

# **PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD.**



**ANNUAL REPORT 2004**

**PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD****ANNUAL REPORT – 2004****BOARD OF DIRECTORS**

Mr. V. Sathyanathan - **Managing Director**  
 Mr. K.M.Kulandasamy  
 Mr. R.Ramanathan  
 Mrs. S. Padmavathy

**Auditors**

**M/s. M.S. Jagannathan & Visvanathan**  
 Chartered Accountants, Coimbatore

**Bankers**

**Central Bank of India**  
 Udamalpet 642 126

**Registered Office**

231, Dhally Road, Udamalpet 642 126  
 Coimbatore Dt, Tamil Nadu

**Factories :**

Plant A - Udamalpet, Coimbatore Dt.  
 Plant B - Senankottai, Dindigul Dt.

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## NOTICE OF THE TWENTYFIRST ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of the Company will be held on Monday, the 15<sup>th</sup> November, 2004 at 9.30 A.M at the Registered Office of the Company at 231, Dhally Road, Udamalpet-642126 to transact the following Business.

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March, 31<sup>st</sup> 2004, and the Profit & Loss Account for the year ended on that date, the Director's Report and Auditors' report there on.
2. To appoint a Director in the place of Mr.R.Ramanathan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

Place : Udamalpet  
Date : 11.10.2004

By order Of the Board  
**V. SATHYANATHAN**  
Managing Director

### Note:

- a) Every member entitled to vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the company
- b) The Register of Members and Share Transfer Book of the Company will remain closed from 01.11.2004 to 15.11.2004 (both days inclusive)
- c) Members/Proxies should bring the Attendance slip duly filled in, to the meeting.
- d) Members are requested to intimate change of address, if any, immediately and quote the Registered Folio No. in the Correspondence with the Company.
- e) Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

### Details of Director Retiring by Rotation and seeking Reappointment (in pursuance to the clause 49 of the Listing Agreement)

Name of Director : Mr.R.Ramanathan  
Date of Birth : 16.04.1947  
Date of appointment : 07.07.2002  
Qualifications : (B.Tech.)  
Expertise in specific Functional area : Industrialist (Textiles)

Place : Udamalpet  
Date : 11.10.2004

By order of the Board  
**V. SATHYANATHAN**  
Managing Director.

**DIRECTORS' REPORT AND MANAGEMENT ANALYSIS:**

To the Members,

Your Directors are to present the 21st Annual Report for the year ended 31<sup>st</sup> March 2004.

**Financial Results**

	<b>31.03.2004</b>	Rs in Lacs	<b>31.03.2003</b>
Net Sales	<u>396.40</u>		<u>372.23</u>
Operating Profit/(Loss)	(47.12)		(249.64)
Less: Financial Charges	<u>89.83</u>		<u>84.75</u>
Gross Profit/(Loss)	(136.95)		(334.39)
Less: Depreciation	<u>52.30</u>		<u>56.95</u>
Net Profit/(Loss)	(189.25)		(391.34)
Less:			
Loss Brought forward	(1219.03)		(841.44)
Transfer from Investment allowance(Utilised)Reserve	...		15.00
Deferred Revenue Expenditure (VRS)	(19.03)		...
Prior year Expenses (Net)	(5.45)		...
Prior year Excess Provision Reversed	...		0.54
Transferred from State Gen Set subsidy	1.70		....
Transferred from State Bio Gas Plant subsidy	0.20		...
Income tax Paid for prior years	...		(1.78)
<b>Loss/Profit carried over to Balance Sheet</b>	<u><b>(1430.86)</b></u>		<u><b>(1219.02)</b></u>

**Business Operations:**

The Company has taken effective steps to improve the working of the mills and consequently the Net Loss was minimised to Rs.189.25 Lac in the financial year as against Rs.391.34 Lac in the last year. The Plant A was not functioning till 11.05.03 and the work was resumed only on 12.05.03. Further the plants "A" and "B" were not fairing well due to mismatch of input, output prices and poor conversion rates which attributed to the incurring of loss.

## PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD

### **Directors' Report (Contd...)**

#### **Fixed Deposit:**

Pursuant to section 58A of the Companies Act, 1956, Thirteen deposits amounting to Rs. 1.64 Lac remains unclaimed as on 31<sup>st</sup> March 2004.

#### **Directors' Responsibility Statement:**

The directors confirm that:

1. In the preparation of Profit & Loss Account for the year ended 31<sup>st</sup> March, 2004 and the Balance Sheet as on that date, all the applicable Accounting Standards have been followed.
2. The Accounting Policies, that are reasonable and prudent, have been selected and applied consistently so as to give a true and fair view of the state of affairs of the Company as at March 31<sup>st</sup>, 2004 and loss of the Company for the year ended on that date.
3. 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 also for preventing and detecting fraud and other irregularities.
4. The said Profit & Loss Account and Balance Sheet has been prepared on a going concern basis.

