

**8<sup>TH</sup>**

**ANNUAL**

**REPORT**

**1999-2000**

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 THE ARIHANT GROUP  

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**ARIHANT**  
**THREADS LIMITED**

## MANAGEMENT

<b>BOARD OF DIRECTORS</b> Mr. Ramesh Inder Singh      Chairman Mr. K. L. Jain                  Vice-Chairman & Managing Director Mr. B. Das Gupta              Nominee IDBI Mrs. Kalapna Mittal Baruah Mr. S. K. Duggal Ms. Ruchika Jain	<b>REGISTERED OFFICE / WORKS:</b> 454, Phase-II, Industrial Complex, Goindwal Sahib, (Distt. Amritsar)
<b>PRESIDENT (CORPORATE)</b> Mr. Ravi Bansal	<b>HEAD OFFICE :</b> B-35, Phase-V, Focal Point, Ludhiana -141 010
<b>COMPANY SECRETARY</b> Mr. Vivek Sood	<b>DELHI OFFICE :</b> 512-B-98, Hemkunt Towers, Nehru Place, New Delhi
<b>AUDITORS</b> M/s. Dass Khanna & Co., Chartered Accountants, B-XX/711, Pakhowal Road, Gardev Nagar, Ludhiana-141 001.	<b>MUMBAI OFFICE :</b> 416, Raheja Chambers, 4th Floor, Nariman Point, Mumbai-400 021
<b>BANKERS</b> LCO Bank Civil Lines Branch, Ludhiana	

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## CONTENTS

<b>NOTICE</b>	<b>3</b>
<b>DIRECTORS' REPORT</b>	<b>4</b>
<b>AUDITORS' REPORT</b>	<b>8</b>
<b>BALANCE SHEET</b>	<b>10</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>	<b>11</b>
<b>NOTES ON ACCOUNTS</b>	<b>17</b>
<b>CASH FLOW STATEMENT</b>	<b>22</b>
<b>ATTENDANCE SLIP / PROXY FORM</b>	<b>23</b>

**ARIHANT THREADS LIMITED**

REGD. OFFICE: 454, Phase II, Industrial Complex, Goindwal Sahib (Distt. Amritsar)

**NOTICE**

NOTICE is hereby given that 8th Annual General Meeting of the Company will be held on Saturday the 30th September, 2000 at 11.30A.M. at the Registered Office of the Company at 454, Phase-II, Industrial Complex, Goindwal Sahib (Distt. Amritsar).

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Profit and Loss A/c for the year ended March 31, 2000 and Balance Sheet as on that date along with 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.

By order of the Board  
**for Arihant Threads Limited**

Sd/-

Place : Chandigarh

Date : 04-08-2K

( 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 Registered office of the Company at least 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.

By Order of the Board  
**for Arihant Threads Limited**

Sd/-

Place : Chandigarh

Date: 04-08-2K

(VIVEK SOOD)  
 Company Secretary

## DIRECTORS REPORT

To  
 The Members,  
**Arihant Threads Ltd.**

Your Directors have pleasure in presenting before you this 8th Report on the affairs of the Company alongwith Audited Accounts for the period March 31, 2000.

### FINANCIAL RESULTS

Rs in lacs

PARTICULARS	As at 31-03-2K	As at 31-03-99
Sales & Other Income	4625.42	2936.16
PBDIT	541.82	381.44
Financial Expenses	279.32	180.58
Depreciation	204.22	163.84
Capital Issue Expenses & Others	3.97	3.97
PBT	57.64	33.05
Share Capital	3620.17	3620.17
Reserve & Surplus	991.90	938.04

During the year the Company has achieved turnover of Rs. 4277.10 lacs out of which export turnover is Rs. 2588.62 lacs and has earned precious foreign exchange for the country. The Company has earned a Cash Profit of Rs. 265.83 lacs. At present 18144 spindles are in operation.

During the year products of the company have carved a niche for it self in the countries like Israel, Malaysia, Russia, Hongkong, Slovenia and Bangladesh.

### DIRECTORS

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 being eligible seeks re-appointment.

### AUDITORS' REPORT

With regard to the Auditors' Report the Directors have to comment as under -

Sl. No. of Auditors Report	Comments offered
e i)	Plant & Machinery for Spinning plant is manufactured and designed to operate for 24 hours and thus rate of Depreciation applied by the Company pertaining to Continuous Process plant is justified.
e ii)	The Company has taken loan for the project which is partially completed and thus part of interest pertaining to uncompleted project has been capitalised.
e iii)	All expenses as reported are accounted for by the Company on cash basis as consistant accounting policy.
e iv)	During the normal course of business the Company issue cheques to various business constituents and also receives cheques from various parties. As at closing of financial year there are many cheques issued/ deposited which are yet to be routed through bank.

### Y2K COMPLIANCE

Your company has successfully managed Y2K without any disruption. All critical IT systems covering business applications, process control, plant automation and other areas are Y2K compliant. Details regarding Y2K compliance in accordance with clause 32 of Listing agreement with Stock Exchanges are given in Annexure- A to the Directors Report.

**LISITING COMPLIANCE**

The shares of the company are listed on Ludhiana, Delhi, Mumbai, Calcutta, Madras, Ahemdabad and National Stock Exchanges. The listing fee for all the stock exchanges has been paid.

**PERSONNEL**

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule, 1975 as amended is NIL.

**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 1988 as given as per Annexure B 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)****(S.K.Duggal)****Vice-Chairman****Director****Place:Chandigarh****Date : 04-08-2K**

## ANNEXURE TO DIRECTORS' REPORT

### Annexure-A

Details regarding Y2K preparedness level required under clause 32 of the Listing agreements.

**1. Risk to the Company due to Y2K bug:**

All business critical IT systems and minor equipments relating to process control were open to the risk of Y2K bug.

All these systems and equipments were Y2K complied by January 2000.

**2. Cost to address Company's Y2K issues:**

Upto 31st March, 2000. Rs.1.27 Lacs has been spent towards replacement and upgradation of both IT and Process Control Systems.

**3. Contingency Plans:**

While all efforts had been made to ensure full Y2K readiness through extensive testing and simulation, contingency actions as follows were also planned:

- a. Running critical beginning of the month applications in end December, 1999 instead of January, 2000.
- b. Testing end January, 2000 applications at the beginning of the month.
- c. Ensuring pre-run backup prior to critical runs.
- d. Fall back using PCs and manual systems.

**4. Current Status:**

All computer systems of the Company rolled over to the new millenium without any problem.

### Annexure-B

**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, 2000.**

**(i) CONSERVATION OF ENERGY**

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

- i. Optimisation of each production unit.
- ii. Reduction in idle run of units.
- iii. 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.
- iv. 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 31-03-2K	As at 31-03-99
1	<b>Electricity</b>		
	a) Purchased Unit ( Kwh)	10794178	8176202
	Total Amount (Rs.)	31264728	22428755
	Rate Per Unit (Rs.)	2.90	2.74
	b) Own Generation		
	Total Amount (Rs.)	NIL	NIL
	Rate Per Unit (Rs.)	NIL	NIL
2	<b>Other Internal Generation</b>	NIL	NIL

**B. CONSUMPTION PER UNIT OF PRODUCTION**

i)	<b>Cotton Yarn (Rs)</b>	11.38	10.75
	Electricity Unit Consumed	3.92	3.92