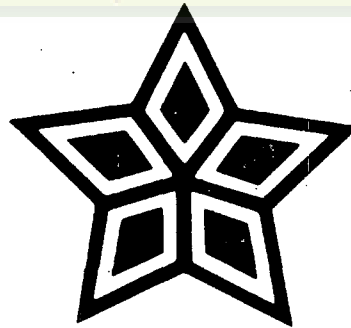


# 8th Annual Report

## 1997 - 98

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

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**PRANAVADITYA**  
SPINNING MILLS LIMITED



## PRANAVADITYA SPINNING MILLS LIMITED

<b>BOARD OF DIRECTORS</b>	:	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

**COMPANY SECRETARY & FINANCE MANAGER** : SANDEEP GANDHI

**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 & MILL** : Village : Alte  
Taluka : Hatkanangale  
District : Kolhapur  
Maharashtra : 416 109

**SHARE TRANSFER AGENTS** : R & D CONSULTANTS PVT. LTD.  
610, Dalamal Towers,  
211, Nariman point,  
Mumbai - 400 021.  
Tel : 283 4374 / 283 4347

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## NOTICE

Notice is hereby given that the **Eighth Annual General Meeting** of the members of **PRANAVADITYA SPINNING MILLS LTD.** will be held on Thursday, the 27th August, 1998, at 4.00 p.m. at the Registered Office of the Company at Village Alte, Hatkanangale Taluka, Kolhapur District, Maharashtra, to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998, and the Audited Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Premal H. Udani who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Hasmukhlal S. Parikh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Uday S. Kotak who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration.

**SPECIAL BUSINESS :**

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

**"RESOLVED THAT** in supersession of Resolution passed at the Seventh Annual General Meeting of the Company held on 20th September, 1997, 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, advances 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) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is

to say, reserves not set apart for any specific purpose, provided however that the total amount so borrowed shall not any time exceed Rs.50 crores (Rupees Fifty 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 & covenants as the Directors may think fit."

7. To consider, and if thought fit, to pass, with or without modification(s), 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(s) 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



## PRANAVADITYA SPINNING MILLS LIMITED

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 of Directors 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".

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

**"RESOLVED THAT** pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company

be and are hereby altered by deleting the Article 161 and substitutes in place and stead thereof the following new Article 161 :

'161. Every Deed or other instrument to which the Seal of the Company is required to be affixed, shall never be affixed except by or under the authority previously given of the Board or a Committee of the Board authorised by the Board in that behalf and in the presence of one of the Directors or such other person as the Board may appoint for the purpose who shall sign every instrument to which the Seal is affixed. Provided nevertheless that the Share Certificates shall be sealed and signed as provided in Article 21 hereinabove in accordance with the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force."

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
4. Documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Sundays and Holidays upto the date of the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 20th August, 1998, to 27th August, 1998, (both days inclusive).

6. Members are requested to :

- (a) Notify any change in their registered address along with pin code numbers to Company's Share Transfer Agent, M/s. R & D Consultants Private Limited, at 610, Dalamal Towers, 211, Nariman Point, Mumbai - 400 021.
- (b) Quote their respective ledger folio numbers on every communication with the Company and / or Share Transfer Agent.
- (c) Bring their copies of Annual Report to the meeting. No copies of the Annual Report will be available for distribution to the members at the meeting.
- (d) Deposit duly filled-in attendance slip annexed to the proxy form at the entrance to the place of meeting and not to bring with them any other person who is not a member / proxy.
- (e) Write to the Company at least 10 days before the date of the meeting regarding any information on accounts so as to enable the Company to keep the information ready.

### Registered Office:

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

Place : Mumbai  
Date : 9th July, 1998.

By Order of the Board of Directors

**SANDEEP GANDHI**  
Company Secretary &  
Finance Manager

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**ANNEXURE TO THE NOTICE**

**Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.**

**Item No. 6**

At the Seventh Annual General Meeting of the Company held on 20th September, 1997, the Board of Directors of the Company were authorised under Section 293(1)(d) of the Companies Act, 1956, to borrow monies for the purpose of the business of the Company in excess of the paid-up share capital of the Company and its free reserves subject to the limit of Rs.25 crores (Rupees Twenty Five Crores only).

In view of the increasing business activities and projected requirements of funds by the Company, it is proposed to enhance the said limit to Rs.50 crores (Rupees Fifty Crores only). The Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the proposed resolution.

**Item No. 7**

In order to borrow the funds required for the business purposes of the the Company, the Company may be required to mortgage/charge the assets of the Company in favour of the lenders. It is therefore, proposed to authorise the Board of Directors of the Company under Section

293(1)(a) of the Companies Act, 1956, to create charge and/or hypothecate and/or mortgage all or any of the present and future assets of the Company in favour of the lenders of the said funds. The Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the proposed resolution.

**Item No. 8**

At present, Article 161 of the Articles of Association of the Company provides that every deed or other instrument to which the Seal is required to be affixed, be signed by two Directors of whom one shall be a Managing Director and by any one of the Directors and countersigned by the Secretary or any other person authorised by Managing Director or the Board of Directors. In order to provide flexibility in the day to day operations of the Company, it is proposed that the Seal of the Company be affixed in the presence of one of the Directors or such other person as the Board may appoint for the purpose who shall sign every instrument to which the Seal is affixed. Article 161 is therefore being sought to be amended to that effect by passing a Special Resolution. The Directors recommend the resolution for approval of Shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the proposed resolution.

