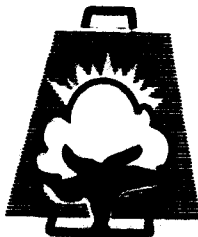
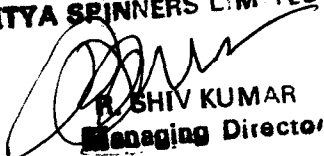


12th Annual Report 2003-2004

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FOR ADITYA SPINNERS LIM TEL


R. SHIV KUMAR
Managing Director

Aditya Spinners Limited

BOARD OF DIRECTORS

Sri. G. Satyanarayana	Director
Sri. V. Nageswara Rao	Director
Sri. P. Seetha Ramalah	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 - 500 487.

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
3-5-45/6/2, Eden Bagh
Ramkoti, Hyderabad -1. A.P.

DEMAT & PHYSICAL TRANSFER AGENTS

M/s Venture Capital & Corporate
Investments Limited,
6-2-913/914, 3rd Floor,
Progressive Towers,
Khairatabad, Hyderabad-500 004.

ADMINISTRATIVE OFFICE

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

FACTORY & REGD. OFFICE

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

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the members of Aditya Spinners Limited will be held on Tuesday, the 21st Day of September, 2004 at 12.30 P.M. at the Registered office of the Company located at Perindasam 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, 2004 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 P. Seetha Ramaiah, 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 pursuant to the provision of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 as amended to date, and other applicable provisions, if any, of the Act, consent of the Company be and is hereby accorded subject to the approval of Central Government and the IDBI, the lead financial institution for re-appointment of Sri.K.Vijay Kumar, Director to the position of Joint Managing Director for a period of five years with effect from 1-7-2004 and the remuneration be and is hereby fixed on the following terms and conditions:

- I. SALARY : Rs.25,000/- (Rupees Twenty Five Thousand only) per month and the following allowances:

- (a) Rent Free Accommodation subject to a maximum of Rs.8,000/- per month.
- (b) Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of one month salary per year or three months salary in a period of three years.
- (c) Leave Travel Concession: For self and family once in a year in accordance with any rules specified by the company.
- (d) Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
- (e) Personal Accident Insurance: For an amount the annual premium of which does not exceed Rs.4,000/- (Rupees Four Thousand Only).
- (f) Free use of Company's car on company's business.
- (g) Residential telephone shall be provided. All long distance personal calls shall be duly logged and paid for by the Joint Managing Director.
- (h) Earned/Privilege Leave : On full pay and allowances as per rules of the company, leave accumulated but not availed of during his tenure may be allowed to be encashed as per the rules of the company.

- II. PERQUISITES :

- (a) Company's contribution towards Provident Fund subject to a ceiling of 10% of salary.
- (b) Company's contribution towards Pension/Superannuation Fund: such contribution together with the contribution to the Provident Fund shall not exceed 25% of salary.
- (c) Gratuity payable in accordance with an approved scheme of the company.

"Resolved further that in pursuance of the provisions of Section 198(4) of the Companies Act, 1956, the above said remuneration may be paid as minimum remuneration to Sri.K.Vijay Kumar, Joint Managing Director in the absence of or inadequacy of profits in any year." "Resolved further that the Company hereby

ratifies the acts, things and deeds done by Sri.K. Vijay Kumar during the period 01-07-2004 till 21-9-2004 in the capacity of Joint Managing Director."

