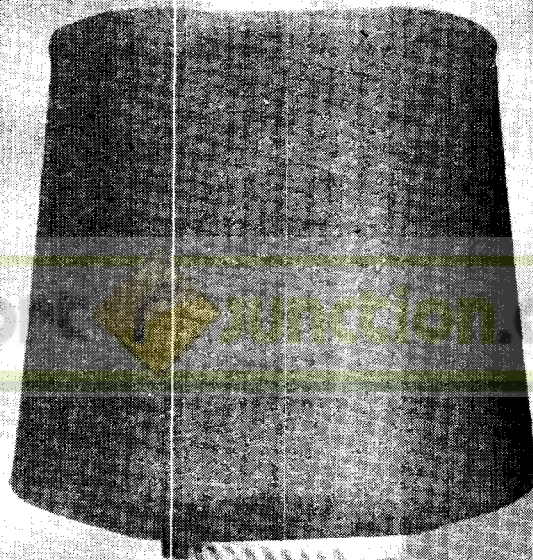


**ATL**

**ATL TEXTILES LIMITED**



**Annual Report 1998 - 1999**



## ATL TEXTILES LIMITED

ANNUAL REPORT  
1998-99

BOARD OF DIRECTORS	<p>Shri MADANLAL PATODIA Chairman</p> <p>Shri PURUSOTTAMDAS PATODIA Vice Chairman &amp; Managing Director</p> <p>Shri MANOJKUMAR PATODIA Executive Director (Whole Time Director)</p> <p>Shri DILIP S.PHATARPHEKAR (Nominee of ICICI)</p> <p>Shri CHANDULAL D.THAKKAR</p> <p>Shri RADHEY GOBIND BHURADIA</p> <p>Shri NANDAN S.DAMANI</p> <p>Shri N.K.BAFNA</p> <p>Shri BANWARILAL SINGHAL</p>
SECRETARY & GENERAL MANAGER (FINANCE)	Shri S.RAMANATHAN
AUDITORS	Messrs 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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## DIRECTORS' REPORT

To the Members,

Your Directors present the Sixty-second Annual Report of the Company and the Audited Statements of Accounts for the year ended 30th June 1999.

## FINANCIAL RESULTS

	(Rupees in lacs)	
	1998-99	1997-98
<b>Profit before interest &amp; depreciation</b>	<b>668.48</b>	919.00
Less : Interest	615.27	545.45
<b>Profit before depreciation</b>	<b>53.21</b>	373.55
Less : Depreciation	221.72	162.82
<b>Profit before taxation</b>	<b>(168.51)</b>	210.73
Less : Taxation	0.00	16.50
<b>Profit after taxation</b>	<b>(168.51)</b>	194.23
Add : Previous balance brought forward	347.30	338.80
Available for appropriation	<u>178.79</u>	<u>533.03</u>

## APPROPRIATIONS

Proposed Dividends :

On Equity Shares	0.00	22.74
On Preference Shares	32.99	37.01
Tax on proposed dividend	3.30	5.98
Transferred to General Reserve	0.00	120.00
Balance carried to Balance Sheet	<u>142.50</u>	<u>347.30</u>
Total of appropriations	<u>178.79</u>	<u>533.03</u>

## DIVIDEND

Your Directors have declared interim dividend on 5,00,000 14% Preference Shares of Rs.100 each at 6.60%. As no final dividend has been recommended on these Preference Shares, the Interim Dividend paid shall be fully adjusted as final dividend for the year under review. As for the equity shares, your Directors do not recommend for any dividend for the year under review with an intent to conserve the financial resources.

## REVIEW OF PERFORMANCE

The textile industry has reeled under a heavy recession stretching for the third year consecutively. High cotton prices and overall increase in other costs of production have resulted in lowering the margins. This was further accentuated with the sluggishness in international as well as domestic demands and the back-lash of the South-East Asian economy crisis. The industrial power tariff in the State were hiked heavily during the year which only threatened in rendering operations uneconomical. All these factors pushed the Company into a virtual tight spot. The only silver lining in the year under report had however been a growth by 27.8% in the turnover. Much of this growth was witnessed in the last quarter of the year and the trend is foreseen to continue in the current financial year as well.

