

30th ANNUAL REPORT



2010

ADINATH TEXTILES LIMITED

BOARD OF DIRECTORS

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

AUDITORS :

M/s. Dass Khanna & Co.
Chartered Accountants
Ludhiana.

REGISTERED OFFICE & WORKS

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

BRANCHES / OFFICES

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) Limited
D-153/A, 1st Floor,
Okhla Industrial Area, Phase - 1,
New Delhi - 110020.

Addendum to the Annual Report**MANAGEMENT DISCUSSIONS AND ANALYSIS****OVERVIEW OF INDUSTRY**

The overall performance of textile industry is badly affected due to lower realization both in export and domestic market. Disturbed power supply and skilled labor shortage in the region has worsened the position.

The company primarily operates in spinning of worsted and spun yarn. The company has manufacturing set up base in Ludhiana in the state of Punjab and Corporate Office is located in Ludhiana in Punjab. Presently the company has devoted major part of its production capacity to Job works. In addition company has taken up the trading activities to avail off the available opportunities.

OPPORTUNITY, RISK AND CONCERN

The company is dependent upon the orders for the job work for its manufacturing facilities. Ludhiana being a hosiery cluster, company does not foresee any problem for its activities. Further management feels that the opportunity for the company lies in increasing the income in trading activities of textile goods. Your company is actively working for these opportunities.

SEGMENTWISE –PRODUCTWISE PERFORMANCE

The company has only one segment i.e manufacturing and sale/ trading of Acrylic and worsted yarn.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has a proper and adequate internal control system to safeguard and protect against loss from unauthorized use or disposition and to ensure that all transactions are authorized, recorded correctly and adequately. Internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets.

The internal audit report, plans, significant audit findings and compliance with accounting standards is in turn reviewed by the Company's Audit Committee to ensure proper audit coverage and adequate consideration along with execution of the auditors' recommendations.

FINANCIAL STATEMENT

Financial statements of the company have been prepared in compliance with the requirements of the Companies Act, 1956 and generally accepted accounting principles in India. There are no material departures from the prescribed accounting standards in the adoption of accounting standards. The management of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as various estimates and judgments used therein. However, any unforeseen and uncontrollable external factors may alter these judgments.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

The human resources development function of the Company is guided by a strong set of values and policies. Your company maintains a work environment that is free from any harassment.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Your company actively participates with number of NGOs for holding medical check-up camps, sports events and other social activities.

Addendum to the Annual Report**CEO Certification under Clause 49 of Listing Agreement**

I, Rajneesh Oswal, Executive Director of Adinath Textiles Limited hereby certify that;

- a) I have reviewed financial statements and the cash flow statement for the year ended 31st March 2010 and that to the best of our knowledge and belief;
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the Auditors and the Audit committee that;
 - i) there are no significant changes in internal control over financial reporting during the year; and
 - ii) there have been no significant changes in accounting policies during the year which are required to be disclosed in the notes to the financial statements; and
 - iii) there have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ludhiana : 14-08-2010

Rajneesh Oswal
Executive Director

NOTICE

Notice is hereby given that the 30th Annual General Meeting of the members of the Company will be held on Tuesday, the 28th day of September, 2010 at 11.30 A.M. at the Registered Office of the Company at Village 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, 2010 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 S K Sekhri, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

NOTES:

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.

1. The Register of Members and Share Transfer books of the Company shall remain closed from Saturday 25th day of September, 2010 to Tuesday the 28th day of September, 2010 (both days inclusive), for the purpose of AGM, for both physical and electronic segments.

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

3. 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 at 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.

4. Members are requested to :

- (I) Quote their folio number/Client ID & DP-ID in all correspondence with the company or its Registrar.
- (II) Notify immediately to the company or its Registrar, any change in their address/ mandate, if any.

5. Shares of the Company are available for De-Materialization under ISIN INE207C01019. Members who have not opted for De-Materialization are requested to do so in their own interest.

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

7. 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 Textile Ltd
Sd/-

Place : Ludhiana
Dated : 14 August 2010

Rajneesh Oswal
(Executive Director)

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

Sh S K Sekhri is a Fellow Member of the Institute of Chartered Accountant of India. He has experience of more than three decades to his credit in the field of Finance & Internal Control. Mr S K Sekhri was first appointed as additional director of the company on 29.06.2004 & thereafter was appointed as director liable to retire by rotation. Mr S K Sekhri is the member of audit Committee of the Board. He is also a director in M/s Noble Share Trading Pvt Ltd.

DIRECTORS' REPORT

The Directors of your company are pleased to present the 30th Annual Report together with the Audited Accounts of the company for the year ended 31.03.2010.

FINANCIAL RESULTS

	2009-10	(Rs. in lacs) 2008-09
Income from Operations	1307.04	1273.23
Other Income	12.92	51.60
Profit/(Loss) before interest and depreciation	181.54	220.17
Less interest	0.09	0.24
Gross Profit/(Loss)	181.45	219.93
Depreciation	12.08	14.83
Net Profit/(Loss) Before Tax	169.37	205.10
Provision for Taxation	0.02	0.33
Net Profit/(Loss) after Tax	169.35	204.77

During the year under consideration the turnover of the company is Rs. 1307.04 Lacs against Rs. 1273.23 lacs in the last Financial Year. In addition company had also carried the job work to the extent of Rs. 35.84 Lacs in comparison to Rs. 54.65 Lacs in previous year.