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

"Resolved that pursuant to the provision of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 as amended to date, and other applicable provisions, if any, of the Act, consent of the Company be and is hereby accorded subject to the approval of Central Government and the IDBI, the lead financial institutions for reappointment of Sri.K.Ramesh, Director to the position of Executive Director for a period of five years with effect from 1-7-2004 and the remuneration be and is hereby fixed on the following terms and conditions:

- I. SALARY : Rs.30,000/- (Rupees Thirty Thousand only) per month and the following allowances:

- (a) Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of one month salary per year or three months salary in a period of three years.
- (b) Leave Travel Concession: For self and family once in a year in accordance with any rules specified by the company.
- (c) Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
- (d) Personal Accident Insurance: For an amount the annual premium of which does not exceed Rs.4,000/- (Rupees Four Thousand Only).
- (e) Free use of Company's car on company's business.
- (f) Residential telephone shall be provided. All long distance personal calls shall be duly logged and paid for by the Executive Director.
- (g) Earned/Privilege Leave : On full pay and allowances as per rules of the company, leave accumulated but not availed of during his tenure may be allowed to be encashed as per the rules of the company.

- II. PERQUISITES :

- (a) Company's contribution towards Provident Fund subject to a ceiling of 10% of salary.
- (b) Company's contribution towards Pension/Superannuation Fund: such contribution together with the contribution to the Provident Fund shall not exceed 25% of salary.
- (c) Gratuity payable in accordance with an approved scheme of the company.

"Resolved further that in pursuance of the provisions of Section 198(4) of the Companies Act, 1956, the above said remuneration may be paid as minimum remuneration to Sri.K.Ramesh, Executive Director in the absence of or inadequacy of profits in any year."

"Resolved further that the Company hereby ratifies the acts, things and deeds done by Sri.K. Ramesh during the period 01-07-2004 till 21-9-2004 in the capacity of Executive Director."

By Order of the Board
for ADITYA SPINNERS LIMITED

Sd/-

R. SHIV KUMAR
Managing Director

Place: Hyderabad,
Date : 27th July, 2004.

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 16th September, 2004 to 21st September, 2004 (both days inclusive).
- (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 :

Item No. (4) :

Since the term of Joint Managing Director viz., Sri.K. Vijay Kumar was completed by 30th June, 2004, the Board of Directors, after approval of remuneration by the Remuneration Committee, had recommended the re-appointment subject to the approval of the shareholders in the ensuing annual general meeting, Central Government and the IDBI, the Lead Financial Institution. As the Joint Managing Director is engaged in financial planning, management and control, it was considered necessary to reappoint him for a further period of five years with effect from 01-07-2004. Your Directors recommend the resolution for your approval.

None of the Directors except Sri K. Vijay Kumar is interested in the Resolution.

Item No. (5) :

As the term of Executive Director viz., Sri.K.Ramesh was completed by 30th June, 2004, the Board of Directors, after approval of remuneration by the Remuneration Committee, had recommended the re-appointment of Executive Director with effect from 01-07-2004 subject to the approval of the shareholders in the ensuing annual general meeting, Central Government and the IDBI, the Lead Financial Institution. Since the Executive Director is involved in production planning, management and control, it is considered necessary to appoint him for efficient running of the factory.

Your Directors recommend the resolution for your approval.

None of the Directors except Sri K.Ramesh is interested in the Resolution.

**By Order of the Board
for ADITYA SPINNERS LIMITED**

Sd/-

**R. SHIV KUMAR
Managing Director**

**Place: Hyderabad,
Date : 27th July, 2004.**

DIRECTORS' REPORT

To

The Members,

M/s. Aditya Spinners Ltd.,

Your Directors have pleasure in presenting the Twelfth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS:

	(Rs. in lakhs)	
	2003 - 04	2002 - 03
Sales & Other Income	1906.58	2283.36
Profit before depreciation and interest	(42.34)	3.96
Interest	1837.16	1536.96
Depreciation	141.28	141.55
Profit before tax	(2020.78)	(1674.55)
Provision for taxation	—	—
Net Profit / (Net Loss)	(2020.78)	(1674.55)

2. DIVIDEND :

Your 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 1177 MTS of yarn. The Company has achieved a turnover of Rs.19.00 crores and incurred a net loss of Rs. 20.21 crores as against turnover of Rs.22.70 crores with a loss of Rs.16.75 crores during the previous year. During the year under review, there was a strike in Textile Industry particularly in Weaving Segment for the initial four months and hence the turnovers have come down. The increase in loss is mainly on account of increase in interest debit and other provisions required under the revised Auditor Report Rules. The profit before depreciation and interest as such remained almost at the same levels as in the previous year.

