

PRIME

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PRIME TEXTILES LIMITED

PRIME TEXTILES LIMITED

(Formerly ATL Textiles Limited)

ANNUAL REPORT**2000-2001****BOARD OF DIRECTORS**Shri MADANLAL PATODIA
ChairmanShri PURUSHOTTAM PATODIA
Vice Chairman & Managing DirectorShri DILIP S. PHATARPHEKAR
(Nominee of ICICI)

Shri NANDAN S. DAMANI

Shri CHANDULAL D. THAKKER

Shri N.K. BAFNA

Shri RADHEY GOBIND BHURADIA

Shri BANWARILAL SINGHAL

Shri MANOJJ KUMAR PATODIA
Executive Director (Wholetime Director)**SECRETARY &
GENERAL MANAGER (FINANCE)**

Shri S. RAMANATHAN

AUDITORSMessrs M.S. JAGANNATHAN & VISVANATHAN
Chartered Accountants, Coimbatore**LEGAL ADVISORS**Messrs RAMANI & SHANKAR,
Advocates, Coimbatore**BANKERS**CENTRAL BANK OF INDIA
IDBI BANK LIMITED**REGISTERED OFFICE**110, Avanashi Road,
Gandhinagar Post,
Tirupur - 641 603. (South India)

PRIME TEXTILES LIMITED

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PRIME TEXTILES LIMITED

(A Government Recognised Trading House)

Regd. Office : 110, Avanashi Road,
Gandhinagar Post, TIRUPUR - 641 603

NOTICE

NOTICE is hereby given that the **SIXTY FOURTH** Annual General Meeting of the Members of **PRIME TEXTILES LIMITED** will be held at the Registered Office of the Company at 110, Avanashi Road, TIRUPUR - 641 603, Tamilnadu, on Monday the 17th September 2001 at 4.00 p.m. to transact the following business:

As Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 (nine months) and the Profit and Loss Account for the period ending on 31st March 2001, together with the Reports of the Directors and of the Auditors thereon.
2. To declare a dividend on Preference Shares and Equity Shares for the period ending 31st March 2001.
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.

As Special Business :

6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution :

Consent to create charge, mortgage on the Company's movable and immovable properties under section 293(1)(a) of the Companies Act, 1956 :

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgage and/or charging by the Board/ Committee of Directors, of all the immovable properties and movable fixed assets of the Company, excluding assets on which exclusive charge was given and hypothecation of all movable properties of the Company subject to prior charges in favour of Bankers for Working Capital, wheresoever situate, present and future and of conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of the following : viz.

- i) Industrial Development Bank of India (IDBI).
 - ii) Bank of India (BOI).
 - iii) Central Bank of India (CBI) in consortium with other Banks as decided by the Board of Directors of the Company in consultation with Central Bank of India, providing working capital facilities to the Company.
- a) To secure on pari passu first charge basis :
- i) Foreign Currency Loan of USD 1,500,000 sanctioned by BOI to the Company.
 - ii) 5,00,000 15.50% Fully Secured Non Convertible Debentures of Rs. 100 each aggregating to Rs. 500 lacs allotted to IDBI on private placement basis and Rs. 1000 lacs Rupee Term Loan provided under Technology Upgradation Fund Scheme by IDBI.

PRIME TEXTILES LIMITED

and

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, charges, expenses and other moneys including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange of foreign currencies involved, payable by the Company to Debenture Trustees, IDBI, BOI under the Loan Agreements/Memorandum of terms and conditions entered/to be entered into by the Company in respect of the said loans.

- b) To secure on pari passu second charge basis :

Revised Working Capital facilities aggregating to Rs. 5725 lacs for 2000-2001 and Rs. 6425 lacs for 2001-2002 both fund based and non-fund based facilities sanctioned by Central Bank of India to be shared in consortium with other Banks as decided by the Board of Directors of the Company in consultation with Central Bank of India, being the lead Bank.

RESOLVED FURTHER THAT the Board/Committee of Directors of the Company be and is hereby authorized to do all such acts and things as may be necessary for giving effect to the above resolution.

RESOLVED FURTHER THAT the mortgage/charge created/to be created and/or agreements/documents executed/to be executed and all acts done in terms of the above resolution by and with authority of the Board of Directors be and are hereby confirmed and ratified

Place : Mumbai
Date : June 29, 2001

By order of the Board of Directors
S. Ramanathan
Secretary

NOTES FOR THE MEMBERS' ATTENTION

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and such Proxy need not be a member of the Company. The instrument appointing proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items 6 of the notice set out above is annexed thereto.
3. The Register of Members of the Company will remain closed from Friday the 7th September 2001 to Monday the 17th September 2001 (both days inclusive) for the purpose of payment of Dividend.
4. Pursuant to the provisions of Section 205-A of the Companies Act, 1956, unpaid dividend upto 1995 has been transferred to the General Revenue Account of the Central Government. Members who have not encashed their Dividend warrants relating to year ended 30.06.1995 may claim the same from the Registrar of Companies, Coimbatore, Tamilnadu, 683-686, Stock Exchange Building, Trichy Road, Coimbatore - 641 005, in the prescribed format which will be supplied by the Company, on request.

