

8th

Annual Report 1998-99



For ADITYA SPINNERS LIMITED

R. Shiv Kumar
R. SHIV KUMAR,
Managing Director

Aditya Spinners Limited

ADITYA SPINNERS LIMITED

BOARD OF DIRECTORS

Sri. G. SATYANARAYANA	Director
Sri. K. VIJAY KUMAR	Joint Managing Director
Sri. R. SHIV KUMAR	Managing Director
Sri. K. RAMESH	Executive 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
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

28, Madhuranagar,
Hyderabad - 500 038.

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the members of Aditya Spinners Limited will be held on Tuesday the 21st day of March, 2000 at 12.30 P.M. at 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 eighteen month period ended on 31st December, 1999 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 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 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 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 the approval of financial institutions for appointment of Sri K.Vijay Kumar, Director to the position of Joint Managing Director for a period of five years with effect from 1/7/1999 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) Rent Free Accommodation subject to a maximum of Rs.8,000/- per month.
- (b) Medical Reimbursement : Expenses incurred for self and family subject to a 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.4,000/- (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 Joint Managing Director.
- (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

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	minimum remuneration to Sri K.Vijay Kumar, Joint 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 Ordinary Resolution "RESOLVED that Sri. K.RAMESH, who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act 1956, be and is hereby appointed as a Director of the Company".
(6)	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 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 the approval of financial institution for appointment of Sri K.Ramesh, Director to the position of Executive Director for a period of five years with effect from 1/7/1999 and the remuneration be and is hereby fixed on the following terms and conditions :
I.	SALARY : Rs.30,000/- (Rupees Thirty Thousand only) per month and the following allowances :
(a)	Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one month salary per year or three months salary in a period of three years.
(b)	Leave Travel Concession : For self and family once in a year in accordance with any rules specified by the company.
(c)	Club Fees : Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
(d)	Personal Accident Insurance : For an amount the annual premium of which does not exceed Rs.4,000/- (Rupees Four Thousand Only).
(e)	Free use of Company's car on company's business.
(f)	Residential telephone shall be provided. All long distance personal calls shall be duly logged and paid for by the Executive Director.
(g)	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 K.Ramesh, Executive Director in the absence of or inadequacy of profits in any year."
(7)	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 17 of the Companies Act 1956, the Objects clause IIIC i.e., Other Objects of the Memorandum of Association of the Company be altered by inserting the following clauses as sub-clauses as (5) and (6) after sub-clause (4) in the said other objects clause:

- (5) To undertake, design and development, research of software systems, products and solutions in all areas of application including those in emerging niche segments like internet, intranet, websites, applications solution software, enterprise resource planning, e-commerce, value added products and other business applications either for its own use or for sale in India or for export outside India and to design, develop such systems and application software for or on behalf of manufacturers, owners and users of computer systems, telecom, digital, electronic equipment in India or elsewhere in the world.
- (6) To set up and run software/hardware training centres, software consultancy, system studies, management consultancy, techno-economic feasibility studies of projects, design and development of management information systems in India and outside India and to focus on identification, selection, training of software manpower for onsite placement in India and outside India for its own use and/or clients' use and recruitment and job placement services in India or outside India and to invest in /manage/assist overseas software companies for the fulfilment of above objectives.
- (8) To consider and if thought fit to pass with or without modification(s), the following resolutions as a special resolution.
 "Resolved that pursuant to the provisions of Section 149(2A) of the Companies Act, 1956, approval of the company be and is hereby accorded to the commencement or carrying on by the company any one or more of the businesses as more particularly set out in the Sub-clauses (5) and(6) of the Clause III(C) "OTHER OBJECTS CLAUSE" of the Memorandum of Association of the company as amended".
 "Resolved further that the Board of Directors of the Company be and are hereby authorised to take such steps and to do such acts, deeds, matters and things as may be necessary and desirable to give effect to this Resolution".
- (9) To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:
 "RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs.27,00,00,000/- divided into 2,70,00,000 shares of Rs.10/- each to Rs.34,00,00,000/- divided into 3,40,00,000 shares of Rs.10/- each".
- (10) To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
 "RESOLVED THAT subject to Resolution No.9, existing Clause IV of the Memorandum of Association of the company be and is hereby deleted and substituted by new clause IV as follows:
 "IV The Authorised Share Capital of the Company is Rs.34,00,00,000/- (Rupees Thirty four Crores only) divided into 3,40,00,000 (Three Crore Forty Lakh only) shares of Rs.10/- (Rupees Ten only) each with power to sub-divide, consolidate, increase and reduce the capital and to divide the shares in the capital for the time being into several classes and attach there-to respectively such preferential or special rights or privileges and conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being, be provided in the regulations of the company."
- (11) To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:
 "RESOLVED THAT subject to Resolution Nos.9 & 10, the existing Article 2(a) of the Articles of Association of the Company be deleted and substituted

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tuted by new Article 2(a) as follows:-

"2(a) The Authorised Share Capital of the Company is Rs.34,00,00,000/- (Rupees Thirty Four Crores only) divided into 3,40,00,000 (Three Crore Forty Lakh only) shares of Rs.10/- (Rupees Ten only) each with power to sub-divide, consolidate, increase and reduce the capital and to divide the shares in the capital for the time being into several classes and attach there-to respectively such preferential or special rights or privileges and conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being, be provided in the regulations of the company."

