

PRANAVADIYA

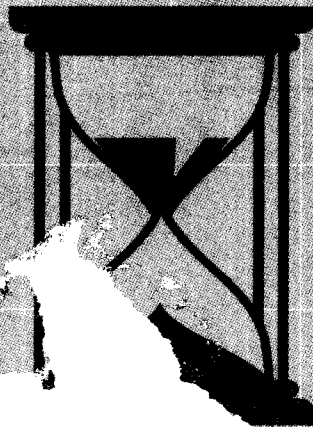
Spinning Mills Limited

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ANNUAL

REPORT

2002-03




PRANAVADIYA SPINNING MILLS LIMITED

BOARD OF DIRECTORS : SHRI HARIKISHON N. UDANI Chariman
 SHRI YESHWANT R. SHAH Director
 SHRI HASMUKHLAL S. PARIKH Director
 SHRI SUMAN B. SHAH Director
 SHRI PARAG H. UDANI Director
 SHRI MAHENDRA S. SHAH Director
 SHRI B. R. NAYAK Director-Commercial
 SHRI MANOJ C. DESAI Director-Finance

BANKERS : BANK OF BARODA
 UNION BANK OF INDIA

AUDITORS : M/s VINOD VASA & ASSOCIATES
 Chartered Accountants,
 Jumna Building,
 292, Tilak Marg, Dhobi Talao,
 Mumbai - 400 002.

CORPORATE OFFICE : 92, Mittal Chambers,
 Nariman Point,
 Mumbai - 400 021.

REGISTERED OFFICE & MILL : Village : Alte
 Taluka : Hatkanangale
 District : Kolahapur
 Maharashtra : 416 109

SHARE TRANSFER AGENTS : R & D CONSULTANTS PVT. LTD.
 610, Dalamal Towers,
 211, Nariman Point,
 Mumbai - 400 021.
 Tel : 2283 4374 / 2283 4347

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NOTICE

Notice is hereby given that the **Thirteenth Annual General Meeting** of the members of **PRANAVADITYA SPINNING MILLS LTD.** will be held on Friday, the 12th September 2003, at 4.00 p.m. at the Registered Office of the Company at Village Alte, Hatkanangale Taluka, Kolhapur District, Maharashtra - 416 109 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003, and the Audited Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Parag H. Udani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Hasmukhlal S. Parikh who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Yeshwant R. Shah who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

6. To appoint a Director in place of Shri Manoj C. Desai who has been appointed as an Additional Director of the Company by the Board of Directors with effect from January 31, 2003 pursuant to Article 110 of the Articles of Association of the Company and who, under Section 260 of the Companies Act, 1956 (the "Act"), holds office up to the date of the forthcoming Annual General Meeting but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director under the provisions of Section 257 of the Act.
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Act or any re-enactments thereof and the Articles of Association of the Company and any other approvals / consents/ sanctions / permissions as may be necessary, Shri Manoj C. Desai be and is hereby appointed as Executive Director, designated as 'Director - Finance' for a period of three years with effect from January 31, 2003 upon terms and conditions as set out in the Agreement dated 27th June, 2003 entered into by the Company with him, submitted to this meeting for the purpose of ratification, which Agreement is hereby

specifically approved and ratified with liberty to the Board of Directors of the Company ('the Board') to alter and vary the terms and conditions of the said Agreement from time to time and in such manner as may be agreed to by the Board and Shri Manoj C. Desai, but so as not to exceed the limits specified in Schedule XIII to the Act or any amendment thereto or re-enactments thereof, with effect from such dates as may be decided by it.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution".

8. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution**:

"RESOLVED THAT subject to the provisions of the Act, Securities Contracts (Regulations) Act, 1956 and the Rules frames thereunder, Listing Agreements and all applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as "the Delisting Guidelines") {including any statutory modification(s) or re-enactment of the Act or the Delisting Guidelines, for the time being in force} and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee constituted or to be constituted by the Board), or as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which may be agreed to by the Board in its sole discretion, the consent of the Company be and is hereby accorded to delist the Equity Shares of the Company from the Stock Exchange at Ahmedabad (ASE) (hereinafter referred to as "the Ahmedabad Stock Exchange") on such terms and conditions as may be considered desirable and expedient by the Board in its absolute discretion.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things including filing of application and other documents with the Ahmedabad Stock Exchange, as it may in its absolute discretion deem necessary, expedient, usual or proper or desirable and to settle all questions, difficulties or doubts whatsoever that may arise in regard to the aforesaid voluntary delisting of the Equity Shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this Resolution.


