



# ATL

## ATL TEXTILES LIMITED

***Annual Report : 1997 - 98***


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**ATL TEXTILES LIMITED****ANNUAL REPORT****1997-98****BOARD OF DIRECTORS**

Shri MADANLAL PATODIA

Chairman

Shri PURUSOTTAMDAS PATODIA

Vice Chairman &amp; Managing Director

Shri MANOJKUMAR PATODIA

Executive Director

Shri P.R.MAHAJAN

(Nominee of ICICI)

Shri CHANDULAL D.THAKKAR

Shri RADHEY GOBIND BHURADIA

Shri NANDAN S.DAMANI

Shri N.K.BAFNA

Shri BANWARILAL SINGHAL

**SECRETARY &  
GENERAL MANAGER (FINANCE)**

Shri S.RAMANATHAN

**AUDITORS**M/s. M.S.JAGANNATHAN & VISVANATHAN,  
Chartered Accountants, Coimbatore**LEGAL ADVISORS**M/s. RAMANI & SHANKAR,  
Advocates, Coimbatore**MAIN BANKERS**

CENTRAL BANK OF INDIA

**REGISTERED OFFICE**603, Avanashi Road,  
Tirupur - 641 603.  
(South India)

## ATL TEXTILES LTD

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### ATL TEXTILES LIMITED

A Govt. Recognised Trading House  
Regd. Office : 603, Avanashi Road, Gandhinagar P.O.,  
Tirupur - 641 603

NOTICE is hereby given that the SIXTY FIRST Annual General Meeting of the Members of **ATL Textiles Limited** will be held at the Registered Office of the Company at No.603, Avanashi Road, Tirupur- 641 603, Tamil Nadu, on Thursday the 17th December, 1998 at 16:00 hours to transact the following business :-

#### As Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 1998, and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and of the Auditors thereon.
2. To declare a dividend for the year.
3. To appoint a Director in place of Shri Chandulal D.Thakkar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Radhey Gobind Bhuradia, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

Place: Mumbai  
Date: 29th Aug.1998

By Order of the Board of Directors,  
**S. RAMANATHAN**  
Secretary

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#### NOTES FOR THE MEMBERS' ATTENTION

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and such proxy need not be a member of the Company. Proxies, in order to be effective, must be lodged at the Company's Registered Office not less than 48 hours before the commencement of Meeting.
2. The Register of Members of the Company will be closed from 11.12.1998 to 17.12.1998 (both days inclusive).
3. Dividend on Equity Shares when declared will be made payable to those shareholders whose names stand on the Company's Register of Members on 17.12.1998 in respect of their shareholdings as on that date.
4. The unclaimed dividend for the years upto 30-06-1994 have already been transferred to the General Revenue Account of the Central Government and for the year ended 30-06-1995 will be transferred to the above said account on due date in terms of provisions of Section 205A of the Companies Act, 1956 . Those shareholders who have so far not claimed or collected their dividends for these years may approach the Registrar of Companies, Tamilnadu, Coimbatore by submitting an application in the prescribed form.
5. Members are requested to notify any change of address immediately to the Company at its Registered Office, Tirupur.
6. With a view to provide protection against fraudulent encashment of dividend warrants, the shareholders are requested to provide their bank account numbers, names and addresses of the banks to enable the Company to incorporate the said details in the dividend warrants. The same has to reach the Company before 17.12.98



## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Sixty-first Annual Report of the Company and the Audited Statements of Accounts for the year ended 30th June 1998.

## FINANCIAL RESULTS

	(Rupees in lacs)	
	1997-98	1996-97
<b>Gross Profit before interest &amp; depreciation</b>	<b>919.00</b>	<b>1,005.47</b>
Less : Interest	545.45	509.24
Depreciation	162.82	132.30
<b>Profit before taxation</b>	<b>210.73</b>	<b>363.93</b>
Less : Taxation	16.50	37.50
<b>Profit after taxation</b>	<b>194.23</b>	<b>326.43</b>
Add : Previous balance brought forward	338.80	103.78
Available for appropriation	<u>533.03</u>	<u>430.21</u>

## APPROPRIATIONS

Proposed Dividends :

On Equity Shares	22.74	68.23
On Preference Shares	37.01	0.00
Tax on proposed dividend	5.98	6.83
Transferred to General Reserve	120.00	16.35
Balance carried to Balance Sheet	347.30	338.80
Total of appropriations	<u>533.03</u>	<u>430.21</u>

## DIVIDEND

Your Directors are pleased to recommend a Dividend of 5% on the Equity Capital absorbing Rs.22.74 lacs and 14% on the Preference shares on pro-rata basis from the date of allotment absorbing Rs.37.01 lacs and Rs.5.98 lacs as dividend tax. Further it is to be noted that the dividend in the hands of shareholders is tax free. The lowering of the dividend in the current year has been necessitated to conserve resources to meet the capital expenditure programme intended for reduction of overheads in the manufacturing processes.

