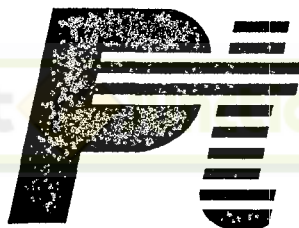


PRIYADARSHINI THREAD LIMITED

MD	✓	BKC	✓
CS	NA	OPY	NA
RO	✓		NA
TRA	NA		✓
AGM	✓		✓
YE	✓		✓



FOURTEENTH ANNUAL REPORT 1997-98

BOARD OF DIRECTORS

Chairman	:	Sri D Balasundaram
Vice Chairman	:	Sri N Radhakrishna Reddy
Directors	:	Sri G B K Reddy Sri C Satyanarayana Sri V Ramakrishna Rao Smt Ananda Lekshmi Narayanan [IDBI Nominee] Sri K L Krishna [BIFR Nominee] Sri R Mani Mohan [SBT Nominee] Sri N Sujith Kumar Reddy
Whole Time Director	:	Sri D Sivayya
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



PRIYADARSHINI THREAD LIMITED

NOTICE TO SHARE HOLDERS

Notice is hereby given that the Fourteenth Annual General Meeting of the Company will be held on 29th December, 1998 at 11.00 AM 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'98 and Balance Sheet as on that date and the Report of Directors and Auditors thereon.
02. To appoint a Director in place of Sri C.Satyanarayana, who retires by rotation and being eligible, offers himself for reappointment.
03. To appoint a Director in place of Sri G.B.K.Reddy, who retires by rotation and being eligible offers himself for reappointment.
04. To appoint a Director in place of Sri N Sujith Kumar Reddy, who retires by rotation and being eligible offers himself for reappointment.
05. To Appoint Auditors and to fix their Remuneration.

SPECIAL BUSINESS :

06. To consider and if thought fit to pass, with or without modification/s, 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 appointment of Sri D Sivayya, as Whole Time Director, for a period of 5 years w.e.f., 23rd March, 1998 to 22nd March, 2003 on the following remuneration :

1. Period of Appointment : Five years from 23-03-1998 to 22-03-2003
2. Remuneration
 - a) Salary : Rs 19,000/-per month
 - b) Perquisites : Perquisites restricted to an amount equal to the annual salary or Rs 72,000/- per annum whichever is less. Perquisites are classified into two categories viz., A & B as follows:

CATEGORY 'A'

- i) House Rent Allowance of Rs 4000/- per month.
- ii) **Medical Reimbursement** : Expenses incurred for self and his family subject to a ceiling of Rs 10,000/- per year.
- iii) **Leave Travel Concession** : For self and family subject to a maximum of Rs 13,000/- once in a year incurred in accordance with rules of the company.



PRIYADARSHINI THREAD LIMITED

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

CATEGORY 'B'

- 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 Whole Time Director.

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

By order of the Board
for **PRIYADARSHINITHREAD LIMITED**

N. RADHAKRISHNA REDDY
VICE CHAIRMAN

Place : HYDERABAD

Date : 31-10-1998

NOTES :

1. Explanatory note pursuant to Section 173(2) of the Companies 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 26-12-1998 to 29-12-1998 (both days inclusive).

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

ITEM No 6:

The proposal is for the approval of the shareholders for appointment of Shri D Sivayya as Whole Time Director for a period of 5 years with effect from 23rd March, 1998 on the terms and condition set out in the resolution.

None of the Directors except Sri D Sivayya is interested in the resolution.

for **PRIYADARSHINITHREAD LIMITED**

N. RADHAKRISHNA REDDY
VICE CHAIRMAN

Place : HYDERABAD

Date : 31-10-1998



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, 1998.

