

22nd
ANNUAL REPORT
2004



ADDI INDUSTRIES LIMITED

BOARD OF DIRECTORS	:	Shri C. L. Jain	-	Chairman & Managing Director
	:	Shri R. K. Khanna		
	:	Dr. B. K. Behera		
	:	Shri V. B. Aggarwal		
	:	Shri Hari Bansal	-	Whole-time Director
	:	Shri S. C. Singhal	-	Whole-time Director
DIRECTOR (FINANCE) & COMPANY SECRETARY	:	Shri S. C. Singhal		
BANKERS	:	Punjab National Bank		
AUDITORS	:	M/s. S. R. Dinodia & Co. Chartered Accountants K-39 Connaught Circus New Delhi-110 001		
CORPORATE OFFICE	:	A-106, Sector IV Noida - 201 301 (U.P.)		
REGISTERED OFFICE	:	A-34, Industrial Area Sikandrabad - 203 205 (U.P.)		
WORKS	:	A-105, 106, Sector IV Noida - 201 301 (U.P.)	:	B-1, 2, 3, Hosiery Complex Phase-II, Noida (U.P.)
		C-227, Industrial Area-I Bulandshahr Road Ghaziabad (U.P.)	:	

Request to Members

1. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are **requested** kindly to bring their copies to the meeting.
2. Members/Proxy holders are requested to bring the Attendance Slip duly filled in for attending the Meeting.



NOTICE

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of the Members of Addi Industries Ltd. will be held on Tuesday, the 24th day of August, 2004 at 9.30 A.M. at the Regd. Office of the Company at A-34, Industrial Area, Sikandrabad - 203205, Distt. Bulandshahr (U.P.), to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2004, Profit & Loss Account for the year ended on that date & the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2004.
3. To appoint a Director in place of Shri R.K. Khanna, who retires from office by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.C. Singhal, who retires from office by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the current year 2004-2005 & to fix their remuneration.

M/s. S.R. Dinodia & Co., Chartered Accountants, New Delhi, who hold office till the conclusion of this Annual General Meeting, being eligible, have furnished their consent and the requisite Certificate u/s 224(1-B) of the Companies Act, 1956.

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 Dr. B.K. Behera, who was appointed by the Board of Directors on 28th June, 2004, as an additional Director u/s 260 of the Companies Act, 1956 and holds Office upto the date of the ensuing Annual General Meeting and in respect of whom the Company has received a Notice from a Member signifying his intention to propose his candidature for the office of Director, be and is hereby appointed as a Director of the Company".

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

"RESOLVED THAT Shri V.B. Aggarwal, who was appointed by the Board of Directors on 28th June, 2004, as an additional Director u/s 260 of the Companies Act, 1956 and holds Office upto the date of the ensuing Annual General Meeting and in respect of whom the Company has received a Notice from a Member signifying his intention to propose his candidature for the office of Director, be and is hereby appointed as a Director of the Company".

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 the provisions of Section 293(1)(e) and any other applicable provisions of the Companies Act, 1956, the consent and approval of the Company be and is hereby accorded to the Board of Directors, to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts, in the financial year 2004-05, not exceeding the sum of Rs. 40 Lacs (Rs. Forty Lacs) or 10% of the average net profits of the Company as determined in accordance with the provisions of the Act *ibid*, whichever is greater"

Regd. Office:
A-34, Industrial Area,
Sikandrabad - 203 205 (U.P.)
Dated : June 28, 2004.