As a result of the amendments introduced through Sections 205A to 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer shall be transferred by the Company to a Fund called "Investor Education and Protection Fund" to be set up by the Central Government. Accordingly, the unpaid/unclaimed dividends for the year ended 30.06.1996 onwards will become transferable at the end of seven years respectively, to the said Investor Education and Protection Fund and no claims shall lie against the Fund or the Company in respect of individual amounts thereafter. Shareholders are, therefore requested to send their claims, if any, for the relevant years from 1996 onwards to the Company, before the respective amounts become due for transfer to the Fund.

5. Members are requested to notify change of address, if any, with Pin Code quoting reference to their folio number immediately to the Company at the Registered Office at Tirupur.

Explanatory Statement under Section 173(2) of the Companies Act, 1956**RESOLUTION AT ITEM No. 6 :**

The Company has been sanctioned additional financial assistance by Industrial Development Bank of India (IDBI) and Bank of India (BOI) for its modernization cum expansion and for long term working capital requirements. As per terms of sanction, the said financial assistance shall be secured by way of mortgage on pari passu first charge on all the immovable properties and movable fixed assets of the Company.

Central Bank of India has sanctioned the revised financial assistance for the financial years 2000-2001 and 2001-2002 to be shared under consortium arrangements with other Banks as approved by the Board of Directors of the Company. As per the terms of the sanction, mortgage has to be extended on second charge basis on all the immovable properties and movable fixed assets of the Company.

Section 293(1)(a) of the Companies Act, 1956 requires that the Board of Directors of a Public Limited Company shall not without the consent of the shareholders in the General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since the mortgage and/or charge created/to be created as aforesaid in favour of Debenture Trustees, IDBI, BOI and working capital Bankers, may be regarded as disposal of the Company's properties, it is necessary for the members to pass a resolution u/s 293(1)(a) of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the resolution.

Your Directors recommend this resolution for approval.

Place : Mumbai
Date : June 29, 2001

By Order of the Board of Directors
S. Ramanathan
Secretary

SHAREHOLDER INFORMATION**(A) Stock Exchanges on which the Company's Securities are listed:**

The Company's securities are listed at the following Stock Exchanges:

1. Coimbatore Stock Exchange Limited,
683-686, Trichy Road,
Singanallur, COIMBATORE - 6741 005
2. The Stock Exchange
Phoroze Jeejeebhoy Towers,
Dalal Street, MUMBAI - 400 001.
3. The Stock Exchange
Kamadhenu Complex,
Opp.Sahajanand College,
Panjarapole, AHMEDABAD - 380 015.
4. The Calcutta Stock Exchange Assn.Limited,
7, Lyons Range, KOLKATA - 700 001.
5. Madras Stock Exchange Ltd,
11, Secone Line Beach,
CHENNAI - 400 001.

The Company has paid Annual Listing Fees to each of the above Stock Exchanges for the Financial year 2001-2002.

PRIME TEXTILES LIMITED**DIRECTORS' REPORT**

To the Members

Your Directors have pleasure in presenting their **Sixty Fourth Annual Report** and the Audited Accounts for the Nine months' period ending 31st March 2001

The financial year of the Company shall henceforth be ending on 31st March instead of 30th June. Consequently, the accounts presented under this Report are for a period from 1st July 2000 to 31st March 2001. The change was necessitated to bring about uniformity in line with current corporate practices.

FINANCIAL RESULTS

For the year ending

	31.3.2001 (9 months) Rs. in lacs	30.6.2000 (12 months) Rs. in lacs
Turnover and other Income	9,138.91	11,504.81
Profit before interest, depreciation and taxation	1,190.13	1,163.90
Less : Interest	645.01	675.42
Profit before depreciation	545.12	488.48
Less : Depreciation	237.75	258.88
Profit before taxation	307.37	229.60
Less: Prior period adjustments	49.94	0.00
Less : Provision for Taxation	0.29	4.00
Profit after Taxation	257.14	225.60
Add : Profit and Loss Account Surplus brought forward	257.11	142.50
Available for appropriation	514.25	368.10
APPROPRIATIONS :		
Proposed Dividends:		
On Equity Shares	27.29	27.29
On Preference Shares (Interim)	70.00	70.00
Tax on distributed profits	18.19	13.70
Transfer to General Reserve	100.00	0.00
Balance carried over	298.77	257.11
Total of appropriations	514.25	368.10

DIVIDEND

Your Directors are pleased to recommend a Dividend of 6% on 45,48,720 Equity Shares of Rs.10 each absorbing Rs. 27.29 lacs and corporate dividend tax thereon absorbing additionally Rs. 2.79 lacs.

