

25th Annual Report 2003 - 04

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M A R I S
SPINNERS
LIMITED





MARIS SPINNERS LIMITED

**CHAIRMAN &
MANAGING DIRECTOR :**

Sri. M. Thangavelu

DIRECTORS

Sri. M. Rengaswamy
Sri. Anand Rengaswamy
Sri. T. Jayaraman

AUDITORS: M/s. N.C.S. Raghavan & Co.,
No.27, Sri Venkateswara
Krupa
1 st Main Road
Vyalikaval,
BANGALORE – 560 003.

BANKERS: The Karur Vysya Bank Ltd.,
Whites Road,
CHENNAI- 600 014.

The Karur Vysya Bank Ltd.,
Cantonment
TRICHY – 620 001.

**REGISTERED & ADMINISTRATIVE
OFFICE**

9 Cathedral Road
CHENNAI 600 086.
Phone :91-44-28115910 / 12 / 18
Fax : 91-44-28111513

E-mail: msl@vsnl.com

MILLS

UNIT I : Kattemalalavadi Village
Hunsur Taluk
MYSORE DISTRICT – 571 134
KARNATAKA

UNIT II : Sevalur Village
Manapparai Taluk
TRICHY DISTRICT – 621 306
TAMILNADU

SHARES LISTED AT :

Madras Stock Exchange Ltd.,
Exchange Building
P.B.No.183, 11 Second Line Beach
CHENNAI – 600 001.

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI – 400 001.

SHARE TRANSFER AGENTS:

M/s.Cameo Corporate Services Limited.,
Subramanian Building
No.1, Club House Road,
Chennai 600 002



MARIS SPINNERS LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **TWENTY FIFTH ANNUAL GENERAL MEETING** of the members of the Company will be held on **Thursday the 30th day of September 2004** at **9.30 AM** at **Hotel Maris, 1 Floor, Conference Hall, 9, Cathedral Road, Chennai – 600 086** to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Balance Sheet as at 31st March 2004 and the Profit and Loss Account for the year ended on that date and the Directors' Report and Auditors' Report thereon.
- To appoint a Director in the place of Sri. T Jayaraman who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. N. C. S. Raghavan & Co., Chartered Accountants, Bangalore, the present Auditors of the Company who retires at this meeting are being eligible for re-appointment.

By Order of the Board

M. Thangavelu

Chairman & Managing Director

Place : Chennai

Date : 30.08.2004

NOTES:

- A member who is entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote on his behalf and the proxy need not be a member and proxies in order to be valid should be complete in all respects and be deposited at the Registered Office of the Company before 48 hours time fixed for holding the meeting.
- The Register of Members of the Company shall remain closed from

24/09/2004 to 30/09/2004 (both days inclusive) for the purpose of Annual General Meeting.

- The members are requested to communicate the change of address if any to the Registered Office of the Company or to the share transfer agents M/s. Cameo Corporate Services Limited at "Subramanian Building" No. 1, Club House Road, Chennai – 600 002.

By Order of the Board

M. Thangavelu

Chairman & Managing Director

Place : Chennai

Date : 30.08.2004

REPORT OF THE BOARD OF DIRECTORS TO THE SHARE HOLDERS

Dear Shareholders,

The Directors have pleasure in presenting the Twenty Fifth Annual Report on the business and operations of your Company, together with Audited Financial Statements for the year ended 31st March 2004

FINANCIAL RESULTS

HIGHLIGHTS OF FINANCIAL RESULTS FOR THE YEAR ARE AS UNDER:

(Rs. In Lakhs)

	Period Ended 31.03.2004	Period Ended 31.03.2003
TURNOVER	5921.62	4437.16
Profit before Depreciation, Investment Allowance Reserve & Tax	499.42	419.60
Less: Depreciation & Investment Allowance Reserve	<u>333.58</u>	<u>309.30</u>
Profit / Loss before Tax	165.84	110.30
Less: Provision for Taxation		
Profit / Loss for the year	165.84	110.30

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DIVIDEND:

Board of Directors of the Company have not recommended any dividend for the year.

ECONOMIC SCENARIO

The continuing economic slowdown of the past year and negative impact especially in the textile industry caused the low level operation and attributed impediment to the growth. The market environment is so competitive due to the phenomenal growth of unorganised sector in the industry.

OPERATIONS

During the year under review your Company registered a 32% increase in turnover as compared to the preceding financial year. Your Company has been able to achieve this and record an increase in profit due to strict quality measures adopted.

