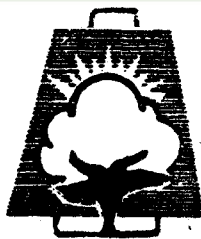


11th Annual Report 2002-2003

report  junction.com



Aditya Spinners Limited



BOARD OF DIRECTORS

Sri. G. Satyanarayana	Director
Sri. V. Nageswara Rao	Director
Sri. P. Seetha Ramaiah	Director
Sri. K. Ramesh	Executive Director
Sri. K. Vijay Kumar	Joint Managing Director
Sri. R. Shiv Kumar	Managing Director

BANKERS

STATE BANK OF HYDERABAD
Punjugutta Branch
Hyderabad - 500 487.

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

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

AUDITORS
C. Ramachandram & Co.,
Chartered Accountants
Hyderabad 500 001. A.P.

ADMINISTRATIVE OFFICE
B-18, Vengala Rao Nagar
Opp. Vengala Rao Nagar Post Office
Hyderabad - 500 038.

SHARE TRANSFER AGENTS
Sidvin Financial Consultancy
Services Pvt. Ltd.
Sidvin Chambers
Ameerpet, Hyderabad - 500 016.

REGISTRAR TO DEMATERIALISED SHARES
M/s. Venture Capital and Corporate
Investment Limited
12-10-134, MIG 134, II Floor,
Bharat Nagar Colony,
Hyderabad - 500 018.

FACTORY & REGISTERED OFFICE
Perindesam Village, K.V.B. Puram Mandal
Near Srikalahasti, Chittoor Dist. A.P.

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of Aditya Spinners Limited will be held on Thursday, the 25th September, 2003 at 11.30 A.M. at the Registered office of the Company located at Perindesaam 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 year ended 31st March, 2003 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 an Ordinary Resolution:

"RESOLVED that Sri. P. Seetha Ramaiah, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as Director of the Company liable to retirement by rotation."

- (5) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that Sri. V. Nageswara Rao, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as Director of the Company liable to retirement by rotation."

By Order of the Board
for ADITYA SPINNERS LIMITED

Sd/-

R. SHIV KUMAR
MANAGING DIRECTOR

Place: Hyderabad,
Date : 19-08-2003.

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 24th and 25th September, 2003.

(4) The Shares of the company may be dematerialised by members of the company with M/s NSDL and M/s CDSL. The company was allotted ISIN: INE122D01018.

(5) The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

ANNEXURE TO THE NOTICE :

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business as set out in the notice :

Items (4) & (5):

Sri.P. Seetha Ramaiah and Sri. V. Nageswara Rao were appointed as Additional Directors of the Company on 23rd day of July, 2003 by the Board of Directors of the Company. According to the provisions of section 260 of the Companies Act, 1956, they hold office as Directors only up to the date of this Annual General Meeting and notices had been received from members signifying their intention to propose appointment of Sri.P.Seetha Ramaiah and Sri. V. Nageswara Rao as Directors along with a deposit of requisite amount. The Board recommends the resolutions for approval of members of the company.

None of the directors is interested in the resolution.

By Order of the Board
for ADITYA SPINNERS LIMITED

Sd/-
R. SHIV KUMAR
MANAGING DIRECTOR

Place: Hyderabad,
Date : 19-08-2003.

DIRECTORS' REPORT

To
The Members,
M/s. Aditya Spinners Limited

Your Directors have pleasure in presenting the Eleventh Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2003.

1. FINANCIAL RESULTS :

	(Rs. in lakhs)	
	2002-03	2001-02
Sales & Other Income	2283.36	2334.69
Profit before depreciation and interest	3.96	(41.51)
Interest	1536.96	1327.38
Depreciation	141.55	143.54
Profit before tax	(1674.55)	(1512.43)
Provision for taxation	—	—
Net Profit / (Net Loss)	(1674.55)	(1512.43)

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 under review, the company produced yarn of 15,69,359kgs. The Company has achieved a turnover of Rs.22.70 Crores and incurred a net loss of Rs. 16.74 crores as against turnover of Rs.23.06 crores with a loss of Rs.16.12 crores in the previous year.

