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ASIA

T H R E A D S
L I M I T E D

SIXTH ANNUAL REPORT 1998-99



BOARD OF DIRECTORS :

MR. SANJIV KHADELWAL
Chairman & Managing Director

MR. Y. P. TRIVEDI

MR. MOHAN M. JAYAKAR

MRS. SHILPA KHADELWAL

SECRETARY :

MR. N. S. PRADHAN

REGISTERED OFFICE :

DOULATRAM MANSION, 4th FLOOR,
6, KITTRIDGE ROAD
(RAMBHAU SALGAONKAR MARG)
COLABA,
MUMBAI 400 005.
TELEGRAM : THREADASIA

BANKERS :

CORPORATION BANK
DENA BANK
UNION BANK OF INDIA
STATE BANK OF INDIA
THE BANK OF RAJASTHAN LIMITED

LEGAL ADVISORS :

MESSRS. GAGRAT & COMPANY

AUDITORS :

MESSRS. MITTAL & ASSOCIATES
CHARTERED ACCOUNTANTS
130, Esplanade Mansion,
M. G. Road, Mumbai 400 023.

**SIXTH ANNUAL REPORT
1998-99**

ASIA THREADS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Members of ASIA THREADS LIMITED will be held at 12 noon, on Monday, the 27th September, 1999 at the Registered Office of the Company, at 4th Floor, Doulatram Mansion, 6, Kittridge Road (Rambhau Salgaonkar Marg), Colaba, Mumbai - 400 005, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at the 31st March, 1999 and the Profit & Loss Account for the year ended the 31st March, 1999, the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. Y.P. Trivedi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Messrs Mittal & Associates, Chartered Accountants, Mumbai, the retiring Auditors, as Auditors of the Company, and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. SHARE TRANSFERS :

The Company has, with immediate effect, terminated with mutual consent its agreement with Nav-Jay Comp. & Fin. Pvt. Ltd., Ghatkoper, Mumbai - 400 086, as the Registrars & Share Transfer Agents of the Company.

Members may send their share certificates and transfer deeds for transfer to the Registered Office of the Company.

Registered Office :

Doulatram Mansion, 4th Floor
6, Kittridge Road
(Rambhau Salgaonkar Marg)
Colaba, Mumbai 400 005

By Order of the Board of Directors

Dated: 31st May, 1999.

SANJIV KHANDELWAL
Managing Director

SIXTH ANNUAL REPORT 1998-99**DIRECTORS' REPORT**

Your Directors submit their Sixth Annual Report together with the Audited Statement of Accounts for the year ended the 31st March, 1999.

FINANCIAL RESULTS :	1998-99	1997-98
Profit before depreciation	173,193	270,085
Depreciation	67,521	67,521
Profit before tax	105,672	202,564
Provision for taxation	36,985	60,000
Profit after tax	68,687	142,564
Add : Surplus brought forward	250,780	108,216
Balance carried to Balance Sheet	319,467	250,780

DIVIDEND :

The Directors do not recommend any dividend on account of inadequacy of profits.

PRODUCTION :

In view of the pending suit against Indo Euro Industries Ltd, the Company has not been able to install any plant and machinery, and as such production could not be commenced. The Company has, therefore, engaged in trading activities.

PERFORMANCE VERSUS PROJECTIONS :

Following are the comparative figures with post projection as per the prospectus dated 26th December, 1995.

	Projections 1998-99	Actuals 1998-99
	(Rs. in lacs)	
Sales	3116.32	455.34
Other Income	15.00	15.92
Operating expenses	2774.56	469.43
Depreciation	23.04	0.68
Interest	43.20	0.10
Profit before tax	287.77	1.06
Profit after tax	177.81	0.69
Equity Capital	509.00	478.35
Reserves & Surplus	259.34	3.19
Dividend (%)	18.00	—
Book Value (Rs.)	14.72	9.40
Earnings Per Share (Rs.)	3.49	0.06

The variations are due to the Company not being able to commence production.

LAND :

The Company has preferred an appeal in the Court of the Honourable Administrator, Dadra & Nagar Haveli at Silvassa, against the order of the Collector, Dadra & Nagar Haveli, rejecting the application of the Company seeking N.A. permission in respect of the land for industrial purpose.

