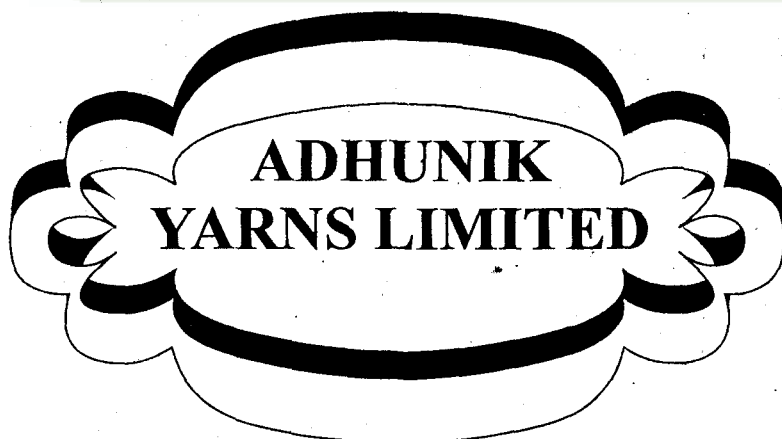


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**ANNUAL REPORT 2002-2003**

**ADHUNIK YARNS LIMITED****BOARD OF DIRECTORS**

Radheshyam Poddar	:	Chairman
Sandeep Poddar	:	Managing Director
Pradeep Poddar	:	Director

**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Adhunik Yarns Limited will be held on Tuesday, 30<sup>th</sup> September 2003, at 11.30 a.m. at Smt. Kalawati Maganlal Hall, No. 3 (Thathai Bhatia Hall) Corner of Shankar Lane, S. V. Road, Kandivli (W) Mumbai - 400 067, to transact the following business:-

**AUDITORS**

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

**BANKERS**

Bank of Baroda

**REGISTERED OFFICE**

Plot No.5, Municipal Industrial Estate  
1st M. G. Cross Lane, Sai Nagar,  
Kandivli (West),  
Mumbai-400 067.

By Order of the Board  
For Adhunik Yarns Limited

**Sandeep Poddar**  
Managing Director

Mumbai, 23rd August, 2003.

**PLANTS**

Village Chinchpada,  
Taluka Navapur,  
Dist. Dhule (Maharashtra).

Plot No.1809, GIDC Phase III,  
Vapi, Dist. Valsad (Gujarat).

**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 THURSDAY 25<sup>TH</sup> SEPTEMBER 2003 TO TUESDAY 30<sup>TH</sup> SEPTEMBER, 2003 (BOTH DAYS INCLUSIVE).

**REGISTRARS & TRANSFER AGENTS**

Computronics Financial Services (I) Ltd.  
1, Mittal Chambers, Nariman Point,  
Mumbai-400 021.

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**ADHUNIK YARNS LIMITED****DIRECTOR'S REPORT**

To  
The Members,  
Adhunik Yarns Limited,

Yours Directors have pleasure in presenting the sixteenth Annual Report and Audited Statement of Accounts for the Year ended 31st March, 2003.

**FINANCIAL HIGHLIGHTS:**

	(Rs. in Lacs)	
	<u>2002-2003</u>	<u>2001-2002</u>
Sales and other Income	156.34	9.12
Profit/(Loss) before depreciation and tax	(96.55)	(90.07)
Less/(Add): Provision for Depreciation	(34.51)	(39.15)
Profit/(Loss) before tax	(131.06)	(129.22)
Less/(Add): Tax Adjustments	0.32	0.00
Net Profit/(Loss) after tax	<u>(130.74)</u>	<u>(129.22)</u>

**OPERATIONS:**

Due to continuous recession in textile industry, shortage of working capital, the manufacturing operation of both the units of the company continued to be suspended during the year also. However, the company started garment and other home utility supply during the year and received good response. The turnover recorded Rs. 156.34 lacs as against Rs. 9.12 lacs in the preceding year.

**DIVIDEND:**

In view of loss for the year, your directors regret their inability to recommend payment of any dividend for the year.

