

17th
ANNUAL REPORT
1999

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ADDI INDUSTRIES LIMITED



ADDI INDUSTRIES LIMITED

BOARD OF DIRECTORS	:	Shri C. L. Jain	- Chairman & Managing Director
	:	Shri R. K. Khanna	
	:	Shri R. D. Thapar	
	:	Shri Harihar Lal	
	:	Dr. P. K. Hari	
	:	Smt. Urmila Jain	- Whole-time Director
	:	Shri Ashok Nandwani	- Whole-time Director
	:	Shri U. K. Srivastava	- Whole-time Director
GENERAL MANAGER (FINANCE) & COMPANY SECRETARY	:	Shri S. C. Singhal	
BANKERS	:	Punjab National Bank	
AUDITORS	:	Messrs Nayyar & Malik Chartered Accountants 370-A, Sant Nagar, East of Kailash, New Delhi-110065	
CORPORATE OFFICE	:	A-105, 106, Sector IV Noida - 201 301 (U.P.)	
REGISTERED OFFICE	:	A-34, Industrial Area Sikandrabad - 203 205 Distt. Bulandshahr (U.P.)	
WORKS	:	A-105, 106, Sector IV Noida - 201 301 (U.P.)	B-1, 2, 3, Hosiery Complex Phase-II, Noida (U.P.)
	:	C-227, Indl. Area Bulandshahr Road Ghaziabad (U.P.)	H-11, Textile Colony Industrial Area Ludhiana (Punjab)
	:	A-34, Indl. Area Sikandrabad (U.P.)	
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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.



NOTICE

TO ALL MEMBERS

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of the Members of Addi Industries Ltd. will be held on Monday, the 6th day of September, 1999 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 consider and adopt the Directors' Report and the Audited Balance Sheet of the Company as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date, alongwith the Report of the Auditors.
2. To appoint a Director in place of Shri Harihar Lal, who retires by rotation and is eligible for reappointment.
3. To appoint a director in place of Dr. P. K. Hari, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors for the current year 1999-2000 and fix their remuneration.

Special Business

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

"RESOLVED THAT Shri Ashok Nandwani, who was appointed an Additional Director of the Company by the Board of Directors with effect from April 26, 1999 and holds office upto the date of this Annual General Meeting and is eligible for appointment, and in respect of whom the Company has received a notice u/s 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 & all other applicable provisions of the Companies Act, 1956 and Schedule-XIII thereof, the consent and approval of the Company be and is hereby accorded to the appointment of Shri Ashok Nandwani, as Whole-time Director of the Company, for a period of One year commencing from 26th April, 1999 to 25th April, 2000, and payment of consolidated remuneration of Rs. 20,000 (Rupees Twenty thousand only) per month to him".

"RESOLVED FURTHER THAT the aforesaid remuneration 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 vary the remuneration upto a maximum of Rs. 25000 per month and to do all such acts, deeds and things as may be required and deemed necessary, in the best interest of the Company."

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

"RESOLVED THAT Shri Umesh Kumar Srivastava, who was appointed an Additional Director of the Company by the Board of Directors with effect from April 26, 1999 and holds office upto the date of this Annual General Meeting and is eligible for appointment, and in respect of whom the Company has received a notice u/s 257 of the Companies Act, 1956, be and is hereby appointed as a Director 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 Sections 198, 269, 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956, and Schedule XIII thereof, the consent and approval of the



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Company be and is hereby accorded to the appointment of Shri Umesh Kumar Srivastava, as Whole-time Director of the Company, for a period of One year commencing from 26th April, 1999 to 25th April, 2000, and payment of consolidated remuneration of Rs. 15,000 (Rupees Fifteen thousand only) per month to him".

RESOLVED FURTHER THAT the aforesaid remuneration 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 vary the remuneration upto a maximum of Rs. 25000 per month and to do all such acts, deeds and things as may be required and deemed necessary, in the best interest of the Company."

9. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 293(1)(e) and any other applicable provisions of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors, to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts, in any financial year, not exceeding 10% of the average net profits of the Company as determined in accordance with the provisions of the Act *ibid*."

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any statutory modification/s or re-enactment thereof for the time being in force and as may be enacted here-in-after) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (here-in-after referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent and approval of the Company be and is hereby accorded to the Board to delist its Equity Shares from the Ludhiana Stock Exchange Association Ltd."

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

By order of the Board
ADDI INDUSTRIES LIMITED

Place : Sikandrabad - 203 205 (U.P.)
Dated : July 29, 1999

S.C.Singhal
Gen. Mgr. (Fin.) & Company Secretary

Notes :

- (a) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. 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 be closed from Monday, the 30th August, 1999 to Saturday, the 4th September, 1999 (both days inclusive).



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Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Special Business

Items No. 5 & 6 :

In order to broad-base the Board by inducting technically and professionally qualified persons from the related field, the Board of Directors co-opted Shri Ashok Nandwani as Additional Directors of the Company w.e.f. 26th April, 1999 and also appointed him as Whole-time Director for a period of One year commencing from 26th April, 1999 to 25th April, 2000 on a consolidated remuneration of Rs. 20,000 (Rs. Twenty thousand) per month.

