

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

ANNUAL REPORT 2013

ANNUAL REPORT – 2012 - 13

BOARD OF DIRECTORS

Sri. V. Sathyanathan - Managing Director
Sri. K.M. Kuiandasamy
Smt. S. Padmavathy
Sri. Vikram V Sathyanathan

Auditors

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

Registered Office & Factory

231, Dhally Road, Udamalpet 642 126
Tamil Nadu

Contents	Page
Directors' Report	1
Compliance Certificate	6
Auditors' Report	9
Balance Sheet	14
Profit & Loss Statement	15
Cash Flow Statement	16
Notes Forming Part of Financial Statements	18
Significant Accounting Policies	25
Additional Information to Financial Statements	27

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

To the Members,

Your Directors present the 30th Annual Report for the year ended 31st.March 2013

Financial Results	Year Ended 31.03.2013	Year Ended 31.03.2012
	(Rs in Lacs)	(Rs in Lacs)
Income from sales and operations	<u>241.46</u>	<u>296.73</u>
Operating Profit	87.95	75.18
Less: Financial Charges	<u>24.14</u>	<u>21.78</u>
Gross Profit	63.81	53.40
Less: Depreciation	<u>11.26</u>	<u>14.44</u>
Net Profit for the year	52.55	38.96
FBT for prior year	0	7.92
Provision for taxes	51.00	0
Net Profit after Tax	1.55	31.04
Less: Add Prior year Expenses / Income (Net)	0	62.62
Less: Loss Brought forward	<u>362.80</u>	<u>456.46</u>
Balance of Loss carried over to Balance Sheet	<u>361.25</u>	<u>362.80</u>

PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD

Directors' Report (Contd...)

Business Operations:

The Company's performance continues to be influenced by several external factors such as continued power-cuts for most part of the financial year. The Company has now changed its product mix to include blended yarns which it hopes will reduce its risk of exposure to manufacturing only 100% cotton yarn.

Your Company has reported a net profit of Rs. 52.55 lacs for the year ended 31st March 2013 as against Rs. 38.96 lacs for the same.

Directors' Responsibility Statement:

The Directors confirm that:

1. In the preparation of Profit & Loss for the year ended 31st March, 2013 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 2013 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.

PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD

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 and Mr. Vikram V Sathyanathan retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

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.

BIFR:

During the year hearings took place and the discharge certificate is awaited.

Outlook and Future Prospects :

The present trade conditions are under severe strain due to mismatch between cotton and yarn prices besides power cut. The present trade conditions seem to be encouraging and as a consequence Spinning Sector will have better future in the years to come.

Hence we hope to attain a positive net-worth during 2013-14.

Acknowledgement:

Your Directors wish to express their thanks to the continued support given to the Company by all its employees, suppliers, other stakeholders and banks towards the progress and development of the Company. They are hopeful of turning net-worth positive before end of next financial year.

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

Place : Udamalpet
Date : 21.11.2013.

VIKRAM V. SATHYANATHAN
Director

PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD

ADDENDUM TO DIRECTORS' REPORT

1. Regarding Non-Provision of Bad and Doubtful Debts amounting to Rs.1,51,47,652/- and the same was not provided since there are some chances for recovery and for the same, steps are being taken to recover these amounts.
2. 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.
3. Regarding delay in remittance of Provident Fund & Employees State Insurance Corporation, VAT, Service Tax, TDS and Income tax 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.

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

**V. SATHYANATHAN
Managing Director**

**Place : Udamalpet
Date : 21.11.2013**

**VIKRAM V. SATHYANATHAN
Director**

PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD

Registered Office

231, Dhally Road, Udamalpet - 642 126. Tamil Nadu.

ANNEXURE - FORM - A

Forming part of the Report of the Board of Directors for the Year ended 31st March, 2013
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 31.03.2013	Previous year ended 31.03.2012
	[in lakhs]	
A. Power and Fuel Consumption:		
1. Electricity		
a. Purchased		
Units	17.10	26.01
Total Amount	117.65	151.75
Rate per Unit (Rs)	6.88	5.84
b. Own Generation		
i. Through Diesel Generator		
Units	0.21	0.09
Units per litre of Diesel	2.93	3.12
Cost per Unit (Rs)	19.31	14.60
ii. Through Steam/Turbine/Geherator	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)	5.26	8.71
Electricity Consumed (Units)	17.31	26.10
Electricity Consumed per Kg of Yarn (Units)	3.27	2.99

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:	:	Rs.	Nil

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

Place : Udamalpet
Date : 21.11.2013

V. SATHYANATHAN
Managing Director
VIKRAM V. SATHYANATHAN
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,

M/S. PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD,

231, Dhally Road,

UDAMALPET 642 126

I have examined the registers, records, books and papers of M/s. 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 2013. 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 6 times on 19.06.2012, 29.08.2012, 15.09.2012, 29.10.2012, 28.11.2012 and 29.03.2013 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 has not closed its Register of Members.
6. The Annual General Meeting for the financial year ended on 31.03.2012 was held on 24.12.2012 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.
 - 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 be transferred to Investor Education and Protection Fund does not arise, as there are no such amounts.