**ATL TEXTILES LTD.**

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**PROSPECTS**

Undeterred by the situation and exhibiting a proactive approach, your Directors have instituted certain measures aimed at pegging down the operational costs in order to remain competitive in the international markets. The installation of the 3.24 MW Power Generator for captive usage is expected to be commissioned in January, 2000 whereby a substantial reduction in cost of power is foreseen. The Company has initiated steps at rationalising the labour component in order to bring it within the bracket of industrial norms. These and various other cost-pruning exercises are expected to make the Company to compete better in the international markets. The demand scenario during the current year is showing better signs and the Company is poised to take full advantage of the same.

**FIXED DEPOSITS**

There are no unpaid deposits except deposits of Rs.0.85 lacs (previous year Rs.1.04 lacs) in respect of eight depositors which have not been claimed.

**Y2K PREPAREDNESS**

The Company has addressed itself to the areas where Y2K compliance problems may arise. The areas are limited and the expenditure to ensure Y2K compliance is expected to be not significant.

**DIRECTORS**

Shri Dilip S.Phatarphekar has been nominated to the Board of Directors by the ICICI Limited in place of his predecessor Shri P.R.Mahajan. Shri Dilip S.Phatarphekar has assumed office with effect from 22nd January 1999. Your Directors record their appreciation for the rich contributions Shri P.R.Mahajan rendered to the Company during his tenure of office as the Director of the Company.

Shri Banwarilal Singhal and Shri Nandan S.Damani 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. The present scenario calls for a greater understanding towards a high performance culture and improved productivity effectively enhancing the contributions from employees. 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 cooperation and assistance rendered by Financial Institutions, Bankers, State and Central Government Offices, Stock Exchanges, Customers, Suppliers, the Members and the employees of the Company.

Place : Calcutta

Date : 31st August 1999

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. The Company's Central Power Unit at the cost of Rs.96 million for generation of 3.24 MW power using multi-fuels is in the construction stage. It is expected to be commissioned during the first week of January, 2000. The Power Plant is expected to improve the overall efficiency with a dependable and quality of power. The unit cost per unit of production is expected to be lowered considerably.

- (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 in the international markets.

- (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 textile related products like garments.

2. Initiative taken to increase exports :-

- i) To ensure total customer satisfaction through improvement in the product quality the Company has implemented the quality standards by developing personnel at all levels affecting quality and adoption of appropriate technology in the process of manufacture. The Company accredited to the ISO 9002 Quality Standards.
- ii) The Company undertakes to keep the importers well informed about the products offered with technical evaluation of the tests standards so as to offer them a full opportunity to evaluate the suitability of the products for their end use.

3. Export Plans :-

With the product qualities matching international standards, the Company undertakes series of measures to reduce production costs so as to make the product competitive in the international markets. Further the Company expands the range of textile products such as dyed yarns and also venturing into exports of garments products. With all these measures and steps taken to explore new markets it aims at increasing exports.

4. Total Foreign Exchange used and earned :-	(Rs. in lacs)	Current year	Previous year
Total foreign exchange used		1,224.33	593.44
Total foreign exchange earned		7,145.29	6,582.08

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

Place : Calcutta

Date : 31st August 1999

**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**

		<b>Current Year</b>	<b>Previous Year</b>
1.	Electricity		
(a)	Purchased - Units	<b>85,02,400</b>	74,34,126
	Total Amount (Rs.lacs)	<b>341.17</b>	260.32
	Rate per Unit (Rs.	<b>4.01</b>	3.50
(b)	Own Generation - (through Diesel Generator only)		
	Units	<b>93,20,710</b>	84,71,760
	Units per Liter of HSD Oil	<b>3.47</b>	3.32
	Cost per Unit (Rs.)	<b>3.04</b>	3.12
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 tonnes	<b>416.92</b>	352.52
(d)	Total cost (Rs.lacs)	<b>15.35</b>	12.33
(e)	Average rate per tonne (Rs.)	<b>3,681.00</b>	3,497.00
3.	Others : Internal generation : Firewood :-		
(a)	Quantity in tonnes	<b>21.11</b>	101.39
(b)	Total cost (Rs.lacs)	<b>0.46</b>	1.85
(c)	Average rate per tonne (Rs.)	<b>2,163.00</b>	1,828.00