4. FUTURE OUTLOOK :**(a) INDIAN ECONOMY:**

The Indian Economy has performed well in the year 2003-04 with a GDP growth of 8.1% as estimated by CSO. Despite the uncertainties in the global economy, the macro economic conditions remained favourable in India. The overall growth of the industrial sector at 6.9% is higher than that of 6.2% in the previous year reflecting a higher growth in manufacturing as well as electricity, gas and water supply. The services sector has grown by 8.2% as compared to 7.2% in the previous year.

(b) TEXTILE INDUSTRY :

Over the last two years, the Government of India has recognized the necessity to support the textile industry. Accordingly a Debt Restructuring Scheme for the entire Textile Industry was announced during September 2003 enabling various concessions including reduction of interest etc. Continuing the trend, the Central government Budget for the year 2004 has also announced various concessions, reduction in duties, simplifying the procedures etc. All these measures are expected to contribute to the improvement in textile industry, in general.

In light of the scheme announced, the company has got a technical viability study done by the South India Textile Research Association the designated technical agency, which has confirmed the gross generations feasible from the operations of the company. The company is in the process of formulating a scheme acceptable to the Institutions. The Company's operations will certainly improve and a turnover is feasible subsequent to implementation of the scheme.

5. DIRECTORS :

Sri P. Seetha Ramaiah will be retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Sri K.Vijay Kumar, Joint Managing Director and Sri K.Ramesh Executive Director were recommended for reappointment under the Companies Act, 1956 and the Articles of Association.

6. BIFR :

The company's reference under Section 15 of SICA basing on the accounts for the period ended 31st March, 2001 was rejected by BIFR on the technicality of delayed filing though all the institutions have not objected for confirmation of sickness of the Company. The company has appealed before the Appellate Authority (AAIFR) which is admitted and initial hearings were conducted. The case is posted for final hearing on 8th November, 2004. Meanwhile, the Company has submitted two more references basing on the accounts ended for the period 31st March, 2002 and 2003 as per the following details.

For the period ended 31st March 2002

Case No.479/2002 Letter No.F.3(A-40)BC/ 2002
dated 27.11.2002 of BIFR.

For the period ended 31st March 2003

Case No.387/2003 Letter No.F.3(A-20)BC/2003
dated 28.11.2003 of BIFR.

These two references are yet to be taken up for hearing by the BIFR

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, will 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 as prescribed under the said section read with the Companies (particulars of employees) Rules, 1975.

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's shares are listed on The Hyderabad Stock Exchange Limited, 6-3-654, Somajiguda, Hyderabad and BSE, P.J.Towers, Dalal Street, Fort, Mumbai. The Company is yet to pay the listing renewal fee for the year 2004-05.
- (c) Dematerialisation of Shares: Since the Securities and Exchange Board of India has made it compulsory to trade in the Equity Shares in the dematerialized 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 organization. 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

Place: Hyderabad,
Date : 27th July, 2004.

Sd/-
R. SHIV KUMAR
Managing Director

Sd/-
K. VIJAY KUMAR
Joint Managing Director

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:	2003-04	2002-03
Electricity:		
i. Purchased:		
Total Units (KWH)	78,03,783	94,66,058
Rate per Unit in (Rs.)	4.04	4.14
ii. Own Captive generation:		
Units	12,988	1,75,624
Unit per litre of diesel	2.43	2.72
Cost per Unit (Rs.)	8.96	6.98
B. Consumption per unit of production:		
Yarn production (in kgs.)	11,76,586	15,69,359
Energy consumption (KWH) per kg. of yarn	6.64	6.14

II. TECHNOLOGY ABSORPTION :

Efforts made to Technology absorption as per Form B of the Annexure to the Rules:

—Not Applicable—