

24th

Annual Report 2004

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ADINATH TEXTILES LIMITED

ADINATH TEXTILES LIMITED**24th Annual Report****BOARD OF DIRECTORS**

Sh. Rajneesh Oswal	Executive Director
Sh. Raman Marwaha	Director
Sh. R.P. Gupta	Director
Sh. S.K. Sekhri	Director

Sr. MANAGER ACCOUNTS

Sh. Sharad Srivastava

BANKERS :

- | | |
|-------------------|--------------------------|
| 1. INDIAN BANK | 2. STATE BANK OF PATIALA |
| 3. ALLAHABAD BANK | 4. STATE BANK OF INDIA |

AUDITORS :

M/s. Dass Khanna & Co.

Chartered Accountants

Ludhiana.

REGISTERED OFFICE & WORKS

Village Bholapur, P.O. Sahabana
Chandigarh Road, Ludhiana - 141 123

BRANCHES :

- 4-J & E, Gopala Tower,
25, Rajindra Place
New Delhi - 110 008.
- 302, Raheja Chambers,
Nariman Point,
Mumbai - 400 021.

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Registrar & Transfer Agent

Skyline Financial Services (P) Ltd.
123, Vinoba Puri, Lajpat Nagar
New Delhi - 110 024

ADINATH TEXTILES LIMITED**24th Annual Report**

Notice is hereby given that the 24th Annual General Meeting of the members of the Company will be held on Thursday, the 30th day of September 2004 at 11.00 A.M. at the Registered Office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana to transact the following business.

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and Profit and 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 Sh. Raman Marwaha, who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

4. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), IF ANY, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION.

RESOLVED THAT Sh. S.K. Sekhri, who is appointed as an Additional Director u/s 260 of the Companies Act, 1956 by the Board of Directors and who holds office upto the date of forthcoming Annual General Meeting, and in respect of whom the company has received a notice in writing from a member of the company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation in terms of Articles of Association of the company.

By order of the Board
For Adinath Textiles Limited

Sd/-

Place : Ludhiana
Dated : 29th June, 2004

Rajneesh Oswal
(Executive Director)

DETAILS OF THE DIRECTORS RETIRING BY ROTATION AND SEEKING APPOINTMENT (AS PER CLASE 49 OF THE COMPANIES ACT, 1956

Sh. Raman Marwaha is a Fellow member of the Institute of Chartered Accountants of India. He has an experience of more than two decades to his credit in the field of Accounts and Finance. Mr. Raman Marwaha was first appointed as additional director of the company on 31.01.2001 and thereafter was appointed as director liable to retire by rotation. Mr. Raman Marwaha is the Chairman of Audit Committee and member of share transfer cum Inventor Grievance Committee of the Board.

Sh. S.K. Sekhri is a fellow Member of the Institute of Chartered Accountants of India. He has an experience of more than three decades to his credit in the field of Finance and Internal Control. Mr. S.K. Sekhri is appointed as additional director of the company on 29.06.2004. He is on the Board of several companies.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE ITEM NO. 4 OF SPECIAL BUSINESS.

FOR ITEM NO. 4

Sh. S.K. Sekhri, is appointed as an additional director by the Board at its meeting held on 29.06.2004 and

hold office up to the date of forthcoming Annual General Meeting.

The Company has received notice from a member under section 257 of the Companies Act, 1956 alongwith deposit of Rs. 500/- proposing the candidature of Sh. S.K. Sekhri as a director of the company. Your directors recommends his appointment as director of the Company.

NOTICE OF INTREST

None of the directors is in any way, is intrested in the prosed resouction expect Sh. S.K. Sekhri.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business as set out above, is annexed hereto and forms part of this notice.

3. The Register of Members and Share Transfer books of the Company shall remain closed from Saturday, the 25th day of September, 2004 to Thursday the 30th day of September, 2004 (both days inclusive), for the purpose of AGM, for physical and Electronic, both segments.

4. Members/ proxies are requested to bring their copy of Annual Report to the Meeting.

5. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to address their question in writing to the Company so as to reach the Registered office of the company at least 10 days before the date of the meeting so that information required may be made available at the time of the meeting.

6. Members are requested to :

(i) Quote their folio number/Client ID & DP-ID in all correspondence with the company.

