

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		✓

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ADHUNIK YARNS LTD.

Eleventh Annual Report
1997-98

Eleventh Annual Report 1997-98**BOARD OF DIRECTORS**

Radheshyam Poddar	Chairman
Sandeep Poddar	Managing Director
J.S.Pal	Nominee Director (SICOM)

AUDITORS

R. S. Agrawal & Associates,
Chartered Accountants,
Mumbai.

BANKERS

Bank of Baroda

REGISTERED OFFICE

Plot No.5, Municipal Industrial Estate,
Sai Nagar, Ist M. G. Cross Lane,
Kandivli (West),
Mumbai - 400 067.

PLANTS

1. Village Chinchpada,
Taluka Navapur,
Dist. Dhule (Maharashtra)
2. Plot No. 1809, GIDC Phase III,
Vapi, Dist. Valsad (Gujarat)

REGISTRARS & TRANSFER AGENTS

Computronics Financial Services (I) Limited
1, Mittal Chambers, Nariman Point,
Mumbai 400 021

CONTENTS	PAGE NO.
NOTICE TO SHAREHOLDERS	3
DIRECTORS' REPORT	4
AUDITORS' REPORT	6
BALANCE SHEET	8
PROFIT & LOSS ACCOUNT	9
SCHEDULE 1 TO 18	10 to 20
CASH FLOW STATEMENT	22

NOTICE

Eleventh Annual Report 1997-98

Notice is hereby given that the Eleventh Annual General Meeting of the Members of Adhunik Yarns Limited will be held on Wednesday, 30th September 1998, at 12.15 p.m. at Smt. Kalawati Maganmal Hall, Corner of Shankar lane, S.V. Road, Kandivli (W) Mumbai - 400 067, to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and accept the Audited Balance Sheet as at 31st March, 1998, and the Profit and Loss Account for the year ended on that date alongwith Directors' & Auditors' Reports thereon.
2. To appoint a Director in place of Shri Radheshyam Poddar who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass, with or without modification, the following resolution as a special resolution:

"RESOLVED THAT PURSUANT to the provisions of Section 293 (1) (a) and other applicable provisions of the companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to lease, sell discard or otherwise dispose off the undertakings as a whole at Vapi, (Gujrat) & Chinchpada, Navapur (Maharashtra).

FUTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take necessary steps in leasing or disposing of the undertaking as a whole or sell out the machines in working condition or as scarp to any person, firm whether or not related to any director or to any body corporate whether or not in which any director is interested and authorised to decide upon price, terms and conditions, settle any question, doubt of difficulty, alter, modify, increase, decrease plants and machinery as deem fit.

FUTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to delegate the power hereby conferred to any one of the Directors".

By Order of the Board,
For Adhunik Yarns Limited

Place : Mumbai.
Date : August 14, 1998

Sandeep Poddar
Managing Director.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY SHOULD BE LODGED WITH THE COMPANY 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. THE REGISTERS OF MEMBERS AND TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM MONDAY 21ST SEPTEMBER, 1998 TO WEDNESDAY 30TH SEPTEMBER, 1998 (BOTH DAYS INCLUSIVE).

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

items No.4

The company had installed a process house for processing of synthetic fabrics at Vapi (Gujrat). It was experienced that the plant is not running efficiently due to poor market condition of the textiles industry. Hence, it was thought appropriate to lease out/sell the said machine/undertaking as a whole.

The company had also installed 2 No. Texturising machine of 432 spindles alongwith 1 dalal dyeing plants of 200 Kg. each per batch per hours and 2 twisting plants of 576 spindles at Chinchpada, Navapur (Maharashtra). It was experienced that the plant is not running efficiently due to poor market condition of the texturising industry. Hence, it was thought appropriate to lease out/sell the said machine/undertaking as a whole.

The approval of the members by special resolution is required under section 293 (1)(a) for authorising the Board of Directors to lease out, sell or otherwise dispose off the whole or substantially whole of the undertakings of the Company.

The members are requested to consider and approve the resolution.

None of the Directors is interested in or concerned with the resolution.

