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Priyadarshini Thread Limited



Report  nction.com

THIRTEENTH ANNUAL REPORT

1996-97

BOARD OF DIRECTORS

Chairman : Sri D. Balasundaram

Vice Chairman : Sri G.B.K. Reddy

Directors : Sri C. Satyanarayana
 Sri V. Rama Krishna Rao
 Smt. Ananda Lekshmi Narayanan
 (IDBI Nominee)
 Sri K.L. Krishna
 (BIFR Nominee)
 Dr A. Jagadish Prasad
 Sri R. Mani Mohan
 (SBT Nominee)
 Sri N. Sujith Kumar Reddy

Managing Director : Sri N. Radhakrishna Reddy

Auditors : M/s. P. Srinivasan & Co.,
 Chartered Accountants,
 Hyderabad - 500 001.

Bankers : State Bank of Travancore

Regd. Office : 6-3-901, Shantiniketan,
 Rajbhavan Road,
 Somajiguda,
 Hyderabad - 500 082.

Factory : Chandapur,
 Narsapur Taluk,
 Medak Dt.
 Andhra Pradesh.

THROTHS LAUNTA HTVTE TREET

TP-0881



NOTICE TO SHARE HOLDERS

Notice is hereby given that the 13th Annual General Meeting of PRIYADARSHINI THREAD LTD., will be held on 27th November 1997 at 11.00 A.M. at JAYA GARDENS, 6-3-1106, Rajbhavan Road, Somajiguda, Hyderabad - 500 082 to transact the following business:

ORDINARY BUSINESS :

01. To receive, consider and adopt the profit and loss account for the year ended 31st March '97 and Balance sheet as on that date and the Reports of Directors and Auditors thereon.
02. To appoint a Director in place of Sri D. Balasundaram, who retires by rotation and being eligible, offers himself for reappointment.
03. To appoint a Director in place of Sri V. Ramakrishna Rao. Who retires by rotation and being eligible offers himself for reappointment.
04. To Appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED that subject to the approval of the Central Government and such other authorities and pursuant to section 198, 269, 309 and other applicable provisions if any of the companies Act, 1956 the consent of the Company be and is hereby accorded for reappointment of Sri N. Radhakrishna Reddy, Managing Director, whose term of office expires on 28th September, 1997 for a further period of 5 years from 29th September, 1997 to 28th September, 2002 at the following remuneration.

- | | | |
|--------------------------|---|---|
| 1. Period of Appointment | : | Five years from 29-9-1997 to 28-9-2002 |
| 2. Remuneration | : | |
| a) Salary | : | Rs 8,000/- per month |
| b) Perquisites | : | Perquisites restricted to an amount equal to the annual salary or Rs 65,000/- per annum whichever is less. Perquisites are classified into three categories viz., A, B, & C as follows: |

CATEGORY 'A'

- i) **Housing** : The expenditure incurred by the Company on hiring unfurnished accomodation for the Managing Director shall be subject to 50% of salary over and above 10% payable by the Managing Director. In case no accomodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to ceiling of 50% of the Salary. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be evaluated as per Income Tax Rules, 1962 and shall be subject to ceiling of 10% of Salary.
- ii) **Medical Reimbursement** : Expenses incurred for the Managing Director and his family subject to a ceiling of one month salary in a year or three month's salary once in a period of three years.
- iii) **Leave Travel Concession** : For the Managing Director and his family subject to once in a year incurred in accordance with rules of the company.
- iv) **Club Fees** : Fees for clubs subject to a maximum of two clubs. This will not include admission and life member ship fees.



Priyadarshini Thread Limited

- v) **Personal Accident Insurance:** Actual premium not to exceed Rs. 1,000/- per annum.

CATEGORY 'B'

- i) Company's contribution to Provident Fund, Superannuation fund of annuity fund as per the rules of the Company. These shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
- ii) Gratuity payable shall not exceed half month's salary for each completed year of service subject to a ceiling of Rs 75,000/-.

CATEGORY 'C'

- i) Provisions of car for use on company's business and telephone at residence for business purpose of the company will not be considered as perquisites.

Personal long distance calls on telephones and use of car for private purpose shall be billed by the company to the Managing Director.

"FURTHER RESOLVED that in pursuance of the provisions of Section 198(4) of Companies Act, 1956, the above may be paid as the minimum remuneration to Sri N. Radhakrishna Reddy Managing Director in the event of loss or inadequacy of profits in any year.

By order of the Board
for **PRIYADARSHINI THREAD LTD.**

Place : Hyderabad
Date : 15-10-97

G.B.K. REDDY
DIRECTOR

NOTES :

1. Explanatory note pursuant to Section 173(2) of the Company's Act, 1956 is enclosed to this Notice and forms part of this Notice.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy instead of himself/herself and such proxy need not be a member of the Company. The instrument of the proxy shall, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16-11-1997 to 27-11-1997 (both days inclusive).

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

ITEM NO 5:

The present term of Sri N Radhakrishna Reddy, as Managing Director expires by 28-9-97 as per the Central Government letter no. 4/435/92 - CL IX dated 23-4-1993. The proposal is for the approval of the share holders for reappointment of Sri N. Radhakrishna Reddy as Managing Director for a further period of 5 years with effect from 29th September, 1997 on the terms and condition set out in the resolution. None of the Directors except Sri N Radhakrishna Reddy and Sri N Sujith Kumar Reddy being his son are concerned or interested in the resolution.

for **PRIYADARSHINI THREAD LTD.**

Place : Hyderabad
Date : 15-10-97

G.B.K. REDDY
DIRECTOR



Priyadarshini Thread Limited

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the Annual Report and the audited accounts for the financial year ended 31st March, 1997.