**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 re-appointment.

**REFERENCE TO BIFR**

As reported last year, the company's net worth as per the audited accounts as at 31st March 1999 stood fully eroded and accordingly a mandatory reference was made to BIFR under section 15 of the Sick Industrial Companies (Special Provisions), 1985 on 01/10/1999 which is duly registered on 13.10.1999 under case no. 330/99. BIFR appointed IDBI as an Operating Agency for getting the special investigative report for last three financial years. The auditors appointed by IDBI submitted the special investigative report in May 2000. The company was declared sick industrial company by the BIFR in terms of section 3(1)(o) of the Act. The Bench further directed to explore the possibility of change of management but no concrete offer was received for the same.

Therefore in view of explored and exhausted all possibilities to rehabilitate the company, the bench formed a prima facie opinion, vide its order issued on 11<sup>th</sup> August 2003, that the company is not likely to make its net worth exceed its accumulated losses within a reasonable time while meeting all its due financial obligations, hence not likely to become viable on long-term basis. Therefore it is just and equitable and in public interest that it is wound up u/s 20(1) of the Act. Notice is directed to be given in newspapers to shareholders, workers, creditors & customers etc. of the company. Objections and suggestions would be heard on 30.10.2003.

**LISTING**

The equity shares of the company are listed on Mumbai, Delhi, Chennai and Ahmedabad Stock Exchanges. The annual listing fees have been paid till 1997-98.

**Sixteenth Annual Report 2002-2003****DIRECTOR'S REPORT (Contd.)****INSURANCE**

All the properties and assets of the company are sufficiently insured against the risk of fire and other risks.

**FIXED DEPOSITS**

During the year the company has accepted fixed deposits from a relative of the directors and from the chairman of the company amounting to Rs. 400000/- and Rs. 200000/- respectively in view of meeting the financial crisis in the company

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' responsibility statement, it is hereby confirmed:

- (i) That the preparation of accounts for the financial year ended 31<sup>st</sup> March 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit or loss of the company for the year under review.
- (iii) That the Directors have taken proper and sufficient care for the 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 fraud and other irregularities.
- (iv) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2003 on a 'going concern' basis.

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

Since the company has no manufacturing operations, there are no particulars to be furnished with regard to conservation of energy and technology absorption 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. The foreign exchange earnings and outgo were Nil.

**PARTICULARS OF EMPLOYEES:**

Particulars of employees under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 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 members are requested to appoint the auditors.

**AUDITORS' REPORT:**

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.

By Order of the Board  
For ADHUNIK YARNS LIMITED

**RADHESHYAM PODDAR**  
CHAIRMAN

Mumbai, 23rd August, 2003.

**ADHUNIK YARNS LIMITED****AUDITORS' REPORT**

To,  
The Members,  
ADHUNIK YARNS LIMITED

We have audited the attached Balance Sheet of M/s. ADHUNIK YARNS LIMITED as at 31<sup>st</sup> March 2003, and also the Profit & Loss Account and Cash Flow Statement of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. 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 paragraph 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph No.2 above:
  - a) We have obtained all the information and explanations, *except referred to elsewhere in the report*, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) 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.
  - c) The Balance Sheet and Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the profit and loss account and Balance Sheet comply with the mandatory accounting standards referred to in sub section (3C) of the section 211 of the Companies Act, 1956 except;
    - i) AS-1 as referred to in Note No. 16 of schedule 18 that the financial statements have been prepared on the concept that the company will continue as a going concern, though:
      - (a) All the manufacturing operations continuously stand suspended,
      - (b) The company is not in a position to honour its commitment towards various secured and unsecured liabilities,
      - (c) The company has continuously incurred losses and thereby the accumulated loss has exceeded the net worth of the company and a substantial loss is carried forward as on 31<sup>st</sup> March 2003
      - (d) Debt Recovery Tribunal has directed to issue Recovery Certificate in favour of Industrial Development Bank of India and Bank of Baroda (refer note no 13 of Schedule 18) and
      - (e) The BIFR also directed to issue show cause notice to wound up u/s 20(1) of the Act (refer note no. 16 of Schedule 18).
      - (f) Further impairment of the assets, as reported in the following paragraphs and also in annexure to report, cannot be ruled out on realization / recovery.

