



Chitradurga Spintex Limited

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**Thirteenth Annual Report
2003-2004**

CHITRADURGA SPINTEX LIMITED

BOARD OF DIRECTORS :

Sri. S. RAJASEKHARAPPA
Sri. S. CHANDRASHEKAR
Sri. S. Thippeswamy
Sri. B. Ekanthappa
Sri. K.S. SATHYANARAYANA
Sri. S. VISHWANATH

Chairman
Director
Additional Director
Additional Director
KSIIDC Nominee
Managing Director

**WORKS & REGISTERED
OFFICE :**

Bangalore Road,
Siddapura Village,
Challakere-577 522
Karnataka State.

AUDITORS :

M/s.H.M.V.Murthy & Co.,
Chartered Accountants,
BANGALORE-560 002.

BANKERS :

STATE BANK OF MYSORE

SHARE TRANSFER AGENTS :

Canbank Computer Services Ltd.,
(A Subsidiary of Canara Bank)
4th Floor, Naveen Complex,
14 M.G. Road,
BANGALORE-560 001.
Ph:080-25320541, 542, 543. Fax:080-25320544

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NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Company will be held at the Registered Office at Bangalore Road, Siddapura Village, Challakere, Chitradurga Dist. Karnataka, Pin - 577 522 on 30th September 2004 at 11.00 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance sheet as on 31st March 2004 and the Profit and Loss Account for the year ending 31st March 2004 together with the reports of the Auditors and Directors thereon.
2. To appoint Mr. S.Rajasekharappa, as Director in pursuance of Article 11 of the Articles of Association of the Company and Section 265 of the Companies Act, according to the principle of proportional representation
3. To appoint Mr. S. Chandrashekar, as Director in pursuance of Article 11 of the Articles of Association of the Company and Section 265 of the Companies Act, according to the principle of proportional representation
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To appoint Mr. S.Thippeswamy, as Director of the company pursuant to section 257 of the Companies Act, 1956.
6. To appoint Mr. B.Ekanthappa as a Director of the company pursuant to section 257 of the Companies Act, 1956.

Place: Challakere
Date : 25.08.2004

By order of the Board
S.Rajasekharappa
Chairman

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy and vote instead of himself and proxy need not be a member of the Company. Proxies in order to be effective must be lodged with the Company at its registered office at least 48 hours before the commencement of the meeting.
2. The Register of members and the Share Transfer books of the Company will remain closed from 24.09.2004 to 30.09.2004 (both days inclusive).
3. Members seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the date of the meeting so as to enable the Management to keep information ready.
4. A person who desires to contest for election may deliver or cause to get delivered his nomination along with a deposit of Rs.500 by DD drawn in favour of the company, at companies registered office before 15.09.2004.
5. Members are requested to bring their Copies of Report and Attendance slip duly filled for attending the Meeting.
6. An explanatory note U/s 173 of the Companies Act, 1956 is annexed.

EXPLANATORY STATEMENT U/S 173 (2) OF COMPANIES ACT, 1956.

ITEM NO.2 and 3

Article 11 adopts the provisions contained in section 265 of the Companies Act, 1956 relating to appointment of Directors once in every three years according to the principle of the proportional representation.

The Board was last constituted at the 10th Annual General Meeting held in the year 2001.

The Board consists of Mr. S. Rajasekharappa, Mr. S. Vishwanath and Mr. S. Chandrashekar, Mr. K. Sathyanarayana KSIIDC nominee, Mr. S. Thippeswamy, Mr. B. Ekanthappa, Mr. S. Vishwanath is a non retiring Director. Mr. S. Rajasekharappa and Mr. S. Chandrashekar retire at this Annual General Meeting and are eligible for re-election. Notice u/s 257 of the Companies Act, 1956, in connection with the re-election of these directors have been received by the Company. Mr. S. Rajasekharappa, Mr. S. Vishwanath and Mr. S. Chandrashekar directors may be deemed to be interested in this respective resolution.

ITEM NO.5

The board proposes to appoint Mr. S.Thippeswamy as a Director of the company. The company has received notice from a member proposing his candidature to the post of Director pursuant to section 257(1) of the companies act, 1956. None of the directors are interested in this resolution.

ITEM NO.6

Mr.B.Ekanthappa was appointed as an additional director by the Board during the year . His tenure as additional director ceases at the ensuing Annual General Meeting. The Board proposes to appoint him as a Director of the company pursuant to section 257 of the companies Act, 1956. The company has received notice from a member proposing his candidature to the post of Director pursuant to section 257(1) of the companies act, 1956.