PALANIANDAVAR COTTON & SYNTHETIC SPINNERS LTD

- 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 except the appointment of Director at the AGM held on 24.12.2012.
 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 information 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 except the approval obtained from Registrar of Companies, Coimbatore for extension of Annual General Meeting for the year ended 31.03.2012 for three months.
 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. There was no redemption of preference shares or 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 not invited/accepted any Fixed Deposits from the public within the purview of Section 58 A during the year and in respect of the unsecured loans received from the Directros, the Company is required to make necessary compliances as per provisions of the Act in the matter.
 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.
 31. According to the informations provided by the company, there was no prosecution initiated against or show cause notices received by the Company for offences under the Act during the financial year.
 32. The Company has not received any money as security from its employees during the financial year under scrutiny.
 33. The Company has not constituted a separate Provident Fund Trust for its employees or class of its employees as contemplated under section 418 of the Act.

Place : Udamalpet
Date : 21.11.2013

Signature:
Name of Company Secretary: S.SOLAIYAPPAN
C.P. No. 3573

PALANI ANDAVAR COTTON & SYNTHETIC SPINNERS LTD

ANNEXURE A

Registers Maintained by the Company

- 1) Register of Members u/s 150(1) & Index of Members 151(1) of the Act.
- 2) Register of Transfer of Shares.
- 3) Register of Directors u/s 303(1) of the Act.
- 4) Register of Directors' Shareholdings u/s 307(1) of the Act.
- 5) Register of Contracts u/s 301 of the Act.
- 6) Register of Charges u/s 143(1) of the Act.
- 7) Register of Fixed Deposits u/r 7 of the Companies (Acceptance of Deposits) Rules 1975.
- 8) Register of Investments u/s 49(7) and 47(8) of the Act.
- 9) Registers for Attendance for Board and General Meetings.
- 10) Minutes Books of Board and General Body Meetings.
- 11) Register of Fixed Assets.

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other Authorities during the financial year ending 31st March, 2013.

1. e-Forms Nos. 23AC & ACA XBRL with Balance Sheet as at 31.03.2012 and statement of Profit & Loss for the year ended 31.03.2012 u/s 220 of the Act, vide document dt. 27.02.2013.
2. e-Form No. 20B with Annual Return as on 24.12.2012 u/s. 159 of the Act, vide Doc. Date 12.02.2013.
3. e-Form No. 66 with Compliance Certificate u/s 383A(1) of the Act for the year ended 31st March, 2012 - vide document dt. 18.01.2013.
4. e-Forms Nos. 23AC & ACA XBRL with Balance Sheet as at 31.03.2011 and Profit & Loss Account for the year ended 31.03.2011 u/s. 220 of the Act, vide document dt. 26.09.2012.
5. e-Form No. 17 for Satisfaction of charge dated 24.05.2012 for Rs. 3,00,00,000 favouring The ICICI Bank Ltd., Mumbai u/s 138 of the Act, vide document dt. 20.06.2012.
6. e-Form No. 23B for the appointment of Auditor for the year 2011 - 2012 u/s 224(1A) of the Act filed by the Auditor of the Company vide document dt. 30.07.2012.
7. e-Form No. 23B for the appointment of Auditor for the year 2012 - 2013 u/s 224(1A) of the Act filed by the Auditor of the Company vide document dt. 27.12.2012.
8. e-Form No. 32 for the appointment of Shri. Vikram V. Sathyanathan as Additional Director u/s 303(2) of the Act at the Board Meeting held on 22.03.2012 vide document dt. 20.04.2012.
9. e-Form No. 32 for the change of designation of Additional Director as Director on 24.12.2012 u/s 303(2) of the Companies Act, 1956 vide document dt. 28.01.2013.
10. e-Form No. 23 u/s 192 of the Act for the Board Resolution passed for the appointment of Managing Director - vide document dt. 28.11.2012.
11. e-Form No. 25C for the appointment of Managing Director u/s 269 of the Act, vide document dt. 28.11.2012.
12. e-Form No. 61 for filing petition for condonation of delay u/s 141 of the Companies Act, 1956 with the ROC Coimbatore in respect of filing of delayed e-form No. 17, vide document dt. 11.07.2012.
13. e-Form No. 21 for filing the order of the Company Law Board condoning the delay of 16 days for filing e-Form No. 17 in respect of the satisfaction of charge dated 24.08.2011 favouring The ICICI Bank Limited, Mumbai u/s 141 of Companies Act, 1956, vide document dt. 01.08.2012.
14. e-Form No. 61 for filing Application for the extension of period of Annual General Meeting by three months u/s 166(1) of Companies Act, 1956, vide document dt. 13.09.2012.

Signature:

Name of Company Secretary: S.SOLAIYAPPAN
C.P. No. 3573