#### **Conservation of Energy:**

Conservation of Energy continues to receive increased emphasis at all the units of the Company. Energy audit are being carried out on a regular basis for taking steps for reduction of the energy consumption. Particulars' relating to the energy conservation is annexed.

#### **Technology Absorption:**

The Company has a well equipped quality control Department for testing of Raw Material and finished products.

#### **Foreign Exchange earnings and out go:**

Particulars of Foreign Exchange earnings and out go have been furnished in the annexure enclosed herewith.

#### **Particulars of Employees Pursuant to section 217 ( 2A) of the Companies Act, 1956.**

There were no employees drawing remuneration exceeding the limits specified in Section 217(2A) of the Companies Act, 1956.

#### **Dividend:**

Since the Company has incurred a loss, your directors are not in a position to recommend any dividend for the year under review.

#### **Outlook for the current year:**

The present trade conditions seem to be encouraging and it is anticipated that the Textile Industry will have a good future in the coming years.

#### **Reference to BIFR:**

The Company made a reference afresh with the Hon'ble BIFR and the same was registered as Case No.253/2003, as it was earlier rejected due to delay in filing.

## PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD

### **Directors' Report (Contd...)**

#### **Stock Exchange**

The Company could not pay the listing fee for the years from 31.03.2001 to 31.03.2004 to Coimbatore Stock Exchange Limited due to stringent financial position of the Company. However efforts are being made to make payments.

#### **Transfer of Capital Reserve:**

Reserve of Rs.1.90 lac credited during the years 1989-90 and 1990-91 on account of Genset subsidy and Biogas plant subsidy received from Government of Tamil Nadu is now transferred to Profit and Loss Account as it is no longer required.

#### **Directors:**

Mr.R.Ramanathan who retires by rotation at the ensuing Annual General Meeting is eligible for reappointment. Mr.A.K. Mysamy has resigned his office of Director during the year. Your Directors place on record the services rendered by the above Director during his tenure.

#### **Auditors:**

M/s M.S.Jagannathan & Visvanathan, Chartered Accountants retire at the ensuing Annual General Meeting. They have given their consent for the re-appointment.

#### **Compliance certificate:**

Certificate from a company secretary in whole time practice required under section 383A(1) of the Companies Act, 1956 is annexed herewith.

#### **Cost Audit:**

Pursuant to section 233(B) of the Companies Act, 1956 and as per the direction of Central Government, Cost Audit will have to be done and for this purpose Mr.R.Krishnan, Cost Accountant, has been appointed.

#### **Acknowledgement:**

Your directors wish to acknowledge the continued support of Financial Institutions and bankers viz ICICI Bank Ltd, IFCI Ltd, IIBI Ltd, Unit Trust of India, Citibank NA and Central Bank of India. The Directors would like to appreciate the valuable contribution made by the employees of the Company towards the progress and development of the Company.

By the Grace of Lord Palani Andavar, your directors are hopeful of a quick turnaround and improved results during the year.

By Order of the Board  
For Palani Andavar Cotton &  
Synthetic Spinners Ltd

**V. SATHYANATHAN**  
Managing Director

Place: Udamalpet  
Date: 11.10.2004

**PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD****ANNEXURE - FORM - A**

Forming part of the Report of the Board of Directors for the Year ended 31st March, 2004.

Particulars as required under Rule 2 of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 made under Section 217(1)(e) of the Companies Act, 1956

Form for disclosure of particulars with respect of Conservation of Energy.

	Current year ended 31.03.2004 [ in lakhs]	Previous year ended 31.03.2003
<b>A. Power and Fuel Consumption:</b>		
<b>1. Electricity</b>		
<b>a. Purchased</b>		
Units	28.77	Nil
Total Amount	131.24	Nil
Rate per Unit (Rs)	4.56	Nil
<b>b. Own Generation</b>		
<b>i. Through Diesel Generator</b>		
Units	21.31	15.16
Units per liter of Diesel	3.50	3.66
Cost per Unit (Rs)	4.46	4.70
<b>ii. Through Stream/Turbine/Generator</b>	Nil	Nil
<b>2. Coal</b>	Nil	Nil
<b>3. Furnace Oil</b>	Nil	Nil
<b>4. Others / Internal Generation</b>	Nil	Nil
<b>B. Consumption per unit of Production:</b>		
Yarn Produced including conversion (Kgs)	14.11	5.40
Electricity Consumed (Units)	50.08	15.16
Electricity Consumed per Kg of Yarn (Units)	3.55	2.81

**FORM - B****PARTICULARS OF TECHNOLOGY ABSORPTION**

The Company has a well equipped quality control Department for testing the quality of yarn and Cotton.