None of the directors are interested in this resolution

DIRECTORS REPORT

To the Members

Your Directors have pleasure in presenting the 13th Annual Report of your Company together with the Audited statement of Accounts for the period ended March 31, 2004.

FINANCIAL RESULTS:

(Rupees in lakhs)

	2003-04	2002-03
Sales & Other Income	577.66	610.37
Profit/ Loss before interest & Depreciation	11.31	18.74
Interest	17.07	19.11
Depreciation	21.36	23.80
Profit/Loss for the year	-27.12	-23.64
Profit/Loss brought forward	-136.22	-111.38
Profit/Loss carried forward	-164.20	-136.22

OPERATIONS:

During the year the Company achieved a turnover of Rs.586.96 lakhs, as against Rs.610.37 lakhs during the previous year despite poor performance of textile industry due to inadequate demand and hike in raw material cost due to continued drought conditions in the country since last two years. Your directors will continue to try their best to improve the company's performance. The outlook for the current year continues to be good.

DIVIDEND

Your Board of Directors do not recommend any dividend, in view of the inadequacy of profits.

PARTICULARS OF EMPLOYEES:

During the year there was no employee drawing remuneration beyond the limits prescribed under section 217 (2A) of the Companies Act, 1956.

FOREIGN EXCHANGE EARNING AND OUT GO:

Earnings: Rs.163.83 lakhs (Previous Year Rs.75.02 lakhs)

Outgo: Rs.Nil (previous year Nil)

CONSERVATION OF ENERGY:

Disclosure in respect of conservation of energy in form A is annexed.

TECHNOLOGY ABSORPTION: Nil

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements u/s 217(2 AA) of the Companies Act 1956, the Board of Directors of the Company hereby state and confirm that:

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- ii. the Directors have selected such accounting policies and applied them consistently and made judgements 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 Loss of the Company for the year ended
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the Directors have prepared the annual accounts of the Company on a "going concern" basis.

DIRECTORS:

In accordance with the Section 265 of the Companies Act, 1956 read with the Article 11 of the Articles of Association of the Company, Sri. S. Rajasekharappa, Sri.S.Chandrashekar Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS:

M/s. H.M.V. Murthy & Co., Chartered Accountants, retire as Auditors of the Company and are eligible for re-appointment.

LISTING:

In Accordance with the approval granted by the shareholders, the Company has got its equity shares delisted from the Stock Exchange, Ahmedabad. The delisting from The Bangalore Stock Exchange, Bangalore, The Madras Stock Exchange, Chennai is in an advanced stage and the approval is expected to be received soon. The Company's Securities are continued to be listed on the Stock Exchange, Mumbai. The Company has paid the Annual Listing fees to each of these Stock Exchanges for the financial year 2004-05.

ACKNOWLEDGEMENTS:

The Board desires to place on record its appreciation for the co-operation and continued support extended to the Company by all financial institutions, Banks, and the State Government and Central Government. The Board also wishes to thank the Company's members and esteemed business associates for their valuable contribution and support. The Directors of your Company are pleased to place on record their appreciation for the sincere services rendered by the staff and workers at all level.

Place:Challakere

Date: 25.08.2004

For and on behalf of the Board of Directors

(S.RAJASHEKARAPPA)

Chairman

FORM-A**POWER AND FUEL CONSUMPTION:**

Disclosure of particulars with respect to conservation of Energy.

A)	Electricity:	2003-04	2002-03
	Units in lakh	Nil	Nil
	Total Amount Rs. in Lakh	Nil	Nil
	Rate/unit (Rs.)	Nil	Nil
B)	Own Generation:		
	(Through D.G)		
	Units in lakh	10.99	12.47
	Units per ltr. Of Diesel	3.14	3.09
	Cost/Unit (Rs)	4.77	4.67

DIRECTORS' REPLY TO QUALIFICATION IN AUDITOR'S REPORT PURSUANT TO SECTION 217 (3) OF THE COMPANIES ACT, 1956**1. Para 6(A)**

The Company has made an application to the financial institution for one time settlement of the Loan. Sanction from the Financial Institution in this respect is expected shortly. Hence the Board thought it fit not to make any provisions for the interest on the said loan

2. Para 6(B)

On account of uncertainty in receipt of interest, revenue in respect of interest receivable on corporate loans amounting to Rs.124.67 lacs has not been provided for. The Company has recovered Rs.10.77 lacs during the year 2004-05 and reasonable steps have been taken for recovery of the balance amount. Hence the management is not considering for the provision against such loan and interest is not considered necessary at this stage.

