

9th

Annual Report 2000 - 2001



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For ADITYA SPINNERS LIMITED


K. VIJAY KUMAR
JOINT MANAGING DIRECTOR

Aditya Spinners Limited

ADITYA SPINNERS LIMITED**BOARD OF DIRECTORS**

Sri. G. SATYANARAYANA	Director
Sri. K. RAMESH	Executive Director
Sri. K. VIJAY KUMAR	Joint Managing Director
Sri. R. SHIV KUMAR	Managing Director

BANKERS

STATE BANK OF HYDERABAD
Punjagutta Branch,
Hyderabad - 500 482.

STATE BANK OF HYDERABAD
Nariman Point Branch,
Mumbai - 400 021.

STATE BANK OF TRAVANCORE
H. No. 5-1-720, 1 st Floor,
Khushal Chambers, Bank Street,
Hyderabad - 500 001.

STATE BANK OF PATIALA
H. No. 5-2-134, 1 st Floor,
Rashtrapathi Road,
Secunderabad - 500 003

FACTORY & REGD. OFFICE :

Perindesam Village,
K.V.B. Puram Mandal,
Near Srikalahasti,
Chittoor Dist. A.P.

AUDITORS

C. RAMACHANDRAM & CO.,
Chartered Accountants,
Hyderabad - 500 001. A.P.

ADMINISTRATIVE OFFICE

B-28, Madhuranagar,
Hyderabad - 500 038.

SHARE TRANSFER AGENTS

Sidvin Financial Consultancy Services Pvt. Ltd.
6-3-802, Sidvin Chambers
Ameerpet, Hyderabad - 500 016.

REGISTRAR TO DEMATERIALISED SHARES

M/s. Venture Capital And Corporate
Investments Limited,
12-10-134, MIG-134, 2nd Floor,
Bharatnagar Colony, Hyderabad - 500018.

ADITYA SPINNERS LIMITED**NOTICE**

Notice is hereby given that the Ninth Annual General Meeting of the members of Aditya Spinners Limited will be held on Tuesday, the 19th day of June, 2001 at 11.00A.M. at Registered Office of the Company located at Perindesam Village, K.V.B.Puram Mandal, Near Srikalahasti, Chittoor District, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the audited Profit and Loss Account for the fifteen months period ended on 31st March, 2001 and the Balance Sheet as on that date and the reports of Directors and Auditors thereon.
- (2) To appoint a Director in place of Sri G.Satyanarayana, who retires by rotation and being eligible, offers himself for reappointment.
- (3) To reappoint the retiring Auditors to hold office from the conclusion of this meeting until the conclusion of the next meeting and to fix their remuneration.

SPECIAL BUSINESS:

- (4) To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"Resolved that pursuant to Section 31 of the Companies Act, 1956 and other applicable provisions if any, approval of the members of the company be and is hereby accorded for amendment of the Articles of Association as follows:

Article 16:

- I. The existing clause (c) and (d) under this Article be deleted and substituted as follows:-
 - (c) Subject to the provisions of Section 111A of the Companies Act, 1956 the Board may decline to recognise any transfer where:
 - i) The instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the shares has not been delivered to the Company or that any other requirement of the law relating to the registration of such transfer has not been complied with, or
 - ii) The transfer of shares on which the Company has a lien, provided that the registration of transfer shall not be refused on the ground that the transfer or being either alone or jointly with any other person is indebted to the Company in any manner whatsoever, except a lien on the shares.
- II. The existing clause (e) is renamed as clause (d).

Article 17A & 17B :

Insertion of new articles 17A & 17B for Dematerialisation of Securities and Nomination facility after Article 17 as follows:-

17A : DEMATERIALISATION OF SECURITIES :

- 1) Notwithstanding any things contained in these Articles, the Company shall be entitled to dematerialise its existing securities and to offer securities in a dematerialised form pursuant to the provisions of the Depositories Act, 1996 or otherwise.
- 2) Notwithstanding anything contained in these Articles, an issue of security by the Company also be in the dematerialised form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities.

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Investors in a new issue and the beneficial owners shall have the option to rematerialise the securities subsequent to the allotment or dematerialisation, as the case may be, in which event the Company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations and guidelines. The shares so rematerialised shall bear new distinctive numbers so as to identify them from the shares not dematerialised.

