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Shreyans GROUP

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

17th Annual Report 1996-97

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ADINATH TEXTILES LIMITED

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ADINATH TEXTILES LIMITED

Shreyans GROUP

BOARD OF DIRECTORS

Shri D.K. Oswal	Chairman
Shri Anil Kumar	
Shri O.P. Sahni	
Shri R.C. Singal	
Shri Sanjeev Mohan	
Shri Rajneesh Oswal	Executive Director
Shri Vishal Oswal	Additional Director

GENERAL MANAGER (Finance & Taxation)
Shri A.K. Kapoor

SR. MANAGER (Finance & Commercial)
Shri R.K. Bhandari

COMPANY SECRETARY
Shri Vipin K. Bhatia

BANKERS
Indian Bank, State Bank of India,
State Bank of Patiala, Allahabad Bank

AUDITORS
M/s Dass Khanna & Co.
Chartered Accountants
Ludhiana

REGISTERED OFFICE & WORKS
Vill. Bholapur, P.O. Sahabana
Chandigarh Road
Ludhiana-141123

SALES OFFICE
1133, Rupa Mistry Street,
Near Jain Dharamshala
Ludhiana-141008.

BRANCH OFFICES
1. 4J & E, Gopala Towers,
25, Rajendra Place,
New Delhi - 110 008.

2. 302, Raheja Chamber-5,
Nariman Point,
Mumbai - 400 002.

3. 646-P.K. Complex,
P.N. Road,
Tirupur-638604

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ADINATH TEXTILES LIMITED

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of the Company shall be held on Tuesday, the 30th day of September, 1997 at 10.00 A.M. at the Registered Office of the Company at Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana to transact the following business.

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31.3.1997 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. D.K. Oswal, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sh. R.C. Singal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appointment Auditors and to fix their remuneration.

AS 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 Sh. Vishal Oswal, in respect of whom the Company has received notice from a shareholder proposing his candidature as a Director, be and is hereby appointed as a Director liable to retire by rotation in terms of the Articles of Association of the Company.

By Order of the Board

For ADINATH TEXTILES LIMITED

Sd/-

Place : Ludhiana
Date : 27th August, 1997

VIPIN K. BHATIA
Company Secretary

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 of the Company will remain closed from Thursday, the 25th day of September, 1997 to Friday, the 26th day of September, 1997 (both days inclusive).
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business set out above is enclosed herewith and forms part of this notice.
4. All documents referred to in the Notice and the Explanatory Statement 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 the date of the Annual General meeting.
5. 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.
6. 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 of Special Business:

Mr. Vishal Oswal was appointed as Additional Director by the Board of Directors on 22.11.1996 and he holds office upto the date of the ensuing Annual General Meeting.

The Company has received notice in writing from a member under Section 257 of the Companies Act, 1956, alongwith the requisite fee of Rs. 500/- proposing the appointment of Sh. Vishal Oswal as a Director liable to retire by rotation. Your Directors recommend his appointment as Director.

None of the Directors is in any way interested or concerned in the proposed resolution except Sh. Vishal Oswal, the appointee, Shri D.K. Oswal and Shri Rajneesh Oswal being his relatives.

By Order of the Board

For ADINATH TEXTILES LIMITED

Sd/-

Place : Ludhiana
Date : 27th August, 1997

VIPIN K. BHATIA
Company Secretary

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DIRECTORS' REPORT

Your Directors have pleasure in presenting their 17th Annual Report of the Company together with Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	(Rs. in lacs) 1996-97	1995-96
Gross Sales	2804.30	2775.34
Profit before Interest and Depreciation	241.30	174.13
Less : Interest	198.09	283.17
Gross Profit	43.49	(109.04)
Depreciation	108.19	110.77
Net Profit/(Loss) Before tax	(64.69)	(220.65)
Provision for taxation	—	0.83
Net Profit/(Loss) After tax	(64.69)	(220.65)

PERFORMANCE REVIEW

During the year under review, as you are well aware, there has been a general recession in the Industry and it has affected your Company also. We are happy to report that despite all odds the Company's performance has been quite satisfactory Even though there is only a marginal increase in turnover which has risen from Rs. 2775.34 lacs in 1995-96 to Rs. 2804.30 lacs in 1996-97, the Company has registered cash accruals of Rs. 43.50 lacs as compared to a cash loss of Rs. 109.04 lacs (including adjustment of debts) in the previous year. After providing for depreciation of Rs. 108.19 lacs (Rs. 110.77 lacs) there is a substantially reduced net loss of Rs. 64.69 lacs as compared to a loss of Rs. 220.65 lacs in the previous year.