3. Para (3)(i)(ii)(a)

The Board confirms that the balance of loan granted to companies listed in the register maintained under section 301 of the Companies Act, 1956 is Rs.102.77 Lakh. By considering the above said reason the management feels these transactions are not, prima facie, prejudicial to the interests of the company.

4. Para (3)(ii)(b)

The Board offers the same explanation as in 2 above.

UNJHA FORMULATIONS LIMITED



ANNEXURE TO THE DIRECTORS' REPORT

FORM A

Form of disclosure of particulars with respect to conservation of energy :

	2003-2004	2002-2003
A. POWER & FUEL CONSUMPTION		
1. Electricity		
Units consumed (Nos.)	92762	87430
Total Amount (Rs.)	523619	566797
Rate per Unit (Rs.)	5.64	6.48
2. Coal		
Quantity (Tonnes)	NIL	NIL
Total Cost	NIL	NIL
Average Rate	NIL	NIL
3. Furnace Oil	NIL	NIL
Quantity (K. Ltrs)	NIL	NIL
Total Cost	NIL	NIL
Average Rate	NIL	NIL
4. Other internal generation	NIL	NIL
Quantity	NIL	NIL
Total Cost	NIL	NIL
Rate/Unit	NIL	NIL

FORM B

FORM DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

RESERACH & DEVELOPMENT (R&D)

The Company is in processing of identifying area in which research and developments activities can be carried out. Keeping in view the need in future, the company is planning to establish a separate Research & Development Division, for which the provision for creation of necessary infrastructure will be made.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

The manufacturing process used in the plants is based on indigenous technology. The company has not entered into any contract or arrangement involving any foreign technology.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned during the year on account of export sales is US \$ 71272.65 (Equivalent to Rs. 32.85 lacs).

Sri D.M. Shivananda Swamy is the Compliance Officer under the relevant regulations

General Body Meetings

a) Location and time where last three AGMs were held

Sl No	Location	Date	Time
1	Registered Office	25.09.2001	11.00. a.m
2	Registered Office	30.09.2002	11.00. a.m
3	Registered Office	29.09.2003	11.00. a.m

(b) No postal ballots were used/invited for voting at general meetings in respect of special resolution passed. The Company shall comply with requirements relating to postal ballot as and when necessary.

MEANS OF COMMUNICATION

The Company provides information to the shareholders through the Annual Report. It also provides information by publishing quarterly, half yearly financial results.

DISCLOSURES:

1. The stock exchange or SEBI or any other statutory authorities on any matter related to Capital Markets imposed no penalties or strictures on the Company during the year.

2. Related parties:

a. Sri S. Rajasekharppa	Key Management Personnel
b. Sri S. Vishwanath	Key Management Personnel
c. S. Chandrashekar	Relative of Key Management Personnel
d. M/s. Chitradurga Sunflower Oil Complex Ltd	Enterprise in which the relative of the Key Management Personnel

Quantification of transactions during the year 2003-04

Nature of Relationship	Nature of Transaction	Amount
Key Management Personnel	Interest on unsecured loan	2,12,500

GENERAL INFORMATION TO SHARE HOLDERS:

1. Annual General Meeting: -

Date	Venue	Time
30/09/2004	Chitradurga spintex limited Bangalore Road Siddapura Village Challakere - 577522	11.AM

2. Tentative Financial calendar for the year 2004-05

First Quarter - June 2004, Second Quarter - October 2004, Third Quarter - January 2004, Forth Quarter - April 2004

3. Date of Book closure: From 24th September 2004 to 30th September 2004

4. Listing on Stock Exchanges:

The shares of the Company are listed on the Stock Exchange, Mumbai. Annual listing fee to the stock exchange for the year 2004-05 has been paid within the prescribed due date.

5. Market Price Data: The shares of the Company are not traded regularly. The highest and lowest price of shares of the Company during financial year was Rs.4.60 and 3.17 respectively.

6. Disclosures:

- (a) The stock exchanges or SEBI or any other statutory authorities on any matters related to capital markets imposed no penalties or strictures on the company during the year.
- (b) Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of Company at large - None
- (c) Related Parties:

Quantification of transactions during the year 2003-04:

Sl.No	Name	Purchase	Sale	Others
1	S. Vishwanath	Nil	Nil	interest paid Rs.2,12,500/-

7. Plant Location:

Chitradurga spintex Limitex, Bangalore Road, Siddapura Village, Challakere - 577522