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 THE ARIHANT GROUP

ARIHANT THREADS LIMITED

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5th ANNUAL REPORT 1996-97



BOARD OF DIRECTORS

- | | |
|---------------------------|---------------|
| 1. Mr. Ramesh Inder Singh | Chairman |
| 2. Mr. K. L. Jain | Vice-Chairman |
| 3. Mr. R. S. Loona | Nominee IDBI |
| 4. Mr. P. S. Aujla | Director |
| 5. Mr. S. K. Duggal | Director |
| 6. Ms. Ruchika Jain | Director. |

COMPANY SECRETARY

Mr. Vivek Sood.

FINANCE MANAGER

Mr. Neeraj Rastogi

AUDITORS

Dass Khanna & Co.
Chartered Accountants,
B-XX-711, 1st Floor,
Gurdev Nagar, Pakhowal Road,
Ludhiana - 141 001

REGISTERED OFFICE

B-35, Phase-V
Focal Point,
Ludhiana - 141 010

ADMINISTRATIVE OFFICE

HIG-972, Housing Board Colony,
Jamalpur, Ludhiana - 141 010

WORKS

454, Phase-II, Industrial Complex,
Goindwal Sahib, (Distt. Amritsar)

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NOTICE

NOTICE is hereby given that 5th Annual General Meeting of the Members of the Company will be held on Monday the September 29, 1997 at 11.00 A.M. at the Registered Office of the Company at B-35, Phase-V Focal Point, Ludhiana to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss A/c for the period ended March 31, 1997 and Balance Sheet as on that date alongwith Reports of Directors and Auditors thereon.
2. To appoint the Director in place of Mr. K. L. Jain, Director who retires by rotation and being eligible offers himself for re-appointment.
3. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS SPECIAL RESOLUTION.

RESOLVED THAT pursuant to the provisions of Section 224 A of The Companies Act, 1956 M/s. Dass Khanna & Co., Chartered Accountants be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General meeting to the conclusion of the next Annual General Meeting at such remuneration and out of pocket expenses as may be decided by Mr. K. L. Jain, Vice Chairman of the Company.

SPECIAL BUSINESS:

4. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION.

RESOLVED THAT pursuant to the provisions of section 257 and other applicable provisions, if any, of The Companies Act, 1956 Mr. Ramesh Inder Singh be and is hereby appointed as Director of the Company liable to retire by rotation.

5. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION.

RESOLVED THAT pursuant to the provisions of section 257 and other applicable provisions, if any, of The Companies Act, 1956 Mr. P. S. Aujla be and is hereby appointed as Director of the Company liable to retire by rotation.

6. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION.

RESOLVED THAT pursuant to the provisions of section 257 and other applicable provisions, if any, of The Companies Act, 1956 Ms. Ruchika Jain be and is hereby appointed as Director of the Company liable to retire by rotation.

7. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS AN SPECIAL RESOLUTION.

RESOLVED THAT the Registered office of the Company be shift from B-35, Phase-V, Focal Point, Ludhiana to 454, Phase II, Industrial Complex, Goindwal Sahib.

RESOLVED FURTHER THAT for the aforesaid purpose Mr. K. L. Jain, Vice-Chairman and Mr. Vivek Sood, Company Secretary be and are hereby severally authorised to comply with all legal and procedural formalities.

By order of the Board
for Arihant Threads Limited

Place: Chandigarh

Date : 17-07-97

Sd/-
(VIVEK SOOD)
Company Secretary

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and such proxy need not to be a member of the Company. Proxy in order to be effective must reach at the

Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item Nos 3,4,5,6 & 7 is annexed hereto and forms part of this Notice.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

FOR ITEM NO: 3 OF ORDINARY BUSINESS:

Since more than 25 % of the Subscribed Capital of the Company is held by PSIDC, the provisions of Section 224 A of The Companies Act, 1956 are applicable and the appointment of M/s. Dass Khanna & Co., Chartered Accountants as Auditors of the Company is required to be made by passing a Special Resolution. Hence the proposed resolution is recommended for your approval.

MEMORANDUM OF INTEREST

None of the Directors is individually interested in this item.

FOR ITEM NO(S) 4,5, & 6 OF SPECIAL BUSINESS:

Mr. Ramesh Inder Singh and Mr. P. S. Aujla were nominated by the Punjab State Industrial Development Corporation Ltd. (PSIDC) as Director on the Board of Directors of the Company in place of Mr. P. S. Bajwa and Mr. S. S. Khurana. The appointments were confirmed by the Board in their meeting held on July 17, 1997. Mr. Hari Krishan Punni and Mr. Suksham Kumar Jain has resigned due to their pre-occupation, their resignations were approved by the Board and in order to fill the vacancy Ms Ruchika Jain was appointed by the Directors in their meeting held on July 17, 1997. In order to appoint them Directors liable to retirement for rotation the resolutions are recommended for your approval.

MEMORANDUM OF INTEREST

None of the Directors except appointee is interested in this item.

FOR ITEM NO. 7 OF SPECIAL BUSINESS:

The works of the Company is situated at 454, Phase II, Industrial Complex, Goindwal Sahib whereas the Registered Office of the Company is situated at B-35, Phase-V, Ludhiana. In order have works and registered office at one place it is proposed to shift the registered office from Ludhiana to Goindwal Sahib. Hence the resolution is recommended for your approval.

