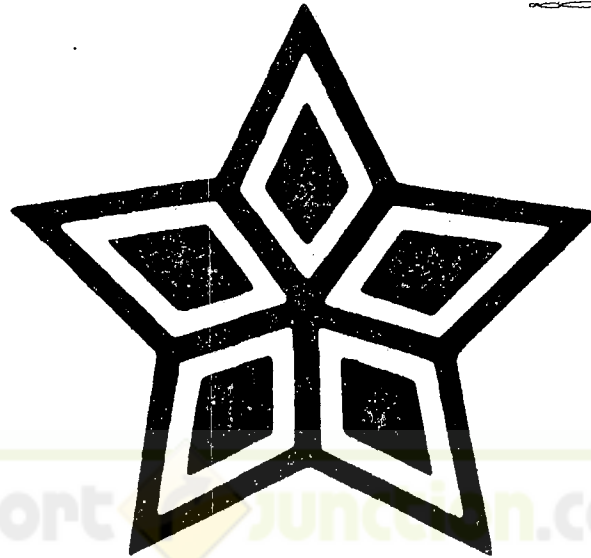


# 7 TH ANNUAL REPORT

## 1996-97

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	NA
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		



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# PRANAVADITYA

## PRANAVADITYA

### SPINNING MILLS LIMITED

# PRANAVADITYA SPINNING MILLS LIMITED

## BOARD OF DIRECTORS

SHRI KANTILAL K. SHETH **Chairman**

SHRI HARKISHON N. UDANI **Vice Chairman**

SHRI MADHUSUDAN D. VORA **Director**

SHRI BHARAT P. SHAH **Director**

SHRI HASMUKHLAL S. PARIKH **Director**

SHRI UDAY S. KOTAK **Director**

SHRI YESHWANT R. SHAH **Director**

SHRI PREMAL H. UDANI **Director**

SHRI PARAG H. UDANI **Managing Director**

## GENERAL MANAGER (FINANCE) & COMPANY SECRETARY

SHRI SHYAM S. DEVADIGA

## BANKERS

BANK OF BARODA

UNION BANK OF INDIA

## AUDITORS

M/s. VINOD VASA & ASSOCIATES

Chartered Accountants

Jumna Building,

292, Tilak Marg, Dhobi Talao,

Mumbai - 400 002

## CORPORATE OFFICE

Sakhar Bhavan, 5th Floor,

Nariman Point,

Mumbai - 400 021.

## REGISTERED OFFICE & MILLS

Village : Alte

Taluka : Hatkanangale

District : Kolhapur

Maharashtra - 416 109

## REGISTRARS & TRANSFER AGENTS

R & D CONSULTANTS PVT. LTD.

610, Dalamal Towers,

211, Nariman Point,

Mumbai - 400 021

TEL : 283 4374 / 283 4347

## PRANAVADITYA SPINNING MILLS LIMITED

### NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of Pranavaditya Spinning Mills Ltd., will be held on Saturday, the 20th September, 1997 at 11.30 a.m. at the Registered Office of the Company at Village Alte, Hatkanangale Taluka, Kolhapur District, Maharashtra, to transact the following business:

#### A) ORDINARY BUSINESS :

1. To receive and adopt the Annual Accounts for the year ended 31st March 1997 together with Directors' Report and the Report of the Auditors thereon.
2. To appoint a Director in place of Shri Harikishon N. Udani who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Madhusudan D. Vora who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Bharat P. Shah who retires by rotation and being eligible offers himself for reappointment.
5. To appoint auditors to hold office from the conclusion of this Meeting until the conclusion of the next annual general meeting and to fix their remuneration.

#### B) SPECIAL BUSINESS :

6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution :

**"Resolved that** pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), consent of the shareholders be and is hereby accorded to the Board of Directors of the Company to mortgage and/or charge, in addition to the mortgage/charges created/ to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Lender(s) / Agent and Trustee / Trustee(s), for securing the borrowings of the Company availed / to be availed by way of loan(s) in foreign currency and/or rupee currency) and Securities (comprising Fully / Partly Convertible Debenture and/or Non-Convertible Debentures with or without detachable or non-detachable Warrants and/or Secured Premium Notes and/or Floating Rates Notes / Bonds or other debt instruments), issued/ to be issued by the Company, from time to time, subject to the limits approved under Section 293 (1) (d) of the Companies

Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s) / Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s), Debenture Trust Deed(s) or any other document entered into / to be entered into between the Company and the Lender(s)/Agent(s) and Trustee/ Trustee(s), in respect of the said loans/borrowings/debentures and containing such specific terms and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors thereof and the Lender(s) / Agent(s) / Trustee(s) ;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board thereof be and is hereby authorised to finalise, settle and execute such documents deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage/charge as aforesaid".

