Cost Accountants,

New Delhi, have been appointed as Cost Auditors for the year 1998-99 and their report would be submitted to the Government in accordance with the requirement of law.

### Y2K PREPAREDNESS

The Company has taken necessary steps to ensure that all the systems which may have any adverse impact on the business are Y2K compliant and any expenditure thereon will be met by the Company out of its own funds.

### ENERGY CONSERVATION

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo, pursuant to Section 217 (1) (e) of the Companies Act, 1956 is set out in Annexure - 1 to the report

### PERSONNEL

The Company has no employee in the category specified under Section 217 (2A) of the Companies Act, 1956. As such the information under this is nil.

### INDUSTRIAL RELATIONS

The Industrial relations remained very cordial throughout the year under review.

### ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation for the valuable support and co-operation of the agencies and departments of the Central and State Governments, the Financial Institutions and Banks, the customers and suppliers, agents, dealers and other business associates.

Your Directors also acknowledge the devoted services and efforts of the employees at all levels towards the progress of the Company. The Directors also thank the shareholders and investors for reposing their confidence in the Management of the Company.

By order of the Board

for ADINATH TEXTILES LIMITED

Place : Ludhiana  
Date : 26th July, 1999

Sd/-  
D. K. OSWAL  
(Chairman)