EXPORTS

During the year under review, the Company has performed exceedingly well on export front. Its exports have taken a quantum jump having increased by about 70% from Rs. 499.99 lacs in 1995-96 to Rs. 848.46 lacs during 1996-97. It is heartening to note that the Company has successfully made inroads in exporting its products in South Asian Countries and your management is making all out efforts to enter the Middle East and European Countries.

DIVIDEND

Due to non availability of profits, your Directors are unable to recommend any dividend for the year under review.

DIRECTORS

Sh. D.K. Oswal and Sh. R.C. Singal are retiring by rotation and being eligible offer themselves for reappointment. During the year, the Board of Directors appointed Sh. Vishal Oswal as an Additional Director of the Company and he holds office till the date of ensuing Annual General Meeting. The Company has received a notice from a shareholder proposing the candidature of Sh. Vishal Oswal as Director of the Company. Required resolution is being placed at the forth coming Annual General Meeting.

DEPOSITS

During the year under review the Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

AUDITORS

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

The notes on the accounts referred to in the Auditors' Report are self explanatory and, therefore, do not call for any further comments on the Auditors' Report under Section 217(3) of the Companies Act, 1956.

COST AUDITORS

M/s Ramanathan Iyer & Co., Cost Accountants, New Delhi have been appointed as cost auditors of the Year 1996-97 and their report would be submitted to the Government in accordance with the requirement of law.

INFORMATION UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

Your Company gives utmost importance to safety and protection of environment. Necessary training

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and refresher courses are being conducted on a regular basis to cover all the employees in the area of safety management.

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 to the report.

PERSONNEL

The Company has no employee in the category specified under Section 217 (2A) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

The Industrial relations in the Company continue to be cordial.

ACKNOWLEDGEMENTS

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 and other business associates.

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

For and on behalf of the Board

Sd/-
D.K. OSWAL
Chairman

Place : Ludhiana
Dated : 27-08-1997

ANNEXURE-I TO THE DIRECTORS' REPORT

DISCLOSURE OF PARTICULARS UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

(A) CONSERVATION OF ENERGY

The Company has taken up several steps in this regard to ensure maximum energy saving. This includes replacement of existing motors by high efficiency motors, interlocking of various motors etc.

The Total energy consumption and energy consumption per unit of production is detailed below :

I) Electricity	Current Year	Previous Year
(a) Purchased Units	3368440	3613140
Total Amount (Rs.)	81,57,348.00	76,23,722.00
Rate Per Unit (Rs.)	2.42	2.11
(b) Own Generation Through Diesel Generator		
Units	130449	91400
Total Amount (Rs.)	3,48,319.00	2,14,790.00
Cost Per Unit (Rs.)	2.67	2.35
II) Power Consumption Per Unit of Production	2.26 Unit	2.91 Unit

(B) TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT

The Company has continuously carried research and development programms to ensure better quality of its product with the help of electronic components for testing of Fiber and Yarn.