7. To consider, and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :

**"RESOLVED THAT** in supersession of Resolution passed at the Extra Ordinary General Meeting of the Company held on 7th April, 1993 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of The Companies Act, 1956, consent of the Shareholders be and is hereby accorded to the Board of Directors of the Company to borrow monies from time to time from any one or more of the Company's Bankers and/or from any one or more other persons, firms, bodies corporate or financial institutions, whether by way of cash credit, advance or deposits, loans, or bill discounting, deferred payment guarantees, issue of debentures or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether immovable or movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit and work-in-progress) and all or any of the undertakings of the company notwithstanding that the moneys to be borrowed together with the monies already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business will or may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say total amount upto which the money may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.25,00,00,000/- (Rupees Twenty Five Crores Only) exclusive of interest and the Board of Directors be and is hereby further authorised to execute such debenture trust deeds and/ or mortgage/charge deeds, hypothecation, lien, promissory notes, deposits and other deeds, instruments or writings containing such conditions and covenants as the Directors may think fit

8. To Consider, and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** subject to the provision Companies Act, 1956 and subject to the approval, if any, of Reserve Bank of India and such other approvals and permissions, that may be required, the Company be and is hereby authorised to receive and accept transfer requests from the Non-residential Indians (NRIs), Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) etc., and to register shares in their name and to enter their name in the Members Register of the Company, subject to a maximum limit of 24 % of the total issued capital of the Company."

**" FURTHER RESOLVED THAT** the Board of Directors are hereby authorised to do all acts, deeds and things to give effect to the above resolution."

## 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. INSTRUMENTS OF THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE, AT VILLAGE ALTE, HATKANGALE TALUKA, KOLHAPUR DISTRICT, MAHARASHTRA NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ATTACHED HEREWITH.
3. MEMBERS DESIRING ANY INFORMATION ON THE ACCOUNTS AT THE ANNUAL GENERAL MEETING ARE REQUESTED TO WRITE TO THE COMPANY AT LEAST SEVEN DAYS IN ADVANCE, SO AS TO ENABLE THE COMPANY TO KEEP THE INFORMATION READY AT THE MEETING.
4. AS A MEASURE OF ECONOMY, COPIES OF THE ANNUAL REPORT WILL NOT BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING. MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING.
5. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY SHALL REMAIN CLOSED FROM 1<sup>st</sup> SEPTEMBER, 1997 TO 30<sup>th</sup> SEPTEMBER, 1997 (BOTH DAYS INCLUSIVE) FOR ANNUAL CLOSURE AS PER THE LISTING REQUIREMENTS.

**Registered Office:**  
Village Alte,  
Taluka Hatkanangale,  
Dist. Kolhapur - 416 109  
Maharashtra.

Place : Mumbai,  
Date : 22 nd August, 1997

By Order of the Board of Directors  
for **PRANAVADITYA SPINNING MILLS LIMITED**

**SHYAM S. DEVADIGA**  
General Manager (Finance)  
& Company Secretary

## **PRANAVADITYA SPINNING MILLS LIMITED**

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

The following Explanatory Statement sets out the material facts relating to the Special Business mentioned at Item No.6,7 and 8 of the accompanying Notice to the Seventh Annual General Meeting of the Company.

#### **For item No. 6:**

Your Company had recently borrowed a sum of US \$ 700,000/- (US Dollar Seven Hundred Thousand only) equivalent Indian Rs.250.00 lacs from Bank of Baroda, Brussels Branch towards Long Term Working Capital. As per the terms & conditions of this loan it has to be secured by the first pari-passu charge on the moveable & immoveable properties of the Company.

In addition to this your Company is also contemplating the expansion programme in the future in a phased manner. To part finance this capital expenditure your Company might borrow from the Banks/or the Financial Institutions through various debt instruments. The Lenders who may finance the Company may require the Company to create the charge on the immoveable & moveable properties of the Company, to secure the debt.

