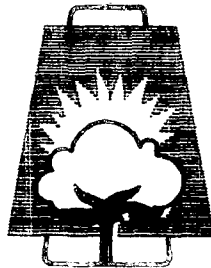


**16<sup>th</sup>**  
**Annual Report**  
**2007-2008**

Report  Junction.com



**Aditya Spinners Limited**



## **BOARD OF DIRECTORS**

<b>Sri G. Satyanarayana</b>	Director
<b>Sri. V.V.S.R. Anjaneyulu</b>	Additional Director
<b>Sri. K.V. Prasad</b>	Additional 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.5-1-720,1<sup>st</sup> Floor,  
Kushal Chambers, Bank Street  
Hyderabad 500 001.

### **STATE BANK OF PATIALA**

H.NO.5-2-134,1<sup>st</sup> Floor, Rashtrapathi Road,  
Secunderabad-500 003.

## **AUDITORS**

C.Ramachandram&Co,  
Chartered Accountants  
3-6-237,Unit 606,  
Lingapur la bulde complex,  
Himayath Nagar, Hyderabad-29.

## **REGISTRAR & SHARE TRANFER AGENTS**

M/s Venture Capital & Corporate  
Investments Limited,  
12-10-167, Bharat Nagar,  
Hyderabad - 500 018.

## **ADMINISTRATIVE OFFICE**

6-3-668/10/66  
Durganagar Colony, Punjagutta  
Hyderabad -500082.

## **FACTORY & REGD. OFFICE**

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

## NOTICE

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the member of Aditya Spinners Limited will be held on Saturday, the 27<sup>th</sup> day of September, 2008 at 12.30p.m., at Registered Office of the Company located at Perindesam Village, KVB 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 2008 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.V.S.R. Anjaneyulu, 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 BUSSINESS :

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

"Resolved that Mr. V.V.S.R. Anjaneyulu 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."

6. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

"Resolved that Mr. K.V. Prasad 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."

7. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

"Resolved that pursuant to Section 269 read with Part-I of the Schedule-XIII to the Companies Act, 1956 and other applicable provisions, if any, consent of the company be and is hereby given to the reappointment of Sri. R. Shiv Kumar as Managing Director of the company for three years with effect from 01.04.2007 without any remuneration."

"Further Resolved that the acts, deeds, things and matters done by Sri. R. Shiv Kumar as Managing Director with effect from 01.04.2007 to the date of this Annual General Meeting are hereby ratified, confirmed and approved by the company."

8. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

"Resolved that pursuant to Section 269 read with Part-I of the Schedule-XIII to the Companies Act, 1956 and other applicable provisions, if any, consent of the company be and is hereby given to the reappointment of Sri. K. Vijay Kumar as Joint Managing Director of the company for three years with effect from 01.04.2007 without any remuneration."

"Further Resolved that the acts, deeds, things and matters done by Sri. K. Vijay Kumar as Joint Managing Director with effect from 01.04.2007 to the date of this Annual General Meeting are hereby ratified, confirmed and approved by the company."

9. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:

"Resolved that pursuant to Section 269 read with Part-I of the Schedule-XIII to the Companies Act, 1956 and other applicable provisions, if any, consent of the company be and is hereby given to the reappointment of Sri. K. Ramesh as Executive Director of the company for three years with effect from 01.04.2007 without any remuneration."

"Further Resolved that the acts, deeds, things and matters done by Sri. K. Ramesh as Executive Director with effect from 01.04.2007 to the date of this Annual General Meeting are hereby ratified, confirmed and approved by the company.

**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 Member and Share Transfer Books of the Company will be closed on 26<sup>th</sup> and 27<sup>th</sup> September, 2008.
4. Members are requested to notify immediately any change in their address, if any, to the Register and Share Transfer Agent of the company quoting their folio number.
5. Share holders seeking any information with regard to the accounts are requested to write to the Company at an early dates 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 and 6 :**

Sri. V.V.S.R. Anjaneyulu and Sri. K.V. Prasad are appointed as an Additional Directors by the Board of Directors at their meeting held on 28<sup>th</sup> day of March, 2008 and they hold 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, notices were received from members of the company signifying their intention to propose appointment of Sri V.V.S.R. Anjaneyulu and Sri. K.V. Prasad as Directors along with a deposit of Rs.500/- each for the said two proposed appointments.

The Board consider it desirable that the company should continue to avail of itself their services as directors and recommended the resolution-5 and 6 for approval of shareholders at the ensuing Annual General Meeting.

None of the directors is interested in the resolution except Sri. V.V.S.R. Anjaneyulu and Sri. K.V.Prasad.

**Item No.7:**

The reappointment of Sri.R. Shiva Kumar as Managing Director was due on 01.04.2007 and the Board of Directors at their meeting held on 27.08.2008 recommended reappointment for three years with effect from 01.04.2007 without any remuneration. As per the provisions of Section 269 of the Companies Act, 1956 and the Schedule-XIII annexed thereto, the consent of the shareholders is required to the reappointment and accordingly, the Board recommended the same.

None of the directors is interested in the resolution except Sri. R.Shiv Kumar.

