

PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD.



ANNUAL REPORT 2009

PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD**ANNUAL REPORT – 2008 - 09****BOARD OF DIRECTORS**

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

Auditors

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

Bankers

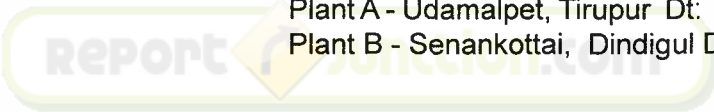
Central Bank of India

Registered Office

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

Factories :

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



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PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD

NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of the Company will be held on Wednesday, the 2nd September 2009 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 31st 2009 and the Profit & Loss Account for the year ended on that date, the Directors' Report and Auditors' Report there on.
2. To appoint a Director in the place of Mr.K.M.Kulandasamy who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

By order of the Board
V.SATHYANATHAN
Managing Director

Place : Udamalpet
Date : 21.07.2009

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 25.08.2009 to 02.09.2009 (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.K.M.Kulandasamy
Date of Birth	:	04.12.1931
Date of appointment	:	07.07.2002
Qualifications	:	B.A., B.L.
Expertise in specific Functional area	} :	Leading Lawyer and well experienced in legal field.

Place : Udamalpet
Date : 21.07.2009

By Order of the Board
V.SATHYANATHAN
Managing Director

PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD
DIRECTORS' REPORT AND MANAGEMENT ANALYSIS:

To the Members,

Your Directors are to present the 26th Annual Report for the year ended 31st March 2009

Financial Results	Year Ended 31.03.2009 (Rs in Lacs)	Year Ended 31.03.2008 (Rs in Lacs)
Income from sales and operations	<u>1368.10</u>	<u>1664.84</u>
Operating Profit	53.90	104.23
Less: Financial Charges	<u>6.51</u>	<u>15.58</u>
Gross Profit	47.39	88.65
Less: Depreciation	<u>26.51</u>	<u>29.61</u>
Net Profit for the year	20.88	59.04
Less: Donation	<u>0.01</u>	<u>0.01</u>
	20.87	59.03
Less: Fringe Benefit Tax	<u>0.88</u>	<u>1.22</u>
Net Profit after Tax	19.99	57.81
Less: Deferred Revenue Expenditure (VRS)	0.85	19.88
Less: Add Prior year Expenses / Income (Net)	21.49	58.32
Less: Loss Brought forward	1259.44	1355.69
Balance of Loss carried over to Balance Sheet	<u>1261.79</u>	<u>1259.44</u>

Directors' Report (Contd...)

Business Operations:

The company has earned Net Profit of Rs. 20.88 lacs during the financial year as against Rs.59.04 lacs in the last year. The company is taking effective steps to improve the working of the plants in the current year, inspite of several challenges prevailing in the market.

The lower profit is due to substantial power cut imposed by the Govt of Tamil Nadu. Hence for most part of the year the Company has been operating its plans at about 60% capacity utilization only. Further the raw material procurement policy of the Central Govt has also had its impact on the operating profits of the Company.

Directors' Responsibility Statement:

The Directors confirm that:

1. In the preparation of Profit & Loss Account for the year ended 31st March, 2009 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 31st 2009 and profit 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 have been prepared on a going concern basis.

Conservation of Energy:

Though your Company does not have energy intensive operations, it continues to pursue energy Conservation Measures.

Energy Conservation Measures adopted by your Company are as follows:

- (i) Continuous monitoring of energy consumption including space optimization to achieve energy efficiencies.
- (ii) Scheduled Preventive Maintenance of Plant and Machinery.
- (iii) Regular Cost Review with action plans as effective utilization of Power during peak and non peak hours.

Your Company will continue to tightly monitor and control overall energy expenses.

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.

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Directors' Report (contd...)

Dividend:

Considering the company's accumulated losses, your Directors are not in a position to recommend any dividend for the year under review.

Directors:

Mr.K.M.Kulandasamy retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Mr.R.Ramanathan 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 & Viswanathan, 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.