## ISSUE OF REDEEMABLE CUMULATIVE PREFERENCE SHARES

During the year under review the Company has issued 500,000 14% Cumulative Redeemable Preference Shares of Rs.100 each issued at par to the Industrial Development Bank of India on private placement basis aggregating to Rs.500 lacs. The shares are redeemable after expiry of 36th month from the date of allotment.

## REVIEW OF PERFORMANCE

The year 1997-98 will go down the history of the textile industry as a most turbulent year in the recent past. The textiles industry has continued to be pressured in all the fronts since almost past three years. The exports were affected with the collapse of the South East Asian economies, followed by a severe recession facing the Japanese markets and steep devaluations of the currencies in these countries. This factor resulted in decline in the sales. The adverse business environment only further accentuated with the spiraling cost of production. There was loss of production for over thirty five days due to illegal strikes by the workmen on two occasions. The power cut in Tamilnadu State followed by a steep increase in the power tariff has further aggravated the situation.

## ATL TEXTILES LTD

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The cotton management was put into a strain in the second half of the year with increase in cotton costs which was absorbed only by half in the yarn selling price. The Management did anticipate the situation in advance and secured good quality cotton from both indigenous sources and imports at the right time and at competitive price.

Viewed from the cascading effect of the above factors, your Directors consider the performance of the Company as satisfactory.

### FUTURE PROSPECTS

The ATL-TFO Unit with capacity expansion of post-spinning facilities has commenced its commercial production. Your Company has now proposed to set up a 3.24 Mega-watt Power Plant to cater to the Spinning unit in order to keep at check the incidence of power overhead for all time to come. The government has focussed on removal of certain sectoral inadequacies which are making Indian products less competitive. Certain steps in the right direction are taken up by it on the date of this report which certainly should better equip the Indian exporters in meeting the highly competitive global markets.

### AWARDS AND RECOGNITIONS

Your Company has been recognised by the Government as a "Trading House" category of exporter.

### FIXED DEPOSITS

There are no unpaid deposits except deposits of Rs. 1.04 lacs in respect of 10 depositors which have not yet been claimed.

### DIRECTORS

In accordance with the provisions of the Articles of Association of the Company and of the Companies Act, 1956, Shri Chandulal D. Thakkar and Shri Radhey Gobind Bhuradia are due for retirement on rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

### AUDITORS

Messrs M.S. Jagannathan & Visvanathan, Chartered Accountants, Coimbatore, the statutory auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible, have given their consent for reappointment.

### PERSONNEL

Industrial relations were by and large satisfactory. Your Directors hold that in a situation such as the present one, the personnel should rededicate themselves with discipline and hard work. The information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, given in the Annexure forms part of the report.

### CONSERVATION OF ENERGY, FOREIGN EXCHANGE EARNINGS AND OUTGO, ETC.

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 as annexure to this report.

### ACKNOWLEDGEMENT

The Directors record with a deep sense of gratitude the excellent co-operation and assistance rendered by Financial Institutions, Bankers, State and Central Government Offices, Stock Exchanges, Importers, Customers, Suppliers, the Members and the employees of the Company.

Place : Calcutta

Date : 29th Aug. 1998

For and on behalf of the Board,

**Madanlal Patodia**

Chairman

## ANNEXURE TO THE DIRECTORS' REPORT

ADDITIONAL INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE DIRECTORS) RULES, 1988.

### (A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken :

As a corporate policy and with an intent at optimising the efficiency at the levels of operation, the Company has been giving priority for the energy conservation techniques.

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

The Company has been absorbing latest technologies expected to contribute significantly in reduction of consumption of energy.

(c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods:

Efficient usage of energy with optimisation of capacities has brought about control on energy related costs which will have a direct impact on increasing the competitiveness of the Company's products.

(d) Total energy consumption and consumption per unit of production are given in the prescribed Form 'A' attached.

### (B) TECHNOLOGY ABSORPTION :

The Company has been taking rapid steps towards technology absorption. Upgradation of production capacities through replacement of the old ones with latest machineries has been resulting in improvement of the qualitative standards of the products as well as in cost-effective operations.

### (C) FOREIGN EXCHANGE EARNINGS AND OUT-GO

1. Activity relating to exports :-

Cotton yarn production through various value-added processes has occupied the main thrust. The Company is also in the process of diversifying into exports of other products like Garments.

2. Initiative taken to increase exports :-

- i) The spectrum of value-added products offered by the Company, its substantially modernised and technologically advanced works has been the assuring factors to the foreign importers who frequent their visits to the works.
- ii) The Company undertakes to keep the foreign importers informed with a technical evaluation of the test standards the products they buy have met so as to offer them a full opportunity to evaluate the suitability for end usage.