ENVIRONMENT SAFETY AND POLLUTION CONTROL

Your Company has been taking proper care in complying with all Statutory requirements relating to safety, environmental and Pollution Control.

DIRECTORS

Sri. T Jayaraman, Director of the Company, retires by rotation and is being eligible offers himself for re-appointment.

Directors Responsibility Statement:

The Directors confirm that:

1. In preparation of the Annual accounts, the applicable accounting standards had been followed. There are no material departures from the applicable accounting standards.
2. Such accounting policies have been selected and applied consistently and such judgements and estimates have been made as 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 ended on 31st March 2004 and of the profit of the Company for that period.

3. 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; and

4. The statements of accounts for the year ended on 31st March 2004 have been prepared on a going concern basis.

AUDITORS

The retiring Auditors M/s. N.C.S. Raghavan & Co., Chartered Accountants, Bangalore, are being eligible for re-appointment.

COST AUDITOR

Pursuant to the direction of the Central Government, under the provisions of section 233(b) of the Companies Act, 1956, Sri. A. Gopala Iyengar, Bangalore, has been appointed to conduct the Cost Audit for the year ended 31st March 2004

PARTICULARS OF EMPLOYEES

No employee of the company was in receipt of the remuneration, exceeding the limits prescribed under the Section 217 (2A) of the Companies Act, 1956, and rules framed thereunder as amended to date.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988.

Pursuant to the said rules the Board is pleased to furnish the particulars as prescribed therein vide Form A, which forms part of this Report.

PERSONNEL

Your Directors are happy to state that there was a cordial atmosphere prevailing in the relationship of Management with the labour during the period.



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REPLY TO AUDITORS' QUALIFICATION

With regard to qualification made in Note. 7 of Notes forming of Accounts, requests has been made for confirmation of balances from Debtors & Creditors. Some of the confirmations have been received on date. The confirmation letters received from other parties will be forwarded to auditors on its receipt. As per account statements of parties in our books, the balances shown are in order.

ACKNOWLEDGEMENTS

The Board conveys acknowledgement for the fullest support extended by The Industrial Development Bank of India, ICICI Bank Ltd., and The Karur Vysya Bank Ltd., The Directors also wish to place on record their appreciation of the support and co-operation they have received from the Central and State Government and Employees of Company at all levels through out the year.

By Order of the Board
M. Thangavelu
Chairman & Managing Director

Place : Chennai
Date : 30.08.2004

INFORMATION PERTAINING TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31.03.2004

1. CONSERVATION OF ENERGY

In accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the Company (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 details regarding conservation of energy is furnished in Form "A" (See Rule 2).

2. TECHNOLOGY ABSORPTION

There was no technology absorption

3. FOREIGN EARNINGS AND OUTFLOW

- NIL -

By Order of the Board
M. Thangavelu
Chairman & Managing Director

Place : Chennai
Date : 30.08.2004

AUDITORS' REPORT

Auditor's Report to the Members of M/s MARIS SPINNERS LIMITED

We have audited the attached Balance sheet of M/s MARIS SPINNERS LIMITED, No 9, Cathedral Road, Chennai-600 086 at 31st March 2004 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform to obtain reasonable assurance about whether the financial statements are free from the material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books



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(c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account

(d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards (as applicable) referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(e) On the basis of written representations received from the directors, as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(f) In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet and Profit and loss account read together with notes thereon subject to Note No.7 with regard to confirmation of debtors & creditors balances, gives the information required by the Companies Act, 1956 and in the manner so required give a true and fair view and is in conformity with the accounting principles generally accepted in India:

a. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2004 ; and

b. in the case of the Profit and Loss Account, of the loss of the company for the year ended on that date.

c. in the case of the cash flow statement, of the cash flows for the year ended on that date.

for N.C.S. RAGHAVAN & CO.,
CHARTERED ACCOUNTANTS

(N.C. SUNDARA RAGHAVAN)
PARTNER

Place: Bangalore
Date: 30.08.2004

ANNEXURE TO AUDITORS REPORT

Statement of matters as specified
in Paragraphs 4 and 5 of COMPANIES
(AUDITORS REPORT) ORDER, 2003.

