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# 25th

# Annual Report 2005

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# ADINATH TEXTILES LIMITED

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**BOARD OF DIRECTORS**

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

**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 :**

1. 4-J & E, Gopala Tower,
   25, Rajendra Place
   New Delhi - 110 008
2. 302, Raheja Chambers,
   Nariman Point,
   Mumbai - 400 021.

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**Registrar & Transfer Agents**

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



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## NOTICE

Notice is hereby given that the 25th Annual General Meeting of the members of the Company will be held on Thursday, the 15th day of September 2005 at 3.30 P.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, 2005 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. R. P. Gupta, 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** pursuant to the provisions of Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and rules made thereunder, including any statutory modification(s) or re-enactment thereof, consent of the Company be and is hereby accorded to the re-appointment of Sh. Rajneesh Oswal, as the Executive Director of the Company for a further period of five years with effect from 1st. July, 2004 on the terms and conditions as set out in the agreement, to be entered into between the Company and Sh. Rajneesh Oswal, as submitted to this meeting which is hereby specifically approved,"

**" RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

**" RESOLVED FURTHER THAT** all steps earlier taken by the Board with regard to such reappointment be and is hereby ratified and confirmed.

**5. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), IF ANY, THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION.**

**" RESOLVED THAT** pursuant to the provisions of Section 314 (1) and other applicable provisions, if any, of the Companies Act, 1956 and Rules made thereunder, including any statutory modification or re-enactment thereof the consent of the Company be and is hereby accorded to Sh. Rajneesh Oswal, to hold the office of Chief Executive Officer of the company with effect from 1st July, 2004 on the terms and conditions as set out in the agreement, as submitted to this meeting which is hereby specifically approved."

**" RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

**" RESOLVED FURTHER THAT** all steps earlier taken by the Board with regard to such re-appointment be and is hereby ratified and confirmed.

By order of the Board
For Adinath Textiles Limited

Sd/
R. P. Gupta
(Director)

Place : Ludhiana
Dated : 29th June, 2005

**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 TO 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 form Saturday, the 10th day of September, 2005 to Thursday, the 15th day of September, 2005 (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/ Registrars.
(ii) Notify immediately to the Company/Registrars 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 being accompanied by non-members and children.

By order of the Board
For Adinath Textiles Limited

Sd/-
R. P. Gupta
(Director)

Place : Ludhiana
Dated : 29th June, 2005



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**DETAILS OF THE DIRECTOR RETIRING BY ROTATION AND SEEKING REAPPOINTMENT (AS PER CLAUSE 49 OF THE COMPANIES ACT, 1956.)**

Sh. R. P. Gupta is a graduate. He has an experience of more than three dacades to his credit in the field of Accounts and Finance. Mr. R. P. Gupta 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. R. P. Gupta is member of Audit Committee and Share Transfer cum Investor Graviances committee of the board.

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

**FOR ITEM NO. 4**

Section 269 of the Companies Act, 1956 requires for the appointment of a Wholetime Director by the Company.Sh. Rajneesh Oswal is Executive Director of the company since 1989..

Sh. Rajneesh Oswal is a Management Graduate and has experience of one and half decade in the field of administration to his credit. He is also Executive Vice Chairman in Shreyans Industries Ltd. and Director in the following companies:-

Adeep Investment Co.
Virat Investment & Mercantile Co.
Jagvallabh Parasnath Capital Investment (P) Ltd.
Oasis Share Trading (P) Ltd.

Provisions of the section 269 of the Companies Act, 1956 are for the appointment of Wholetime Director by the Company having paid up capital of more then Rs. 5 crores, To comply with the provisions, the Board of Director in its meeting held on 30th September, 2004 has approved the re-appintment of Sh. Rajneesh Oswal as wholetime Director for a further period of 5 years i. e. from 1st July, 2004 to 30th June 2009. Company does not propose for payment of any salary to Sh. Rajneesh Oswal for holding the office of Executive Director.

The Provision of Schedule XIII of the Companies Act, 1956 require the approval of Shareholders for the appointment by an ordinary resolution. Accordingly, Directors recommond the resolution at Item No. 4 for approval of Shareholders.

**NOTICE OF INTEREST**

None of the Directors is in any way, interested in the proposed resolution except Sh. Rajneesh Oswal, the appointee.

**FOR ITEM NO. 5**

Sh. Rajneesh Oswal has been appointed as Chief Executive Officer of the Company w. e. f. 01.07.2004. He is also holding the office of Executive Director of the company. The office of CEO carries a remuneration payable to Sh. Rajneesh Oswal. The provisions of section 314 (1) of the Companies Act, 1956 require the approval of shareholders through a special resolution at General Meeting, for a director holding office of the profit.