3. Export Plans :-

Uncertainty in yarn export front in the country due to various reasons dampened our efforts in making substantial increase in exports. With the product qualities matching international standards, the Company has a ready market for even expanding its existing capacities.

4. Total Foreign Exchange used and earned :-

	Current year (Rs.in lacs)	Previous year (Rs.in lacs)
Total foreign exchange used	593.44	955.92
Total foreign exchange earned	6,582.08	8,392.21

Place : Calcutta  
Date : 29.08.1998

For and on behalf of the Board,  
**Madanlal Patodia**  
Chairman

**ATL TEXTILES LTD****ANNEXURE TO THE DIRECTORS' REPORT****FORM : A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****A. Power and fuel consumption**

	Current Year	Previous Year
1. Electricity		
(a) Purchased - Units	74,34,126	1,08,70,460
Total Amount (Rs.lacs)	260.32	323.11
Rate per Unit (Rs.)	3.50	2.97
(b) Own Generation - (through Diesel Generator only)		
Units	84,71,760	56,82,789
Units per Litre of HSD Oil	3.32	3.38
Cost per Unit (Rs.)	3.12	2.63
2. Coal		
(a) Quality used normally : Steam Grade 'B'/'C+'		
(b) Used in : Boiler for steam requirements of mercerisation, bleaching and dying units.		
(c) Quantity in tones	352.52	292.82
(d) Total cost (Rs.lacs)	12.33	9.40
(e) Average rate per tone (Rs.)	3,497.00	3,210.00
3. Others / Internal Generation		
Firewood :-		
(a) Quantity in tones	101.39	350.99
(b) Total cost (Rs.lacs)	1.85	5.90
(c) Average rate per tone (Rs.)	1,828.00	1,680.00
<b>B. Consumption per unit of production</b>		
1) Electricity (in KWH):	1,59,05,886	1,65,53,249
Consumed for Production/Kg.	9.10	8.71
2) Coal & Firewood (in Tones) :	453.91	643.81
For Mercerised/bleached/ dyed yarns/Kg	2.15	2.89

**FORM : B****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****RESEARCH AND DEVELOPMENT (R & D)**

- 1) Specific areas in which R & D was carried out by the Company :
  - a) Ways and means for total removal of foreign particles in raw cotton.
  - b) Study of fibre ruptures through a critical difference test method applied to blow room and carding.
  - c) Usage of optimum process parameters in spinning.
  - d) Check on weight variations in cones ready for packing.
  - e) Automatic waste evacuation from Carding & Comber area (VXL System)
  - f) Siro clearer adopted in winder section.



## 2) Benefits derived as a result of the above R &amp; D :-

Improved productivity and higher machine efficiency are the direct measurable advantages. With these measures, the quality assurance to the customer is ensured.

## 3) Future plan of action :-

To implement Total Quality Management (TQM) leading to the accreditation with international quality standards.

## 4) Expenditure on R &amp; D :-

The expenditure incurred on in-house implementation of the R&D has been shown in different heads on accounts dealt in the Profit & Loss Account. No separate head of account for the R & D is kept.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

## 1) Efforts in brief made towards technology absorption and innovation:

Major thrust areas in spinning such as drawing, ring spinning and winding are upgraded with installation of latest technology machines, such as Autoleveller Draw frames, Ring frames Model G5/1, Autowinders and Siro Clearers.

## 2) Benefits derived as a result of the above :-

Substantial improvement in product quality.

## 3) Details about import of Technology during last 5 years :-

No import of technology was found necessary.

Place : Calcutta

Date : 29.08.1998

For and on behalf of the Board,

**Madanlal Patodia**

Chairman

**Annexure to the Report of Board of Directors showing the particulars of  
Employees pursuant to Section 217(2A) of the Companies Act, 1956.**

Name	Age	Qualification & experience	Designation Nature of duties	Remuneration Rs.	Date of Commencement	Previous Employment
<b>Employed throughout the year</b>						
Shri Purusottamdas Patodia	59	B.Com 36 years	Vice Chairman & Managing Director  Managing the day to day affairs of the Company	10,33,075	20-10-1989	Managing Director M/s. GTN Textiles Ltd., Alwaye
Shri Manoj Kumar Patodia	34	B.Com 13 years	Executive Director (Wholetime Director)  Managing the day to day affairs of the Company	7,67,277	01-01-1995	President (Exports) M/s Yarn Syndicate Ltd., Bombay

**Employed for part of the year : NIL**

Note: 1. Remuneration includes Salary, Allowances, Medical benefits and Company's contribution to Provident Fund

2. Nature of employment is contractual.

3. Both the above Directors are related to each other and are also related to Director Shri Madanlal Patodia.

Place : Calcutta

Date : 29.08.1998

For and on behalf of the Board,

**Madanlal Patodia**

Chairman