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*Annual
Report*

1996-97



Report Junction

CERTIFIED TRUE COPY
For ADITYA SPINNERS LTD.

[Signature]

Jaya Shrinivas Patri
Asst. General Manager-Finance

Aditya Spinners Limited



BOARD OF DIRECTORS

Sri. S.T. DESAI	Director (IDBI Nominee)
Sri. G. SATYANARAYANA	Director
Sri. K. VIJAY KUMAR	Director
Sri. R. SHIV KUMAR	Managing Director

BANKERS

STATE BANK OF HYDERABAD
Punjagutta Branch,
HYDERABAD-500 482.

STATE BANK OF TRAVANCORE
H.No.5-1-720, 1st Floor,
Kushal Chambers, Bank Street,
HYDERABAD - 500 001.

STATE BANK OF PATIALA
H.No.5-2-134, 1st Floor,
Rashtrapathi Road,
SECUNDERABAD -500 003.

STATE BANK OF HYDERABAD
Narman Point Branch,
Mumbai - 400 021.

AUDITORS

C. RAMACHANDRAM & CO.,
Chartered Accountants,
HYDERABAD - 500 001. A.P.

SHARE TRANSFER AGENTS

Sidvin Financial Consultancy Services Pvt. Ltd.
6-3-802, Sidvin Chambers
Ameerpet,
HYDERABAD - 500 016. A.P.

FACTORY

Perindesam Village,
K.V.B. Puram Mandal,
Near Srikalahasti,
Chittoor Dist. A.P.

REGD. OFFICE :

B-28
Madhuranagar
Hyderabad - 500 038.

ADITYA SPINNERS LIMITED

NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the members of Aditya Spinners Limited will be held on Tuesday, the 30th day of December, 1997 at 11.00 A.M. at Krupa Anand Hall, Sreenivasulu Garden, Picket, West Marredpally, Secunderabad CANTT., - 500 009 to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as on that date and the reports of Directors and Auditors thereon.
- (2) To appoint a Director in place of Sri K. Vijay Kumar, who retires by rotation and being eligible, offers himself for reappointment.
- (3) To reappoint the retiring Auditors to hold office from the conclusion of this meeting until the conclusion of the next meeting and to fix their remuneration.

SPECIAL BUSINESS:

- (4) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"Resolved that pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 as amended to date, and other applicable provisions, if any, of the Act, consent of the Company be and is hereby accorded subject to approval of financial institutions and members at the ensuing annual general meeting for reappointment of Sri. R. Shiv Kumar, Director to the position of Managing Director for a period of five years with effect from 1-4-1997 and the remuneration be and is hereby fixed on the following terms and conditions :

- I. Salary : Rs. 25,000 (Rupees Twenty Five Thousand only) per month and the following allowances :
 - (a) The Company will provide rent free furnished accommodation.
 - (b) Medical Reimbursement : Expenses incurred for self and family subject to ceiling of one month salary per year or three months salary in a period of three years.
 - (c) Leave Travel Concession : For self and family once in a year in accordance with any rules specified by the company.
 - (d) Club Fees : Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
 - (e) Personal Accident Insurance : For an amount the annual premium of which does not exceed Rs. 4000/- (Rupees Four Thousand only)
 - (f) Free use of Company's Car on Company's business.
 - (g) Residential telephone shall be provided. All long distance personal calls shall be duly logged and paid for by the Managing Director.

ADITYA SPINNERS LIMITED

- (h) Earned/Privilege Leave : On full pay and allowances as per rules of the Company, leave accumulated but not availed of during his tenure may be allowed to be encashed as per the rules of the company.

II. Perquisites :

- (a) Company's contribution towards Provident Fund subject to a ceiling of 10% of salary.
- (b) Company's contribution towards Pension/Superannuation Fund ; such contribution together with the contribution to the provident Fund shall not exceed 25 % of salary.
- (c) Gratuity Payable in accordance with an approved scheme of the Company.

" Resolved further that in pursuance of the provisions of Section 198(4) of the Companies Act, 1956, the above said remuneration may be paid as minimum remuneration to Sri. R. Shiv Kumar, Managing Director in the absence of or inadequacy of profits in any year."

- (5) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution :

" Resolved that the registered office of the Company be shifted from B-28, Madhura Nagar, Hyderabad- 500 038 to Factory located at Perindesam Village, K.V.B. Puram Mandal, near Sri Kalahasti, Chittoor District, Andhra Pradesh with effect from date as may be decided by the Board of Directors."

- (6) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

" Resolved that in supersession to the resolution passed by members at their Extra-Ordinary General Meeting held on 30-12-1991, that the consent of the members of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the Company for borrowing for and on behalf of the Company, from time to time all sum of sums of moneys they may deem requisite for the purpose of business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid capital of the Company and its free reserves, (that is to say, reserves not so set apart for any specific purpose) provided that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 75.00 Crores (Rupees Seventy Five Crores Only)".

By Order of the Board
for ADITYA SPINNERS LIMITED

Place : Hyderabad,
Date : 25th Nov., 1997.

R. SHIV KUMAR
Managing Director

ADITYA SPINNERS LIMITED

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 and such proxy need not be a Member of the Company.
- (2) Proxy, in order to be effective, must be deposited at the company's Registered Office not less than 48 hours before the meeting.
- (3) Members are requested to notify immediately any change in their address to the Company's Registered Office with their Ledger Folio No(s).
- (4) The Register of Members and Share Transfer Books of the Company will be closed on 30th December, 1997.
- (5) The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

ANNEXURE TO THE NOTICE:

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business as set out in the notice:

Item No.4:

The present term of appointment of Mr. R. Shiv Kumar as Managing Director expired on 31-3-1997. The Board of Directors feels that for the sake of continuity of the present management and for efficient running of the company, the services of Mr. R. Shiv Kumar should be available to the company for a further period of five years with effect from 1-4-1997. In terms of provisions of the Articles of Association of the Company, the Board of Directors at their meeting 18th day of March, 1997 reappointed him as a Managing Director for a further period of five years with effect from 1-4-1997.

