

32nd ANNUAL REPORT



2012

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

OFFICES

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

CONTENTS	Page No.
NOTICE.....	3
DIRECTORS' REPORT.....	4
CORPORATE GOVERNANCE REPORT	6
AUDITORS' REPORT.....	11
BALANCE SHEET.....	13
PROFIT & LOSS ACCOUNT.....	14
CASH FLOW STATEMENT.....	15
NOTE FORMING PART OF FINANCIAL STATEMENTS.....	17

Registrar & Transfer Agents
Skyline Financial Services (p) Limited
D-153/A, 1st Floor
Okhla Industrial Area, Phase - 1,
New Delhi - 110020

NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the members of the Company will be held on Saturday the 29th day of September, 2012 at 11.00 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, 2012 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 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 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.

1. The Register of Members and Share Transfer books of the Company shall remain closed from Tuesday, the 25th day of September 2012 to Saturday the 29th day of September 2012 (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 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. Sh. Raman Marwaha, retires by rotation at the date of 32nd AGM and not willing for the re-appointment. Company has not received any notice proposing the name of director to be appointed in place of Sh. Raman Marwaha, hence no resolution is proposed for appointment of a director in place of Sh. Raman Marwaha.

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.

(iii) REGISTER THEIR E. MAIL ID WITH THE COMPANY OR ITS REGISTRAR OR THEIR DEPOSITORY PARTICIPANT TO ENABLE THE COMPANY TO SEND THE NOTICES AND OTHER REPORTS THROUGH E-MAIL.

6. 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.

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

8. 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/-

Raineesh Oswal

(Executive Director)

Place :Ludhiana

Dated :30th August.2012

DIRECTORS' REPORT

The Directors of your company are pleased to present the 32nd Annual Report together with the Audited Accounts of the company for the year ended 31.03.2012.

FINANCIAL RESULTS

	2010-12	(Rs. in lacs) 2010-2011
Income from Operations	501.98	448.15
Other Income	80.89	39.42
Profit/(Loss) before interest and depreciation	81.41	52.42
Less interest	0.00	0.00
Gross Profit/(Loss)	81.41	52.42
Depreciation	9.77	10.39
Net Profit/(Loss) Before Tax	71.64	42.03
Provision for Taxation	0.08	0.00
Net Profit/(Loss) after Tax	71.72	42.03

During the year under consideration the income from operations of the company is Rs. 501.98 Lacs against Rs. 448.15 lacs in the last Financial Year. Other Income of the company is Rs. 80.89 Lacs in comparison to Rs. 39.42 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 after incorporating the changes suggested by different agencies. The same is under active consideration of the Hon'ble BIFR for circulation and final approval.

DIVIDEND

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

DIRECTORS

Sh. Raman Marwaha is retiring by rotation. Sh. Raman Marwaha has shown his unwillingness for re-appointment. Your Directors place on record their appreciation for the services and contribution made by Sh. Raman Marwaha 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.

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, had been appointed as Cost Auditors for the year 2010-11 and the report of cost auditor has been filed. As per new cost audit orders, the company has been advised that cost audit is not applicable for the financial year 2011-12 as company is not carrying any manufacturing activity at its own.

AUDITORS REPORT

The Auditors Report on accounts of the company for the year under review is self explanatory and requires 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 Ms. Monika Verma as its secretary to meet out the requirement of Section 383A of the Companies Act, 1956. However, Ms. Monika Verma 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 -- Nil

(iv) Activities and initiatives related to Export -- 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

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 : 30.08.2012

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 of 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.

REPORT ON CORPORATE GOVERNANCE

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 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 2011-12.

Board of Directors

(i) Composition:

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

The Board of Directors met four times during the year 2011-12 on 14th May, 2011, 11th August, 2011, 11th November 2011 and 14th February, 2012. All information laid down in corporate governance code are being placed before the board in regular manner.

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, 2012 are given in the following table:

Name of the Director	Board meetings attended during the year	Attendance at last AGM (30.09.2011)	No. of other Directorship held	Membership of the Committees of other Companies
EXECUTIVE DIRECTOR				
Sh. Rajneesh Oswal	4	Present	5	1
NON EXECUTIVE DIRECTORS				
Sh. Raman Marwaha	4	Present	---	---
Sh. R. P. Gupta	4	Present	1	---
Sh. S. K. Sekhri	4	Not Present	1	---

Audit Committee

Company has constituted Audit Committee in compliance with the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The committee's terms and reference, authority and powers are in conformity with the requirements of the Companies Act, 1956 and Clause 49 of the Listing Agreement. 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	4
Sh. R.P. Gupta	4
Sh. S.K. Sekhri	4

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 2011-12. 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 Marwaha	12	12

The company has designated the e.mail id "cs@adinathtextiles.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 01.04.2011	NIL
Received during the year	12
Resolved during the year	12
Pending as on 31.03.2012	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	3000/-
Sh. Raman Marwaha	Independent Director	3000/-
Sh. S. K. Sekhri	Independent Director	3000/-

General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date of A.G.M	Time	Venue
2010 - 2011	September 30, 2011	11.00 AM.	Regd. Office of the Company at Vill. Bholapur, P.O. Shabana Chandigarh Road Ludhiana- 141123
2009 - 2010	September 28, 2010	11.30 AM.	---Do---
2008 - 2009	September 30, 2009	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.