Your Directors declared and disbursed an interim dividend of Rs.70.00 lacs on 14% 500,000 Redeemable Preference Shares of Rs.100 each. Income tax on such distributed profits additionally absorbed Rs. 15.40 lacs. The said dividend is recommended to treat as the final dividend in respect of the said Preference Shares for the year under review.

REDEMPTION OF PREFERENCE SHARES

The 14% 500,000 Redeemable Preference Shares of Rs.100 each have been fully redeemed on the scheduled due date.

A NEW CORPORATE IDENTITY

From 28th June 2000, the Company changed its name and the logo to provide itself with an effective corporate identity. The new logo depicts the prime place the company has carved for itself in overseas markets and portrays the thrust towards newer range of products. It symbolises the corporate image as a dynamic and forward-looking Company poised to reach to new horizons. The businesses of the Company are surging ahead with totally renewed outlook and with customer focus.

REVIEW OF PERFORMANCE

It has been a rewarding journey for the Company into the new millennium. The textile business environment in the world has been changing in rapid strides. Optimization of capacity utilizations, efficient work culture, upgradation of production lines with latest technological advancements, constant watch on costs and overheads, best working practices and customer focus are the only factors to enhance profitability. During the year under review, your Company has continued to improve the competitive position of its businesses through adoption of these factors and the performance has been satisfactory. The Garment Division has started yielding desired results.

On proportionate terms, the turnover of the Company has registered a growth by 6% over the previous year. The profit before taxes has jumped by 76% over the previous year. This was primarily due to continued emphasis by your Company on cost containment of production overheads and overall improved working efficiency.

During the year under review, the Company has successfully implemented a Voluntary Retirement Scheme and has downsized its workforce, coupled with scientific refixation of workloads for the existing workmen.

The Company's policy has been to constantly upgrade its production lines with newer technologies and this has enabled it to cater well to sophisticated international markets. The improved sentiments have geared up the Company for taking up further capacity expansion.

Your Directors consider the overall performance as satisfactory.

FIXED DEPOSITS

There are no unpaid deposits except deposits of Rs. 0.42 lacs (previous year Rs. 0.85 lacs) in respect of 6 depositors that have not been claimed. Of these, 2 deposits aggregating to Rs 0.18 lacs have been repaid as of the date of this Report.

DIRECTORS

Shri. Chandulal D. Thakker and Shri. Radhey Gobind Bhuradia retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

AUDIT COMMITTEE

As a step towards implementation of the Code of Corporate Governance an Audit Committee with two-thirds of its members comprised of independent directors is formed. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. The Committee has met once in the period under report.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of the provisions of Section 217(2AA) of the Companies Act 1956, your Directors wish to place on record that:

- in preparation of the Annual Accounts, all the applicable accounting standards have been followed;
- the Accounting Policies adopted are consistently followed and the judgements and estimates made are reasonable and considered prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss Account for the financial year under review;
- the Directors have taken proper and sufficient care as warranted for the maintenance of adequate accounting records in accordance with the provisions of the said Act in safeguarding the assets of the Company and for presenting/ detecting any incidence of frauds and other irregularities; and,
- the Annual Accounts have been prepared on a going concern basis.

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AUDITORS

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

PERSONNEL

Industrial relations were by and large continued to be cordial.

STATUTORY DISCLOSURES

The information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and the 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 is given as annexure to this report.

DISCLOSURE PURSUANT TO LISTING AGREEMENTS

Pursuant to the Listing Agreement, the company declares that its Equity Shares are listed on the Stock Exchanges at Ahmedabad, Kolkata, Chennai, Coimbatore and Mumbai. The company confirms that it has paid annual listing fees due to all the above Stock Exchanges for the year 2001-02.

ACKNOWLEDGEMENTS

The Directors record with a deep sense of gratitude the excellent co-operation and assistance rendered by the Financial Institutions, Banks, the State and the Central Government Offices, Stock Exchanges, Customers, Suppliers, the Shareholders and the Employees of the Company

For and on behalf of the Board,

Place : Mumbai
Date : June 29, 2001

Madanlal Patodia
Chairman