ASIA THREADS LIMITED

DIRECTOR :

Mr. Y. P. Trivedi retires by rotation and being eligible, offers himself for re-appointment.

Y2K :

The Company has newly installed its computer systems which are Y2K compliant.

SUBSIDIARY :

On 30th July, 1998, Asia Polytex (India) Limited, a Company under the same management became a subsidiary of the Company.

REGISTRARS AND SHARE TRANSFER AGENTS :

The Company's agreement with Nav Jay Comp. & Fin. Pvt. Ltd., Ghatkopar, Mumbai - 400 086 has been terminated by mutual consent and the share transfer work will now be done departmentally at the Registered Office of the Company.

PARTICULARS OF EMPLOYEES :

The Company had no employees whose particulars under Section 217(2A) could be reported.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO :

Since manufacturing operations of the Company have not commenced, the report under this head is NIL.

AUDITORS :

Messrs Mittal & Associates, Chartered Accountants, Mumbai, the Auditors of the Company retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for re-appointment. Members are requested to appoint Auditors and fix their remuneration.

AUDITORS' REPORT :

The Auditors' Report is attached to the Balance Sheet as at the 31st March, 1999. The notes to the accounts referred to in the Auditors' Report are self-explanatory.

ACKNOWLEDGEMENT :

The Directors record their thanks to The Bank of Rajasthan Ltd., Corporation Bank, Dena Bank, State Bank of India, and Union Bank of India for their co-operation. The Directors also acknowledge the co-operation received from officers and staff of the Company.

On behalf of the Board of Directors

SANJIV KHANDELWAL
Managing Director

Place : MUMBAI
Dated: 31st May, 1999.

SHILPA KHANDELWAL
Director

SIXTH ANNUAL REPORT 1998-99

MITTAL & ASSOCIATES
Chartered Accountants

**130 ESPLANADE MANSION,
M. G. ROAD
MUMBAI 400 023.**

AUDITORS' REPORT

To,
**The Members,
ASIA THREADS LIMITED**

We have audited the attached Balance Sheet of **ASIA THREADS LIMITED** as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Sections 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Companies as we considered appropriate and the information and explanations given to us during the course of our audit, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of such books.
 - iii. The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account maintained by the Company.
 - iv. In our opinion, the Balance Sheet and Profit and loss Account comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except Accounting Standard 15 regarding provision of Accrued Gratuity and Leave Salary the amount of which is unascertained.
 - v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to notes on schedule 9, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - a. In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999.
 - b. In so far as it relates to the Profit and Loss Account, of the 'PROFIT' of the Company for the year ended on that date.

M. MEHTA
Partner
For and on behalf of

MITTAL & ASSOCIATES
Chartered Accountants

Place : Mumbai
Dated : 31st May, 1999.

ASIA THREADS LIMITED**MITTAL & ASSOCIATES**
Chartered Accountants**130 ESPLANADE MANSION,**
M. G. ROAD
MUMBAI 400 023.**ANNEXURE TO AUDITORS' REPORT**

(Annexure referred to in paragraph 1 of Auditors' Report of even date to the members of Asia Threads Limited on the accounts for the year ended March 31, 1999.)

1. The Company has maintained statements to show the particulars of fixed assets. We are informed that the fixed assets were physically verified by the management during the year and no discrepancies between the book records and physical inventory have been noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stock has been physically verified by the management during the year. As explained to us and in our opinion the frequency of verifications is reasonable.
4. The procedure of physical verifications of stocks followed by the management is reasonable in relation to the size of the Company and nature of its business.
5. The discrepancies between the physical stock and the book records, which were not significant, have been properly dealt with in the books of account.
6. The Company does not have stock at the end of the year hence the clause (vi) of the said Order is not applicable.
7. The Company has taken unsecured loan from a director listed in the register maintained under Section 301 of the Companies Act, 1956. However, the terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
8. The Company has not granted any loans, secured or unsecured, to the Companies, firms or other parties listed in the register maintained under Section 301 of Companies Act, 1956 and /or to the companies under the same management as defined under Sub-section (1-B) of Section 370 of the Companies Act, 1956.
9. The parties to whom loans or advances in the nature of loans have been given by the Company are generally repaying the principal as stipulated, or as re-scheduled from time to time.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size and nature of the company's business with regard to purchase and sale of goods-in-trade.
11. According to the information given to us, the transaction of purchase of goods made in pursuance to contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods or services.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Provision for loss inthereof has been made in the accounts.
13. The Company has not accepted deposits from the Public which attract the provisions of Section 58 A of the Companies Act, 1956.
14. The Company does not have any by-product.
15. The Company does not have internal audit system in force during the year.
16. Central Government has not prescribed maintenance of cost records u/s 209 (l) (d) of the Companies Act, 1956.
17. Provident fund and Employees State Insurance are not applicable to the Company.