As reported earlier that the company has been declared as Sick by the BIFR. The management of the company has submitted its Detailed Rehabilitation Scheme (DRS) to the BIFR through the operating agency appointed by the BIFR and is hopeful to get the approval of revival scheme submitted.

DIVIDEND

Due to accumulated losses of the previous years, your Directors are unable to recommend any dividend for the year under review.

DIRECTORS

Sh. S.K.Sekhri is retiring by rotation and is eligible for re-appointment as director of the company.

DEPOSITS

During the year under review the company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

AUDITORS

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

COST AUDITORS

Mr. Vipin Maini, Cost Accountant, New Delhi, has been appointed as Cost Auditors for the year 2009-10. He will submit his report in due course.

AUDITORS REPORT

The Auditors Report on accounts of the company for the year under review is self explanatory and require no comments. As for their comments regarding realization of old outstanding, management has taken effective steps, including the filing of legal cases, and is hopeful to recover the old outstanding.

Company had appointed Mr. Robin Vijan as its secretary to meet out the requirement of Section 383A of the Companies Act, 1956. However, Mr. Robin Vijan did not stay with the company for long time.

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. Nil/-

B) Subsection 2A

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

(C) Subsection 2 AA

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

ACKNOWLEDGMENTS

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, Customers and Suppliers for their valuable support.

ON BEHALF OF THE BOARD
for ADINATH TEXTILES LIMITED

Sd/-

RAJNEESH OSWAL
(Chairman)

Place : Ludhiana

Date : 14th August, 2010

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the roadmap which guides and directs the Board of Directors of the company to govern the affairs of the company in a manner that fulfill its obligations to all stakeholders.

The Company is in compliance with requirements of the guidelines on corporate governance stipulated under clause 49 of the Listing Agreement. The status with regard to the various aspects of the corporate governance is given below.

The company has adopted a Code of Conduct for members of the Board and senior management. All directors have affirmed in writing their adherence to the above code.

Board of Directors

(I) Composition:

The Board of Directors of the Company comprises of a One Executive Director, and three Independent and Non Executive Directors with professional expertise and experience in their respective field.

The Board of Directors met five times during the year 2009-10 on 30th April, 2009, 31st July, 2009, 21st August 2009, 31st October, 2009 and 28th January, 2010.

The name of Board members, their attendance at Board Meetings and the number of other Directorships and Board Committee memberships held by them as on March 31, 2010 are given in the following table:

Name of the Director	Board meetings attended during the year	Attendance at last AGM (30.09.09)	No. of other Directorship held	Membership of the Committees of other Companies
EXECUTIVE DIRECTOR				
Sh. Rajneesh Oswal	4	Present	5	2
NON EXECUTIVE DIRECTORS				
Sh. Raman Marwaha	5	Present	----	----
Sh. R. P. Gupta	5	Present	1	----
Sh. S. K. Sekhri	1	Not Present	1	----

Audit Committee

The Audit Committee comprises of the three independent directors and is chaired by Sh. Raman Marwaha. The terms of reference of Audit Committee have been reviewed from time to time. Presently, these confirm to the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. There were five 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	Meetings Held	Meetings Attended
Sh. Raman Marawaha	5	5
Sh. R.P.Gupta	5	5
Sh.S.K.Sekhri	5	2

Share Transfer-cum-Investor Grievance Committee

The Board has formed an investors' Grievance Committee named as Share Transfer-cum-Investor Grievance Committee to specifically look into the redressal of investors' complaint like transfer of shares, non receipt of balance sheet or non receipt of credit of shares into the De mat account etc. The committee also approves issue of duplicate share certificate(s) and overseas and reviews all matters connected with the share transfer.

The Share Transfer cum Investor Grievance Committee is headed by a Non-Executive Director and met twelve times during the year 2009-10. The detail of members and their attendance are given in the table

Name of Member	Meetings Held	Meetings Attended
Sh. R.P.Gupta(Chairman)	12	12
Sh. Rajneesh Oswal	12	10
Sh. Raman Marawaha	12	12

The company has designated the e.mail id "cs@shreyansgroup.com" for the purpose of registering complaints by investors electronically. This e.mail id is displayed on the company's website. The details regarding the investor's complaints are as under

No. of Complaints

Pending as on 01.04.2009	NIL
Received during the year	16
Resolved during the year	16
Pending as on 31.03.2010	NIL

REMUNERATION PAID TO DIRECTORS

Company has not paid any remuneration to its Executive Director. Sitting fee was paid to the Non Executive Directors during the year under consideration as per detail given below.

Name	Category	Sitting Fees for Board Meetings
Sh. R.P. Gupta	Independent Director	3750/-
Sh. Raman Marwaha	Independent Director	3750/-
Sh. S.K. Sekhri	Independent Director	1500/-

General Body Meetings

The last three Annual General Meetings were held as under :

Financial Year	Date of A.G.M	Time	Venue
2008 - 2009	30th September, 2009	11.30 AM.	Regd. Office of the Company at Vill. Bholapur, P.O. Shabana, Chandigarh Road Ludhiana- 141123
2007 - 2008	27th September, 2008	3.00 PM.	—Do—
2006 - 2007	29th September, 2007	10.30 AM.	—Do—