Section 255 of the Companies Act, 1956 states that a Director shall be appointed by the Company in General Meeting. Also payment of remuneration to Whole-time Director requires member's approval u/s 309/314, Schedule-XIII and any other applicable provisions of the Act *ibid*. Shri Ashok Nandwani is a technically qualified Executive having about 20 years experience in the relative textile sphere. Prior to his appointment as Addl. Director, he was working as General Manager in the Company. The Company has received a notice u/s 257 of the Companies Act, 1956, from a member signifying his intention to propose the candidature of Shri Ashok Nandwani for appointment as Director of the Company. The Board of Directors feel that the availability of his experience and matured guidance will be of immense help to the Company, and, therefore, commend the resolution for his appointment as director and payment of remuneration, for consideration and approval of the Members.

None of the Director/s, except Shri Ashok Nandwani himself, is in any way, directly or indirectly, concerned or interested in the resolution.

This may also please be treated as an abstract and Memorandum of Interest u/s 302 of the Companies Act, 1956.

Items No. 7 & 8 :

In order to broad-base the Board by inducting technically & professionally qualified persons from the related field, the Board of Directors co-opted Shri Umesh Kumar Srivastava as Additional Director of the Company w.e.f. 26th April, 1999 and also appointed him as Whole-time Director for a period of One year commencing from 26th April, 1999 to 25th April, 2000 on a consolidated remuneration of Rs. 15,000 (Rupees Fifteen thousand) per month.

Section 255 of the Companies Act, 1956 states that a Director shall be appointed by the Company in General Meeting. Also payment of remuneration to Whole-time Director requires member's approval u/s 309/314, Schedule-XIII and any other applicable provisions of the Act *ibid*. Shri Umesh Kumar Srivastava is a technically qualified Executive having about 10 years experience in the relative dyeing sphere. Prior to his appointment as Addl. Director, he was working as Manager (Dyeing) in the Company. The Company has received a notice u/s 257 of the Companies Act, 1956, from a member signifying his intention to propose the candidature of Shri Umesh Kumar Srivastava for appointment as Director of the Company. The Board of Directors feel that the availability of his experience will be of immense help to the Company, and, therefore, commend the resolution for his appointment as director and payment of remuneration, for consideration and approval of the Members.

None of the Director/s, except Shri Umesh Kumar Srivastava himself, is in any way, directly or indirectly, concerned or interested in the resolution.

This may also please be treated as an abstract and Memorandum of Interest u/s 302 of the Companies Act, 1956.

Item No. 9 :

The Board of Directors feel it expedient, in keeping with the modern day trend, to contribute to charitable and other funds not directly relating to the business of the company or the welfare of its employees.



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Section 293(1)(e) of the Companies Act, 1956, stipulates that the Board of Directors shall not, except with the consent of the Company in General Meeting, contribute to such funds, amount/s in excess of Rs. 50,000 or 5% of the average net profits of the Company, whichever is greater. The Board proposes to contribute to such charitable and other funds, amount/s, in any financial year, not exceeding 10% of the average net profits as determined in accordance with the provisions of the Companies Act, 1956, for which the consent of the Members is being sought for. Being a charitable and noble cause, the Board of Directors commend the resolution for consideration and approval of the Members.

None of the Director/s is in any way, directly or indirectly, concerned or interested in the resolution.

Item No. 10 :

Presently the Company's Equity Shares are listed on the Delhi Stock Exchange Association Ltd. (Regional Exchange), The Stock Exchange, Mumbai and Ludhiana Stock Exchange Association Ltd., Ludhiana.

With the networking of most of the Stock Exchange/s, particularly the Stock Exchange, Mumbai & the Delhi Stock Exchange Association Ltd., New Delhi, the members of the company have access to on line dealings in the Company's equity shares across the Country. A miniscule number of members are located in the regions where the Ludhiana Stock Exchange Association Ltd. is situated, and trading volume on the said Ludhiana Stock Exchange in the Company's Equity Shares is negligible.

Stock Exchanges in India with the permission of SEBI are now free to fix the prescribed Listing fees unilaterally and it has been observed that such Listing fees fixed by smaller Exchanges are disproportionately higher and trading volume is extremely low/almost nil compared to the major Stock Exchanges.

As a part of its cost reduction measure, the Company is proposing delisting of its Equity Shares from the Ludhiana Stock Exchange Association Ltd. In line with the SEBI regulations for voluntary delisting of the Company's Securities by the Company, members approval is sought by way of a Special Resolution for delisting its Equity Shares from the Ludhiana Stock Exchange Association Ltd. The Promoters have agreed to buy/or to make arrangement for buying, the equity shares of such Shareholders in the regions concerning the Ludhiana Stock Exchange Association Ltd. after fixing a record date for this purpose and at a price as per SEBI guidelines.