Section 293 (1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a Public Limited Company shall not, without the consent of the Company in the General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since, the mortgaging by the Company of its immoveable and moveable properties as aforesaid in favour of the Banks/Termloan Lending Institutions can be considered to be disposal of the Company's properties, therefore, it is necessary for the members to pass a resolution under section 293 (1) (a) of the Companies Act, 1956.

Your Directors recommend the above resolution for your approval.

None of the Directors are either concerned or interested in the above resolution.

#### **For item No: 7**

As already stated above, your Directors are contemplating some expansion programme in the future in a phased manner and as such to part finance such capital expenditure, your company might borrow the funds from the Banks/Financial Institutions, which may exceed its aggregate paid up capital and the free reserves. The present borrowing limits of your Company is Rs.15,00,00,000/- (Rupees Fifteen Crores only). Looking at the longterm requirements of your Company, your Directors propose to increase this limits to Rs.25,00,00,000/- (Rupees Twenty Five Crores only).

The Section 293(1)(d) of the Companies Act, 1956, provides that the Board of Directors cannot, except the consent of the Company in General meeting, borrow moneys apart from temporary loans obtained from the Company's bankers in the ordinary course of business in excess of the aggregate of the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose.

As the proposed limit will be in excess of the ceiling prescribed under the said section, approval of the Shareholders is sought vide resolution under this item. Your Directors recommend the said resolution for your approval.

None of the Directors are concerned or interested in the said resolution.

#### **For item No. 8**

With the opening of the economy and increasing globalisation number of Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs) and Foreign Institutional Investors (FIIs) are showing keen interest in the share and stocks of Indian Companies. Your Company is increasing its activities on the export front. With the sound export base, it is likely that many NRIs, OCBs and FIIs may show interest in investing in your Company. To meet the request of such NRIs, OCBs and FIIs your Company considers it necessary to equip itself with the necessary permission from the general body to register the request for the transfer of shares into such NRIs, OCBs and FIIs to the extent of 24% of the total issue of the Capital of the Company. Your Directors recommend the above resolution for your approval. None of the Directors are concerned or interested in the above resolution. However, they may be deemed to be interested to the extent of their share holdings.

#### **Registered Office:**

Village Alte,  
Taluka Hatkanangale,  
Dist. Kolhapur - 416 109  
Maharashtra.

Place : Mumbai  
Date : 22nd August , 1997.

By the Order of Board of Directors  
For PRANAVADITYA SPINNING MILLS LIMITED

**SHYAM S. DEVADIGA**  
General Manager (Finance)  
& Company Secretary

# 7<sup>th</sup> ANNUAL REPORT

## DIRECTORS' REPORT

To,

Dear Members,

Your Directors have pleasure in presenting the Seventh Annual Report alongwith the Audited accounts for year ended 31st March 1997.

### ACCOUNTS AND FINANCIAL RESULTS :

	For the Year Ending	
	31-3-1997	31-3-1996
	(Rs.in Lacs)	(Rs. in Lacs)
Gross Revenue	4305.10	3828.76
Operating Profit before		
Depreciation and Intrest	541.21	453.10
Interest	342.89	282.00
Depreciation	136.77	107.44
Profit /(loss) before Tax	61.55	63.66
Provision for Tax	7.55	0.00
Profit/(loss) for the year	54.00	63.66
Add : Brought forward		
from last year	329.58	265.92
Profits available for		
Appropriations	383.58	329.58
Appropriations	0.00	0.00
Balance Carried Forward	383.58	329.58

### OPERATIONS:

During the year under review, there was very substantial increase in Exports from Rs.1106.53 lacs in the previous to Rs.2684.01lacs (including supplies to EOUs). The Company has entered into New Markets and there has been good acceptance of quality.

While the Turnover and Operating Profits of the company has increased compared to the previous year , Net Profits have declined due to higher interest and power cost. Considering these factors your Directors feel that performance of the company has been satisfactory.

### CURRENT YEAR PROSPECTS:

At present Cotton prices are reasonable and export demand have been good. Interest rate has also started coming down. The Company has identified export thrust area and hope to receive recognition as an Export House from the Government of India in the current year. On the other hand the power supply has become erratic and the power cost is going up. The Company is planning to install own Generating Sets to meet the Power requirements. Overall Company expects to achieve better performance during the current year.