BIFR:

As has been stated in the earlier Annual Report, a revised DRS has been submitted to the OA/BIFR. Against the subsequent order passed by the Hon'ble BIFR, the company preferred an appeal before the Hon'ble AAIFR, New Delhi, and the said Appeal has been admitted.

Outlook for the current year:

The present trade conditions seem to be under strain from cotton supplies and yarn off take. The benefit of the restructuring of the company and the OTS settlements should help in better performance.

Acknowledgement:

Your Directors wish to acknowledge the continued support of Financial Institutions and Banks. 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 improved results during the year.

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

V. SATHYANATHAN
Managing Director

K.M.KULANDASAMY
Director

Place: Udamalpet
Date: 21.07.2009

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, 2009

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 31.03.2009	Previous year ended 31.03.2008
	[in lakhs]	
A. Power and Fuel Consumption:		
1. Electricity		
a. Purchased		
Units	61.08	88.24
Total Amount	271.90	383.14
Rate per Unit (Rs)	4.45	4.34
b. Own Generation		
i. Through Diesel Generator		
Units	0.34	0.42
Units per litre of Diesel	2.87	2.89
Cost per Unit (Rs)	12.64	11.25
ii. Through Steam/Turbine/Generator	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Others / Internal Generation	Nil	Nil
B. Consumption per unit of Production:		
Yarn Produced including conversion (Kgs)	25.67	35.37
Electricity Consumed (Units)	61.42	88.66
Electricity Consumed per Kg of Yarn (Units)	2.39	2.51

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
OUT GO : CAPITAL GOODS	Rs.	Nil
TRAVELLING EXPENSES	Rs.	Nil

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

Place : Udamalpet
Date : 21.07.2009

V. SATHYANATHAN
Managing Director
K.M. KULANDASAMY
Director

PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD

ADDENDUM TO DIRECTORS' REPORT

1. Regarding Non-Provision of Bad and Doubtful Debts amounting to Rs.8, 39, 164/- 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/ Institutions, the same was not provided since the company made a request with the Bank/ Institutions 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 letters seeking confirmation of balance to all parties and as soon as the same are 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. Steps are being taken for early settlement.
6. Regarding sale of certain miscellaneous assets, the company had to dispose of the same because of its scraped condition and is not possible to work with,

Place : Udamalpet
Date : 21.07.2009

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

V. SATHYANATHAN
Managing Director

K.M. KULANDASAMY
Director

PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD
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 there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2009. 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 there under 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 there under.
3. The Company, being a Public Company, has the minimum prescribed paid-up capital.
4. The Board of Directors duly met 5 times on 11.04.08, 23.06.08, 23.08.08, 25.12.08 and 26.03.09 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. Circular resolution Dated 03.11.2008 was duly passed and at the subsequent Board Meeting the same was ratified.
5. The Company closed its Register of Members from 17.09.2008 to 25.09.2008.
6. The Annual General Meeting for the financial year ended on 31.03.2008 was held on 25.09.2008 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 financial year.
9. No transaction attracting Section 297 of the Act took place during the year under scrutiny.
10. *The company has made necessary entries in the Register maintained 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 certificate during the financial year.
13. The Company has, during the financial year:
 - i. Delivered all the certificates on lodgement thereof for transfer/ transmission of shares in accordance with the provisions 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.

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- 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. The Board of Directors of the Company is duly constituted and no appointment of additional Directors, alternate Directors and Directors to fill casual vacancies, took place during the financial year. One of the Directors resigned his office during the year.
 15. The appointment of Managing Director has been made in compliance with the provisions 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 thereunder.
 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. 24,300 Nos. of 0% Secured Non-convertible Debentures of Rs.100/= each amounting to Rs.24,30,000/ were redeemed by means of one time settlement with UTI against their total holdings of Rs.40,50,000/
 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 not invited/accepted any Fixed Deposits from the public within the purview of Section 58 A during the year. The Company has received unsecured loan from a Director cum Member.
 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.
 29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
 30. The Company has not altered its Articles of Association during the year under scrutiny.