THE WORKING RESULTS OF THE COMPANY ARE :

	(Rs. in lakhs)	
	Year ended 31-03-1997	Year ended 31-03-1996
a) FINANCIAL :		
Sales & Other Income	1529.26	1665.72
Profit before Interest and Depreciation		
Depreciation	41.76	55.98
Interest & Finance Charges	79.58	152.12
Profit / (Loss) after Interest but before depreciation	(37.82)	(96.14)
Depreciation	(42.83)	40.27
Profit / (Loss) for the year	(80.65)	(136.41)
Prior period adjustment	0.70	(30.70)
Interest on Term Loans		
Written back to Profit & Loss A/c	327.13	---
Net Profit /(Loss)	247.18	(167.11)
b) OPERATIONS :		
Production (in Kgs)	7,47,381	8,06,107
Sales (in Kgs)	7,29,545	8,11,000

REVIEW OF OPERATIONS :

During the year under review the production was less than the Previous Year by 58.73 MT. It was due to the fact that the company could not procure the raw material with required technical specification in time. The company has sustained a loss of Rs 80.65 lakhs as against loss of Rs 136.41 lakhs during the previous year.

Your Directors thought it fit to go in for One Time Settlement with the Institutions as the Company is incurring losses continuously since beginning barring two years which is negligible. The BIFR vide their letter dated 09-09-1997 have communicated a modified Rehabilitation Scheme as per which 75% of Funded Interest and Interest outstanding and un-paid up to 30-09-1996 were waived. The Company could get the benefit of Rs. 327.13 lakhs due to waiver by the BIFR. The crystallised amount of dues as per the One Time Settlement works out to Rs. 355.51 lakhs of which 50% has to be paid immediately and the balance in four quarterly instalments carrying an interest @ 16.5% per annum. A sum of Rs 100 lakhs was already deposited with the IDBI as against the immediate payment.

MARKETING :

Presently the Thread manufacturing Companies are facing severe competition from small winders, as they are exempted from Central Excise Duty and they need not incur any over-head expenditure as in the case of organised sector. However, your Company's



Priyadarshini Thread Limited

product is well accepted in the market due to good quality being maintained and it could also increase the sale price marginally. Polyester thread usage is increasing in the thread market. Therefore, it is proposed to increase the production of Polyester thread. Your Directors are contemplating various ways and means to improve the sales of the Company.

DIRECTORS :

Sri D. Balasundaram and Sri V. Ramakrishna Rao retire by rotation and being eligible offer themselves for reappointment.

The term of Sri N. Radhakrishna Reddy as Managing Director expires by 28-09-1997 and the Board has re-appointed him as Managing Director of the Company for a further period of 5 years, subject to approval of the Members at the ensuing Annual General Meeting and the Central Government.

AUDITORS :

M/s. P. Srinivasan & co., Chartered Accountants the Company's Auditors retire at the Conclusion of this Annual General Meeting. They have expressed their willingness to accept reappointment.

FIXED DEPOSITS :

The Company has not invited any deposits from the public in terms of section 58 (A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO.

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 with respect to these matters is given in Annexure - I and form part of this report.

PARTICULARS OF EMPLOYEES :

Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956 during the year under report is as per Annexure II.

The Employee relationships continued to be cordial during the year.

ACKNOWLEDGMENTS :

We take this opportunity to express our deep sense of gratitude to Financial Institutions, Banks, Central and State Government Departments and local authorities for their continued guidance and support.

At this point we would like to place on record our sincere appreciation of the total commitment, dedication and hard work put in by every member of the Priyadarshini Thread Limited.

And to you, we are ever grateful for the confidence and faith reposed in the Company.

For and on behalf of the Board

N. RADHAKRISHNA REDDY
MANAGING DIRECTOR

Place : Hyderabad
Date : 15-10-1997

G.B.K. REDDY
DIRECTOR



Priyadarshini Thread Limited

ANNEXURE I

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

A. Conservation of Energy :

- a) Energy conservation measures taken
 - i. We have installed power capacitors to improve the power factor.
 - ii. Lighting load is reduced by providing more natural light.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
 - i. Energy losses due to steam leakage etc., are being minimised.
 - ii. Thermal losses are being reduced by providing better insulation.
 - iii. Improvement of boiler efficiency.
- c) Impacts of the measures at (a) and (b) above for reduction of energy consumption and subsequent impact on the cost of production of goods are shown in item (B) of Form 'A'
- d) Total energy consumption per unit of production is as under :

FORM 'A'

Current Year 1996 - 97	Previous Year 1995-96
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A. POWER AND FUEL CONSUMPTION:

1. Electricity.

a. Purchased Units	15.71 lakhs	15.72 lakhs
Total Amount (Rs.)	48.02 lakhs	40.24 lakhs
Rate/Unit (Rs.)	3.06	2.56
b. Own Generation		
Through Diesel Generator sets (Units)	2.47 lakhs	4.47 lakhs
(Units/Ltr. of Diesel Oil	2.26 Ut/Ltr	2.64 Ut/Ltr
Cost / Unit (Rs.)	3.78/Unit	3.17/Unit
Through Steam Turbine / Gen. Units	—	—
Units/Ltr. of fuel Oil /	—	—
Gas	—	—
Cost/Unit	—	—

2. Coal (Specify quality and where used): Average CV 3000 Cal./Kg. and ash 30% average and used for burning to produce steam.

Quantity (Tonnes)	2107	2514
Total Cost (Rs.)	27.92 lakhs	31.40 lakhs
Average Rate (Rs.)	1325/MT	1249/MT