Hence it cannot be said whether the company will continue to be so.
    - ii) AS-2 as referred to in point no. 5 of schedule 17 of significant accounting policies and note no.18 of schedule 18 for valuation of inventories, the valuation is not as per Accounting standard, consequential impact of the same is not ascertainable and
    - iii) AS-15 as referred to in Note No. 10 of schedule 18 for provision for the liability if any on account of gratuity and bonus payable to the employees of the company for earlier years.
  - e) Attention of members is invited to:
    - i) Note no.2 of schedule 18, no independent confirmation of balances of Sundry Debtors, Sundry Creditors, Loans and Advances, Loans from Financial Institutions & Bank stock, lying with third Parties and other balances have been produced before us and consequential impact, if any, could not be ascertained.
    - ii) Note no. 5 of schedule 18, lower charge of depreciation, as a result, up to date depreciation charge is lower by Rs 155.50 lacs including Rs 0.56 (net) lacs for the year under review.
    - iii) Note no.11 of schedule 18, no provision has been made for diminution in the value of investments in the equity shares of (i) Adhunik Synthetics Ltd, a sick industrial undertaking within the meaning of Section 3 (1) (o) of the SICA, 1985 Rs 28.69 lacs and (ii) Adhunik Fintrade Ltd, also a substantial loss making company Rs. 1.94 lacs.
    - iv) Note no.12 of schedule 18, provision has not been made for liquidated damages, overdue and compound interest on late payments/defaults in payment of interest as well as repayment of installments of loans, as the same could not be determined/ascertained properly.

**Sixteenth Annual Report 2002-2003****AUDITOR'S REPORT(Contd)**

- v) Note no. 17 of schedule 18, non-ascertainment of the extent of recoverability of certain long outstanding Sundry Debtors, advances to suppliers representing claims of the company not acknowledged Rs. 21.37 lacs, Rs. 74.19 lacs lacs respectively and provision required there against.
- vi) Note no. 9 of schedule 18, no provision has been made for interest accrued and due on the unpaid installments which, if, have already become due pertaining to Sales Tax Incentives received in the form of unsecured loans; the amount could not be ascertained in absence of proper information available with the company.
- vii) Note no. 14 of schedule 18, non provision of listing fees, amount is not ascertainable for want of information with the company.
- f) We, further report that, overall impact of the above referred remarks, without considering items mentioned at d) i), ii), iii), e) i), iii), iv) v), vi) and vii) above, the effect of which could not be determined, the loss for the year would have been higher by Rs. 0.56 lacs and the debit balance in Profit & Loss Account would have been higher by Rs 155.50 lacs.
- g) Based on the representation made, two directors of the company namely Shri Radheshyam Poddar and Shri Pradeep Poddar who are already the directors of an other public company which has failed to redeem its debentures on due dates, are disqualified as on 31<sup>st</sup> March, 2003, to be appointed as a director of any other public company, as referred to in Section 274 (1) (g) of the Companies Act, 1956.
- h) As informed to us, the company has not complied with the conditions of the Corporate Governance as stipulated under Clause 49 of the Listing Agreement, as compulsorily applicable to the company from the close the last quarter of the financial year 2002-2003.
- i) Minutes Books of Meetings of the Board of Directors and Shareholders and other Statutory Registers required to be maintained under the Companies Act 1956 by the company, were not produced to us for our verification.
- j) 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 the foregoing, and read together with the accounting policies and 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 31<sup>st</sup> March 2003;
  - (ii) In the case of Profit and Loss Account, of the loss for the year ended on that date.
  - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For R. S. AGRAWAL & ASSOCIATES**  
Chartered Accountants

Place : Mumbai  
Date : 23rd August, 2003

**R. S. Agrawal**  
Partner

**ANNEXURE TO THE AUDITOR'S REPORT**

ANNEXURE REFERRED IN PARAGRAPH (2) OF AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2003 OF ADHUNIK YARNS LIMITED ON THE BASIS OF SUCH CHECKS AS WE CONSIDER APPROPRIATE AND IN TERMS OF THE INFORMATION AND EXPLANATION GIVEN TO US, WE STATE THAT;