4. FUTURE OUTLOOK :

The yarn market is slowly recovering from the implication of strike by weavers in post budget scenario from March,2003.As such the company would attempt and maintain the production/sales volume in the year 2003-2004 also.A textile revival package along with a textile reconstruction fund is being formulated and is expected to be announced soon.The company will be able to implement the revival package and turnaround under the above scheme.

5. DIRECTORS :

Sri. G. Satyanarayana will be retire by rotation at the ensuing Annual General meeting and being eligible, offers himself for reappointment. Sri. P.Seetha Ramaiah and Sri. V. Nageswara Rao, were appointed as Additional Directors pursuant to Section 260 of Companies Act, 1956 and the Articles of Association. The Board recommended to regularise their appointment in terms of section 257 of the Companies Act, 1956 at the ensuing Annual General Meeting.

6. SICK INDUSTRIAL COMPANY :

The Company is a sick industrial company in terms of Section 3 (1) (c) of Sick Industrial Companies (Special Provisions) Act, 1985 and a reference application as required under Section 15 of the said Act was made and the same was registered by the Board for Industrial and Financial Reconstruction. The reference application registered was rejected on technical grounds and the company filed an appeal before the Appellate Authority of Industrial and Financial Reconstruction. Meanwhile the Company has registered with BIFR as case no.3(A-18)BC/2001 dt.11.6.2001 basing on the audited accounts of 2001-02. The case is yet to come up for hearing.

7. DEPOSITS :

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

8.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.

9. 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.24,00,000/- or more per year nor was in receipt of remuneration for any part of the year, of Rs.2,00,000/- or more per month.

10. DISCLOSURE AS PER LISTING AGREEMENT

(a) 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.

(b) Clause 43A : The company shares are listed on The Hyderabad Stock Exchange Limited, 3-6-275, Himayatnagar, Hyderabad and BSE, P.J.Towers, Dalal Street, Fort, Mumbai. The company is yet to pay the listing renewal fee for the year 2003-04.

(c) Dematerialisation of Shares : Since the 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, the company had entered into an agreement with NSDL and CDSL and was allotted ISIN: INE122D01018.

(d) Clause-49 Pursuant to clause 49 of the Listing Agreement, a compliance report on Corporate Governance is enclosed to the Annual Report.

11. DIRECTORS' RESPONSIBILITY STATEMENT :

(i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(ii) 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 and loss of the company for that period.

(iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(iv) The Directors have prepared the accounts on a going concern basis.

12. INDUSTRIAL RELATIONS :

The company has had harmonious industrial relations throughout the year under review at all levels of organisation. The Company would endeavour hard to maintain this cordial relationship in future also.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo has been given in a separate statement annexed hereto which forms part of the Directors' Report.

14. ACKNOWLEDGEMENT :

The Directors have pleasure in recording their appreciation for the valuable assistance extended to the Company by the Financial Institutions viz., Industrial Development Bank of India, Industrial Finance Corporation of India Limited, and Bankers viz., State Bank of Hyderabad, State Bank of Patiala and State Bank of Travancore.

Your Directors also place on record their deep sense of appreciation for the dedicated services rendered by all the executives, staff and workers of the Company.

For and on behalf of the Board

Sd/-

R. Shiv Kumar
Managing Director

Sd/-

K. Vijay Kumar
Joint Managing Director

Place : Hyderabad

Date : 19-08-2003

ANNEXURE TO DIRECTORS' REPORT :

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Companies (Disclosure of particulars in the Board of Directors' Report) Rules, 1988:

I. Conservation of Energy :

- (a) **Energy Conservation Measures taken:**
Regular energy audits are being internally conducted and efforts to improve the DG sets performance are being undertaken with the help of suitable additives.
- (b) **Additional investments and proposals, if any, being implemented for reduction in consumption of energy:** —NIL—
- (c) **Impact of measures of (a) and (b) above for reduction in energy consumption and consequent impact on the cost of production of goods:**
Being studied.
- (d) **Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of industries specified in the schedule thereto :**