THE WORKING RESULTS OF THE COMPANY ARE :

	(Rs.in lakhs)	
	Year ended 31.03.1998	Year ended 31.03.1997
a) FINANCIAL:		
Sales & Other Income	1396.56	1529.26
Profit before Interest and Depreciation	(122.41)	41.76
Interest & Finance Charges	99.90	79.58
Profit/(Loss) after Interest but before depreciation	(222.31)	(37.82)
Depreciation	46.89	42.83
Profit/(Loss) for the year	(269.20)	(80.65)
Prior period adjustment	0.15	0.70
Interest on Term Loans		
Written back to Profit & Loss A/c	—	327.13
Net Profit/(Loss)	(269.05)	247.18
b) OPERATIONS:		
Production (in Kgs)	6,99,716	7,47,381
Sales (in Kgs)	6,76,612	7,29,545

REVIEW OF OPERATIONS

During the year under review, production was less than the previous year by 47.66 MT, mainly due to Working Capital shortage as well as non-availability of yarn as per our specifications. Consequently, sales were lower than the previous year. The Company has sustained a loss of Rs 269.20 lakhs as against a loss of Rs 80.65 lakhs during the previous year.

MARKETING:

As reported in the previous year, the un-organised sector manufacturing and selling sewing thread continues to be outside Central Excise net offering severe competition to organised sector. While realisations are also not remunerative, input costs have gone up steeply resulting in higher losses per sale unit. In spite of such a position, we are able to market because of good quality of our products.

DIRECTORS :

Sri C.Satyanarayana, who retires by rotation and being eligible, offers himself for reappointment.



PRIYADARSHINI THREAD LIMITED

Sri G.B.K.Reddy, who retires by rotation and being eligible offers himself for reappointment.

Sri N Sujith Kumar Reddy, who retires by rotation and being eligible offers himself for reappointment.

Sri G B K Reddy retired as Executive Vice Chairman of the Company with effect from 06-02-1998.

Sri N Radhakrishna Reddy, Managing Director of the Company resigned with effect from 23-03-1998 and has been appointed as Vice Chairman of the Company.

Sri D Sivayya has been appointed as a Whole-time Director with effect from 23-03-1998 as per the terms and conditions of appointment.

AUDITORS :

M/s.P.Srinivasan & Co., Chartered Accountants, the Company's Auditors, retire at the conclusion of this Annual General Meeting. They are eligible for reappointment.

FIXED DEPOSITS :

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

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

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 the Annexure II.

The Employee relationship continued to be cordial during the year.

ACKNOWLEDGEMENTS :

The Directors take this opportunity to express their 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, the Directors would like to place on record their sincere appreciation of the total commitment, dedication and hard work put in by every employee of Priyadarshini Thread Limited.

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

For and on behalf of the Board

Place : HYDERABAD

N. RADHAKRISHNA REDDY

D. SIVAYYA

Date : 31-10-1998

VICE CHAIRMAN

DIRECTOR OPERATIONS

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 1997-98	Previous Year 1996-97
A. POWER AND FUEL CONSUMPTION :		
1. Electricity.		
a. Purchased Units	13.71 lakhs	15.71 lakhs
Total Amount (Rs.)	47.07 lakhs	48.02 lakhs
Rate/Unit (Rs.)	3.43	3.06
b. Own Generation		
Through Diesel Generator sets (Units)	1.47 lakhs	2.47 lakhs
(Units/Lr. of Diesel Oil	2.18 Ut/Ltr	2.26 Ut/Ltr
Cost/Unit (Rs.)	4.49/Unit	3.78/Unit
Through Steam Turbine/ Gen. Units	—	—
Units/Ltr. of fuel Oil/ Gas	—	—
Cost/Unit	—	—
2. Coal (Specify quantity and where used): Average CV 3000 Cal/Kg. and ash 30% average and used for burning to produce steam.		
Quantity (Tonnes)	2488	2107
Total Cost (Rs.)	59.10 lakhs	37.40 lakhs
Average Rate (Rs.)	2375.00MT	1775/MT