PRANAVADITYA SPINNING MILLS LIMITED

RESOLVED ALSO THAT the Board be and is hereby authorised to delegate all or any of its powers which may be so delegated by law, to any of its Committees or any Director or Officer of the Company, to give effect to the aforesaid Resolution."

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 5th September 2003 to 12th September 2003. (Both days inclusive)
4. The Company's Equity Shares are listed at : (1) The Stock Exchange, Mumbai (Regional Stock Exchange), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001; and (2) The Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad - 380 015. The Annual Listing Fees as prescribed has been paid to each of these Stock Exchanges.
5. Members are requested to :
 - (a) Notify any change in their registered address along with pin code numbers to Company's Share Transfer Agent, M/s. R & D Consultants Private Limited, at 610, Dalamal Towers, 211, Nariman Point, Mumbai - 400 021.
 - (b) Quote their respective ledger folio numbers on every communication with the Company and / or Share

Transfer Agent.

- (c) Bring their copies of Annual Report to the meeting. No copies of the Annual Report will be available for distribution to the members at the meeting.
- (d) Deposit duly filled-in attendance slip annexed to the Proxy Form at the entrance to the place of meeting and not to bring with them any other person who is not a member / proxy.
- (e) Write to the Company at least 10 days before the date of the meeting regarding any information on accounts so as to enable the Company to keep the information ready.
- (f) Consider dematerialising the equity shares held by them.
6. Pursuant to clause 49 (VI) (A) of the listing agreement following information is furnished about the Directors proposed to be appointed / re-appointed.

As Per Attached Annexure I

By Order of the Board of Directors

Place : Mumbai
Dated : 29th July, 2003

Harikishon N. Udani
Chairman

Registered Office:
Village Alte,
Hatkanangale Taluka,
Kolhapur,
Maharashtra - 416 109.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6 and 7

The Board at its meeting held on January 31, 2003, appointed Mr. Manoj C. Desai as an Additional Director of the Company with effect from January 31, 2003 under Section 260 of the Companies Act, 1956 ('the Act'). Mr. Manoj C. Desai holds office upto the date of the forthcoming Annual General Meeting. The Company has received a notice in writing from a member alongwith the requisite fees proposing the candidature of Mr. Manoj C. Desai for the office of Director under the provisions of Section 257 of the Act.

Mr. Manoj C. Desai has a good and varied experience of over 22 years in Taxation, Accounts and finance functions. He joined the Company as Sr. Vice -President -Finance with effect from 1st January 2003. The Board of Directors at the meeting held on 31st January 2003, has subject to the approval of the Members, appointed Mr. Manoj C. Desai as 'Director - Finance' of the Company for a period of 3(three) years effective from 31st January 2003 on terms as to remuneration approved by the Remuneration Committee and set out herein. The Company has subject to the approval of the Members entered into an Agreement with Mr. Manoj C. Desai on 27th June 2003.

Mr. Manoj C. Desai subject to the supervision and control of the Board of Directors shall carry out such duties and perform such other functions and services as shall, from time to time, be assigned / entrusted to them by the Board of Directors.

Schedule XIII to the Companies Act, 1956, has been amended vide notification No. GSR 36 (E) dated 16th January 2002 issued by the Central Government. The new para 1 inter alia provides that the minimum remuneration mentioned therein shall be payable if-

- (i) payment of remuneration is approved by a resolution passed by the Remuneration Committee; and
- (ii) the Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of such managerial person.

There has been default on the part of the Company in repayment of debts / debentures and interest thereon for a continuous period of 30 days, in the preceding financial year 2001-2002. In view of this, payment of minimum remuneration to the 'Director - Finance' will require approval of the Central Government.

The Agreement entered into between the Company and Mr. Manoj C. Desai contains the following broad terms and conditions, which are in accordance with the provisions of Schedule XIII to the Companies Act. 1956:

a. Salary: Rs. 48, 750/- (Rupees Forty Eight Thousand Seven Hundred Fifty only) per month for the first year and thereafter there will be an increase of maximum of 15% in salary for every succeeding years. This will include dearness allowance and all other allowances not otherwise specified herein.

b. Perquisites as follows :

- i) Contribution to Provident Fund to the extent the same are not taxable under the Income Tax Act.
- ii) Gratuity as per the provisions of the Payment of Gratuity Act, or as per Gratuity scheme of the Company, whichever is higher.
- iii) Provisions of Car with driver for use on Company's business and telephone at residence.
- iv) Reimbursement of medical expenses to the extent of Rs. 1250/- per month for self and family which is equal to Rs. 15,000/- P.A or Rs. 45,000/- in a block of 3 years.