PARA – 4:

- i. The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- ii. According to the information and explanations given to us, physical verification of Fixed Assets have been carried out by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
- iii. As the company has not made any sale or has not otherwise disposed off a substantial part of its fixed assets, reporting under para 4(i)(c) does not arise.
- iv. According to the information and explanation given to us, the management has conducted physical verification of inventory at reasonable intervals during the year.
- v. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- vi. The company is maintaining proper records of inventory and all material discrepancies noted during the physical verification of inventory have been properly dealt with in the books of accounts of the company.
- vii. The Company has neither granted nor taken any loans, secured or unsecured to / from Companies, firms or other parties covered in the



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- register maintained under Section 301 of the Companies Act, 1956 and hence reporting under Para 4(iii)(a), Para 4(iii)(b), Para 4(iii)(c) and Para 4(iii)(d) of the Order does not arise.
- viii. There is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. Failures noticed in the internal control systems of the company have been corrected as and when they are noticed.
- ix. All the transactions that need to be entered into a register in pursuance of Section 301 of the Act have been entered.
- x. The prices at which purchases of services were made from the parties listed in the register maintained under Section 301 of the Act are reasonable having regard to the prevailing market prices for the purchase of such goods, materials and services.
- xi. The Company has not accepted deposits from the public and hence reporting under Para 4(vi) of the Order does not arise.
- xii. The company has an internal audit system commensurate with its size and nature of its business.
- xiii. We have broadly reviewed the books of accounts maintained by the company pursuant to the Order made by the Central Government for the maintenance of Cost records under section 209(1) (d) of the Companies Act, 1956 and are of opinion that prima-facie the prescribed accounts and records have been maintained. We have not however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- xiv. The company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, Income-tax, wealth tax, custom duty, excise duty, cess and any other statutory dues with the appropriate authorities. The sales tax collected of Rs.6.67 crores has not been paid to the commercial tax department as the same has been allowed to be deferred for nine years by Department of Commercial Taxes, Government of Tamilnadu.
- xv. The company has disputed the levy of Property tax towards Land & Building of the Mills at Manapparai which has not been paid since 1997. An amount of Rs. 1,50,592 has been deposited in court against the said liability. The company has disputed the levy of penalty by Sales Tax department to the extent of Rs.23,54,330/- relating to financial years 1998-99, 1999-00 and 2000-01.
- Nature of Dispute:**
Penalty levied by Sales Tax Dept.
- Amount of Dispute:**
Rs.23,54,330/-.
- Forum in which disputed :**
Appellate Assistant Commissioner
CT- Trichy Division.
- xvi. The accumulated losses of the company at the end of the financial year are more than fifty percent of its net worth. However the company has not incurred any cash losses during the financial year under report and in the immediately preceding financial year.
- xvii. As the company has not defaulted in repayment of dues to financial institutions or banks or debenture holders, reporting under para 4(xi) of the Order does not arise



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- xviii As the company has not granted loans and advances on the basis of the security by way of pledge of shares, debentures and other securities and hence reporting under para 4(xii) of the order does not arise.
- xix As the company is not a chit fund company reporting under para 4(xiii) First Part of the order does not arise.
- xx As the company is not a nidhi/mutual benefit fund/societies reporting under para 4(xiii) Second Part of the order does not arise.
- xxi As the company is not dealing or trading in shares, securities, debentures and other investments reporting under para 4(xiv) of the order does not arise
- xxii The company has not given any guarantee for loans taken by others from bank or financial institutions and therefore reporting under para 4(xv) of the order does not arise.
- xxiii The company has not obtained any term loans during the year. As per the information and explanation given to us and as per an examination of the records of the company, the term loans taken during the earlier years by the company have been primarily used for the purposes for which they were obtained. However it is not possible to ascertain with reasonable accuracy as to whether such loans were wholly used only for the purposes for which they were obtained.
- xxiv According to information available with us and records produced before us, the company has used the short-term funds obtained by it primarily only for the purposes of meeting its working capital requirements. However it is not possible to ascertain with reasonable accuracy as to whether such short term funds were also used for long term purposes.
- xxv The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act and hence reporting under para 4(xviii) of the order does not arise.
- xxvi The company has not issued any debentures and therefore, reporting under para 4(xix) of the order does not arise.
- xxvii The company has not raised any money by way of public issue in the year under report. The company had raised funds through a public issue of shares in the year 1995-96 and according to information and explanation given to us, the funds raised through the public issue were used only for the purposes of the business of the company. However a complete disclosure of the end use of money raised by public issue has not been made by the management as on date, as there was no legal requirement to do so under the Companies Act 1956.
- xxviii According to information available with us and explanations given to us, no fraud on or by the company has been noticed during the year.

for N.C.S.RAGHAVAN & CO.,
CHARTERED ACCOUNTANTS

(N.C. SUNDARA RAGHAVAN)
PARTNER

Place: Bangalore

Date: 30.08.2004