Disclosures

a) The related party transactions are placed before Audit Committee. For the year 2011-12, there were no transactions of material nature with related parties which are not in the normal course of business. The related party transactions are disclosed in the Notes on Account to the Balance Sheet.

b) There are no pecuniary relationships or transactions of non executive directors vis-à-vis Company that have a potential conflict with the interests of the company.

c) The company has complied with requirements of the stock exchanges as well as the Regulations and Guidelines prescribed by the Securities & Exchange Board of India. There were no penalties or strictures imposed on the company by Stock Exchanges or SEBI, any statutory authority on any matter related to capital markets during last three years.

Listing fee has been paid to the Bombay Stock Exchange and Ludhiana Stock Exchange Association Ltd. up to the F.Y. 2011-12. BSE has notified on 29th August, 2012 for restoration of trading in the shares of the company w.e.f. 4th September, 2012. The Company has also made application to the Ludhiana Stock Exchange Association Ltd. seeking restoration of trading under amnesty scheme and the approval of LSE is awaited.

Company has also made applications for the voluntary delisting from the stock exchanges at Delhi, Chennai, Kolkata and Ahmdabad, which are pending for decision at end of respective stock exchange. Company has not paid listing fee to these stock exchanges in view of poor financial position.

d) The company has complied with all mandatory requirements of clause 49 of listing agreement on corporate governance.

- e) As on 31st March, 2012 none of the non executive directors, is holding any equity shares of the company.
 f) The company has a Whistle Blower Policy in place and it has not denied access to any personnel to approach the Management or the Audit Committee on any issue.
 g) No director of the company is having any relationship with each other.

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.

General Share Holders Information

(i) Annual General Meeting

Date & Time: Saturday, the 29th day of September, 2012 at 11.00 A.M.

Place: Regd. office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana - 141 123.

(ii) Financial Year

The company's Financial Year starts from 1st April every year and conclude on 31st March, next year.

(iii) **Book Closure:** From Tuesday the 25th day of September 2012 to Saturday the 29th day of September 2012 (both days inclusive).

(iv) Company has not declared any dividend during the year 2011-12.

(v) **Listing Details:** The Equity shares of the Company are listed on

(i) The Stock Exchange, Mumbai, Pheroze Jeejeebhoy Towers, 25th floor, Dalal street, Mumbai - 400 001

(ii) The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana - 141 001

(iii) The Delhi Stock Exchange Association Limited, DSE House, Asaf Ali Road, New Delhi - 110 002

(iv) The Culcatta Stock Exchange Limited, 7, Lyons Range, Kolkata - 700001.

(v) The Madras Stock Exchange Limited, Post Bag No. 183, 11 Second Line Beach, Chennai - 600 001

(vi) The Ahmedabad Stock Exchange Limited, Kamdhenu complex, Panjara Road, Ahmedabad - 380015

Stock Code : BSE Code: 514113

(vi) Depositories for Equity Shares : National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

ISIN No. for the Companies Equity Shares : INE207C01019

(vii) Registrar and Share Transfer Agent.

The details of Registrar & Transfer Agents are as under

Name : Skyline Financial Services (P) Ltd.

Address : D-153/A1st Floor, Okhla Industrial Area, Phase -1
New Delhi-110020

Phone No. : 011-26812682-83-84

Fax No. : 011-26812682

Contact Person : Mr. Subhash Aggarwal, Director.

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

		PHYSICAL FORM			D-MAT FORM		
NO OF SHARES		NO. OF SHARE HOLDERS	NO. OF SHARES HELD	PERCENTAGE OF SHARE CAPITAL HELD \$	NO. OF SHARE HOLDERS	NO. OF SHARES HELD	PERCENTAGE OF SHARE CAPITAL HELD \$
From	To						
1	500	19813	2429195	35.65	3049	466594	6.85
501	1000	318	246580	3.62	149	119355	1.75
1001	2000	92	128820	1.89	66	94421	1.39
2001	3000	18	43150	0.63	20	49113	0.72
3001	4000	6	20050	0.30	7	24800	0.36
4001	5000	1	4850	0.07	4	18850	0.28
5001	10000	3	19070	0.28	9	58545	0.86
10001	above 10001	11	2617660	38.41	9	473297	6.94
TOTAL		20262	5509375	80.85	3313	1304975	19.15

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

(ix) Share Transfer System:

The Board has delegated the power of approving re-materilisation of shares, transfer and transmission cases, splitting- consolidation of share certificates and issue of duplicate share certificates etc. to the Share Transfer – cum – Investor Grievances Committee. A list of valid transfers prepared by Transfer Agent in respect of transfers received by them and objections, if any, are placed before the committee for approval/ confirmation.

The shares are accepted for registration of transfer at the Registered Office of the Company in addition to the office of Registrar & Transfer Agent, M/s Skyline Financial Services Private Ltd., New Delhi.

(x.) 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.

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

(xii.) Location of Plant:

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

(xiii.) Address for Correspondence:

Adinath Textiles Limited, Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana (India) - 141 123

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Website : www.adinathtextiles.com