By Order of the Board,
For Adhunik Yarns Limited

Place : Mumbai.
Date : August 14, 1998.

Sandeep Poddar
Managing Director.

DIRECTORS' REPORT

Eleventh Annual Report 1997-98

To,

The Members,
Adhunik Yarns Limited,

Your Directors have pleasure in presenting the Eleventh Annual Report and Audited Statement of Accounts for the Year ended 31st March, 1998.

FINANCIAL HIGHLIGHTS:

	1997-98	(Rs.in lacs) 1996-97
Sales and other Income	<u>1263.78</u>	<u>1111.15</u>
Profit/(Loss) before depreciation and tax	<u>(142.41)</u>	<u>(293.64)</u>
Less/(Add): Provision for Depreciation	<u>(48.18)</u>	<u>(35.39)</u>
Profit/(Loss) before tax	<u>(190.59)</u>	<u>(329.03)</u>
Less/(Add): Tax Adjustments	<u>(1.77)</u>	<u>(1.96)</u>
Net Profit after tax	<u>(192.36)</u>	<u>(330.99)</u>
Add/Less : Balance Brought forward from previous year.	<u>(327.52)</u>	<u>3.47</u>
Balance carried over to Balance Sheet	<u>(519.88)</u>	<u>327.52</u>

DIVIDEND:

The Board is not recommending dividend for the year ended 31st March, 1998.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri Radheshyam Poddar retires by rotation and being eligible offer himself for reappointment.

CONSERVATION OF ENERGY , TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS OUTGO:

Information pursuant to section 217(i) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 is given herebelow:-

A. CONSERVATION OF ENERGY:

As in the past, the company continues its efforts to improve methods of energy conservation and utilisation.

The information of power and fuel consumption and cost per unit of production is furnished in the prescribed form herebelow:-

DIRECTORS' REPORT (Contd.)**Eleventh Annual Report 1997-98****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.**

	<u>Units</u>	<u>Current Year</u>	<u>Previous Year</u>
a. Power and Fuel Consumption			
1. Electricity-Purchased			
Unit (KWH)	Thousands	1416.70	1139.90
Total Amount	Rs. in lacs	51.97	48.41
Average Rate	Rs. per unit	3.67	4.24
2. Fuel			
i) Light Speed Diesel			
Quantity	Kilo Litres	---	26.50
Total Cost	Rs. in lacs	---	2.47
Average Rate	Rs. per Kilo Ltrs.	---	9320.00
ii) Furnace Oil			
Quantity	Kilo Litres	883.05	1280.10
Total Cost	Rs. in lacs	57.45	85.95
Average Rate	Rs. per Kilo Ltrs.	6505.74	6714.31
b. Consumption per unit of production.			
1. Yarn			
1. Electricity (KWH)	100 Kgs.	109.53	109.38
2. Light Speed Diesel (Ltrs)	100 Kgs.	---	8.22
2. Fabrics			
1. Electricity (KWH)	100 Mtrs.	21.76	14.80
2. Furnace Oil (Ltrs)	100 Mtrs.	26.58	24.06

B. TECHNOLOGY ABSORPTION

The Company is doing research and development for improvement in shades of yarns and fabrics as routine activities.

C. FOREIGN EXCHANGE EARNING AND OUTGO

The company has neither earned/received nor spent/paid in foreign currency.

PARTICULARS OF EMPLOYEES

Particulars of employees under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 are not attached with this report as no employee comes under the purview of these provisions.

AUDITORS

M/s. R.S.Agrawal & Associates, Chartered Accountants, the Auditors of the Company are retiring at the forthcoming Annual General Meeting. The Auditors have informed that they are eligible for re-appointment. The members are requested to appoint the auditors.

The Auditors report is self explanatory and hence do not require any clarification.

APPRECIATION

The Board of Directors place on record their appreciation for the support and co-operation received from the Government, Bankers, IDBI, SICOM, Dealers, Suppliers, Employees and you the shareholders.

On behalf of the Board,
For Adhunik Yarns Limited,

Place: Mumbai.
Date : August 14, 1998.