- 3) All securities held in the depository mode with a depository shall be dematerialised and be in fungible form. To such securities held by a depository on behalf of a beneficial owner, nothing contained in Sections 153, 153A, 153B, 187B and 187C of the Act shall apply.
- 4) i. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.
 ii. Save as otherwise provided in (1) above, the depository as the registered owner of the securities shall not have other membership rights in respect of the securities held by it.
 iii. Every person holding securities of the Company and whose name is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member of the company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held in the depository mode of which he is the beneficial owner.
- 5) Notwithstanding anything contained in the Act or these Articles to the company, where securities are held in a depository mode, the records of the beneficial owner may be served by the depository on the company by means of electronic mode or by delivery of floppies or discs.
- 6) Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owner in the register maintained by a depository under the Depositories Act 1996.
- 7) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held in the depository mode.
- 8) The Register and index of beneficial owners maintained by the depository under the Depositories Act 1996 shall be deemed to be the Register and Index of members, and holders of securities for the purposes of these Articles and the Act.

17B: NOMINATION FACILITY:

- 1) Every holder of shares in, or holder of debentures of, the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
- 2) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the company shall vest in the event of death of all the joint holders.
- 3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares, in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of the company, the nominee shall on the death of the Shareholder or holder of manner.

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debentures of the Company or as the case may be, on the death of the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or canceled in the prescribed

- 4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination and to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of the Company, in the event of his death, during the minority.
- 5) Any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -
 - i. to be registered himself as holder of the shares or debentures, as the case may be; or
 - ii. to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.
- 6) If the person, being a nominee, so becoming entitled, elects to be registered as holder of the shares or debenture, himself, as the case may be, he shall deliver or send to the Company notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
- 7) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.
- 8) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares or debenture, except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company, provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share or debentures, until the requirements of the notice have been complied with.
- 9) A depositor may, in terms of Section 58A at any time, make a nomination and the above provision shall, as far as may be, apply to the nomination made under the sub-section.

BY ORDER OF THE BOARD
FOR ADITYA SPINNERS LIMITED

PLACE: HYDERABAD
DATE: 8-5-2001

R.SHIV KUMAR
MANAGING DIRECTOR

ADITYA SPINNERS LIMITED**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. Proxy, in order to be effective, must be deposited at the company's Registered Office not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from 15/6/2001 to 19/6/2001 (both days inclusive).
4. The company's shares are in compulsory trading in Dematerialised form with effect from 2nd April, 2001 by the order of the SEBI. In connection with, the company entered tripartite agreement with NSDL, CDSL and M/s. Venture Capital and Corporate Investments Ltd for dematerialisation of shares and its ISIN : 122 DO 1018. All the Shareholders are requested to transfer their shares in dematerialised form through their depository participants. All demat requests shall be sent to the demat registrars at M/s.Venture Capital And Corporate Investments Limited, 12-10-134 (MIG-134), 2nd Floor, Bharatnagar Colony, Hyderabad - 500018.
5. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**Item No.4**

As per the changes in the Companies Act and insertion of Depositories Act the provisions of section 111A are applicable to all listed companies, therefore the Article 16 needs to be amended for insertion of the provisions of the section 111A of the Companies Act, 1956.

In terms of the directions issued by the SEBI, the Stock Exchanges informed the company that the shares of the company will be traded in demat form with effect from 2nd day of April, 2001 and in respect of change made in the Companies Act, 1956 for nomination facility for equity shares, debentures and deposits of the company, accordingly the Articles of Association of the company is required to be amended for insertion of articles relating to dematerialisation of shares and nomination facility subject to the approval of the members of the company in the light of the SEBI directions and changes in the Companies Act, 1956. The Board recommended the resolution for approval of the members.

None of the Directors is interested in the resolution.

BY ORDER OF THE BOARD
FOR ADITYA SPINNERS LIMITED

PLACE: HYDERABAD
DATE: 8-5-2001

R.SHIV KUMAR
MANAGING DIRECTOR

ADITYA SPINNERS LIMITED**DIRECTORS' REPORT**

To
The Members,

Your Directors present the Ninth Annual Report of the Company together with the Audited Accounts for the 15 months period ended 31st March, 2001

1. FINANCIAL RESULTS: (Rupees in Lakhs)

	15 Months period ended 31-03-2001	18 Months period ended 31-12-1999
Sales & Other Income	3603.22	3954.15
Profit before depreciation and interest	26.55	60.86
Interest	1428.05	118.89 *
Depreciation	177.93	211.16
Profit before tax	(1579.42)	(269.19)
Provision for taxation	-	-
Net Profit / (Net Loss)	(1579.42)	(269.19)

*Since the interest on term loans is deferred as the proposal for debt restructuring is pending for consideration by the financial institutions.