Minimum Remuneration :

In the absence or inadequacy of profits in any financial year, Mr. Manoj C. Desai - 'Director - Finance' may be paid remuneration by way of salary, perquisites and other allowances not exceeding the limits specified in Paragraph 1(A) of Part II, Section II to Schedule XIII to the Companies Act, 1956.

This may be treated as an abstract under Section 302 of the Companies Act, 1956, of the terms of the Agreement with Mr. Manoj C. Desai.

The Agreement entered into with the 'Director - Finance' is available for inspection by the members of the Company at the Registered office at Village Alte, Taluka Hatkanangale, P.B.No.2, Dist. Kolhapur - 416 109. Maharashtra on all working days between 11.00 a.m and 1.00 p.m., except Saturdays, upto the date of the Annual General Meeting.

The Directors recommend adoption of the resolution Item No.6 & 7.

Mr. Manoj C. Desai is deemed to be concerned or interested in the said Resolution. None of the other Directors is concerned or interested in these Resolutions.

Item no. 8

At present, the Equity Shares of the Company are listed on The Stock Exchange, Mumbai (BSE) and The Stock Exchange, Ahmedabad (ASE). With the introduction of electronic trading system, investors have access to online trading national wide. Further, trading in the shares of the Company is largely carried only at BSE which have national

**PRANAVADITYA SPINNING MILLS LIMITED**

wide trading terminals. Thus, no particular benefit is available to the investors by continuing the listing of the shares of the Company on ASE.

As per SEBI (Delisting of Securities) Guidelines - 2003 (Guidelines) which have been notified recently, the Company can delist its shares from ASE without providing an exit opportunity, provided that the shares will continue to be listed on a Stock Exchange having national wide trading terminals i.e. The Stock Exchange, Mumbai (BSE) or National Stock Exchange (NSE). The Company's Equity Shares are listed on BSE which have national wide trading terminals and it will be continued to be listed on BSE. As per the Guidelines, delisting from ASE is possible with the approval of Members by passing a Special Resolution.

None of the Directors is concerned or interested in the resolution.

The Board recommends the proposed resolution for your approval.

By Order of the Board of Directors

Place : Mumbai
Dated : 29th July, 2003

Harikishon N. Udani
Chairman

Registered Office:
Village Alte,
Hatkanangale Taluka,
Kolhapur,
Maharashtra - 416 109.

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Thirteenth Annual Report and the Audited Statement of Accounts of the Company for the financial year ended 31st March 2003.

1. FINANCIAL RESULTS:

	For the year ended 31st March, 2003 (Rs. in lacs)	For the year ended 31st March, 2002 (Rs. in lacs)
Gross Sales	<u>3244.40</u>	<u>3359.52</u>
Profit /(Loss) before Depreciation, Interest and Tax	198.48	(405.84)
Less : Interest	231.81	405.63
Depreciation	<u>203.60</u>	<u>200.97</u>
Loss before extra ordinary / prior year items	(236.93)	(1012.44)
Less : Term Loan interest written back	64.72	0
Prior year Expenditure / Income (Net)	(13.95)	0
Net loss for the year before Taxation	(186.16)	(1012.44)
Provision for Tax:		
Deferred Tax Assets	<u>0</u>	<u>249.18</u>
Net Loss after Tax	(186.16)	(763.26)
Add : Balance in Profit & Loss Account	(423.82)	584.43
Excess Provision for Tax written back	0	4.19
Deferred Tax Liability of earlier year	<u>0</u>	<u>(249.18)</u>
Balance carried to Balance Sheet	(609.98)	(423.82)

2. REVIEW OF OPERATION:

During the year under review, the Company has made improvement in the working and performance compared to the previous year and has made cash profit of Rs. 35 lacs after interest but before depreciation and other write offs. Cotton yarn production increased by 17% to 3548 Metric Tons as compared to 3030 Metric Tons during the preceding year. However, due to continued adverse market conditions in the Power Loom and the Hosiery Industry, the average sales realization per Kg of Cotton Yarn substantially came down from Rs. 86/- in last year to Rs. 79/- in current year thus affecting the Turn over. Yarn exports also suffered from India due to poor off take and recession in the overseas markets, which resulted in Export Units dumping yarn in the domestic market.

The Company has taken several steps to reduce costs, change of product mix as per market requirement and increase efficiency and workloads. It may be noted that substantial reduction in financial costs has also been achieved compared to the previous year.