(ii) Notify immediately to the company any change in their address/ mandate, if any.

7. SHARES OF THE COMPANY ARE AVAILABLE FOR DE-MATERIALISATION UNDER ISIN - INE207C01019. MEMBERS WHO HAVE NOT OPTED FOR DE-MATERIALISATION ARE REQUESTED TO DO SO IN THEIR OWN INTEREST.

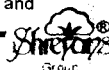
Shareholders/ Proxy Holders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission to the Meeting Hall.

Please note that the meeting is for members or their proxies only. Please avoid accompanied by non-members and children.

By order of the Board
For Adinath Textiles Limited
Sd/-

Place : Ludhiana
Dated : 29th June, 2004

Rajneesh Oswal
(Executive Director)



ADINATH TEXTILES LIMITED**24th Annual Report****DIRECTORS' REPORT**

Your Directors presents their 24th Annual Report for the year ended March, 2004, as under.

FINANCIAL RESULTS

	2003-2004	2002-2003
Gross Sales	683.72	854.88
Profit/(Loss) before interest and depreciation	(115.07)	(343.15)
Less interest	2.08	15.73
Gross Profit/ (Loss)	(117.15)	(358.88)
Depreciation	42.35	51.51
Net Profit/(Loss) Before Tax	(159.39)	(410.38)
Provision for Taxation	-----	-----
Net Profit (Loss) after Tax	(159.39)	(410.38)

As stated in the last report the Company has approached the Board of Industrial and Financial Reconstruction (BIFR), seeking its directions for revival of the Company. BIFR has directed the special audit of Company. Report has been submitted to BIFR by the special auditor. Company has also submitted its comment on report of special audit. The matter is under consideration of the Hon'ble Board.

Company has approached to the Financial Institutions and Bankers for the one time settlement of outstanding and discussions are under progress.

DIVIDEND

Due to non availability of profit, your Directors are unable to recommend any dividend for the year under review.

DIRECTORS

Sh. S.K. Sekhri has been appointed as additional Director and holds office upto the date of Annual General Meeting. Sh Raman Marwaha is retiring by rotation and is eligible for re-appointment.

DEPOSITS

During the year under review the company has not accepted any deposits within the meaning of section 58A of the Companies Act, 1956 and the rules made thereunder.

AUDITORS

Auditors of the Company M/s. Dass Khanna & Company, Chartered Accountants Ludhiana, retire at the ensuing Annual General Meeting of the company are eligible for reappointment.

The notes on the accounts referred to in the Auditor's Report are self explanatory and, therefore, do not call for any further comments on the Auditors's Report under Section 217(3) of the Companies Act, 1956. During the year Mr. Atul Verma has resigned as Company Secretary of the Company. As required under Section 292A of the Companies Act, 1956 Company has constituted Audit Committee of the Board.

COST AUDITORS

M/s Ramanathan Iyer & Co., Cost Accountants, New Delhi, have been appointed as Cost Auditors for the year 2003-04, and they will submit their report to the Central Government in accordance with Section 209 of the Companies Act, 1956.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956**(A) Subsection (1)(e)**

(i) Conservation of Energy- All efforts are being made to conserve energy.

(ii) Technology Absorption- Nil.

(iii) Foreign Exchange Earnings and Outgo

Earnings: Nil Outgo: Rs. 19427/-

(B) Subsection 2A The Company has no employee in the category specified under Section 217 (2A) of the Company Act, 1956.

(C) Subsection 2AA

Your Directors state;

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed by the Company along with proper explanation relating to material departures;
2. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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 or loss of the company for that period;
3. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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4. that the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the dedicated work and co-operation extended by all the employees.

Your Directors also wish to record their gratitude to the shareholders, Bankers, Financial Institutions, Customers and Suppliers for their valuable support.

ON BEHALF OF THE BOARD
for ADINATH TEXTILES LIMITED

Sd/-
RAJNIEESH OSWAL
(Chairman)

Place : Ludhiana
Date : 29.06.2004

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ADINATH TEXTILES LIMITED**24th Annual Report****Company's Philosophy**

Corporate governance is the road map which guides and directs the Board of Directors of the company to govern the affairs of the company in a manner most beneficial to all the share holders, the credits, Government and the society at large.

