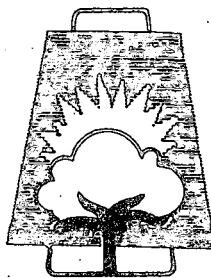


**15<sup>th</sup>**  
**Annual Report**  
**2006-2007**

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**Aditya Spinners Limited**

## **BOARD OF DIRECTORS**

<b>Sri G. Satyanarayana</b>	<b>Director</b>
<b>Sri V. Nageswara Rao</b>	<b>Director</b>
<b>Sri P. Seetha Ramalah</b>	<b>Director</b>
<b>Sri Siddula Madhukar</b>	<b>Director</b>
<b>Sri K. Ramesh</b>	<b>Executive Director</b>
<b>Sri K. Vijay Kumar</b>	<b>Joint Managing Director</b>
<b>Sri R. Shiv Kumar</b>	<b>Managing Director</b>

## **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  
3-6-237, Unit 606,  
Lingapur la builde complex,  
Himayath Nagar, Hyderabad-29.

## **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 15<sup>th</sup> Annual General Meeting of the members of Aditya Spinners Limited will be held on Tuesday, the 25<sup>th</sup> day of September, 2007 at 12.30 p.m., at Registered Office of the Company located at Perindesam Village, K V B Puram Mandal, Near Srikalahsti, 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 on 31<sup>st</sup> March 2007 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. P. Seetharamaiah, 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.

### SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:  
*"Resolved that Mr. Siddula Madhukar who was appointed as an Additional Director of the company by the Board of Directors and who ceases to hold the 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 and is hereby appointed a Director of the company liable to retirement by rotation."*

By Order of the Board  
for ADITYA SPINNERS LIMITED

Place: Hyderabad,  
Date : 28th August, 2007.

Sd/-  
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 on 24<sup>th</sup> and 25<sup>th</sup> September, 2007.
4. Members are requested to notify immediately any change in their address, if any, to the Registrar and Share Transfer Agent of the company quoting their folio number.
5. Shareholders seeking any information with regard to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
6. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed herewith.

### EXPLANATORY STATEMENT UNDER SECTION 173(2):

#### Item No.5:

Sri. Siddhula Madhukar is appointed as an Additional Director by the Board of Directors at their meeting held on 28<sup>th</sup> day of March, 2007 and he holds office till the conclusion of the ensuing Annual General Meeting in terms of the Articles of Association and Company Law. As required by Section 257 of the companies Act, 1956, notice was received from member of the company signifying his intention to propose appointment of Sri Siddhula Madhukar as Director along with a deposit of Rs.500/-.

The Board considers it desirable that the company should continue to avail itself his services as director and recommended the resolution for approval at the ensuing Annual General Meeting.

None of the directors is interested in the resolution except Sri.Siddhula Madhukar.

**DIRECTORS' REPORT**

To  
The Members,

Your Directors present herewith the 15 th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2007.

**1. FINANCIAL RESULTS :**

Rs. in lakhs

	2006-07	2005-06
Sales & Other Income	438.53	1476.08
Profit/ (Loss) before depreciation and interest	66.35	(474.61)
Interest	3223.46	2654.78
Depreciation	140.05	140.16
Profit before tax	(3297.16)	(3269.55)
Provision for taxation	NIL	NIL
Net Profit/(Net Loss)	(3297.16)	(3269.55)

**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 could not carry out its own production due to lack of working capital pending Rehabilitation Package with the Operating Agency viz., Industrial Development Bank of India and the Board for Industrial and Financial Reconstruction. The company earned inversion charges other income of Rs.438.53 lakhs mainly on account of job work operations. The company incurred a net loss of Rs.3297.16 lakhs as against that of Rs.3269.55 lakhs incurred in the previous year.

**4. REHABILITATION SCHEME:**

The company is a sick industrial company as declared by the Board for Industrial and Financial Reconstruction (BIFR) and as per the directions of the Hon'ble BIFR, the Operating Agency viz., M/s Industrial Development Bank of India (IDBI) has to prepare the Rehabilitation Scheme for revival of the unit in consultation with the Company. The Company submitted the draft revival scheme to the Operating Agency which is under consideration. The matter is being followed up by the Company with the Operating Agency.

**5. DIRECTORS**

Sri G Satyanarayana and Sri P. Seetha Ramalah Directors will be retiring by rotation at the ensuing Annual General Meeting being eligible, offer themselves 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 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.