For & on behalf of the Board

S.C. Singhal
Director (Finance) & Secretary

**Notes:**

- (a) **A Member entitled to attend and vote is entitled to appoint a Proxy. The Proxy need not be a Member of the Company. Proxies in order to be effective must be lodged with the Company not less than 48 hours before the Meeting.**
- (b) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto and forms part of this Notice.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 18th August, 2004 to Tuesday, the 24th August, 2004 (both days inclusive).
- (d) The dividend, as recommended by the Board, if sanctioned at the Meeting, will be paid on or after the 24th August, 2004 to those Members whose names stand registered on the Company's Register of Members:
- (i) as Beneficial Owners as at the close of business hours on 17th August, 2004, as per the lists to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in Electronic form, &
 - (ii) as Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company in physical form on or before 17th August, 2004.
- (e) To avoid the incidence of fraudulent encashment of the warrants, Members are requested to intimate to the Company under the signature of the Sole/First Joint holder, the information relating to their Bank Account Number, and Name and address of the Bank/ Branch, type of Account (Savings/ Current), so that the same can be printed on the Dividend Warrant.
- (f) **SUB-DIVISION/ SPLITTING-UP :** Pursuant to Members' approval at their Extra-ordinary General Meeting held on 24th February, 2004, the Equity Shares of Rs. 10 each fully paid-up Share of the Company has been sub-divided/ splitted-up into 2 new Equity Shares of Rs. 5 each fully paid-up. Consequently those Shareholders who have got their Shares dematerialised have been afforded credit @ twice the no. of their earlier Shareholding, by NSDL/ CDSL, on the Record Date of 15th April, 2004.

In respect of those Shareholders who are still holding the Shares in physical form and have surrendered their old Share Certificates of Rs. 10, new Share Certificates of Rs. 5 each fully paid-up have been dispatched.

All those Shareholders who have not yet surrendered their old Share Certificates of Rs. 10 are requested to please send the same to the Corporate Office of the Company for exchange with the new Share Certificates of Rs. 5 each fully paid-up.

- (g) (i) Apropos Members approval at the last Annual General Meeting held on 23rd September, 2003, the Equity Shares of the Company have been delisted from the Delhi Stock Exchange Association Ltd. (w.e.f. 23.1.2004) and the Ludhiana Stock Exchange Association Ltd. (w.e.f. 27.2.2004).
- (ii) The Company's Equity Shares continue to remain listed on the Mumbai Stock Exchange, and the listing fees have been duly paid.



- (h) **DEMATERIALISATION** : The Equity Shares of the Company are dematerialised and the trading has to be compulsorily in demat mode. Those Shareholders who have not yet got their equity shares dematerialised may approach the Depository Participant with whom they are maintaining account, for getting their Shares dematerialised.
- (i) Dividend @ 10% i.e. Re 1 per Equity Share was declared for the year 2002-03. Those Shareholders who have not yet got their Dividend Warrants encashed are requested to send the same to the Corporate Office of the Company for re-validation.
- (j) **NOMINATION** : Pursuant to the new Section 109A inserted in the Companies Act, 1956 individual Shareholders holding Shares of the Company singly or jointly may nominate an individual to whom all the rights in the Shares of the Company shall vest in the event of death of the sole/all joint Shareholders.
- (k) **REGISTRAR & TRANSFER AGENTS** : The Company has appointed **M/s. Beetal Financial & Computer Services (P) Ltd., 321-S, Chirag Delhi (Near Shahid Bhagat Singh College), New Delhi – 110 017, as its Registrar & Transfer Agents.** Shareholders may write to them also directly, or communicate with the Company at its Corporate Office, as they may like.
- (l) Pursuant to the recommendation of SEBI Committee on Corporate Governance for reappointment/ appointment of Directors, particulars of the concerned Directors retiring by rotation & seeking re-appointment, and those being appointed as Directors for the first time, are annexed.

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

Item No. 6:

Shri Harihar Lal, Director & one of the distinguished Members of the Board, ceased to be Director on account of his sad demise on 21st June, 2004. Dr. P.K. Hari has also expressed his desire to be relinquished from, and have resigned from the Directorship of the Company on account of his other pre-occupations. The Board has accepted his resignation at their Meeting held on 28th June, 2004.

In order to broad-base the Board with the induction of technically qualified professionals from the trade & industry, the Board, at their Meeting held on 28th June, 2004, co-opted Dr. B.K. Behera as an additional Director, u/s 260 of the Companies Act, 1956, to hold Office upto the date of the ensuing Annual General Meeting of the Company.