The CEO of the Company shall be responsible for the day to day affairs of the company, subject to the superintendence and control of Board of Directors. The terms of remuneration is an under

(a) Salary Rs. 8500/- Per Month
Perqusits

(b) Provision of Car for official -cum-personal use.However, the valuation for personal use of car shall be treated as perquisite in the hands of appointee.

(C) Provision of Telephone at residence for official-cum-personal use. However, the valuation of personal use of telephone shall be treated as perquisite of the appointee.

The Provisions of Section 314 (1) of the Companies Act, 1956 requires the approval of Shareholders for the appointment by a special resolution. Accordingly Directors recommond the resolution at Item No. 5 for approval of Shareholders.

**NOTICE OF INTEREST**

None of the Directors is in any way, interested in the proposed resolution except Sh. Rajneesh Oswal, the appointee



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Your Directors present their 25th Annual Report alongwith Audited Accounts of the Company for the year ended 31st March, 2005. as under:

| FINANCIAL RESULTS | (Rs. in Lacs) 2004-2005 | 2003-2004 |
|---|---|---|
| Gross Sales | --- | 683.72 |
| Profit/(Loss) before interest and depreciation | (68.11) | (114.96) |
| Less interest | 0.57 | 2.08 |
| Gross Profit/ (Loss) | (68.68) | (117.04) |
| Depreciation | 37.55 | 42.35 |
| Net Profit/(Loss) Before Tax | (106.23) | (159.39) |
| Provision for Taxation | --- | --- |
| Net Profit (Loss) after Tax | (106.23) | (159.39) |

During the year under consideration there had been no manufacturing activities because of paucity of working capital as well as due to sluggish market conditions. At the same time there had been substantial reduction in personnel, administration expenses and other fixed expenses, to minimise the losses.

Your company has been referred to the BIFR. However management is taking necessary steps to further reduce the expenditures on one hand and negotiating with different parties to restore the operations on the other. At the same time management is having active negotiations with banks and Financial Institutions for the settlement of their dues.

**DIVIDEND**

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

**DIRECTORS**

Sh. R. P. Gupta is retiring by rotation and is eligible for re-appointment.

Board had appointed Sh. Rajneesh Oswal as Executive Director of the company in order to comply with the provisions of the Section 269 of the Companies Act, 1956.

**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 and are eligible for reappointment.

**AUDITORS REPORT**

Regarding comments in auditors report w. r. t. going concern, and non provisioning of interest on NCD/ working capital limits, management of your company is hopeful to make settlements with Banks/ FIs. Regarding the comments for valuation of inventory and realisation of old outstandings, management is hopeful to resume the operations and is taking all necessary steps in the regard. Although, Management has taken steps to appoint Company Secretary but could not find a suitable candidate during the year.

**COST AUDITORS**

M/s Ramanathan Iyer & Co., Cost Accountants, New Delhi. have been appointed as Cost Auditors for the year 2003-04 . Company has approached the Ministry of Company affairs seeking exemption form the cost audit for the year 2004-05 as there were no operations during the year.

**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, though at present the company is not carrying out any manufacturing activities.

(ii) Technology Absorption-Nil.

(iii) Foreign Exchange Earnings and Outgo

Earnings : Nil

Outgo: Rs. Nil

**(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 have been followed by the Company along with proper explanation relating to material departures;

2. that the directors has 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;



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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;

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 : 29.06.2005**

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The present status with regard to the various aspacts of the Corporate Governance is given below.
**Board of Directors**

**(I) Composition :**
The Board of Directors of the Company comprises of One Executive Director, and three Independent and Non Executive Directors.

The name of Board members, their attendance at Board Meetings and the number of other Directorship and Board Committee membership held by them as on March 31, 2005 are given in the following table
During the year 2004-05 Board of Directors met five times

| Name of the Director | Board meetings attended during the year | Attendance at last AGM (30.09.04) | No. of other Directorship held | Membership of the Committees |
|---|---|---|---|---|
| **EXECUTIVE DIRECTOR** | | | | |
| Sh. Rajneesh Oswal | 5 | Present | 5 | 3 |
| **NON EXECUTIVE DIRECTORS** | | | | |
| Sh. Raman Marwaha | 4 | Present | ---- | 2 (1) |
| Sh. R. P. Gupta | 5 | Present | 3 | 2 (1) |
| Sh. S. K. Sekhri | 1 | Present | 3 | ---- |