**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 6-3-654, Somajiguda, Hyderabad.; The Bombay 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 2007-2008 is yet to be paid.

**Clause 49 Compliance:**

A detailed compliance report on the Corporate Governance is enclosed to this Annual Report.

**10. 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 has 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.

**11. INDUSTRIAL RELATIONS:**

The Company has had harmonious industrial relations through out the year under review at all levels of organization. The Company would endeavor to maintain this cordial relationship in future also.

**12. 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 and foreign exchange earnings and outgo has been given in a separate statement annexed hereto, which forms part of the Directors' Report.

**13. 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 : 28th August, 2007.

**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:****2006-07****2005-06****Electricity:****i. Purchased:**

Total Units (KWH)	33,03,974	58,52,919
Rate per Unit in (Rs.)	3.28	3.73

**ii. Own Captive generation:**

Units	-	134
Unit per litre of diesel	-	2.39
Cost per Unit (Rs.)	-	74.27

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

Yarn production (in kgs.)	5,86,522	9,08,437
Energy consumption (KWH) per kg. of yarn	5.63	6.44

**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: NIL**

For and on behalf of the Board

Place: Hyderabad,  
Date : 28th August, 2007.

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

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

**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 four non-executive independent directors meeting the requirements of the listing agreement.

The composition and category of Directors as on March 31, 2007 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 Sri Siddula Madhukar

During the year 2006-07 the Board met 6 times on 22nd April, 2006, 29th July, 2006, 25th August 2006, 31st October, 2006, 25th January, 2007 and 28th March, 2007. 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
Sri. Satyanarayana.G	INE	1	No	-
Sri. Seetharamaiah.P	INE	6	Yes	-
Sri. Nageswara Rao.V	INE	6	Yes	-
Sri Siddula Madhukar	INE	-	-	-
Sri. Shiv Kumar.R	MD	6	Yes	-
Sri. Vijay Kumar.K	JMD	5	No	1
Sri. Ramesh.K	ED	4	Yes	-

INE - Independent and Non Executive

MD - Managing Director

JMD - Joint Managing Director

ED - Executive Director

**REAPPOINTMENT OF DIRECTORS :**

Sri P. Seetha Ramaiah and Sri G. Satyanarayana, Directors will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.



Sri P. Seetha Ramaiah is an industrialist. He has been on the Board of the company since 2003. He holds no other Directorship and is the proprietor of M/s. Volga Industries.

Sri G. Satyanarayana is a Practicing Chartered Accountant for more than three decades. 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 inter alia, 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 of overall improvement of the quality of investor services. During the year the committee met 13 times and approved around 10,025 shares.

#### (b) AUDIT COMMITTEE :

As per the provisions contained in Section 292A of the companies Act, 1956 and clause 49 of the Listing Agreement with Hyderabad Stock Exchange, Mumbai Stock Exchange, an Audit Committee was constituted. The Committee comprises of three independent non executive directors viz. Sri G. Satyanarayana Chairman, Sri V. Nageswara Rao and Sri Seetha Ramaiah. The Audit Committee is inter alia responsible for the financial reporting and ensuing compliance also reviews the quarterly financial reporting and ensuing compliance with accounting standards and reviewing financial policies of the company. The Committee also reviews the quarterly financial results and the audited accounts before submission to the Board. During the year under review, the committee met five times and the attendance of the members was as under.

Name of the Member	No. of meetings attended
Sri G. Satyanarayana	1
Sri P. Seetha Ramaiah	5
Sri V. Nageswara Rao	5

#### (c) REMUNERATION COMMITTEE:

As per Schedule XIII of the Companies Act, 1956 and in accordance with the provisions contained in Clause 49 of the Listing Agreement with Hyderabad Stock Exchange, a Remuneration Committee was constituted. The Committee comprises three members viz. Sri G. Satyanarayana, Chairman, Sri V. Nageswara Rao and Sri P. Seetha Ramaiah.

#### REMUNERATION OF DIRECTORS:

The details of remuneration paid to each of the whole time Directors during the year ended 31<sup>st</sup> March 2007 are as indicated below:

Name of the Director	Designation	Remuneration per annum (Rs.)
1) Sri R. Shiv Kumar	Managing Director	6,00,000
2) Sri K. Vijay Kumar	Joint Managing Director	3,00,000
3) Sri K. Ramesh	Executive Director	3,60,000