FORM-A**A. Power and Fuel Consumption:**

Electricity:	2002-03	2001-02
i. Purchased :		
Total Units (KWH)	94,66,058	96,60,852
Rate per Unit in (Rs.)	4.14	4.32
ii. Own Captive generation :		
Units	1,75,624	99,012
Unit per liter of diesel	2.72	2.87
Cost per Unit (Rs.)	6.98	6.20
B. Consumption per unit of production:		
Yarn production (in Kgs.)	15,69,359	16,19,872
Energy consumption(KWH) per Kg. of yarn	6.14	6.03

II. TECHNOLOGY ABSORPTION:

Efforts made to Technology absorption as per Form B of the Annexure to the Rules :
NOT APPLICABLE

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :**Export efforts & Plans**

- i. Activities relating to exports initiatives taken to increase exports, development of new export markets for products :

The European Market depressed . Even though your Company products are well received for reason of low price realisation export was restricted Rs.36.60 Lakhs only.

ii. Total foreign exchange used/ earned :

		2002-03		2001-02	
		US\$	INR	US\$	INR
Used	:	20187	983295	24444	1148370
Earned	:	75495	3659900	165797	7789486

For and on behalf of the Board

Sd/-
R. Shiv Kumar
Managing Director

Sd/-
K. Vijay Kumar
Joint Managing Director

Place : Hyderabad
Date : 19-08-2003

Report Junction.com

COMPLIANCE REPORT ON CORPORATE GOVERNANCE PURSUANT TO CLAUSE - 49 IF THE LISTING AGREEMENT

1.COMPANY'S PHILOSOPHY :

Your company believes in conducting its affairs with the highest levels of transparency and accountability. The business operations of your company are conducted not to benefit any particular interest group but for the benefit of all shareholders.

2.BOARD OF DIRECTORS :

The present strength of the Board of Directors is six, three are executive directors and three non-executive independent directors. During the year 2002-03 the Board met 6 times on the following dates, namely 30th April,2002, 6th August,2002, 17th September 2002, 11th October, 2002, 22nd October, 2002 and 28th January, 2003. The gap between two meetings held did not exceed four months.

The following table shows details of directors, attendance of directors at the board meetings and at the last annual general meeting, number of memberships held by the directors in the board /committees of various other companies.

Name	Category	Attendance Particulars		No. of other Directorships held
		Board Meetings	Last AGM	
Satyanarayana.G	INE	6	Yes	-
Seetha Ramaiah.P	INE	-	-	-
Nageswara Rao.V	INE	-	-	-
Shiv Kumar.R	MD	4	No	-
Vijay Kumar.K	JMD	4	No	1
Ramesh.K	ED	4	Yes	-

INE - Independent and Non Executive

MD - Managing Director

JMD - Joint Managing Director

ED - Executive Director

APPOINTMENT AND REAPPOINTMENT OF DIRECTORS :

Sri. G. Satyanarayana, Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offers for reappointment.

Sri. P. Seeta Ramaiah and Sri. V. Nageswara Rao who were appointed as additional directors by the Board of Directors of the company will be regularised at the ensuing Annual General Meeting.

1. Sri. G. Satyanarayana, is a practicing Chartered Accountant for the last 45 years. He was reappointed by retirement by rotation at the Annual General Meeting of the company held on 17-09-2002. He holds no other Directorships.

2. Sri. P. Seeta Ramaiah is an industrialist. He has been appointed as an Additional Director with effect from 23.7.2003. He is the proprietor of M/S. Volga Industries.

3. Sri. V. Nageswara Rao is a Practicing Chartered Accountant for the last 28 years. He has been appointed as Additional Director with effect from 23.7.2003. He holds no other Directorships.

3.COMMITTEES OF THE BOARD

(a) SHARE TRANSFER COMMITTEE

The committee comprises of Sri R.Shiv Kumar and Sri. K.Vijay Kumar. The committee interalia, approves issue of duplicate certificates and oversees and reviews all matters connected with the share transfer. The committee also looks into redressing of shareholders/investors complaints like transfer of shares, non-receipt of balance sheet, etc. and also notes transfers/transmissions of securities issued by the company. The committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of investor services.