The figures given in held bracket is for the no. of Chairmanship
**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 25th 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 the affairs of the Company.
**(i) Audit Committee**
The Audit Committee comprises of the three independent directors and is chaired by Sh. Raman Marawaha. There were four meetings of the committee during the year. The details of composition of committee and attendance at its meetings are given in the following table:

| Name of Member | No. of Meetings Attended |
|---|---|
| Sh. Raman Marwaha | 4 |
| Sh. R.P. Gupta | 4 |
| Sh. S.K.. Sekhri | 1 |

**(ii) Share/ NCD Transfer-cum-Investor Grievance Committee**
The Share/ NCD Transfer Cum Investor Grievance Committee is headed by a Non-Executive Director. There were twelve meetings of the committee during the year. The details of composition of committee and attendance at its meetings are given in the following table :-



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| Name of Member | No. of meetings attended |
|---|---|
| (1) Sh. R.P Gupta | 12 |
| (2) Sh. Rajneesh Oswal | 12 |
| (3) Sh. Raman Marwaha | 4 |

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 67. All the Complaints were duly attended to and action has been taken within reasonable time.

There is no valid request pending for share Transfer at the 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 | 96500/- | 12780/- | 56034/- | 165314/- |

The above remuneration includes the remuneration paid to Sh. Rajneesh Oswal as CEO of the company w.e.f 01.07.2004.

**DETAILS OF SITTING FEES PAID TO DIRECTORS DURING 2004-2005**

| Name | Category | Sitting Fees paid for Board Meeting | Committee Meeting | Total |
|---|---|---|---|---|
| Sh. Raman Marawaha | Director | 2000 | Nil | 2000 |
| Sh. R. P. Gupta | Director | 2000 | Nil | 2000 |
| Sh. S. K. Sekhri | Director | 500 | Nil | 500 |

**(III) General Body Meetings**

The last three Annual General Meetings were held as under :

| Financial Year | Date of A.G.M | Time | Venue |
|---|---|---|---|
| 2003 - 2004 | September 30, 2004 | 11.00 .AM. | Regd. Office of the Company at Vill. Bholapur, P.O. Shabana, Chandigarh Road Ludhiana- 141123 |
| 2002 - 2003 | September 30, 2003 | 11.00 .AM. | ---Do---- |
| 2001 - 2002 | September 10, 2002 | 11.30 .AM. | ---Do---- |

There was no occasion to pass Special Resolution 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, Directors or the Management, their subsidiaries 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 Exchanges immediately after they were approved by the Board of Directors and communicated to the investors through publication in the News Papers in English and vernacular languages



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(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 15th day of September 2005 at 3.30 P.M at Regd. Office of the Company at Vill Bholapur P.O. Sahabana, Chandigarh Road, Ludhiana 141123.

(b) **Book Closure** : From Satuerday, 10th September, 2005 to Thursday, 15th September, 2005 (both days inclusive)

(c) **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 Culcatta Stock Exchange Association Limited. 7, Lyons Range - Kolkata - 700001

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

(VI) The Ahmdabad Stock Exchange,

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

(d) **Depositories for Equity Shares** :

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

**ISIN NO. For the Company's Equity Shares : INE207C01019**

(e) **Registrars and Shares Transfer Agent** :

The Company has appointed M/s. Skyline Financial Services (P) Ltd. Ltd. New Delhi as a Registrars and Transfer Agent (RTA) and have signed tripartite agreements with NSDL/CDSL and M/s. Skyline Financial Service (P) Ltd., 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 11% of the Equity Shares of the Company are in Dematerialised Form.

(f) ***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 Shares held | Percentage of Shares held | No of Shares holders | No of Shares held | Percentage of Shares held |
| 1 | 500 | 20549 | 2582640 | 37.789 | 2439 | 379568 | 5.554 |
| 501 | 1000 | 331 | 255730 | 3.742 | 114 | 94555 | 1.384 |
| 1001 | 2000 | 96 | 134720 | 1.971 | 45 | 81009 | 1.185 |
| 2001 | 3000 | 24 | 57400 | 0.840 | 27 | 39376 | 0.576 |
| 3001 | 4000 | 7 | 23950 | 0.350 | 6 | 20450 | 0.299 |
| 4001 | 5000 | 2 | 9150 | 0.134 | 5 | 23100 | 0.338 |
| 5001 | 10000 | 3 | 18600 | 0.272 | 5 | 38695 | 0.566 |
| 10001 | above 10001 | 14 | 2947220 | 43.124 | 4 | 128187 | 1.876 |
| TOTAL | | 21026 | 6029410 | 88.222 | 2645 | 804940 | 11.778 |



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