Company's Corporate philosophy envisages complete transparency and adequate disclosure with ultimate aim of value creation for all players i.e. the stake holders, creditors, government, the depositors and the employees.

Board of Directors**(I) Composition :**

The Board of Directors of the Company comprises of One Executive Director, and three Independent and Non Executive Directors.

During the period under review four Board Meeting were held on April 30, 2003, July 31, 2003, October 31, 2003 and January 31, 2004.

Name of Director	Designation	Category	No. of Other Director-ship held	Membership of the Committee	No. of Board Meeting Attended	Attendance of last AGM
			Public			
Sh. Rajneesh Oswal	Executive Director	Executive Director & Promoter	1	2	4	Y
Sh. Raman Marwaha	Director	Non- Executive & Independent Director	Nil	2	4	Y
Sh. R.P. Gupta	Director	Non- Executive & Independent Director	1	2	4	Y
Sh. S.K. Sekhri	Director	Non- Executive & Independent Director	1	1	-	\$

\$ Appointed after the date of last AGM

Information placed before the Board

All information laid down in corporate governance code are being placed before the board in regular manner. Particulars of Directors being appointed at the Annual General Meeting and Director retiring by rotation and seeking reappointment have been given in the notice convening the 24th AGM and Explanatory Statement attached there to.

III) Committees of the Board

The Board of Directors have constituted the following committees with adequate delegation of powers to discharge affairs of the Company.

(i) Audit Committee

The Present Audit Committee comprises of the following three non-executive Directors.

Sh. Raman Marwaha : Chairman

Sh. S.K. Sekhri : Member

Sh. R.P. Gupta : Member

During the year under consideration (2003-2004) the Audit Committee Meetings were held on April 29, 2003, July, 30, 2003, October 31, 2003, and January 31, 2004.

(ii) Share/ NCD Transfer-cum-Investor Grievance Committee

The Share/ NCD Transfer Gum Investor Grievance Committee is headed by a non-Executive Director and consists of following Directors ;

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(1) Sh. R.P Gupta : Chairman

(2) Sh. Rajneesh Oswal : Member

(3) Sh. Raman Marwaha : Member

The Company has an investor base of over 23000 shareholders. During the year under review, the total no. of complaints received from them on various subjects was 117. All the Complaints were duly attended to and action has been taken within reasonable time.

There is no valid requests pending for share Transfer at end of the year.

DETAILS OF REMUNERATION PAID TO DIRECTORS

Name	Designation	Remuneration			
		Basic Salary	Provident Fund	Other Benefits	Total
Sh. Rajneesh Oswal	Executive Director	200000/-	24000/-	60986/-	284986/-

No Sitting fee was paid to the directors in the financial year 2003-04

(III) General Body Meetings

The last three Annual General Meetings were held as under :

Financial Year	Date of A.G.M	Time	Venue
2002 - 2003	September 30, 2003	11.00 .AM.	Regd. Office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road Ludhiana- 141123
2001 - 2002	September 10, 2002	11.30 .AM.	---Do---
2000 - 2001	June 11, 2001	11.30 .AM.	---Do---

There was no occasion to pass Special Resolutions through postal ballot on any of the matters as required under the rules for passing of resolution through postal ballot.

Further no such proposal is proposed to be placed for the shareholders. approval in the forthcoming Annual General Meeting.

(IV) Disclosures

There are no materially significant related party transactions i.e. transactions material in nature, with its promoters, the Directors or the Management or relatives etc. having potential conflict with the interests of the Company at large.

(V) Means of Communication

(a) The quarterly/ Half-Yearly/ Annual Audited Results of the Company are sent to the Stock Exchange immediately after they were approved by the Board of Director and Communicated to the investors through publication in News Papers.

(VI) General Share Holders Information

(a) As indicated in the Notice to the Annual General Meeting of the Company Will be held on Thursday the 30th day of September 2004 at 11.00 A.M. At Regd. Office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana 141123.