**Registered Office:**

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

Place : Mumbai

Date : 9th July,1998.

By Order of the Board of Directors

**SANDEEP GANDHI**

*Company Secretary &  
Finance Manager*



# PRANAVADITYA SPINNING MILLS LIMITED

## DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting their **Eighth Annual Report** together with the Audited Statement of Accounts for the year ended 31st March, 1998.

### 1. FINANCIAL RESULTS :

	Current Year (Rs.in Lacs)	Previous Year (Rs. in Lacs)
Gross Income	<u>4227.81</u>	<u>4305.10</u>
Profit before Depreciation		
Interest and Tax	588.18	541.21
Less : Interest	365.71	342.89
Depreciation	<u>147.84</u>	<u>136.77</u>
Profit before Tax	74.63	61.55
Provision for Tax	7.85	7.55
Net Profit	<u>66.78</u>	<u>54.00</u>
Add : Balance in Profit & Loss Account	<u>383.58</u>	<u>329.58</u>
Profits available for Appropriation	<u>450.36</u>	<u>383.58</u>
Balance Carried to Balance Sheet	<u>450.36</u>	<u>383.58</u>

### 2. OPERATIONS:

There has been steady increase in Export Performance of the Company. During the year the Company has achieved Export Turnover (including supplies to EOUs) of Rs.2802 Lacs compared to Rs.2684 Lacs in the previous years. Your Company also got Recognition from Government of India as Government Recognised Export House from 1.4.97. The Company also received Certificate of Merit for Outstanding Export Performance from Maharashtra Government for the year 1996 - 97.

During the year under review, Gross profit before Interest, Depreciation and Taxation increased by Rs.46.97 Lacs to Rs.588.18 Lacs showing an increase of 8.68%. The Net Profit after Tax has also increased by Rs.12.78 Lacs. Your Directors feel that performance of the Company should be considered satisfactory.

### 3. FUTURE PROSPECTS:

During the current year cotton prices have increased substantially due to less production of cotton crop and quality of cotton having deteriorated. Domestic

Markets and International Markets are suffering from recession with the result that demand levels are low and cost of other inputs are going up. The Company's quality of yarn is well established in International Markets. Your Company is continuously taking steps to maximise production, to improve the quality and maintain strong position in the Overseas Markets. It is expected that Market Conditions should improve in the next few months and constant watch is kept on the position.

### 4. DIVIDEND :

With a view to conserve resources, your Directors have not recommended any dividend for the financial year under review.

### 5. DEPOSITS :

As on the date of this report, none of the deposits are overdue for repayment.

### 6. DIRECTORS :

Shri Premal H. Udani, Shri Hasmukhlal S. Parikh and Shri Uday S. Kotak, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Board recommend their appointment in Company's interest.

### 7. PERSONNEL :

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975, are set out in the schedule annexed hereto forming part of this report.

### 8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

### 9. AUDITORS :

M/s. Vinod Vasa & Associates, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment,



if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Accordingly, the said auditors being eligible, offers themselves for re-appointment. Members are requested to appoint and fix their remuneration.

#### 10. AUDITORS' REPORT

The notes to the accounts referred to in the Auditors' Report are self contained and self-explanatory and, therefore do not call for any further explanations as required under section 217(3) of the Companies Act, 1956.

#### 11. INSURANCE :

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

#### Registered Office:

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

Place : Mumbai

Date : 9th July, 1998.

#### 12. 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.

#### 13. ACKNOWLEDGEMENT :

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions and the Banks during the year under review.

The Directors also wish to record their appreciation for the sincere and dedicated efforts of Executives, Staff and Workers of the Company for its success.

By Order of the Board of Directors

KANTILAL K. SHETH

Chairman

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## PRANAVADITYA SPINNING MILLS LIMITED

### ANNEXURE - I

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 Directors' Report.

#### (I) Conservation of Energy :

##### (a) Energy Conservation Measures taken :

Energy Conservation is an ongoing process within the Company. The Company has been making continuous efforts for enhancement in capacity utilisation, cost competitiveness and quality through systematic process monitoring and adherence to technological norms. Necessary steps have been taken like adding capacitors and UPS.

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

Studies to reduce energy consumption of existing unit are best carried out as an ongoing process and suitable investments are being made.

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

The above measures will help in reducing cost.

#### (d) FORM - A

##### (i) Power and Fuel Consumption :

	<u>1997-98</u>	<u>1996-97</u>
1. Electricity :		
(a) Purchased Units ('000)	9075.50	9744.04
Total Amount (Rs. in lacs)	320.37	316.78
Rate per Unit	3.53	3.25
(b) Own Generation		
Through Diesel Generator		
- Units ('000)	699.38	Nil
Unit per litre of Diesel Oil	3.44	Nil
Cost per Unit	3.36	Nil
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Others	Nil	Nil

##### (ii) Consumption per Unit of Production :

Production of yarn (M.T.)	3866.79	3740.54
Electricity per M.T. of production	2.53	2.60