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**Annual
Report**

1997-98

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Aditya Spinners Limited



ADITYA SPINNERS LIMITED**BOARD OF DIRECTORS****Sri. G. SATYANARAYANA**

Director

Sri. K. VIJAY KUMAR

Director

Sri. R. SHIV KUMAR

Managing Director

SRI. K. RAMESH

Chief Executive

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**Nariman 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 & REGD. OFFICE :**Perindesam Village,
K.V.B. Puram Mandal,
Near Srikalahasti,
Chittoor Dist. A.P.**ADMINISTRATIVE OFFICE**B-28, Madhuranagar,
Hyderabad - 500 038.

NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the members of Aditya Spinners Limited will be held on Tuesday the 29th day of December, 1998 at 11.30 A.M. at the Registered Office of the company located at Perindesam Village, K.V.B. Puram mandal, near Srikalahasti, Chittoor District, Andhra Pradesh to transact the following business :

ORDINARY BUSINESS :

- (1) To receive, consider and adopt the audited Profit and Loss Account for the period ended 30th June, 1998 and the Balance Sheet as on that date reports of Directors and Auditors thereon.
- (2) To appoint a Director in place of Sri G. Satyanarayana, 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 Annual General 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 a special resolution :

" Resolved that pursuant to the provisions of section 370 and other applicable provisions (if any) of the Companies Act, 1956 the Board of Directors of the Company be and is hereby authorised to give guarantee or provide securities, from time to time, in connection with a loan, or loans made by any other person to, or to any person by, other bodies corporate (including overseas parties) provided the aggregate of the guarantee so given or securities as provided shall not at any time exceed the sum of Rs.50.00 crores."

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

" Resolved that pursuant to the provisions of Sec.81(1A) and other applicable provisions of the Companies Act, 1956 and in accordance with the guidelines issued by Securities and Exchange Board of India (SEBI) and clarifications thereon issued from time to time and in accordance with the Memorandum and Articles of Association of the Company and subject to such terms and conditions as may be determined by the Board of Directors of the Company ("the Board", which term shall be deemed to include any Committee of Directors) and subject also to such approvals, consents, permissions or sanctions of the appropriate authorities that may be required and agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer/issue 50,00,000 (Fifty lacs only) Equity shares of Rs.10/- each in the Equity Share Capital of the Company for cash at par aggregating to Rs. 500 lakhs (Rupees Five hundred lakhs only) to the promoters and their associates/NRIs on preferential / private placement basis to the extent and in one or more franchises and in the manner as may be decided by the Board in this behalf."

ADITYA SPINNERS LIMITED

" Resolved further that the Equity Shares to be issued and allotted by the Company shall rank pari-passu in all respects with the existing Equity Shares of the Company except that the Dividend thereon shall be paid pro-rata from the date of allotment of such new Equity shares."

" Resolved further that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such things and acts as may be necessary and expedient and to settle any matter that may arise in connection therewith."

" Resolved further that the Board be and is hereby authorised to accept any modification(s) to or to modify the terms of issue of the said new Equity Shares including the pricing thereof, subject to the provisions of the Companies Act, 1953 and SEBI guidelines/Regulations, without being required to seek any further consent or approval of the Company in General Meeting."

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

" Resolved that the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions if any of the Companies Act 1956 to the Board of Directors for mortgaging and/or charging all or part of the immovable properties of the Company wheresoever situate both present and future of every nature and kind whatsoever and / or a floating charge on the movable assets of the Company in favour of the Consortium Member Banks by way of supporting borrowings (including the External Commercial Borrowings) to the extent of Rs.50.00 Crores plus interest, commission and expenses etc."

By Order of the Board
for ADITYA SPINNERS LIMITED

Place : Hyderabad,
Date : 28th Nov., 1998

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) The Register of Members and Share Transfer registers will remain closed on 12th and 13th day of January, 1999 for the purpose of the annual general meeting.
- (4) An 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

Item No.4:

The Board of Directors had recommended for giving guarantee/security from time to time during the course of the business to any person(s)/body corporates to the extent of Rs.50.00 Crores. According to Section 370 of the Companies Act, 1956, the approval of members is required for the resolution recommended by the Board.

None of the Directors is interested in the resolution.

Item No. 5 :

Presently the paid up capital of the company is 1,91,00,000 equity shares of Rs.10/- each. The Company intends to issue 50,00,000 equity shares of Rs.10/- each per share on preferential issue/private placement basis to the promoters and their associates/NRIs. The purpose of the issue is to raise funds for meeting the OTS and cost of existing capacity expansion.

The Directors of the company may be deemed to be interested in the above resolution to the extent of the shares that may be allotted to them.

Item No.6 :

The Company is required to create charge/security in favour of lenders against the borrowings including External Commercial Borrowings. Pursuant to the provisions of the Section 293(1)(a) of the Companies Act, 1956, it is required to obtain members approval for the creation of charge in favour of the lenders.

None of the Directors is interested in the resolution.

By Order of the Board
for ADITYA SPINNERS LIMITED

Place : Hyderabad,
Date : 28h Nov., 1998

R. SHIV KUMAR
Managing Director

ADITYA SPINNERS LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the Seventh Annual Report of the Company together with the Audited Accounts for the period ended 30th June, 1998.

1. FINANCIAL RESULTS:

(Rs. in lakhs)

	1997-98 (15 Months)	1996-97
Sales & Other Income	3028.86	2124.59
Profit before depreciation and interest	142.38	122.73
Interest	96.10*	387.90
Depreciation	172.42	135.64
Profit before tax	-126.14	-400.81
Provision for taxation	-	-
Net Profit / (Net Loss)	-126.14	-400.81

* Since the interest on term loans is deferred as the proposal for waiver of interest under one time settlement is pending for consideration.

2. DIVIDEND:

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

3. OPERATIONS:

During the period under review, the company sold 2269.68 MTs and achieved a turnover of Rs.2999.65 lakhs as against Rs.2104.28 lakhs made in the previous year. During the period, the company exported Yarn for a value of Rs.353.86 lakhs.

4. FINANCE:

The Company has submitted a One-Time-Settlement proposal with the Financial Institutions which will substantially reduce the debt burden. Your Directors also propose to install balancing equipments to increase export production and to produce value added dyed yarns. This proposal, when approved, will turn around the performance of the Company.

5. DIRECTORS:

Sri G. Satyanarayana, Director will be retiring by rotation at the ensuing Annual General meeting and being eligible, offers himself for reappointment.

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 furnished in Annexure-I hereto which forms part of this Report giving particulars 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 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 in Annexure-II 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 : 28th Nov., 1998.