**Item No.8 and 9:**

Sri. K. Vijay Kumar, Joint Managing Director and Sri. K. Ramesh Executive Director are recommended by the Board of Directors at their meeting held on 27.08.2008 for reappointment for a period of three years with effect from 01.04.2007 without any remuneration and according to the provisions of Section 269 read with Part-I of Schedule-XIII to the Companies Act, 1956, the approval of the shareholders is required for the said reappointment.

None of the directors is interested in the resolution No.8 and 9 except Sri. K. Vijay Kumar and Sri. K. Ramesh.

By Order of the Board  
for ADITYA SPINNERS LIMITED

Sd/-

**R. SHIV KUMAR**

Managing Director

Place: Hyderabad,

Date : 27th August, 2008.

## DIRECTORS' REPORT

TO

The Members,

Your Directors present herewith the 16 th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2008.

### 1. FINANCIAL RESULTS :

Rs. in lakhs

	2007-08	2006-07
Sales & Other Income	277.39	488.53
Profit/ (Loss) before depreciation and interest	131.95	66.35
Interest	3922.92	3223.46
Depreciation	139.68	140.05
Profit / (Loss) before tax	(3930.65)	(3297.16)
Provision for tax	NIL	NIL
Net Profit / (Loss)	(3930.65)	(3297.16)

### 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 conversion charges and other income of Rs.277.39 lakhs mainly on account of jobwork operations. The company incurred a net loss of Rs 3930.65 lakhs as against that of Rs.3297.16 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). The company is in the process settlement of term loan dues to the financial institutions and negotiations with the Bankers to the company are in progress for settlement of their dues. The Company is in the process of preparation of a draft Debt Reconstruction Scheme to be submitted to the BIFR for approval for the purpose of revival of the Unit.

### 5. DIRECTORS :

Sri. V.V.S.R. Anjaneyulu and Sri. K.V. Prasad were appointed Additional Directors and their appointment will be regularised at the ensuing Annual General Meeting. Sri G Satyanarayana and Sri V.V.S.R. Anjaneyulu Directors will be retiring by rotation at the ensuing Annual General Meeting being eligible, offer themselves for reappointment. Sri V. Nageswara Rao, Sri P. Seetharamaiah and Sri Siddula Madhukar resigned as Directors of the Company and the Board appreciated their services rendered during their tenure as Directors.

### 6. DEPOSITS :

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

### 7. AUDITORS :

The present Statutory Auditors of the Company M/s C. Ramachandram & Co., Chartered Accountants, Hyderabad will retire at the conclusion of the ensuing Annual General Meeting and are being eligible offered themselves for reappointment.

### 8. PARTICULARS OF EMPLOYEES :

The Particular 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 receipts of remuneration for any part of the year, of Rs 200,000/- 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 Exchange for the year 2008-09 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 the period.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision 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. CONSTITUTION OF AUDIT COMMITTEE :**

As required by the provisions of section 292A of the Companies Act, 1956, the composition of the Audit Committee is as under:

The Audit committee is reconstituted by the Board of directors of the company and accordingly, the committee is composed with the following members:

- (a) Sri. K. Vijay Kumar, Joint Managing Director in charge of finance
- (b) Sri. G. Satyanarayana, Independent Director
- (c) Sri. V.V.S.R. Anjaneyulu, Independent Director
- (d) Sri. K.V. Prasad, Independent Director

**12. 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.

**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) Rule 1988 regarding conservation of energy, technology absorption and foreign exchange and foreign exchange earnings and out go has been given in a separate statement annexed here to, 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 Financial 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 August, 2008.

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**

	<u>2007-08</u>	<u>2006-07</u>
<b>A. Power and Fuel Consumption:</b>		
Electricity:		
i. Purchased:		
Total Units (KWH)	80,91,860	33,03,974
Rate per Unit in (Rs.)	3.22	3.28
ii. Own Captive generation:		
Units	-	-
Unit per litre of diesel	-	-
Cost per Unit (Rs.)	-	-
<b>B. Consumption per unit of production:</b>		
Yam production (in kgs.)	10,90,645	5,86,522
Energy consumption (KWH) per kg. of yam	7.42	5.63

**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 : 27th August, 2008.

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

The composition and category of Directors as on March 31, 2008 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. V. S. R. Anjaneyulu Sri. K. V. Prasad

During the year 2007-08 the Board met 8 times on 30.04.2007, 31.07.2007, 28.08.2007, 31.10.2007, 31.01.2008, 13.03.2008, 17.03.2008 and 21.03.2008. The following table shows details of directors, attendance of directors at the board meeting and at the last annual general meeting, number of membership 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	
Sri. Satyanarayana.G	I N E	1	No	-
Sri. V. V. S. R. Anjaneyulu	I N E	3	No	3
Sri. K. V. Prasad	I N E	1	No	-
Sri. Shiv Kumar.R	MD	8	Yes	-
Sri. Vijay Kumar.K	JMD	7	No	4
Sri. Ramesh.K	ED	2	Yes	-

I N E - Independent and Non Executive

MD - Managing Director

JMD - Joint Managing Director

ED - Executive Director

**REAPPOINTMENT OF DIRECTORS :**

Sri V.V.S.R. Anjaneyulu and Sri G.Satyanarayana, Directors will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Sri V.V.S.R. Anjaneyulu is an industrialist. He has been in the industry for more than a decade.

Sri G. Satyanarayana is a Practicing Chartered Accountant for more than three decades. He holds no other Directorships.