(b) Tentative calendar events for the financial year 2004-05 (April- March), is given below:

Un-Audited Quarterly Results	First Quarter	July, 2004
	Second Quarter	October, 2004
	Third Quarter	January, 2005
	Fourth Quarter	April, 2005

(c) Book Closure : From 25th September, 2004 to 30th September 2004 (both days inclusive)

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(d) Listing Details : The shares of the Company are listed on :

(I) The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana- 141001

(II) The Delhi Stock Exchange Association Limited, DSE House, Asaf Ali Road, New Delhi- 110002

(III) The Stock Exchange, Mumbai, Pheroze Jeejeebhoy Towers, 25th floor, Dalal street, Mumbai - 400001

(IV) The Calcutta Stock Exchange Association Limited.

(V) The Madras Stock Exchange Limited, Post Bag No. 183, 11 Second Line Beach, Chennai- 600001

(VI) The Ahmedabad Stock Exchange.

Company has made application for the voluntary delisting of equity shares of the company from stock exchanges at Ludhiana, Delhi, Chennai, Ahmedabad and Kolkata. Approval of Stock exchanges on the matter is still pending.

(e) Depositories for Equity Shares :

National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

ISIN NO. For the Companies Equity Shares : INE207C01019

(f) Registrar and Shares Transfer Agent :

The Company has appointed M/s Skyline Financial Services (P) Ltd. New Delhi as a Registrar and Transfer agent (RTA) and signed tripartite agreements to facilitate dematerialisation of shares.

Shares received for dematerialisation are confirmed within stipulated period from the date of receipt, if the documents are clear in all respects. Over 10% of the Equity Shares of the Company are in Dematerialised Form.

(g) The distribution of Company's shareholding is as follows :

CATEGORY		PHYSICAL FORM			D-MAT FORM		
No of Shares From To		No of Shares holders	No of Share held	Percentage of Share held	No of Shares holders	No of Share held	Percentage of Share held
1	500	20941	2656380	38.98215	1945	302578	4.4403016
501	1000	342	264230	3.877553	94	75705	1.110964
1001	2000	96	134720	1.977004	53	78310	1.149193
2001	3000	24	57400	0.84234	13	31825	0.467039
3001	4000	7	23950	0.351464	7	24350	0.357334
4001	5000	2	9150	0.134275	5	23050	0.338267
5001	10000	3	18600	0.272953	6	38695	0.567856
10001	above	14	2947220	43.25020	4	128187	1.881133
TOTAL		21429	6111650	89.68794	2127	702700	10.31206

ADINATH TEXTILES LIMITED**24th Annual Report****(h) Dematerialisation of Shares :**

(i) The Company's Shares are covered under the compulsory dematerialisation list and are transferable through the depository system.

(ii) **Transfer of Shares :** Shares received for physical transfer are generally registered within a period of thirty days from the date of receipt, if the documents are clear in all respects.

(i) **Market Price data :** The monthly high and low stock quotations at the Stock Exchange, Mumbai during the last financial year are not available.

(j) The Company has not issued any GDR's/ADR's and there are no warrants or any convertible warrants.

(k) Location of Plant :

Adinath Textiles Ltd., Vill. Bholapur, P.O. Shabana, Chandigarh Road, Ludhiana

(l) Address for Correspondence :

Adinath Textiles Ltd. Vill. Bholapur, P.O. Shabana, Chandigarh Road, Ludhiana (India) - 141123

Ph. (0161) 2685271, 2685272

Fax: 91-161-2685270

E-mail : adinath.lkh@smx.sril.in

Website : shreyans-group.com

AUDITORS REPORT ON CORPORATE GOVERNANCE

To
The Board of Directors
Adinath Textiles Limited

We have examined the compliance of conditions of corporate governance by Adinath Textiles Limited, for the year ended on March 31st, 2004 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the directors and managements subject to the constitution of the audit committee which is not in accordance with the repugnant clause of the listing Agreement (Refer Note No. (II)(1)) of the Report on Corporate Governance, we certify that the company has complied with the conditions of the corporate Governance as stipulated in clause 49 of the above mentioned listing agreement.

Further, we state that no investor's grievance are pending for a period of one month against the company as per the records maintained by the Investors's Grievance Committee.

Further we state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For Dass Khanna & Co.
Chartered Accountant.**

**Place : Ludhiana
Dated : 29th, June 2004**

**R.K. SONI
Partner
(M. No. 83142)**