**B. Consumption per unit of production**

1)	Electricity (in KWH):	<b>1,78,23,110</b>	1,59,05,886
	Consumed for Production/Kg.	<b>8.85</b>	9.10
2)	Coal & Firewood (in Tonnes) :	<b>438.03</b>	453.91
	For Mercerised/bleached/ dyed yarns/Kg	<b>1.94</b>	2.15

**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 & 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 & 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 : 31st August 1999

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. Lacs	Date of Commencement	Previous Employment
<b>Employed throughout the year</b>						
Shri Purusottamdas Patodia	60	B.Com 37 years	Vice Chairman & Managing Director Managing the day to day affairs of the Company	10.90	20-10-1989	Managing Director M/s. GTN Textiles Ltd., Alwaye
Shri Manoj Kumar Patodia	35	B.Com 14 years	Executive Director (Wholetime Director) Managing day to day affairs of the Company	8.64	01-01-1995	President (Exports) M/s Yarn Syndicate Ltd., Bombay
<b>Employed for part of the year : NIL</b>						

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 : 31st August 1999

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



**ATL TEXTILES LTD.**

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**AUDITORS'REPORT**

1. We have audited the attached Balance Sheet of **M/s. ATL TEXTILES LIMITED, TIRUPUR**, as at 30th June, 1999 and the relative Profit and Loss Account for the year ended that date, both signed by us under reference to this report and report that:
  - 1.1 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Balance Sheet and the Profit and Loss account read with Statement on Significant Accounting Policies and the Notes to the Accounts, give the information required by the Companies Act, 1956 in the manner so required and also give respectively a true and fair view of the state of the Company's affairs as at 30th June, 1999 and of its Loss for the year ended that date.
  - 1.2 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 1.3 In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books.
  - 1.4 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - 1.5 In our opinion, the Balance Sheet and the Profit and Loss Account comply with the accounting standards, referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
2. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
  - 2.1 The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
  - 2.2 None of the Fixed assets have been revalued during the year.
  - 2.3
    - a) The stock-in-trade (including raw materials) and stock of stores and spare parts of the Company at all its locations have been physically verified by the management during the year at reasonable intervals.
    - b) In our opinion, and according to the information given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies between the physical stocks and the book stocks which have been properly dealt with in the books of account, were not significant.
    - c) In our opinion, the valuation of stock-in-trade and stores and spare parts has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in preceding year.
  - 2.4 In our opinion, the rates of interest and the terms and conditions of the loans, secured or unsecured, taken by the Company during the year, from Companies, firms and other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and/or the Companies under the same management as defined under section 370(1B) of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
  - 2.5 In our opinion, the rates of interest and other terms and conditions of loans, secured or unsecured granted by the Company to Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and/or the Companies under the same management as defined u/s 370(1B) of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the Company.
  - 2.6 Parties (including employees) to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.

- 2.7 In our opinion, the internal control procedure of the Company relating to purchases of stores, raw materials including components, plant and machinery equipment and other similar assets and for sale of goods are commensurate with the size and nature of business.
- 2.8 In our opinion, the transactions of purchase of goods and materials and sale of goods made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party, were made at prevailing market prices for such goods or materials or the prices at which transactions for similar goods or materials were made with other parties.
- 2.9 The Company has a system of determining unserviceable or damaged stores, raw materials and finished goods on the basis of technical evaluation and, in our opinion, adequate amounts have been written off in the accounts.
- 2.10 In the case of public deposits received by the Company, the provisions of section 58A of the Companies Act, 1956 and the applicable rules framed thereunder have been complied with.
- 2.11 In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap/by-products where applicable.
- 2.12 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 2.13 We have broadly reviewed the Books of Account maintained by the Company pursuant to the order by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have been made and maintained. However, we have not made detailed examination of the said records.
- 2.14 During the year, the Company has regularly deposited with the appropriate authorities the dues relating to the Provident Fund and the Employees State Insurance, where applicable.
- 2.15 There was no amount outstanding as on 30th June, 1999 in respect of undisputed incometax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date of they become payable.
- 2.16 No personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- 2.17 The Company, is not a Sick Industrial Company within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provisions Act, 1985).
- 2.18 In respect of trading activities carried out by the Company there were no damaged goods.

**For M.S.JAGANNATHAN & VISVANATHAN**

Chartered Accountants

**M.J.Vijayaraaghavan**

Partner

Place : Tirupur

Date : 31st August 1999