By order of the Board
for Arihant Threads Limited

Place: Chandigarh
Dated : 17-07-97

Sd/-
(VIVEK SOOD)
Company Secretary

NOTE

MEMBERS ARE INVITED TO PARTICIPATE IN THE DISCUSSIONS AT THE ANNUAL GENERAL MEETING. IN ACCORDANCE WITH THE PROVISIONS OF DRAFT OF COMPANIES BILL, 1997 THERE WILL BE NO DISTRIBUTION OF GIFTS AT THE ANNUAL GENERAL MEETING.

DIRECTORS REPORT

To
The Members,
Arihant Threads Limited

Your Directors have pleasure in presenting before you their Fifth Report on the affairs of the Company alongwith Audited Accounts for the period ended March, 31, 1997.

STATUS OF THE PROJECT

Your Directors feel great pleasure to inform you that the project of the Company has gone into commercial production during the month of December, 1996.

FINANCIAL RESULTS

(Rs. in Lacs)	
As at 31.03.1997	
Sales & Other Incomes	248.82
Profit before Financial Exp., Depreciation Preliminary & Capital Issue Exp.	70.09
Financial Expenses	16.02
Depreciation for the Period	51.09
Capital Issue Exp.	1.35
Profit before Tax	1.63
Capital	3,620.17
Reserve	906.44
Gross Block Including Capital WIP	5,056.25

UTILISATION OF FUNDS AND PROFITABILITY

The proceeds of the Public Issue are being utilised towards the objects of the Issue as stated in the prospectus dated September 20, 1994 after making suitable revisions.

The Company has made the following projections in the prospectus for the year 1996-97.

(Rs. in Lacs)	
Particulars	1996-97
Capacity Utilisation	85%
Total Income	3,288
PBDIT	1,230
Interest	228
Depreciation	568
Tax	Nil
PAT	568

The above shown projections for the year 1996-97 can not compared with the actual results as against the operations of four months, as the commercial operations of the company beings during December, 1996.

DIRECTORS

During the year The Punjab State Industrial Development Corporation Ltd., has nominated Mr. Ramesh Inder Singh and Mr. P. S. Ajjla in place of Mr. P. S. Bajwa and Mr. S. S. Khurana. Mr. Hari Krishan Punni and Mr. Suksham Kumar Jain has resigned from the Board due to their pre-occupation. Ms Ruchika Jain has been appointed. The Directors places on record their sincere thanks for their valuable guidance and cooperation provided during their tenure on the Board of the Company.

In accordance with the provisions of the Companies Act, 1956 Mr. K. L. Jain retiring Director, being eligible and offers himself for re-appointment.

AUDITORS

M/s. Dass Khanna & Co., Chartered Accountants as Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received certificate from M/s. Dass Khanna & Co., Chartered Accountants

AUDITORS' REPORT

With regards to the Auditors' Report the Directors have to state that the notes on accounts are self explanatory and do not call for further comments.

PERSONNEL

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is as per annexure 1 which forms part of this report.

DISCLOSURE OF PARTICULARS UNDER SECTION 217(1)(e)

Disclosure of particulars under section 217(1)(e) of the Companies Act, 1956 under the Companies (Disclosure of Particulars in Report of Board of Directors) Rules 1988 is given as per Annexure 2 and forms an integral part of this report.

ACKNOWLEDGEMENT

The Directors places on record their sincere thanks to Industrial Development Bank of India, The Punjab State Industrial Development Corporation Ltd., Shareholders, Employees of the Company and all Business Constituents for their valuable co-operation extended to the Company from time to time and hopes that it will continue in future as well

By order of the Board
for Arihant Threads Limited

Place: Chandigarh
Dated : 17-07-97

Sd/-
(K. L. JAIN)
Vice-Chairman

Sd/-
(RUCHIKA JAIN)
DIRECTOR

ANNEXURE TO DIRECTORS REPORT**Annexure-1**

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is as under:-

- a) Employed throughout the year under review and were in receipt of remuneration at a rate which is not less than Rs.3,00,000/- p.a.

S. No.	Name	Designation.	Emoluments Gross Rs.	Qualification	Date of Commencement of employment	Age in years	Experience in years	Previous Employment
1.	Mr. R.P.Rana	General Manager (Prod.)	331750	B. Text D.B.M	02-08-95	39	17	Oswal Cotton Mills Ltd.

- b) Employed for part of the year under review & were in receipt of remuneration at a rate which is not less Rs.25,000/- per month.

NIL

Annexure-2

Information as per Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Director(s) Rules, 1988 and forming part of the Director's Report for the year ended 31st March, 1997.

(i) CONSERVATION OF ENERGY

The Company has taken the following steps for conservation of energy.

- Optimisation of each production unit.
- Reduction in idle run of units.
- Installation of electric motors of optimum capacity, maximum utilisation of natural light in the plant, introduction on nylon belts to replace conventional belts and use of energy saving devices for lighting circuits etc.
- As a result of implementation of energy saving schemes, the Company has been able to save on fuel consumption to a great extent.