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

"RESOLVED THAT pursuant to Section 81(A) of the Companies Act 1956, and the relevant guidelines of the Securities and Exchange Board of India (SEBI) and any other applicable provisions/guidelines and subject to the approval of the financial institutions, the consent of the Company be and is hereby given to the Board of Directors to convert the long term loan provided by Industrial Development Bank of India and Industrial Financial Corporation of India amounting to Rs.6.5 Crores into equity capital and to issue/offer of 65,00,000 equity of shares of Rs.10/- each fully paid up on preferential basis to the Industrial Development Bank of India and or Industrial Financial Corporation of India Limited, whether or not IDBI or IFCI Ltd. is a holder of equity shares of the Company as on the date of offer of the said shares and that the aforesaid shares shall rank pari passu in all respects with the existing equity shares of the Company".

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

- (13) To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution: "RESOLVED that pursuant to Section 81(1A) and other applicable provisions of the Companies Act 1956, and the articles of association of the company, subject to the approval of Securities and Exchange Board of India, Reserve Bank of India as may be necessary, on such terms and conditions which may be agreed to by the Board to offer 72,00,000 Equity shares of Rs.10/- each in the equity share capital of the company for cash at par aggregating to Rs.720.00 Lakhs to the promoters and their associates/NRI's on preferential basis to the extent and in one or more trenches and in the manner as may be decided by the Board in this behalf."

"Resolved further that for the purpose of giving effect to the 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".

By Order of the Board
for ADITYA SPINNERS LIMITED

Place : Hyderabad
Date : 19-02-2000

R. SHIV KUMAR
Managing Director

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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 Books of the Company will be closed from 17/3/2000 to 21/3/2000 (both days inclusive).
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :**Item No. 4 :**

Sri K. Vijay Kumar has been appointed as Joint Managing Director with effect from 1/7/1999 subject to the approval of the shareholders in the next general meeting. The Board of Directors feels that for the purpose of efficient running of the company, the services of Sri K. Vijay Kumar should be available to the Company for a period of 5 years with effect from 1/7/1999. Your Directors recommend the resolution for your approval. None of the Directors except Sri K. VIJAY KUMAR is interested in the Resolution.

Item No. 5 :

Sri K. RAMESH, was appointed as Additional Director of the Company on 27/4/1999 by the Board of Directors of the Company. According to the provisions of section 260 of the Companies Act, 1956, he holds office as Director only up to the date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from member signifying his intention to propose appointment of Sri K. Ramesh as a Director along with a deposit of rupees five hundred. The Board considers it desirable that the Company should continue to avail itself of his services. None of the Directors is interested or concerned in this resolution except Sri K. Ramesh.

Item No. 6 :

Sri K. Ramesh has been appointed as Executive Director with effect from 1/7/1999 subject to the approval of the shareholders in the next general meeting. The Board of Directors feels that for the purpose of efficient running of the company, the services of Sri K. Ramesh should be available to the Company for a period of 5 years with effect from 1/7/1999. Your Directors recommend the resolution for your approval. None of the Directors except Sri K. Ramesh is interested in the Resolution.

Item No. 7 & 8 :

The company proposes to diversify its activities into software development and training business in future for the purpose of strengthening its financial position and business. The Board recommended for approval of members the diversified activities by way of amendment to the Other Objects Clause of the Memorandum of Association of the company.

None of the Directors of the company is concerned or interested in the above resolution.

Item No. 9, 10, & 11 :

The Company proposes to increase the Authorised Share Capital of the company to Rs. 34,00,00,000/- in the manner set out in Resolution No. 9. Amendments to clause IV of the Memorandum of Association and Article 2(a) of the Articles of Association of the company as set out in Resolution Nos. 10 & 11 respectively are consequential.

None of the Directors of the Company is concerned or interested in the Resolutions at item No. 9, 10 and 11 of the Notice.

Item No. 12 :

As members are aware the company has taken a long term loan from Industrial Development Bank of India and Industrial Financial Corporation of India Limited. The long term loan is to be converted into equity. It is proposed to convert the long term loan to the tune of Rs. 6.5 Crores into 65,00,000 equity shares of Rs. 10/- each and issue the same to the Industrial Development Bank of India and Industrial Financial Corporation of India Limited.

None of the Directors is concerned or interested in the above resolution.

Item No. 13 :

The company intends to issue 72,00,000 equity shares of Rs. 10/- each on preferential issue basis to the promoter and their associates/NRI's for the purpose of raising funds for meeting the long term requirements of the company.

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.

By Order of the Board
for ADITYA SPINNERS LIMITED

Place : Hyderabad
Date : 19-02-2000

R. SHIV KUMAR
Managing Director

ADITYA SPINNERS LIMITED

DIRECTORS' REPORT

To

The Members,

Yours Directors have pleasure in presenting the Eighth Annual Report of the Company together with the Audited Accounts for the 18 month period ended 31st December, 1999.

1. FINANCIAL RESULTS:

	18 Months period ended 31-12-99	15 Months period ended 30-6-98
Sales & Other Income	3954.15	3028.86
Profit before depreciation and interest	60.86	142.38
Interest	118.89*	96.10
Depreciation	211.16	172.41
Profit before tax	(269.19)	(126.14)
Provision for taxation	—	—
Net Profit / (Net Loss)	(269.19)	(126.14)

* Since the interest on term loans is deferred as the proposal for debt restructuring is pending consideration by the financial institutions.

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 :**OPERATIONS :**

Though the textile industry is facing severe recession, the company is operating at 95% utilisation. The company has been exporting 20% of its production to European Countries and its product has been well accepted by the customers. The Company doubled its exports during this year. The Company has good export order book position for the next six months during the current year. The