Radheshyam Poddar
Chairman

Eleventh Annual Report 1997-98

To,

The Members,
ADHUNIK YARNS LIMITED

We have audited the attached Balance Sheet of ADHUNIK YARNS LIMITED as at 31st March 1998, and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph No. 1 above :
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.
 - iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - iv) In our opinion and to the best of our knowledge and according to the information and explanations given to us, the said accounts, subject to note no.5 of schedule 18 due to reasons mentioned therein resulting in up to date lower charge of depreciation by Rs. 204.97 lacs including Rs. 13.13 lacs for the current year and also note no. 10 of schedule 18 for non provision of gratuity, read together with other notes thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view.
 - (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1998 and
 - (ii) In the case of Profit and Loss Account, of the loss for the year ended on that date.

Place: Mumbai.

Date : August 14, 1998.

For R. S. Agrawal & Associates,
Chartered Accountants

R. S. Agrawal
Partner.

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date :

1. The Company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets. As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies have been noticed by the management on such verification as compared to the aforesaid records of fixed assets.
2. None of the fixed assets of the Company have been revalued during the year.
3. Physical verification was conducted by the management at reasonable intervals during the year and/or at the close of the year in respect of finished goods, stores, spare parts and raw materials saved and except goods lying with third parties.
4. As explained to us, the procedures of physical verification of stocks followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
5. According to the records produced to us for our verification there were no material discrepancies noticed on physical verification of stocks as compared to book records and the same has been properly dealt with in the books of account.
6. In our opinion the valuation of finished goods, stores, spare parts and raw materials is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
7. In our opinion, the rate of interest and other terms and conditions on which unsecured loans have been taken from the firms and other parties listed in the register maintained under section 301 of the companies Act, 1956 are not prima facie prejudicial to the interest of the company. We are informed that there are no companies under the same management as defined under section 370 (1-B) of the Companies Act, 1956.

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

Eleventh Annual Report 1997-98

8. The Company has granted interest free advances to the companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956. According to the information given to us, the terms and conditions of the advances are not prima facie prejudicial to the interest of the Company. We are informed that there are no companies under the same management as defined under section 370 (1-B) of the Companies Act, 1956.
9. The Company has granted loans and advances in the nature of loans to its employees, free of interest and the repayment of the principal amounts as stipulated/agreed have been made.
10. On the basis of the selective checks carried out during the course of Audit and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of stores, raw material including components, plant and machineries, equipments and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transaction of purchases of goods and materials and sale of goods materials and services made pursuant to contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50000/- or more in respect of each party, have been made at prices which are reasonable having agreed to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties or as per information available with the Company.
12. As explained to us, the Company has a regular procedure for the determination of unusable or damaged stores or raw materials or finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 as well as the relevant directives of the Reserve Bank of India with regard to the deposits from the public.
14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable scrap, wherever significant. The Company has no by products.
15. The Company has internal audit system commensurate with its size and nature of its business.
16. We have broadly reviewed the records maintained by the Company pursuant to the rules of the central government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records have been maintained, although no formal books of accounts have been maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.
17. According to the records of the company, Provident Fund and Employees State Insurance dues wherever applicable have been generally been irregularly deposited during the year with the appropriate authorities.
18. In our opinion and according to the explanations given to us, there are no undisputed and outstanding amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty and Excise Duty as at the last day of the financial year concerned for a year of more than six months from the date they become payable.
19. Based on (i) the test checks carried out by us (ii) The vouchers of producer to us for our verification (iii) explanations given and representation made to us on our inquiries, we have not come across any personal expenses which have been charged to revenue other than those payable under contractual obligation or in accordance with generally accepted business practice.
20. The Company is not a Sick Industrial Company within the meaning of clause (O) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the trading activities of the Company, we are informed that the Company does not have damaged goods lying with it at the end of the year. Therefore no provision for any loss is required to be made in the accounts.

For R. S. Agrawal & Associates,
Chartered Accountants

Place: Mumbai.
Date : August 14, 1998.

R. S. Agrawal
Partner.