Dr. B.K. Behera is a professional technocrat, presently as an Associate Professor, Dept. of Textile Technology, IIT, Delhi, having around 20 years outstanding experience and expertise in weaving and testing of textile material, & garment technology. Dr. B.K. Behera is well qualified, B. Tech/ M. Tech & Ph. D. (1989) IIT Delhi, & has a number of publications and research papers to his credit.

The Board of Directors feel that the continued association of Dr. B.K. Behera as a Director on the Board of Directors of the Company will be advantageous and highly beneficial to the Company. The Company has received a Notice from a Member signifying his intention to propose his candidature for the Office of Director of the Company.

The Board commends the resolution for the appointment of Dr. B.K. Behera as a Director of the Company, for Members' consideration & approval.

Except Dr. B.K. Behera himself, none of the other Director/s is, in any way, directly or indirectly, concerned or interested in the resolution.

**Item No. 7:**

The Board, at their Meeting held on 28th June, 2004, also co-opted Shri V.B. Aggarwal as an additional Director, u/s 260 of the Companies Act, 1956, to hold Office upto the date of the ensuing Annual General Meeting of the Company.

Shri V.B. Aggarwal served in the Indian Air Force since 1961 as a Commissioned Officer 1st Class and retired as Wg. Commander, after serving the IAF for more than two decades in Finance, Audit & other capacities. He is a qualified Cost Accountant (FICWA) & Company Secretary (ACS), in practice in the field of Finance, Accounts, Cost Accounts, Audit & Management, since the last about 15 years.

Keeping in view his expertise in financial & other matters, the Board of Directors feel it prudent that the continued association of Shri V.B. Aggarwal as a Director will be of immense help & benefit to the Company. The Company has received a Notice from a Member signifying his intention to propose his candidature for the Office of Director of the Company.

The Board commends the resolution for the appointment of Shri V.B. Aggarwal as a Director of the Company, for Members' consideration & approval.

Except Shri V.B. Aggarwal himself, none of the other Director/s is, in any way, directly or indirectly, concerned or interested in the resolution.

Item No. 8:

The Board of Directors feel it expedient, in keeping with the modern day trend, to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees.

Section 293(1)(e) of the Companies Act, 1956, stipulates that the Board of Directors shall not, except with the consent of the Company in General Meeting, contribute to such funds, amount/s in excess of Rs. 50000 or 5% of the average net profits of the Company, whichever is greater. The Board proposes to contribute to such charitable and other funds, amount/s, in the financial year 2004-05, not exceeding Rs. 40 Lacs or 10% of the average net profits as determined in accordance with the provisions of the Companies Act, 1956, whichever is greater, for which the consent of the Members is being sought for. Being a charitable and noble cause, the Board of Directors commend the resolution for consideration and approval of the Members.

None of the Director/s is, in any way, directly or indirectly, concerned or interested in the resolution.

Regd. Office:
A-34, Industrial Area,
Sikandrabad – 203 205 (U.P.)
Dated : June 28, 2004.

For & on behalf of the Board

S.C. Singhal
Director (Finance) & Secretary



DIRECTORS' REPORT

Dear Members

The Directors of your Company have pleasure in presenting the Twenty-Second Annual Report & the Audited Accounts for the year ended on 31st March, 2004.