Your Directors recommend the resolution for your approval.

None of the Directors except Sri. R. Shiv Kumar is interested in the resolution.

Item No.5 :

The registered office of the Company at present situated at Plot No.28, Madhura Nagar, Hyderabad - 500 038. For the purpose of more administrative and operational convenience sake, it was proposed to shift the registered office from Hyderabad to perindesam Village, K.V.B. Puram Mandal, near Srikalahasti, Chittoor District, Andhra Pradesh and the Board approved the same.

None of the Directors is interested in the resolution.

Item No.6 :

The members at their Extra-Ordinary General Meeting held on Monday the 30th day of December, 1991, an Ordinary Resolution under Section 293(1) (d) of the Companies Act, 1956 was passed approving the borrowings in excess of paid up share capital and free reserves within a limit of Rs. 50.00 Crores. in view of the proposed borrowings (the existing borrowings are aggregating to Rs. 27.00 Crores) which may exceed the limit of Rs. 50.00 Crores, it is now decided to recommend for increase in the borrowings limit from Rs. 50.00 Crores to Rs. 75.00 Crores for approval of members at the ensuing annual general meeting.

Your Directors recommend the resolution for your approval.

None of the Directors is interested in the resolution.

By Order of the Board
for ADITYA SPINNERS LIMITED

Place : Hyderabad,
Date : 25th Nov., 1997

R. SHIV KUMAR
Managing Director

DIRECTORS' REPORT

To
The Members,

Yours Directors have pleasure in presenting the Sixth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 1997.

1. FINANCIAL RESULTS:

(Rs. in lakhs)

	1996-97	1995-96
Sales & Other Income	2124.59	1964.57
Profit before depreciation and interest	122.73	21.83
Interest	387.90	310.18
Depreciation	135.64	129.87
Profit before tax	-400.81	-418.22
Provision for taxation	-	-
Net Profit / (Net Loss)	-400.81	-418.22

2. DIVIDEND:

The Directors do not recommend any dividend because of losses incurred during the year under review.

3. REVIEW OF OPERATIONS DURING THE YEAR:**(A) OPERATIONS:**

S.No.	Particulars	1997-98 (up to Sept' 97)	1996-97 Ending 31st March' 1997
1.	Production (QTY.)	833.75	1622.86
2.	Sales (Qty.) :		
	Domestic	695.86	1433.78
	Exports	165.84	125.16

The average yarn realisation was 96.94% in the year 1996-97. During the year, additional spindlage of 2472 were added and presently the Company is operating at 18792 spindles as against 16320 spindles during the previous year 1995-96.

(B) PROJECTIONS VS. PERFORMANCE

(Rs. in lakhs)

PARTICULARS	PROJECTED	ACTUALS
Turnover	2967.00	2124.59
Gross Profit	988.00	122.73
Depreciation	316.00	135.64
Interest	308.00	387.90
Profit before tax	364.00	-400.81
Tax	12.00	-
Net Profit	352.00	-400.81
Cash Profit	668.00	-265.17

The reason for variation as compared to the projections is due to low spindlage on account of time and cost overrun.

ADITYA SPINNERS LIMITED

4. FUTURE PROSPECTS:

You are aware that the textile industry has been going through a down slide during the last three years. The uncertainty in the raw materials availability, fluctuations in its prices and consequent effect of the finished products along with external factors have had its toll in the textile industry. The Company has been making efforts to improve the export market front to hedge some of these factors. The Company proposes to increase its export quantum to around 30% of its total production and sale. The past and the present situation has not been rosy for your Company. However, constant are on to improve the performance, arrest the losses and to improve fortunes of the Company.

5. DIRECTORS:

Sri. K. Vijay Kumar, Director will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Sri. V.N. Nadkarni, Director resigned on health grounds from the office of the Director and the Board recorded with deep sense of appreciation for the valuable guidance and directions given by Sri. V.N. Nadkarni during his terms of office.

6. DEPOSITS:

The Company has not accepted any deposits from the public during the year under review.

7. AUDITORS:

The present Auditors of the Company M/s C. Ramachandram & Co., Chartered Accountants, retire at the conclusion of this Annual General Meeting and they are eligible for reappointment.

8. PARTICULARS OF EMPLOYEES:

The particulars of employees required under Section 217(2A) of the Companies Act, 1956 read with the provisions contained in Companies (Particulars of Employees) Rules, 1975 as amended to date were not applicable to your Company as none of the employees was in receipt of remuneration which in aggregate is Rs.3,00,000/- or more per year nor was in receipt of remuneration for any part of the year, of Rs.25,000/- or more per month.

9. INDUSTRIAL RELATIONS:

The company has had harmonious industrial relations throughout the year under review at all levels of the organisation. The Company would endeavour to maintain this cordial relationship.

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

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo has been given in a separate statement annexed hereto, which forms part of the Directors' Report.

11. ACKNOWLEDGEMENT:

The Directors have pleasure in recording their appreciation for the valuable assistance extended to the Company by the Financial Institutions viz., Industrial Development Bank of India, Industrial Finance Corporation of India Limited, and Bankers viz., State Bank of Hyderabad, State Bank of Patiala and State Bank of Travancore.

Your Directors also place on record their deep sense of appreciation for the dedicated services rendered by all the executives, staff and workers of the Company.

For and on behalf of the Board

R. SHIV KUMAR
Managing Director

K. VIJAY KUMAR
Director

Place : Hyderabad,
Date : 25th Nov., 1997.