

# 27<sup>th</sup> Annual Report 2007

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**ADINATH TEXTILES LIMITED**

**ADINATH TEXTILES LIMITED****27th Annual Report****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 / OFFICES**

- 4-J & E, Gopala Tower,  
25, Rajendra Place  
New Delhi - 110 008.
- 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

**ADINATH TEXTILES LIMITED****27th Annual Report****NOTICE**

Notice is hereby given that the 27th Annual General Meeting of the members of the Company will be held on Saturday, the 29th day of September 2007 at 10.30 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, 2007 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 reappointment.
3. To appoint Auditors and to fix their remuneration.

By order of the Board  
For Adinath Textiles Limited

Sd/-  
Place : Ludhiana Rajneesh Oswal  
Dated : 16th August, 2007 (Executive Director)

**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 Register of Members and Share Transfer books of the Company shall remain closed from Friday, the 28th day of September 2007 to , Saturday the 29th day of September, 2007 (both days inclusive), for the purpose of AGM , for physical and Electronic , both segments.

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

4. 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.

5. 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.

6. 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

Place : Ludhiana  
Dated : 16th August, 2007

Sd/-  
Rajneesh Oswal  
(Executive Director)

**DETAIL 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 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 was first appointed as additional director of the company on 29.06.2004 and 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 director in following companies:

Noble Share Trading Pvt. Ltd.  
Adinath Yarns Ltd.

**ADINATH TEXTILES LIMITED****27th Annual Report****DIRECTORS' REPORT**

It is with deep sense of regret, we inform about the sad and sudden demise of our Group Chairman, Sh.D.K.Oswal on the 19<sup>th</sup> February 2007. Your Directors present their report along with Audited Accounts of the Company for the year ended 31st March, 2007 as under:

**FINANCIAL RESULTS**

	(Rs. in lacs)	
	2006-07	2005-2006
Income from Operations	56.51	---
Other Income	629.04	50.39
Profit/(Loss) before interest and depreciation	606.29	0.70
Less interest	9.09	3.01
Gross Profit/(Loss)	597.20	(2.31)
Depreciation	25.38	27.16
Net Profit/(Loss) Before Tax	571.82	(29.47)
Provision for Taxation	(0.72)	(1.51)
Net Profit/(Loss) after Tax	572.54	(27.96)

During the year under consideration company did not carry its own production because of paucity of working capital. However company carried the job work and the entire income from operations is from this account. As informed in last report that management has taken steps for One Time Settlement of dues with banks. The efforts of management have turned into good results and company has settled and cleared the outstanding of all the banks during the year. The other income as shown above is mainly the result of One Time Settlement.

**DIVIDEND**

Due to non availability of profits, 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 deposits within the meaning of section 58A of the Companies Act, 1956 and the rules made there under. However a sum of Rs. 10.50 lacs had been received from promoters of the company for settlement of dues towards secured creditors under one time settlement.

**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**

M/s Katyal & Associates, Cost Accountants, New Delhi, have been appointed as Cost Auditors for the year 2006-07. They will submit their report in due course.

**AUDITORS REPORT**

Regarding the comments for non provisioning of interest payable on NCD issued to UTI and SBI Mutual Fund, the management has arrived at OTS with UTI and negotiations are on with SBI Mutual Fund. However the effect to the OTS shall be given in books of accounts at time of clearance of dues, under OTS.

Regarding the comments for valuation of inventory and realization of old outstanding, management is of the view that there is no deterioration in the condition of such items and would be sold or used on resumption of operations.

Regarding non realization of old debts, management has taken effective steps, including the filing of legal cases, and is hopeful to recover the old outstanding.

Regarding the provision of interest on custom duty the provisions have been made on actual basis.

**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 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;

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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, Bankers, Financial Institutions, Customers and Suppliers for their valuable support.

ON BEHALF OF THE BOARD  
for ADINATH TEXTILES LIMITED

Sd/-  
Rajneesh Oswal  
(Chair man)

Place : Ludhiana  
Date : 16.08.2007

**REPORT ON CORPORATE GOVERNANCE**

The present status with regard to the various aspects of the corporate governance is given below.

**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.

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, 2007 are given in the following table:

During the year 2006-07 Board of Directors met five times.

Name of the Director	Board meetings attended during the year	Attendance at last AGM (15.09.05)	No. of other Directorship held	Membership of the Committees
<b>EXECUTIVE DIRECTOR</b>				
Sh. Rajneesh Oswal	4	Present	5	3
<b>NON EXECUTIVE DIRECTORS</b>				
Sh. Raman Marwaha	5	Present	----	2 (1)
Sh. R. P. Gupta	5	Present	3	2 (1)
Sh. S. K. Sekhri	2	Absent	3	1

The figure given in bracket is for the no. of chairmanship held.

**ADINATH TEXTILES LIMITED****27th Annual Report****CODE OF CONDUCT**

The company has laid down a code of conduct for all its Board Members and senior management personnel for avoidance of conflicts of interests. Company has received the necessary declaration affirming compliance with the code of conduct for the year 2006-07.

