

# **13<sup>th</sup>**

## **Annual Report**

### **2004-2005**

Report  Junction.com



**Aditya Spinners Limited**

## **BOARD OF DIRECTORS**

<b>Sri. G. Satyanarayana</b>	Director
<b>Sri. V. Nageswara Rao</b>	Director
<b>Sri. P. Seetha Ramaiah</b>	Director
<b>Sri. K. Ramesh</b>	Executive Director
<b>Sri. K. Vijay Kumar</b>	Joint Managing Director
<b>Sri. R. Shiv Kumar</b>	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  
3-5-45/62, Eden Bagh, Ramkoti  
Hyderabad 500 001. A.P.

**REGISTRAR & SHARE 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 13th Annual General Meeting of the members of Aditya Spinners Limited will be held on Tuesday, the 27th day, of September, 2005 at 12.30 P.M. at the 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 year ended 31st March, 2005 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 appoint a Director in place of Sri. V.N. Rao who retires by rotation and being eligible, offers himself for reappointment.
- (4) 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.

By Order of the Board  
for ADITYA SPINNERS LIMITED

Sd/-

Place: Hyderabad,  
Date : 26th August, 2005.

**R. SHIV KUMAR**  
Managing Director

### 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 26th and 27th September, 2005.
- (4) The Shares of the company may be dematerialised by members of the company with M/s NSDL and M/s CDSIL. The company was allotted ISIN: INE122D01018.

**DIRECTORS' REPORT**

To

The Members,

Your Directors present the 13th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2005.

**1. FINANCIAL RESULTS :**

(Rs. in lakhs)

	2004-05	2003-04
Sales & Other Income	1888.98	1907.99
Profit before depreciation and interest	49.06	(4.73)
Interest	2203.58	1837.16
Depreciation	140.80	141.27
Profit before tax	(2295.33)	(2020.78)
Provision for taxation	—	—
Net Profit / (Net Loss)	(2295.33)	(2020.78)

**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 1179 MTs of yarn. The Company has achieved a turnover of Rs.1887.75 lakhs and earned other income of Rs.21.23 lakhs as against Rs.1900.55 lakhs and Rs.7.99 lakhs respectively during the previous year. The company incurred a net loss of Rs.2295.33 lakhs for the year under review and that of Rs.2020.78 lakhs for the previous year.

**4. CHANGES MADE IN THE AUTHORISED CAPITAL :**

The existing authorised capital of Rs.27.00 crores was reduced to Rs. 24.00 crores by cancelling 30,00,000 existing equity shares of Rs.10/- each forming part of the authorised capital of the company which have not been taken or agreed to be taken by any person.

The Company created 30,00,000 preference shares of Rs. 10/- each forming part of the authorised capital of the company and accordingly that the conditions in this behalf contained in the memorandum and articles of association of the company were altered.

**5. NEGOTIATED SETTLEMENT OF TERM LOAN DUES WITH FINANCIAL INSTITUTIONS :**

During the year 2004-05, the company held detailed negotiations with IDBI regarding settlement of the term loan dues. The IDBI agreed in principle for a negotiated settlement of dues imposing additional conditions regarding interest, redemption of shares. The Board of Directors of the company had conveyed their acceptance in principle to the Negotiated Settlement of dues seeking waiver of the additional conditions imposed and an amount of

Rs.45.24 lakhs was made to IDBI towards upfront fee as per the Negotiated settlement of dues. Pending finalisation and conclusion of the terms, the negotiated settlement of dues was not reflected in the books of account for the year under consideration.

#### **6. DIRECTORS :**

Sri. G. Satyanarayana and Sri.V.N.Rao will be retire by rotation at the ensuing Annual General meeting and being eligible, offer themselves for reappointment.

#### **7. BIFR :**

The Company's reference applications for the accounting years 2001-02, 2002-03 and 2003-04 made as required under Section 15 of Sick Industries (Special Provisions) Act, were registered and the case is pending before the BIFR. The company has been pursuing the appeal pending before AAIFR vide case No.226/01 and Appeal No.375/02 pertaining to the reference application for the period ended 31st March, 2001 which was rejected on technical grounds by BIFR.

#### **8. DEPOSITS :**

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

#### **9.AUDITORS :**

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

#### **10. 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.

#### **11. DISCLOSURE AS PER LISTING AGREEMENT**

- (a) Clause-32: The Cash Flow Statement in accordance with the 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, 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 2005-06.
- (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.

#### **12. 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.

### 13. INDUSTRIAL RELATIONS :

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

### 14. 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.

### 15. 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

Report Junction.com

Place: Hyderabad,

Date : 26th August, 2005.

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:****2004-05****2003-04****Electricity:****i. Purchased:**

Total Units (KWH)	<b>78,99,323</b>	78,03,783
Rate per Unit in (Rs.)	<b>4.03</b>	4.04

**ii. Own Captive generation:**

Units	<b>523</b>	12,988
Unit per litre of diesel	<b>0.74</b>	2.43
Cost per Unit (Rs.)	<b>33.70</b>	8.96

**B. Consumption per unit of production:**

Yarn production (in kgs.)	<b>11,79,298</b>	11,76,586
Energy consumption (KWH) per kg. of yarn	<b>6.70</b>	6.64

**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 and plans

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

The Company was able to achieve export turnover of of Rs. 142.64 lakhs during the year under review.

## ii. Total Foreign Exchange used/earned:

	2004 - 05		2003 - 04	
	US\$	INR	US\$	INR
Used :	16,143.88	7,34,536	14104.11	650418
Earned :	3,16,586	1,42,64,253	1,87,211	86,01,714

For and on behalf of the Board

Place: Hyderabad,  
Date : 26th August, 2005.

Sd/-  
**R. SHIV KUMAR**  
Managing Director

Sd/-  
**K. VIJAY KUMAR**  
Joint Managing Director

Report  Junction.com



**CORPORATE GOVERNANCE REPORT**  
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

**1. COMPANY'S PHILOSOPHY**

The management believes that corporate growth, goals, transparency and enhanced shareholder value are to be achieved only through good corporate governance.

**2. BOARD OF DIRECTORS**

The Board of Directors of Aditya Spinners Limited now comprises three executive directors and three non-executive independent directors meeting the requirements of the listing agreement.

The composition and category of Directors as on March 31, 2005 are as follows :

Category	Name of Director
Promoter and Executive Directors :	Sri. R. Shiv Kumar, Managing Director. Sri. K. Vijay Kumar, Joint Managing Director Sri. K. Ramesh, Executive Director
Independent non-Executive Directors :	Sri. G. Satyanarayana Sri. V. Nageswara Rao Sri. P.Seetha Ramaiah

During the year 2004-05 the Board met six times on 30th April, 2004, 27th July, 2004, 21st September, 2004, 28th October, 2004, 21st December, 2004 and 28h January, 2005. 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 Board Meetings	Particulars Last AGM	No. of other Directorships held
Satyanarayana.G	INE	4	No	-
Seetharamaiah.P	INE	6	Yes	-
Nageswara Rao.V	INE	6	Yes	-
Shiv Kumar.R	MD	6	Yes	-
Vijay Kumar.K	JMD	6	Yes	1
Ramesh.K	ED	6	Yes	-

INE - Independent and Non Executive

MD - Managing Director

JMD - Joint Managing Director

ED - Executive Director

**APPOINTMENT AND REAPPOINTMENT OF DIRECTORS**

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