

ADINATH TEXTILES LIMITED



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22ND ANNUAL REPORT 2002



ADINATH TEXTILES LIMITED

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Sh. Atul Kumar Verma

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

BRANCHES :

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

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Electronic Transfer Agent

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

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ADINATH TEXTILES LIMITED

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of Members of the Company shall be held on Tuesday, the 10th day of September, 2002 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 :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31.03.2002 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. Raman Marwaha, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

ON BEHALF OF THE BOARD for ADINATH TEXTILES LIMITED

sd/-
PLACE : LUDHIANA ATUL K. VERMA
DATE : 30.07.2002 (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 Saturday, the 7th day of September, 2002 to Tuesday, the 10th day of September, 2002 (both days inclusive).
3. Members are requested to bring their copy of Annual Report to the Meeting.
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries 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, so that information required can be compiled and may be made available at the time of meeting.

5. Members are requested to :

- (i) Intimate to the Company, changes, if any, in their registered address at an early date.
- (ii) Quote ledger folio number/DPID/Client ID 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.
6. Shareholders/Proxy holders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission to the Meeting Hall.
7. Shares of the Company are available for De-Materialisation under ISIN-INE 207C01019. Members who have not opted for De-Materialisation are requested to do so in their own interest.

DETAILS OF DIRECTOR RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT (AS PER CLAUSE 49 OF LISTING AGREEMENT)

Sh. Raman Marwaha is a Fellow Member of the Institute of Chartered Accountants of India. He is having wide experience in the field of Finance, Commercial and Administration. Mr. Marwaha was first appointed as an Additional Director of the Company on 31.01.2001 and thereafter appointed as director liable to retire by rotation. Mr. Marwaha is Chairman of Audit Committee of Board of Directors.

ON BEHALF OF THE BOARD for ADINATH TEXTILES LIMITED

sd/-
PLACE : LUDHIANA ATUL K. VERMA
DATE : 30.07.2002 (Company Secretary)

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ADINATH TEXTILES LIMITED

DIRECTOR'S REPORT

Your Directors have pleasure in presenting their 22nd Annual Report alongwith Audited Accounts of the company for the year ended 31st March, 2002.

FINANCIAL RESULTS

	(Rs. in lacs)	
	2001-2002	2000-2001
Gross Sales	755.99	1367.11
Profit (Loss) before interest and Depreciation	(263.21)	(650.93)
Less Interest	224.00	672.04
Gross Profit/(Loss)	(487.21)	(1322.97)
Depreciation	105.49	162.00
Net Profit/(Loss) Before Tax	(592.70)	(1484.97)
Provision for Taxation	----	----
Net Profit/(Loss) After Tax	(592.70)	(1484.97)

PERFORMANCE REVIEW

The textile industry continued to reel under recession. Global events have also dampened the business environment causing overall industrial slowdown. Due to sluggish market conditions Company also recorded lower sales of Rs. 755.99 Lacs during the year.

As stated in the last report the Company has approached the Board for Industrial and Financial Reconstruction, seeking its directions for revival of the Company. Members are informed that the matter is under consideration before the Hon'ble Board.

EXPORTS

The Company generated foreign Exchange earnings of Rs138.71 lacs during the year under consideration as compared to Rs. 429.23 Lacs in the Previous year.

DIVIDEND

In view of losses, Your Directors are unable to recommend any dividend for the year under review.

DIRECTORS

Sh. Raman Marwaha retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

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 are 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 Ramanath Iyer & Co., Cost Accountants, New Delhi, have been appointed as Cost Auditors for the year 2001-2002, and they will submit their report to the Central Government in accordance with section 233B of the Companies Act, 1956.

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

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.

STATEMENT OF DIRECTORS RESPONSIBILITIES

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 departure ;
2. That the Directors had selected such accounting policies and applied them consistently and made judgments 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.

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CORPORATE GOVERNANCE

Your Company believes that good corporate practices enable the Board to direct and control the affairs of the Company in an efficient manner and as such your Company is committed for achieving the highest standards of corporate governance.

The Company has Constituted the Audit committee and Share Transfer cum Investors Grievances Committee.

Audit committee is headed by Sh. Raman Marwaha.

