

6TH ANNUAL REPORT 1997-98

MD	✓		BKC	—
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

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 THE ARIHANT GROUP

ARIHANT
THREADS LIMITED

MANAGEMENT

BOARD OF DIRECTORS

Mr. Ramesh Inder Singh	Chairman
Mr. K. L. Jain	Vice-Chairman & Managing Director
Mr. R. S. Loona	Nominee IDBI
Mrs. Kalpna Mittal Baruah	
Mr. S. K. Duggal	
Ms. Ruchika Jain	

PRESIDENT (CORPORATE)

Mr. Ravi Bansal

COMPANY SECRETARY

Mr. Vivek Sood

AUDITORS

M/s. Dass Khanna & Co.,
Chartered Accountants,
B-XX/711, Pakhowal Road,
Gurdev Nagar, Ludhiana-141 001.

BANKERS

UCO Bank
Civil Lines,
Ludhiana

REGISTERED OFFICE / WORKS:

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

HEAD OFFICE :

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

BOMBAY OFFICE

416, Raheja Chambers,
4th Floor, Nariman Point,
Bombay-400 021

DELHI OFFICE

1105, Antriksh Bhawan,
Kasturba Gandhi Marg,
New Delhi-110 001

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NOTICE

NOTICE is hereby given that 6th Annual General Meeting of the Company will be held on Monday the 28th September, 1998 at 11.30A.M. at the Registered Office of the Company at 454, Phase-II, Industrial Complex, Goleindwal Sahib (Distt. Amritsar).

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss A/c for the year ended March 31, 1998 and Balance Sheet as on that date alongwith Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S.K. Duggal, Director who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Ms. Ruchika Jain, Director who retires by rotation and being eligible offers herself for re-appointment.
4. **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 & Mg. Director of the Company.

SPECIAL BUSINESS

5. **TO CONSIDER AND IF THOUGH 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 Mrs. Kalpana Mittal Baruah be and is hereby appointed as Director of the Company liable to retire by rotation.

By order of the Board
for Arihant Threads Limited

Sd/-

(VIVEK SOOD)
Company Secretary

Place : Delhi
Date : 13-08-98

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 Registered office of the Company atleast 48 hours before the time of the Annual General Meeting.
2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item No. 4 & 5 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. 4 OF ORDINARY BUSINESS :

Since more than 25% of the Subscribed Capital of the Company is held by PSIDC, the provisions of Section 224A 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 interest in this item.

FOR ITEM NO. 5 OF SPECIAL BUSINESS:

Mrs. Kalpana Mittal Baruah was nominated by the Punjab State Industrial Development Corporation Limited (PSIDC) on the Board of Directors of the Company in place of Mr. D. S. Dhaliwal. The appointment was confirmed by the Board in their meeting held on March 14, 1998. In order to appoint her Director liable to retire by rotation the resolution is recommended for your approval.

MEMORANDUM OF INTEREST

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

By Order of the Board
for Arihant Threads Limited

Sd/-

(VIVEK SOOD)
Company Secretary

Place : Delhi
Date : 13-08-98

DIRECTORS REPORT

To,

The Members,
Arihant Threads Ltd.

Your Directors have pleasure in presenting before you this 6th Report on the affairs of the Company alongwith Audited Accounts for the period March 31, 1998.

FINANCIAL RESULTS

Rs in lacs

PARTICULARS	As at 31-03-98	As at 31-03-97
Sales & Other Income	1631.67	248.82
PBDIT	231.66	70.09
Financial Expenses	117.56	16.02
Depreciation	105.94	51.09
Capital Issue Expenses & Others	4.50	1.35
PBT	3.66	1.63
Share Capital	3620.17	3620.17
Reserve & Surplus	909.98	906.44

During the year the Company has achieved turnover of Rs. 1609.98 lacs out of which export turnover is Rs. 441.39 lacs and has earned precious foreign exchange for the country. The Company has earned a Cash Profit of Rs. 109.60 lacs. At present 12096 spindles are in operation and the project will be in fully operative during the last quarter of 1998.

We have pleasure to inform you that the product of the Company has been well accepted in both Domestic and Export Markets. The Company has exported its product to Israel, Malaysia, Russia and Bangladesh. The Company has also developed the market of Hong Kong and during the financial year 1998-99 export will start to Hong Kong also.

