

ADINATH TEXTILES LIMITED



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21ST ANNUAL REPORT 2001



ADINATH TEXTILES LIMITED

BOARD OF DIRECTORS

Sh. Rajneesh Oswal Executive Director
 Sh. Raman Marwaha Director
 Sh. R.P. Gupta Director

VICE PRESIDENT (Finance & Taxation)

Sh. A. K. Kapoor

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 Firolapur, P.O. Sahabana
 Chandigarh Road, Ludhiana - 141 123

SALES OFFICE

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

BRANCHES :

1. 4J & E, Gopala Tower,
 25, Rajindra Place
 New Delhi - 110 008.
2. 302, Raheja Chambers,
 Nariman Point,
 Mumbai - 400 021.

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Electronic Transfer Agent

A.O.K. In House Share Registry
 3, Community Center,
 Nariana Industrial Area, Phase I
 Near Payal Cinema
 New Delhi 110 028

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NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of the Company shall be held on Monday, the 11th day of June, 2001 at 11.30 A.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 31.03.2001 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 Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Sh. Raman Marwaha, 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 of the company liable to retire by rotation in terms of the Article 113 of Articles of Association of the Company."

4. 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. R.P. Gupta 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 of the company liable to retire by rotation in terms of Article 113 of the Articles of Association of the Company."

By Order of the Board

for ADINATH TEXTILES LIMITED

S/d-

Place : Ludhiana

V. K. BHATIA

Date : 28th April, 2001

(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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items of special business is annexed hereto and forms part of this notice.
3. The Register of Members and share Transfer Books of the Company will remain closed from Tuesday, the 19th day of June, 2001 to Wednesday, the 20th day of June, 2001 (both days inclusive)
4. Members are requested to bring their copy of Annual Report to the Meeting.
5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries if any, in writing to the Secretary of the Company, so as to reach the Registered Office of the Company at least 10 days before the date of the Meeting enabling the company to keep ready the information required, at the time or Meeting.
6. Board of Director has formed their opinion, bases on audited results that company has become a Sick Industrial Company in terms of Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985. Accordingly Company has already approached the Board for Industrial and Financial Reconstruction seeking its directions for revival of the Company.
7. Members are requested to :
(i) Intimate to the Company changes, if any, in their registered address at an early date.

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- (ii) Quote ledger folio number in all their correspondence with the Company.
 - (iii) Note that the meeting is for members or their proxies only. Please avoid being accompanied by non members and children.
8. Shareholders/Proxy holders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission to the Meeting Hall.

ANNEXURE TO NOTICE

EXPLANATORY STATE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEMS OF SPECIAL BUSINESS.

FOR ITEMS NO.3 & 4 of Special Business :

Sh. Raman Marwaha and Sh. R.P. Gupta were appointed as additional directors by the Board of Directors on 31.01.2001 and they hold office upto the date of the ensuing Annual General Meeting.

The Company has received notices in writing from members under section 257 of the Companies Act, 1956 alongwith the requisite fee of Rs. 500/- each, proposing the appointment of Sh. Raman Marwaha and Sh. R.P. Gupta, respectively as Director liable to retire by rotation. Your Directors, recommend the appointment.

None of the Directors is in any way interested or concerned except Sh Raman Marwaha for resolution at item No.3 and Sh. R.P. Gupta for resolution at item No.4, being the respective appointee (s)

By order of the Board
for ADINATH TEXTILES LIMITED

S/d-

Place : Ludhiana

V. K. BHATIA

Date : 28th April, 2001

(Company Secretary)

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DIRECTOR'S REPORT

Your Directors presents 21st Annual Report alongwith Audited Accounts of the company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	(Rs. in lacs)	
	2000-2001	1999-2000
Gross Sales	1367.11	2994.24
Profit before interest and Depreciation	(669.94)	158.45
Less Interest	672.04	227.77
Gross Profit/Loss	(1322.98)	(69.32)
Depreciation	162.00	113.77
Net Profit/(Loss) Before Tax	(1484.98)	(183.09)
Provision for Taxation	—	—
Net Profit/(Loss) After Tax	(1484.98)	(183.09)

DIRECTORS' RESPONSIBILITY STATEMENT

The following is the Directors' Responsibility statement as per section 217 (2AA) of the Companies Act, 1956 :

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed by the Company along with proper explanation relating to material departures;
2. That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
3. That the Directors had 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;
4. That the directors had prepared the annual accounts on a going concern basis.