2. DIVIDEND:

The Directors do not recommend any dividend because of losses incurred during the year under review.

3. REVIEW OF OPERATIONS DURING THE YEAR :

During the year, the Company has operated at 87% spindle utilisation. While the Company maintained the same level of operations in the domestic market it has made an improvement of about 55% in export market during the period under audit. The Company is continuing to export around 30% of its production to the quality conscious European Countries and obtaining better realisations. The export market is steadily improving and the company is getting good orders with better realisations and hopes to do better in the export market. Even in the domestic market despite recession, the company is able to sustain the turnovers particularly with premier weavers like Raymonds, Beekalene, Pantaloons etc.

4. FUTURE PROSPECTS:

The Company has submitted a revival proposal to IDBI which includes financial restructuring, expansion, modernisation and line balancing. IDBI referred the proposal to an independent Textile Expert for conducting a techno-economic viability study. On the recommendations of the Textile Expert and also on their own appraisal, IDBI has prepared a package which includes waiver of about Rs.21.00 crores, conversion of Rs.8.00 crores in the equity and reschedulement of Rs.11.00 crores to be payable during 2011 and 2012 without interest out of the interest overdues of Rs.39.00 crores. The existing principal was rescheduled to be paid along with the new loans in 28 quarterly instalments commencing from 1.1.2003 with a reduced interest of 14.5%. The funded interest content was proposed to be paid in ten monthly instalments without any interest.

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Alongwith the above restructuring package, the IDBI has also approved modernisation, expansion and line balancing proposal which would cost around Rs.13.16 crores which was to be financed by an equity mobilisation of Rs.4.00 crores by Promoters and Rs.9.16 crores as additional term loans. Currently, the Company is in the process of syndication of the additional term loans required to complete the total package.

On implementation of the above package, as per the appraisal of IDBI, the turnover is expected to increase to Rs.53 crores from the current levels of Rs.28 crores. The export turnover is expected to increase by three fold to the current levels i.e. around Rs.20.00 crores. The total viability of the Project is established in the IDBI package and upon implementation the company will turn around very fast. Thus, the company hopes to have good future and encouraging prospects.

5. DIRECTORS:

Sri G.SATYANARAYANA, Director will be retiring by rotation at the ensuing Annual General meeting and being eligible, offers himself for reappointment.

6. DEPOSITS:

The Company has not accepted any deposits from the public during the year under review.

7. AUDITORS:

The present Auditors of the Company M/s. C. Ramachandram & Co., Chartered Accountants, retire at the conclusion of this Annual General Meeting and they are eligible for reappointment.

8. PARTICULARS OF EMPLOYEES:

The particulars of employees required under Section 217(2A) of the Companies Act, 1956 read with the provisions contained in Companies (Particulars of Employees) Rules, 1975 as amended to date were not applicable to your Company as none of the employees was in receipt of remuneration which in aggregate is Rs.12,00,000/- or more per year nor was in receipt of remuneration for any part of the year, of Rs.1,00,000/- or more per month.

9. DISCLOSURE AS PER LISTING AGREEMENT :**Clause 32 :**

The cash flow statement in accordance with accounting standard and cash flow statement (AS-3) issued by ICAI is appended to this Annual Report.

Clause 43A :

The Company shares are listed on The Hyderabad Stock Exchange Limited, 3-6-275, Himayatnagar; The Stock Exchange, Mumbai, P.J.Towers, Dalal Street, Fort, Mumbai. It is further informed that the Annual listing fees to all Stock Exchanges for the year 2001-02 has been paid partly.

Dematerialisation of Shares :

Securities and Exchange Board of India has made it compulsory to trade in the Equity Shares in the dematerialised form by all the investors with effect from 2-4-2001 and the company had entered into an tripartite agreement with NSDL and CDSL.

Clause-49 Compliance:

The company is in the process of appointment of additional Directors in conformity with the composition of Directors as directed under the clause and formation of Audit committee will be made immediately at the next Board Meeting after the ensuing