In the current year, apart from transport operators' strike for nearly 26 days and due to imposition of VAT and Cenvat, there was prolonged stoppage of work in Power Loom and Knitting Units for more than 2 months and cotton prices have ruled at higher level due to shortage of domestic crop. With the onset of very good Monsoon in all the cotton producing areas in our country, there are expectation of crop all around and lower price of cotton. The export market is also picking up. Power looms and knitting factories are having substantial orders and the outlook is becoming definitely positive. The Company, therefore, expects to improve performance all around in the current year.

The Company has appointed M/s. PriceWaterHouseCoopers P. Ltd, Mumbai as Consultants to suggest various steps to be taken by the Company to make the Company stronger and more viable and their Report is awaited. Suitable action will be taken in the matter at the earliest.

It may be noted that the Company's performance has to be viewed in the context of under performance of the cotton Spinning and Textiles Industry which suffered adversely due to high cost of raw material and other inputs and continued lower sales realization per kg of yarns. The Textile Industry is an important segment of our Country's Industrial growth and Exports and the Government is taking various steps to help the Industry to remain more competitive and viable and to maintain the levels of employment which the Industry generates.

3. DIVIDEND:

Your Directors regret their inability to propose any dividend in view of the losses of the Company.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance of section 217(2AA) of the Companies Act, 1956 your Directors confirm that :

- in preparation of the annual accounts, the applicable standards have been materially followed subject to Note No.1 (X) and 6 of Schedule 19 to the Accounts ;
- the selected accounting policies were applied consistently and the Directors 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 financial year and of the loss of the Company for the aforesaid period;



- (c) proper and sufficient care has been taken 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;
- (d) the annual accounts have been prepared on a going concern basis.

5. CORPORATE GOVERNANCE:

The Company has obtained a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance during financial year 2002-03. The same is annexed to this Report.

6. DIRECTORS:

Shri.Parag H.Udani, Shri Hasmuklal S.Parikh & Yeshwant R.Shah retire by rotation at the 13th Annual General Meeting of the company and being eligible offers themselves for re-appointment.

Shri Parag H.Udani, has resigned as Managing Director of the Company w.e.f. 16th April, 2003, but he is associated with the Company as Director of the Company. During his tenure as Managing Director, he made good contribution to the Company's growth.

The Board of Directors has co-opted Shri Manoj C. Desai as Additional Director effective from 31st January, 2003 and has also appointed him as Executive Director designated as 'Director- Finance'. He holds the office up to the date of ensuing Annual General Meeting. Notice has been received from member of the Company proposing Mr. Manoj C.Desai as a candidate for the office of Director of the Company. The Directors recommend his appointment.

7. AUDITORS AND AUDITORS' REPORT:

The statutory auditors M/s. Vinod Vasa & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. The Company has received a letter from M/s. Vinod Vasa & Associates to the effect that their appointment as Auditors, if made, would be within the limits under Section 224 (1B) of the Companies Act, 1956. The notes to the accounts referred to in the Auditors Report are self-explanatory and therefore, do not call for any further comments.

8. FIXED DEPOSITS:

The Company did not accept any fixed deposits during the year under review. No deposits were due for repayment as on 31st March 2003.

9. ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 1 and forms part of this report.

10. PERSONNEL:

There is no employee coming within the provisions of Sections 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

11. INSURANCE:

All the properties of the Company have been adequately insured against fire, marine and other risks.

12. ENVIRONMENTS, SAFETY & POLLUTION CONTROL:

Your Company has been taking proper care in complying with all statutory requirements relating to safety, environment and pollution control.

13. APPRECIATION:

Your directors wish to place on record their appreciation of the support and co-operation received from their Banks namely Bank of Baroda and Union Bank of India and the Government Authorities. Your Directors also commend the unstinting efforts put in by employees at all levels.

For and on behalf of the Board of Directors

Place : Mumbai

Dated : 7th July, 2003.

Harkishon N. Udani

Chairman

Registered Office:

Village Alte,
Taluka Hatkanangale,
P.B. No.2,
Dist. Kolhapur - 416 109



ANNEXURE - 1

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

(I) Conservation of Energy :

a) Energy Conservation Measures taken :

Energy Conservation is an ongoing process within the Company. The Company has been making continuous efforts for enhancement in capacity utilisation, cost competitiveness and quality through systematic process, monitoring and adherence to technological norms.

(b) Additional Investment and proposals, if any, being implemented for reduction of consumption of energy : NIL

(c) Impact of measures of (a) and (b) above for reduction of energy consumption and consequent impact of the cost of production of goods.

The above measures will help in reducing cost.