None of the Directors of the Company is in any way, directly or indirectly, concerned or interested in the resolution except to the extent and in the event of any Shareholder in the regions offering his/her equity shares and taken up by the Promoters/Directors of the Company.

The proposed delisting is in the interest of the Company and the Board commends the Resolution for approval by the Members.

By order of the Board
ADDI INDUSTRIES LIMITED

Place : Sikandrabad - 203 205 (U.P.)
Dated : July 29, 1999

S.C.Singhal
Gen. Mgr. (Fin.) & Company Secretary



ADDI INDUSTRIES LIMITED

DIRECTORS' REPORT

Dear Members

The Directors of your Company present their **Seventeenth Annual Report** together with the Audited Statements of Account of the Company for the year ended on 31st March, 1999.

Financial Results :

The performance of your Company, for the year ended 31st March, 1999 has been as shown hereunder :

	1998-99 (12 M)	(Rs. in lakhs) 1996-98 (Annualised)
Turnover & other Income (incl. Exports)	2923.63 (2383.97)	2443.70 (1974.96)
Gross Profit before interest & depreciation	475.07	588.73
Less : Interest	242.37	324.59
Depreciation	218.17	226.55
Provision for Taxation	—	—
Provisions for Gratuity etc.	4.70	2.68
Net Profit	9.83	34.91
Surplus carried forward	9.83	34.91

In order to conserve resources for increasing business activities and other working capital requirements, the Directors do not recommend a dividend for the year under Report.

Operations

Your Company has maintained a positive & steady growth in its business activities, particularly exports. However, keen and stiff competition in the international market has affected profitability as margins continue to be under pressure.

The Company has been concentrating on manufacturing high value-added products, changing product-mix and diversification and development of its products for the export market. These cumulative measures have resulted in further improvements in turnover. The Company has earned an income of Rs. 2923.63 Lacs during the year under review as against Rs. 2443.70 Lacs (annualised) during the previous year, registering an increase of 19.64%.

Exports

Exports continue to be the main and high priority area. Despite the recessionary trend, the Company has achieved exports of Rs. 2383.97 Lacs registering an increase of 20.70% over the export of Rs. 1974.96 Lacs (annualised) during the previous year.

Your Company has been successful in maintaining its export market in USA, and the fine quality and excellence of its products is now well established.

Expansion/Diversification

In keeping with the trend for diversification, the Company has made additions to its existing plant and machinery in the Knitting/Dyeing Units. The in-house operations like knitting and dyeing have increased the operational efficiency, uniformity, reduced costs and general improvement in the face of keen competition.



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Future Prospects

The Directors are glad to report that several measures have been taken to conform the manufacturing operations and the Unit as a whole to international standards. The cumulative steps taken are resulting in gradual and steady growth in the business and exports. During the first quarter ended 30th June, 1999 in the current year 1999-2000, the Company has achieved a turnover of Rs. 785.14 Lacs including exports of Rs. 781.08 Lacs. The target for the current year exports is Rs. 3300 Lacs which is higher by about 40% over the exports of Rs. 2383.97 Lacs during the previous year 1998-99.

The present gradually ascending trend continuing, and barring any unforeseen circumstances, the Directors of your Company are hopeful of better performance in future.

Finances

The Company's Bankers, Punjab National Bank (PNB), continue to support the Company for its increasing Working Capital requirements.

The Company is regularly paying the instalments of principal and interest to the Financial Institutions, and there is no arrears outstanding as on date.

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

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

S/Shri Ashok Nandwani and Umesh Kumar Srivastava, both professional executives, were co-opted as Addl. Director/s by the Board on 26th April, 1999. The Company has received notices u/s 257 of the Companies Act, 1956 from a member signifying his intention to propose their candidature for appointment as Directors of the Company.

Auditors

M/s Nayyar & Malik, Chartered Accountants, New Delhi, retire and, being eligible, offer themselves for re-appointment as Auditors of the Company for the current year 1999-2000.

Auditors' Remarks

The efforts made by the Company in developing the export market have yielded positive results & exports are gradually increasing. The business advances given without interest for the said purpose have almost been recovered and the remaining amounts are being recovered gradually.

Voluntary de-listing of Company's Equity Shares from Ludhiana Stock Exchange :

The Company's Equity Shares are presently listed on the Delhi, Mumbai and Ludhiana Stock Exchanges. With the computerisation of almost all major Stock Exchanges, and the ready accessibility to these networks by Investors situated even in remote areas, the listing of Company's Equity Shares on the Ludhiana Stock Exchange is no longer felt necessary as the trading in its shares at that Exchange is negligible. The Company, therefore, intends to delist its Equity Shares from the Ludhiana Stock Exchange. The delisting has to be approved by way of a Special Resolution as per guidelines issued by the Securities and Exchange Board of India for voluntary delisting.

Subsidiary

The Annual Accounts for the year ended 31st March, 1999 alongwith the Reports of the Directors and Auditors thereon, of Addi Farms Ltd., a wholly owned subsidiary of your Company, are appended hereto.

Particulars of Employees

The Information under Section 217(2A) of the Companies Act, 1956, is annexed hereto.