**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 Directors retiring by rotation and seeking reappointment have been given in the notice convening the 27th AGM and Explanatory Statement attached there to.

**(II) 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**

Company has constituted Audit Committee in compliance with the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Necessary powers of Board have been delegated to the Audit Committee.

The role of Audit committee includes to ensure that Financial Statements are correct, sufficient and credible. All financial statements are reviewed by the Audit Committee before submission to the Board.

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	3
Sh. R.P. Gupta	4
Sh. S.K. Sekhri	2

**(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:

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

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 43. All the complaints were duly attended to and action has been taken within reasonable time. There is no valid requests pending for Share Transfer as at the year end.

**DETAILS OF REMUNERATION PAID TO DIRECTORS**

Company has not paid any remuneration or sitting fee to any Director as such.

**Holding of Directors in the Company- nil****III) General Body Meetings**

The last three Annual General Meetings were held as under :

Financial Year	Date of A.G.M	Time	Venue
2005 - 2006	September 30, 2006	11.30 AM.	Regd. Office of the Company at Vill. Bholapur, P.O. Shabana, Chandigarh Road Ludhiana- 141123
2004 - 2005	September 15, 2005	03.30 PM.	----Do----
2003 - 2004	September 30, 2004	11.30 .AM.	----Do----

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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, their subsidiaries or relatives etc. having potential conflict with the interests of the Company at large.

## (V) Means of Communication

The Quarterly / Half-Yearly/ Annual Audited Results of the Company are sent to the Stock Exchanges after they were approved by the Board of Directors 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 Saturday the 29th day of September, 2007 at 10.30 A.M. at Regd. office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana - 141 123.

(c) Book Closure : From Friday 28th September, 2007 to Saturday, 29th September 2006 (both days inclusive)

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

- (i) The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana - 141 001
- (ii) The Delhi Stock Exchange Association Limited, DSE House, Asaf Ali Road, New Delhi - 110 002
- (iii) The Stock Exchange, Mumbai, Pheroze Jeejeebhoy Towers, 25th floor, Dalal street, Mumbai - 400 001
- (iv) The Calcutta Stock Exchange Association Limited,
- (v) The Madras Stock Exchange Limited, Post Bag No. 183, 11 Second Line Beach, Chennai - 600 001
- (vi) The Ahmedabad Stock Exchange,

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

(e) Stock Code : BSE Code: 514113

(f) Depositories for Equity Shares :

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

ISIN No. for the Companies Equity Shares : INE207C01019

(g) Registrar and Share Transfer Agent.

The Company has appointed M/s Skyline Financial Services (P) Ltd., New Delhi as Registrar and Transfer Agent (RTA) and signed tripartite agreements with NSDL/ CDSL and M/s Skyline Financial Services (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.

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

CATEGORY		NO OF SHARES HOLDERS		NO OF SHARES HELD		PERCENTAGE of Shares held \$	
No of Shares From To		Physical Form	D-MAT FORM	Physical Form	D-MAT FORM	Physical Form	D-MAT FORM
1	500	20103	2841	2473500	437433	36.29	6.42
501	1000	325	141	251980	112530	3.70	1.65
1001	2000	93	64	129920	92122	1.91	1.35
2001	3000	23	18	55300	44063	0.82	0.65
3001	4000	6	7	20050	24800	0.29	0.36
4001	5000	2	3	9150	13900	0.13	0.20
5001	10000	3	6	18600	38895	0.27	0.57
10001	above 10001	12	5	2947220	144887	43.26	2.13
TOTAL		20567	3085	5905720	908630	86.67	13.33

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\$ The above percentage is after excluding the shares forfeited but not re-allotted

(i)

(i) Dematerialization of Shares :

The Company's shares are covered under the compulsory dematerialization list and are transferable through the depository system.

(ii) Transfer of Shares

Shares received for physical transfer are generally registered within period of thirty days from the date of receipt, if the documents are clear in all respects.

(j) Market Price data:

The monthly high and low stock quotations for the shares of the company at the Stock Exchange, Mumbai, during the last financial year are not available.

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

(l) Location of Plant:

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

(m) Address for Correspondence :

Adinath Textiles Limited, Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana (India) 141123.

(0161) 2685271, 2685272

Fax. 91-161-2685270

E-mail : atf@shreyansgroup.com

Website : www.shreyansgroup.com

### Certificate on Compliance with the condition of Corporate Governance under Clause 49 of the Listing Agreement

### PRACTICING COMPANY SECRETARY'S 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 31<sup>st</sup> 2007 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

The Compliance of conditions of Corporate Governance in the responsibility of the Company's Management. Our examination was limited to review of the 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 explanation given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period of exceeding one month against the company as per the records maintained by the Company which are presented to the Shareholder's /Investor's Grievance Committee.

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

For P.S.Bathla & Associates  
Companies Secretaries

Place : Ludhiana

Dated : 16th, August 2007

(P.S.Bathla)  
(M. No. 4391)