Expenditure on Research & Development	(Amount in Rs) Current Year	Previous Year
Recurring	7272.00	N.L
Total R & D Expenditure	7272.00	N.L

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

i) The Company executed export orders worth Rs. 848.46 lacs during the year ended 31st March, 1997

ii) The Company has used the Foreign Exchange as per details given below

	(Rupees in Lacs) Curent Year	Previous Year
(a) Import of Raw Materials	111.43	303.70
(b) Import of Spares & Components	5.31	2.33
(c) Travelling Expenses	11.27	7.53
(d) Membership Fee	0.30	0.34
	128.31	313.90

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AUDITORS' REPORT

To
The Members of
ADINATH TEXTILES LIMITED

We have audited the attached Balance Sheet of ADINATH TEXTILES LIMITED as at 31st March, 1997 and the Profit and Loss Account for the Year ended on that date annexed thereto, both signed by us under reference to this report and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 Issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph (1) above:-
   (a) 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.
   (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of the books.
   (c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account produced before us.
   (d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the shedules and notes thereon give the information required by the Companies Act, 1956 in the manner required and gives a true and fair view:-
      (i) In the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 1997 and
      (ii) In case of Profit and Loss Account, of the loss for the year ended on that date.

For Dass Khanna & Co.
Chartered Accountants

Sd/-
(RAKESH SONI)
Partner

Place : Ludhiana
Date : 28-6-1997

ANNEXURE TO THE AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE ON THE STATEMENT OF ACCOUNTS OF ADINATH TEXTILES LIMITED AS AT AND FOR THE YEAR ENDED 31ST MARCH, 1977).

A. In Respect of Manufacturing Activities of the Company:
   1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancy were noticed on verification.
   2. None of the fixed assets have been revalued during the year.
   3. Physical verification of the stocks of stores & spares, raw materials and finished goods has been conducted by the management during the year. In our opinion, the frequency of verification is reasonable.
   4. The procedures of physical verification of stocks followed by the management, in our opinion, is reasonable and adequate in relation to the size of the Company and nature of its business.
   5. The discrepancies noticed on verification between the physical stocks and records were not material, have been properly dealt within books of accounts.
   6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with normally accepted accounting principles.
   7. In our opinion the rate of interest and terms and conditions on which loans have been taken from the Companies listed in the register maintained under section 301 of the Companies Act, 1956 are primafacie not prejudicial to the interest of the Company.
   8. In our opinion, the Company has not granted any loan to the parties listed in the register maintained under section 301 and Companies under the same management as with in the meaning of section 370(1)(B) of the Companies Act, 1956.

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9. In respect of loans and advances in the nature of loans given by the Company to its employees the principal amounts as stipulated have been recovered but no interest has been charged.
10. In our opinion, and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment, and other assets and for the sale of goods.
11. The transaction of purchase of goods and materials and for sale of goods, materials and services made in pursuance of contracts or arrangement 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 regard to prevailing market prices for such goods, materials or services or at the prices at which transactions for similar goods and services have been made with other parties.
12. During the year under review, no part of stores, raw materials and finished goods determined as unserviceable or damaged by the management.
13. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 58-A of the Companies Act 1956 and the rules framed thereunder.
14. In our opinion, and according to the information and explanations given to us, the Company has maintained reasonable records for the sale and disposal of realisable scrap. The Company does not have any by products.
15. In our opinion the internal audit system is commensurate with its size and nature of its business.
16. We have broadly reviewed the cost records maintained by the Company as prescribed under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that primafacie the prescribed records have been made and maintained.
17. According to the records of the Company Employees State Insurance dues and Employees Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 1997 for the period of more than six months from the date they became payable.
19. According to information and explanations given to us, no personnel expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a Sick Industrial Company within the meaning of clause (0) of sub section (1) of Section 3 of The Sick Industries Companies (Special Provisions) Act 1985.

B. In respect of service activities of the Company.
   1. The Company has a reasonable system of recording receipts, issues and consumption of materials and stores, commensurate with its size and nature of its business and the charges are made on the basis of pre-determined rates which do not require the allocation of man-hours consumed to the relative jobs.
   2. The Company has a reasonable system of authorisation at Proper levels with necessary controls on the issue of stores but the allocation of stores and labour to jobs does not arise due to reasons stated above.
   3 The Company has a system of internal control commensurate with its size and nature of its business.

C. In respect of trading activities of the company. There are no stocks of damaged goods

For Dass Khanna & Co.
Chartered Accountants

Sd/-
(RAKESH SONI)
Partner

Place : Ludhiana
Date : 28-6-1997

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