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 are 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

sd/-
PLACE : LUDHIANA RAJNEESH OSWAL
DATE : 06.07.2002 (Chairman)

(A) CONSERVATION OF ENERGY

The Company has taken up several steps in this regard to ensure maximum energy saving.

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

1) Electricity	Current Year	Previous Year
(a) Purchased Units	1354680	2226038
Total Amount (Rs.)	5405560.00	8103400.00
Rate Per Unit (Rs.)	3.99	3.64
(b) Own Generation Through Diesel Generator		
Units	19422	73708
Total Amount (Rs.)	102678.00	430527.00
Cost per Unit (Rs.)	5.29	5.84
(c) Power Consumption per Unit of Production	1.69 Units	1.84 Units

(B) TECHNOLOGY ABSORPTION

The detailed information is as below :

RESEARCH AND DEVELOPMENT

Expenditure on Research & Development

	Current Year	Previous Year
Recurring Capital Expenditure	-----	2935.00
Total R & D Expenditure	-----	2935.00

ANNEXURE TO THE DIRECTORS REPORT

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	Rs. in Lacs	
	Current Year	Previous Year
Foreign exchange earning	138.71	429.23
less foreign exchange outgo	166.67	119.69
Net foreign exchange earning (27.96)		309.54

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ADINATH TEXTILES LIMITED

AUDITORS' REPORT

To

The Members of

ADINATH TEXTILES LIMITED

We have audited the attached Balance Sheet of ADINATH TEXTILES LIMITED as at 31st March, 2002 and the Profit and Loss Account 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those 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 a test basis, evidence supporting the amount and disclosures in the Financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 the Profit & Loss A/c and balance Sheet comply with accounting standards referred to in sub Section (3C) of Section 211 of the companies Act, 1956 to the extent applicable.

(e) On the basis of written representation received from the Directors, as on 31st March, 2002, and taken on record by the board of Directors, We report that all the Directors are disqualified as on 31st March 2002 from being appointed/ reappointed as Director in any Public Company in terms of clause (g) of sub section (1) of sec 274 of the Companies Act 1956 due to their Directorship in Adinath Textiles Limited.

(f) We report that:-

(1) Non provision for doubtful debts amounting to Rs.2393053/- 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. 61663098/- as against reported figure of Rs. 59270045/-

b) Debit balance of Profit and loss a/c would have been Rs.274235435/- as against reported balance of Rs. 271842382/-

c) Current assets would have been Rs.123178012/- as against reported Rs. 125571065 /-

In our opinion and to the 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' there on 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 2002 and,

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 : 06.07.2002

Sd/-
(RAKESH SONI)
(Partner)

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ADINATH TEXTILES LIMITED

ANNEXURE TO THE AUDITORS' REPORT (REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE OF THE STATEMENT OF ACCOUNTS OF ADINATH TEXTILES LIMITED AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2002.

- (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 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 prima-facie not prejudicial to the interest of the Company. In terms of sub section (6) of section 370 of the Companies Act, 1956 Provisions of this section are not applicable to a Company w.e.f. 31-10-1998
 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. In term of sub section (6) of section 370 of the Companies Act, 1956, Provisions of this section are not applicable to a Company w.e.f. 31.10.1998.
 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. In respect of other loans and advances in the nature of loans given by the Company aggregating to Rs.10158488/-, no interest has been provided. However these loans were considered good but the schedule of repayment was not fixed.
 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 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. 50,000/- or more in respect of each party have been made at the prices at which transactions for such goods, materials 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. The Company has not accepted any deposits from the Public during the year within the meaning of section 58-A of the Companies

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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 prima facie 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 not been regularly deposited during the year with the appropriate authorities. However, there were arrears of Rs. 2089109/- as on 31st March, 2002.
 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, 2002 for a period of more than six months from the date they became payable.
 19. According to informations and explanation 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 a Sick Industrial Company within the meaning of clause (o) of sub section (1) of section (3) of The Sick Industries Companies (Special Provision) Act, 1985. We have been informed that the Company is already registered with BIFR and proceedings for hearing has not yet commenced.
- 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

PLACE : LUDHIANA
Date : 06.07.2002

(RAKESH SONI)
(Partner)

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