SIXTH ANNUAL REPORT 1998-99



18. There has been no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Customs duty and excise duty as at 31st March, 1999 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of trading activities, there are no damaged goods in the possession of the Company as at 31st March, 1999.

M. MEHTA
Partner
For and on behalf of

MITTAL & ASSOCIATES
Chartered Accountants

Place : Mumbai
Dated : 31st May, 1999.



ASIA THREADS LIMITED**BALANCE SHEET AS AT 31st MARCH, 1999**

	Sch. Ref.	(Rupees)	As at 31-Mar-99 (Rupees)	As at 31-Mar-98 (Rupees)
SOURCES OF FUNDS				
Shareholders Funds :				
Share Capital	1		47,835,000	47,835,000
Reserves & Surplus	2		319,468	250,780
Loan Funds	3		207,037	96,151
TOTAL			48,361,505	48,181,931
APPLICATION OF FUNDS				
Fixed Assets :	4			
Gross Block		3,157,171	973,437	
Less : Depreciaton		208,768	141,247	
Net Block			2,948,403	832,190
Capital work in progress			0	56,000
Investments	5		10,022,350	8,714,724
Current Assets, Loans & Advances :	6	53,498,345	60,089,661	
Less: Current Liabilities & Provisions	7	19,646,422	23,443,295	
Net Current Assets			33,851,923	36,646,366
Miscellaneous Expenditure: (to the extent not written off or adjusted)				
Preliminary Expenses		257,992	294,850	
Pre-operative Expenses		567,130	567,130	
Equity Issue Expenses		713,707	1,538,829	1,932,651
TOTAL			48,361,505	48,181,931

Accounting Policies and Notes on the Accounts 9
Schedules referred to above form an
integral part of the Balance Sheet.

As per our report of even date annexed

For and on behalf of the Board

M. MEHTA
Partner
For and on behalf of
MITTAL & ASSOCIATES
Chartered Accountants
Place : Mumbai
Dated : 31st May, 1999.

SANJIV KHANDELWAL
Managing Director

SHILPA KHANDELWAL
Director

N.S. PRADHAN
Secretary

SIXTH ANNUAL REPORT 1998-99**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1999**

	Sch. Ref.	(Rupees)	For the year ended on 31-Mar-99 (Rupees)	For the year ended on 31-Mar-98 (Rupees)
INCOME				
Sales			45,534,213	49,704,616
Other Income			1,591,861	931,227
Increase in stock	8		-	(3,215,039)
TOTAL			47,126,074	47,420,804
EXPENDITURE				
Purchases (Trading)			45,415,123	46,066,535
Administrative Expenses			1,102,483	625,225
Finance cost			9,902	30,137
Selling & Distribution Expenses			31,550	35,000
Preliminary Expenses Written off			393,822	393,822
Depreciation			67,521	67,521
TOTAL			47,020,401	47,218,240
Profit before tax			105,673	202,564
Provision for taxation			36,985	60,000
Profit for the year			68,688	142,564
Add: Balance as per last account			250,780	108,216
Profit carried to the Balance Sheet			319,468	250,780

Accounting Policies and Notes on the Accounts 9

Schedules referred to above form an integral part of the Profit & Loss Account.

As per our report of even date annexed

For and on behalf of the Board

M. MEHTA
Partner

For and on behalf of

MITTAL & ASSOCIATES
Chartered Accountants

Place : Mumbai

Dated : 31st May, 1999.

SANJIV KHANDELWAL
Managing Director

SHILPA KHANDELWAL
Director

N.S. PRADHAN
Secretary