PERFORMANCE REVIEW

The year under review was very much adverse to the company. Continued depressed market of Acrylic Yarn has resulted in 55% reduction in total turnover. In addition, that, the Company has

to provided Rs. 430.10 Lacs as interest (Penal and over due) due to UTI. All these facts taken all together coupled with accumulated losses at the beginning of year, the Company has eroded its networth and is filing a reference to the Board for Industrial & Financial Reconstruction (BIFR) as is statutorily required under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

EXPORTS

The Company generated foreign Exchange earnings of Rs. 429.23 Lacs during the year under consideration.

DIVIDEND

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

DIRECTORS

Sh. R.P. Gupta and Sh. Raman Marwaha was appointed as additional Director during the year.

Sh. D.K. Oswal, Sh. Anil Kumar, Sh. Vishal Oswal, Sh. R.C. Singal, Dr. O.P. Sahni and Sh. Sanjiv Mohan has resigned from the office of the Directors of the Company.

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

Auditors of the Company M/s. Dass Khanna & Co., Chartered Accountants, Ludhiana retire at the ensuing Annual General Meeting of the Company and the eligible for reappointment. The notes on the account 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 Company Act, 1956.

COST AUDITORS

M/s Ramanathan Iyer & Co., Cost Accountants, New Delhi, have been appointed as Cost Auditors for the year 2000-2001, and they will submit their report to the Central Government in accordance with section 209 of the Companies Act, 1956.

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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. The industrial relations in the company continue to be cordial.

ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation for the dedicated work and co-operation extended by all the employees.

Your Directors also wish to record their gratitude to the shareholders, Bankers, Financial Institutions, Customers and Suppliers for their valuable support.

ON BEHALF OF THE BOARD
for ADINATH TEXTILES LIMITED

S/d-

Place : Ludhiana

RAJNEESH OSWAL
(Chairman)

Date : 28.04.2001

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ANNEXURE TO THE DIRECTORS' REPORT

DISCLOSURE OF PARTICULARS UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 AND 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, 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	2226038	2454276
Total Amount (Rs.)	8103400.00	8336949.00
Rate Per Unit (Rs.)	3.64	3.40
(b) Own Generation Through Diesel Generator Units	73708	77470
Total Amount (Rs.)	430527.00	270156.00
Cost Per Unit (Rs.)	5.84	3.49
(ii) Power Consumption Per Unit of Production	1.84 Units	1.84 Units

(B) TECHNOLOGY ABSORPTION

The detailed information is as below :

RESEARCH AND DEVELOPMENT

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

Expenditure on research & Development	Current Year	Previous Year
Recurring	2935.00	11835.00
Capital Expenditure	—	—
Total R & D Expenditure	2935.00	11835.00

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) The Company had executed export order worth Rs. 488.54 lacs during the year ended 31st March, 2000.

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

	(Rupees in Lacs)	
	Current Year	Previous Year
(a) Import of Raw Materials	102.49	181.49
(b) Import of Spares & Components	16.03	19.27
(c) Travelling Expenses	1.18	2.55
	<u>119.70</u>	<u>203.31</u>

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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, 2001 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 (Auditor's 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 the Balance Sheet and Profit & Loss A/c comply with Accounting standard referred to in sub Section (3C) of Section 211 of the companies Act, 1956 to the extent applicable.
 - (e) We report that all the Directors are disqualified as on 31st March 2001 from being appointed as Directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act 1956.
 - (f) We report that :-
 - (i) Non provision for doubtful debts amounting to Rs. 4643561/- against which Company has

filed suits.

We further report that had the observations made by us in (i) above been considered.

- a) The loss would have been Rs. 153141076/- as against reported figure of Rs. 148497515/-.
- b) Debit balance of Profit and Loss a/c would have been Rs. 217215898/- as against reported balance of Rs. 212572337/-.
- c) Current assets would have been Rs. 172350544/- as against reported Rs. 176994105/-.

In our opinion and to best of our information and according to the explanations given to us the said accounts subject to above and read together with notes as per annexure 'Q' thereon given 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 2001
- ii) In case of Profit and Loss Account, of the Loss of the company for the year ended on that date.

FOR DASS KHANNA & CO.
CHARTERED ACCOUNTANTS

Place : Ludhiana
Date : 28.04.2001

(RAKESH SONI)
(Partner)

**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, 2001.)**

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

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