### PROJECTIONS V/s. PERFORMANCE:

A comparative statement against projections given in the Prospectus is as follows:

#### Particulars

	Projections 1996-97	Actuals 1996-97
Total Sales & Other Income	3492.77	4477.98
Profit before Interest & Depreciation	605.29	541.21
Cash Profit	363.75	205.90
Net Profit/(Loss)	261.18	61.55

The increase in the cost of cotton, increase in intrest cost and power tariff have resulted in lower profit against projected profit



**DIVIDEND:****PRANAVADITYA SPINNING MILLS LIMITED**

Your Board of Directors do not recommend any dividend in view of the need to conserve resources.

**DIRECTORS :**

In accordance with the provisions of the Companies Act, 1956 and pursuant to Articles 124 of the Articles of Association of the Company, Sarvashri Harkishon N. Udani, Madhusudan D. Vora and Bharat P. Shah are retiring by rotation and being eligible, offer themselves for reappointment.

**PARTICULARS UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 :**

The information required to be given pursuant to Section 217(1) (e) of the Companies Act, 1956 is annexed hereto as Annexure I.

**PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 :**

The information required to be given pursuant to Section 217 (2A) of the Companies Act, 1956, is annexed hereto as Annexure II.

**INSURANCE :**

All the properties of the Company have been adequately insured against fire, marine, earthquake and other risks.

**PUBLIC DEPOSITS :**

During the year under report, your Company has not accepted any deposits from the public

**APPOINTMENT OF AUDITORS :**

M/s. Vinod Vasa & Associates, Chartered Accountants, are the auditors of the Company. In terms of Section 224 (5) of the Companies Act 1956, they retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. You are requested to appoint the Auditors and fix their remuneration.

**AUDITORS REPORT:**

The Notes to the Accounts referred to in Auditors Reports are self contained and self - explanatory and therefore do not call for further explanation under Section 273(3) of the Companies Act, 1956.

**ENVIRONMENT, SAFETY AND POLLUTION CONTROL :**

Your Company has been taking proper care in complying with all statutory requirements relating to safety, environment and pollution control.

**ACKNOWLEDGEMENT :**

Your Directors wish to place on record their sincere appreciation for the continued support and co-operation extended by the Industrial Credit & Investment Corporation of India Ltd., Bank of Baroda, Union Bank of India, Industrial Development Bank of India., and various Government agencies and the shareholders.

Your Directors also wish to place on record the continued co-operation from workers, staff and executives at all levels.

For and on behalf of Board of Directors

Place : Mumbai.

Date : 22nd August, 1997.

**K. K. SHETH**  
(Chairman)

# 7th ANNUAL REPORT

## ANNEXURE-I

### FORM "A"

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Director) Rules, 1988 and forming part of Director's Report.

**(A) (a) Energy conservation measures taken :**

Energy Conservation is an on going process within the Company. Following steps were taken by the Company to reduce the consumption of energies.

- (I) Use of natural light as far as possible.
- (II) Humidification plants not operated during favourable climatic conditions.
- (III) Replacement of old and low efficiency equipments with the latest high speed machines at the required places.
- (IV) Installation of additional capacitors to improve the power factor.
- (V) Installation of Voltage stabilizer for lighting load.
- (VI) Adjusted the Transformer setting to operate motor on most efficient way.
- (VII) Use of synthetic tape in Carding Section and Ring Frame Section, thereby saving the power consumption to the extent of 6 to 7% on these specific sections.

**(b) Additional investment and proposals, if any being implemented for reduction of consumption of energy.**

- (I) The management is actively considering the different areas as per Study Report of a consultant in energy saving field.
- (II) Installation of appropriate energy saving devices will be done.

**(c) Impact of measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

The above measures will save energy and to that extent the cost of goods will be reduced.

**(d) FORM - A**

<b>(A) Power and Fuel Consumption :</b>		<b>1996-97</b>	<b>1995-96</b>
		<b>Rupees</b>	<b>Rupees</b>
1.	Electricity:		
	(a) Purchased Units ('000)	9744.04	9292.43
	Total Amount (Rs. in lacs)	316.78	200.60
	Rate / Unit	3.25	2.65
	(b) Own Generation	-	-
	(I) Through Diesel Generator	-	-
	Unit per litre of Diesel oil	-	-
	Cost / Unit	-	-
2.	Coal-(M.T.)	-	-
3.	Furnace Oil	-	-
4.	Others	-	-
<b>(B) Consumption per Unit of Production :</b>			
	Production of yarn (M.T.)	3740.54	3359.24
	Electricity per M.T. of production	2.60	2.77
	Coal per M.T. of production	-	-