Financial Results

	2003-2004 (Rs. in Lacs)	2002-2003 (Rs. in Lacs)
Turnover & other Income (incl. Exports)	5348.94 (4562.08)	8926.96 (7943.24)
Gross Profit before interest & depreciation	623.94	867.20
Less: Interest	45.88	64.20
Depreciation	314.25	334.53
Net Profit before Tax	263.81	468.47
Less : Provision for Taxation	56.00	11.50
Less : Adj. for prior period exp.	0.42	1.70
Add : Adj. for deferred tax	7.86	85.31
Net Profit after tax	215.25	540.58
Balance b/f from previous year	1343.30	917.51
Surplus available for Appropriation	1558.55	1458.09
Appropriations :		
Dividend	53.98	53.98
Tax on Dividend	6.91	6.75
Transfer to General Reserve	54.00	54.06
Balance transferred to Balance Sheet	1443.66	1343.30
	1558.55	1458.09

Operations

The performance during the financial year 2003-04 has been quite low as compared to the previous financial year 2002-03, on account of, inter-alia, the growing complexities of the international market and the national & international scenario. Stiff competition & the changing environment in the international market is also one of the deterrent factor. The Foreign Buyers are constantly & regularly making frequent inspections, and approve the Works after satisfying the capability of the Unit for not only the social compliances but also the latest modern technological improvements. In these respects, the excellent qualities of the Company's product, timely delivery schedules and the maintenance & upkeep of production facilities conforming to the international standards are the mainstay of the Company's operations. As a result of these factors, your Company is able to maintain business association with its foreign Buyers.

However the Company has to constantly upgrade its machinery and equipment, besides expansion and diversification of its plants, and its products. Latest and most modern plant & machinery have been & is being updated and being added from time to time, to keep abreast of and conform to international standards. To meet such eventualities and other activities, the Company has to conserve resources.



Dividend

Your Directors recommend a dividend of 10% i.e. Rs. 0.50 per Share of Rs. 5 for the year ended 31st March, 2004.

The pay - out ratio (total dividend as % of profit after tax for the year 2003-04) is 25.08% (previous year 2002-03 – 9.98%).

Technology upgradation, modernisation-cum-diversification

Further capital expenditure of Rs. 135.96 Lacs has been incurred during the year under report, as against Rs. 211.69 Lacs incurred in the preceding year. The Company is constantly updating its existing plant & equipment and making additions of most modern and high technology machinery, which is essential for improvement in the quality of the products and for achieving operational efficiency, lower costs & improving profitability.

Future Prospects

During the 2½ months period from 1st April, 2004 to 15th June, 2004, the Company has achieved turnover of Rs. 1341.06 Lacs, as compared to the turnover of Rs. 934.20 Lacs in the corresponding period of the last year. The present quota system is likely to be abolished from 1st January, 2005. The Company is hopeful of achieving better performance and improved profitability during the current year 2004-05.

The Company has also entered the domestic market with the opening of three retail outlets, which started functioning from 12th March, 2004. The Company plans to add new & diversified product lines in the domestic market.

Finances

Your Company continues to have the support of its Bankers, Punjab National Bank, for the working capital requirements commensurate with its business activities.

Changes in Capital Structure

The Company sub-divided/ splitted-up its Equity Shares of Rs. 10 each fully paid-up Share into 2 new Equity Shares of Rs. 5 each fully paid-up, pursuant to Members' approval at their extra-ordinary general meeting held on 24th February, 2004.

Deposits

The Company has neither invited nor accepted any deposits from the Public within the meaning of the Companies (Acceptance of Deposits), Rules, 1975 during the year under report.

Listing at the Stock Exchange/s.

Pursuant to the delisting applications of the Company, the Stock Exchanges at Delhi & Ludhiana have delisted the Equity Shares of the Company effective from 23rd January, 2004 & 27th February, 2004, respectively.

The Equity Shares of the Company continue to be listed on The Stock Exchange, Mumbai. The annual listing fee for the year 2004-05 has been paid to the said Stock Exchange.



Directors

Shri Harihar Lal ceased to be a Director of the Company on account of his sad demise on 21st June, 2004. Dr. P.K. Hari has also expressed his unwillingness to continue, & resigned from the directorship of the Company on account of his other pre-occupations. The Board places on record their deepest appreciation for the suggestions, valuable advice and matured guidance received from Shri Harihar Lal & Dr. P. K. Hari during their tenure as Director/s of the Company.