**PARTICULARS OF FOREIGN EXCHANGE EARNINGS AND OUT-GO. [FOB basis]**

EARNINGS	:	Rs.	Nil	Lakhs
OUT GO	:	Rs.	Nil	Lakhs

By order of the Board  
For Palani Andavar Cotton & Synthetic Spinners Ltd.,  
**V. SATHYANATHAN**  
Managing Director

Udamalpet  
11.10.2004

**ADDENDUM TO DIRECTORS' REPORT**

1. Regarding Non-Provision of Bad and Doubtful Debts amounting to Rs. 4,95,046/- the same was not provided since there are some chances for recovery and for the same, steps are being taken.
2. Regarding Non-Provision of Interest; penal Interest and other charges, if any, for Bank the same was not provided since the Company made a request with the Bank for waiver of interest etc.,
3. Regarding Non-Provision of penal interest, liquidated damages etc., in respect of non redemption of debentures, as the quantum in respect of the above could not be ascertained no provision could be made in the Accounts.
4. Regarding non-reconciliation / confirmation of balance, we have sent in letters seeking confirmation of balance to all parties and as soon as the same is received, the requirement will be fulfilled.
5. Regarding delay in remittance of Provident Fund & Employees State Insurance Corporation dues, the Company was unable to remit the dues within the due dates on account of liquidity crunch and strike due to labour un-rest. Efforts are being taken to pay the dues.
6. The Company will take suitable steps to update the fixed assets register.
7. The Company could not comply with the provisions of Sec.58A and 58 AA of the Companies Act on account of the liquidity crunch.

By Order of the Board  
For Palani Andavar Cotton & Synthetic Spinners Ltd.,

**V. SATHYANATHAN**  
Managing Director

Udamalpet  
11.10.2004



## COMPLIANCE CERTIFICATE

[ The Companies (Compliance Certificate) Rules 2001 ]  
[ under provisio to Sub-Section (1) of Section 383A ]

To

The Members,  
Palani Andavar Cotton & Synthetic Spinners Ltd,  
231, Dhally Road,  
UDAMALPET 642 126

I have examined the registers, records, books and papers of **Palani Andavar Cotton & Synthetic Spinners Limited** as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March 2004. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. the Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. the Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. the Company, being a Public Limited Company, has the minimum prescribed paid-up capital.
4. the Board of directors duly met 4 times on 04.06.03, 25.09.03, 23.12.03 and 31.03.04 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. the Company closed its Register of Members from 25.06.2003 to 09.07.2003 and necessary compliance of section 154 of the Act, has been made.
6. the annual general meeting for the financial year ended on 31.03.2003 was held on 09.07.2003 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
7. no extra ordinary General Meeting was held during the financial year.
8. the Company has not advanced any loan to its directors or persons or firms or companies referred to under Section 295 of the Act during the year financial year.
9. no transaction attracting Section 297 took place during the year under scrutiny.
10. the company is maintaining Register under Section 301 of the Act.
11. the Company has not done any transaction attracting section 314 of the act.
12. the Company has not issued any duplicate share certificates during the financial year.
13. the Company has, during the financial year:
  - i. Delivered all the certificates on transfer/transmission of shares or any other purpose in accordance with the provision of the Act and there was no allotment of securities.
  - ii. Since no dividend was declared the Company has not deposited any amount in a separate bank account.

**Compliance Certificate continued ...**

- iii. Since no dividend was declared posting of warrants does not arise.
  - iv. Transfer of the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund does not arise, as there are no such amounts.
  - v. Duly complied with the requirements of section 217 of the Act
14. during the financial year under scrutiny the Board of Directors of the Company is duly constituted and no appointment of directors and additional directors, took place. One of the Directors was resigned.
  15. the appointment of Managing Director has been made in compliance with the provision of the Act.
  16. The Company has not appointed any sole-selling agents during the financial year.
  17. according to the informations provided by the Company, the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as, may be prescribed under the various provisions of the Act during the financial year.
  18. the directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
  19. the Company has not issued any shares/debentures/other securities during the financial year under scrutiny.
  20. the Company has not bought back any shares during the financial year.
  21. there was no redemption of debentures during the financial year.
  22. there were no transactions necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares .
  23. the Company has complied with the provisions of Section 58A and 58AA read with Companies (acceptance of Deposits) Rules, 1975/ the applicable directions issued by the Reserve Bank of India / any other authority in respect of deposits accepted expect maintaining a liquidity reserve of 15% and the company has filed Return of Deposits.
  24. the amount borrowed by the company from directors, members and public financial institutions, and banks and others during the financial year are within the borrowing limits of the company and that necessary resolutions as per section 293(1) (d) of the Act have already been passed.
  25. the company has not made loans and investments to other bodies corporate or given Guarantees during the financial year and therefore no entries were made in the register kept for the purpose.
  26. the company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
  27. the company has not altered the provisions of the Memorandum with respect to objects of the Company during the year under scrutiny.
  28. the company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.