(d) FORM - A

(I) Power and Fuel Consumption:	<u>2002-03</u>	<u>2001-02</u>
1. Electricity:		
(a) Purchased Units ('000)	7750.49	7586.46
Total Amount (Rs. in lacs)	280.50	289.33
Rate per Unit	3.62	3.81
(b) Own Generation		
Through Diesel Generator - Units ('000)	731.23	172.96
Unit per litre of Diesel Oil	3.50	3.50
Cost per Unit	4.96	4.31
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Others	Nil	Nil
(II) Consumption per Unit of Production :		
Production of yarn (M.T.)	3530.02	3095.67
Electricity per M.T. of production	2402.74	2506.54

(II) Technology Absorption :

FORM - B

i) Research and Development

- | | |
|---|---|
| <p>1. Specific areas in which R & D carried out by the Company.</p> <p>2. Benefits derived as a result of above R & D.</p> <p>3. Future plan of action</p> <p>4. Expenditure on R & D :</p> <p> (a) Capital</p> <p> (b) Recurring</p> <p> (c) Total</p> <p>(d) Total R & D expenditure as a percentage of total turnover</p> | <p>- R & D carried out for increasing the strength of the yarn. The efforts of the Company also directed towards improvement of manufacturing process, yarn quality and productivity.</p> <p>- Reduction in cost of output, decrease in wastage and improvement in quality of yarn.</p> <p>- The above activities shall continue and more efforts in this direction will be made.</p> <p>No system of separate maintenance of accounts have been developed. The expenditure is merged with various other heads of expenses.</p> |
|---|---|

ii) Technology absorption, adoption and Innovation :

- | | |
|--|---|
| <p>1. Efforts in brief technology absorption, adoption and innovation.</p> <p>2. Benefits derived as a result of above efforts e.g. output improvement, cost reduction, product development, import substitutions, etc.</p> <p>3. Details of imported technology</p> | <p>- The plants are based on indigenous technology.</p> <p>- Nil</p> <p>- No technology has been imported during the last 5 years</p> |
|--|---|

(III) Foreign Exchange Earnings and Outgo :

	<u>2002-03</u>	<u>2001-02</u>
	(Rs. in lacs)	(Rs. in lacs)
Total Earnings (F.O.B. Value)	12.70	360.16
Total Outgo	173.26	189.76



MANAGEMENT BUSINESS REPORT

a) Overall Review

During the year under review, the spinning industry passed through yet another bad year due to continued adverse market conditions in the Power Loom and the Hosiery Industry. The average sales realization per kg. of cotton yarn came down substantially. Yarn exports also suffered from India due to poor off take and recession in the overseas markets which resulted in Export units dumping yarn in the domestic market. All these factors did affect the working of our Company. On top of this, cotton still accounts for about 57% of the cost of production and for most part of the year, cotton prices prevailed very high and as such it further affected the working of the Company.

b) Outlook for the current year.

In the current year, with the onset of good monsoon in all the cotton producing areas in our country, there are expectation of crop all around and lower price of cotton. The export market is also picking up. Power looms and knitting factories are having substantial orders and the outlook is becoming definitely positive. The Company therefore expects to improve performance all around in the current year. In addition, the Government is taking various steps to keep the industry to remain more competitive and viable and to maintain the levels of employment which the industry generates.

c) Internal Control System & Their Adequacy

The Company has a proper and adequate system of

Internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

The internal control system is supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures.

d) Energy Conservation

The Company has a continuous focus on Energy Conservation. Regular studies are conducted to analyse quantitative energy conservation patterns and variances are rigorously scrutinized. Your Company has installed TOD meters and during the peak period tariff, used to maintain/clean our machines and at reduced tariff rate, used to produce more.

e) Human Resources & Industrial Relation

Your Company recognizes employees satisfaction and morale as a key for sustained growth and recognizes training as an integral part of employee development. Adequate measures for the same have been carried out for the year under review.

Industrial relations have been cordial. During the year, your Company has continued with its Restructuring operations aiming at cost efficacy and viability of operations.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

Pranavadiya Spinning Mills Ltd.,
Alte.

We have examined the compliance of conditions of Corporate Governance by Pranavadiya Spinning Mills Ltd., for the year ended on March 31, 2003, as stipulated in clause 49 of the Listing Agreement of the Pranavadiya Spinning Mills Ltd. with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according

to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. We state that no investors grievances are pending for a period exceeding one month against the company as per the records maintained by the registrars and share transfer agents of the Company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Vinod Vasa & Associates**
Chartered Accountants

Place : Mumbai
Dated : 7th July, 2003.

Vinod Z. Vasa
Proprietor
Membership No. 7566