Dr. B.K. Behera was appointed as an additional Director of the Company effective 28th June, 2004 & holds Office upto the ensuing Annual General Meeting. The Company has received a notice alongwith the requisite fee from a Member u/s 257 of the Companies Act, 1956, proposing the candidature of Dr. Behera as a Director of the Company.

Shri V.B. Aggarwal was appointed as an additional Director of the Company effective 28th June, 2004 & holds Office upto the ensuing Annual General Meeting. The Company has received a notice alongwith the requisite fee from a Member u/s 257 of the Companies Act, 1956, proposing the candidature of Shri V.B. Aggarwal as a Director of the Company.

Shri R.K. Khanna & Shri S.C. Singhal retire by rotation as Directors at the ensuing Annual General Meeting and are eligible for re-appointment.

Auditors

M/s. S.R. Dinodia & Company, Chartered Accountants, New Delhi, retire and being eligible, offer themselves for re-appointment as Auditors of the Company for the current year 2004-05, to hold office till the conclusion of the next Annual General Meeting. The Company has received the consent and the requisite Certificate u/s 224(1-B) of the Companies Act, 1956, from them.

Corporate Governance

The Management Discussion & Analysis Report and the Report on Corporate Governance, alongwith the Certificate from the Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange is given in the Annexure, forming part of this Report.

Directors' Responsibility Statement

As required u/s 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors hereby confirm that as stated by the Auditors:

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the accounting policies have been selected and applied consistently and judgements and estimates have been reasonably and prudently made when required so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting any fraud or other irregularities; and
- iv) the annual accounts for the financial year have been prepared on a going concern basis.



Particulars of Employees

The particulars of the employees required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, are set out in the Annexure and forms part of the Directors' Report.

Energy Conservation, Technology Absorption and Foreign Exchange earnings & outgo

The relevant information & data required to be disclosed u/s 217 (1)(e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure and forms part of this Report.

Acknowledgements

The Directors acknowledge with gratitude the continued support, assistance and co-operation received from the Govt. & its various agencies, Bankers, Customers, Suppliers, Vendors and Shareholders during the year under report. Industrial relations continue to be cordial. The Directors place on record their deep appreciation for the commitment & dedication of the Employees at all levels of the Company.

For and on behalf of the Board of Directors

Place : New Delhi

Dated : June 28, 2004

C.L. Jain

Chairman & Mg. Director

ANNEXURE TO & FORMING PART OF DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004.

Name	Age (Yrs.)	Qualifi- cations	Designation	Date of Apptt.	Experi- ence(Yrs).	Gross Remn.(Rs.)	Last Employ- ment held	Duration (Years)
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EMPLOYED THROUGHOUT THE FINANCIAL YEAR UNDER REVIEW AND WERE IN RECEIPT OF REMUNERATION FOR THE FINANCIAL YEAR IN THE AGGREGATE OF NOT LESS THAN RS. 24,00,000 P.A.

Shri C.L. Jain	59	B.Com.	Chairman & Mg. Director	1.9.1985	39	27,00,000	Own Business	21
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EMPLOYED FOR PART OF THE FINANCIAL YEAR UNDER REVIEW AND WERE IN RECEIPT OF REMUNERATION AT THE RATE OF NOT LESS THAN RS. 2,00,000 PER MONTH.

- NIL -

- Notes : a) The terms of appointment are contractual in nature.
 b) Remuneration includes salary, commission, rent paid & perquisites.
 c) Shri C.L. Jain is related to Shri Hari Bansal, Director, & Smt. Urmila Jain, ex-Director and now General Manager of the Company.

ANNEXURE TO & FORMING PART OF DIRECTORS' REPORT

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & outgo

Conservation of Energy

The Company has been regularly monitoring the process of energy conservation through improved operational and maintenance activities. Various measures namely maximum use of natural day light, arresting leakages of air and steam and proper insulation for preventing loss of heat etc. have been implemented, to minimise losses. These measures have and are resulting in cost savings for the Company.