UTILISATION OF FUNDS AND PROFITABILITY

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

Promises vs. Performance

Rs in Lacs

PARTICULARS	PROMISES (1997-98)	PERFORMANCE (1997-98)
Total Income	3676.00	1631.67
PBDIT	1381.00	231.66
Financial Expenses	233.00	117.56
Depreciation	434.00	105.94
PBT	714.00	3.66
Tax	—	0.50
Profit after Tax	714.00	3.16

DIRECTORS

During the year the Punjab State Industrial Development Corporation Ltd., has nominated Mrs. Kalpana Mittal Baruah in place of Mr. D.S. Dhaliwal on the Board of the Company. The Directors place on record their sincere thanks for the valuable cooperation given by Mr. D.S. Dhaliwal during his tenure on the Board of the Company.

In accordance with the provisions of the Companies Act, 1956, Mr. S.K. Duggal and Ms. Ruchika Jain, the retiring Directors, being eligible and offer themselves for re-appointment.

AUDITORS

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

AUDITORS' REPORT

With regard 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) Rule, 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 respect of Board of Directors) Rule 1998 as given as per Annexure 2 and forms part of this Report.

ACKNOWLEDGEMENT

The Directors place on record their sincere thanks to Industrial Development Bank of India, Uco Bank, 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 hope it will continue in future as well.

By order of the Board
For Arihant Threads Limited,

Sd/-

Sd/-

(K.L. JAIN)

(RUCHIKA JAIN)

Vice-Chairman

Director

Place : Delhi

Date : 13-08-98

ANNEXURE TO DIRECTORS REPORT

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Annexure-1

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended 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	Gross Salary (Rs.)	Qualification	Date of Com. of Empl.	Age in Years	Experience in Years	Pre. Employment
1.	Mr. R.P. Rana	G.M (Production)	344750	B.Text D.B.M.	2.8.95	40	18	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 than 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, 1998.

- (i) Conservation of Energy
- (ii) Optimisation of each production unit.
- (iii) Reduction in idle run of units.

- (iv) 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.
- (v) As a result of implementation of energy saving schemes, the Company has been able to save on fuel consumption to a great extent.

FORM 'A'

A. POWER AND FUEL CONSUMPTION

S.No	Particulars	As at 31-03-98	As at 31-03-97
1.	Electricity		
	a) Purchased Unit (Kwh)	4302761	957300
	Total Amount (Rs.)	10540988	2210187
	Rate Per Unit (Rs.)	2.44	2.31
	b) Own Generation		
	Total Amount (Rs.)	NIL	NIL
	Rate Per Unit (Rs.)	NIL	NIL
2.	Other Internal Generation	NIL	NIL

B. CONSUMPTION PER UNIT OF PRODUCTION

i)	Cotton Yarn (Rs)	7.14	9.14
	Electricity Unit Consumed	2.91	3.96

ii) TECHNOLOGY ABSORPTION

The company has brought and successfully absorbed the latest Ring Spinning Technology.

1. RESEARCH & DEVELOPMENT

a) Specific areas in which R & D carried out by the Company

Research and development has continuously been carried out for improvement in quality of existing products development of new and improved products and production processes for better productivity

b) Benefits derived as a result of the above R & D

As a result of R & D and improved quality of yarn, orders are being received from Indian Market as well as from Foreign market.

c) Future plan of action

Development of new fancy yarns and improvement in certain production processes are planned..

d) Expenditure of R & D

Expenditure of R & D is continuous process and the expenditure incurred thereon has not been segregated and accounted for separately. Hence, it is not possible to give the same in the required format.

2. TECHNOLOGY, ABSORPTION, ADOPTION AND INNOVATION

A) Efforts, in brief made towards technology absorption, adoption and innovation.

The company has brought and successfully absorbed the latest Ring Spinning Technology.

B) Benefits derived as a result of the efforts e.g. product improvement, cost reduction, product development, import substitution etc.

Improved quality product.

3. Improved Technology (Imported during the last 5 years)

a) Activities relating to Exports, initiatives taken to increase export, development of new export markets for products and services and export plans.

Efforts are being made by the company to develop export market for export of yarns.

b) Total Foreign Exchange Earned and Used.

<u>Particulars</u>	<u>Rs In lacs</u>	
	<u>As at 31-03-98</u>	<u>As at 31-03-97</u>
Earned	370.34	Nil
Used	Nil	Nil
Raw Material	Nil	Nil
Spares	Nil	Nil
Travelling	3.21	Nil
Interest On FCL on cash basis	Nil	Nil

By order of the Board
For Arihant Threads Limited,

Sd/-

Sd/-

Place : Delhi
Date : 13-08-98

(K.L. JAIN)
Vice-Chairman

(RUCHIKA JAIN)
Director

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