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PRIME TEXTILES LIMITED

Annual Report
2001-2002

PRIME TEXTILES LIMITED

ANNUAL REPORT

2001-2002

BOARD OF DIRECTORS

SHRI MADANLAL PATODIA
ChairmanSHRI PURUSHOTTAM PATODIA
Vice Chairman & Managing DirectorSHRI DILIP S. PHATARPHEKAR
(Nominee of ICICI BANK LTD)

SHRI CHANDULAL D. THAKKER

SHRI N.K. BAFNA

SHRI BANWARILAL SINGHAL

SHRI NANDAN S. DAMANI

SHRI MANOJJ KUMAR PATODIA
Executive Director (Wholetime Director)SHRI ANUJJ K. PATODIA (from 21-6-2002)
Executive Director (Wholetime Director)SECRETARY &
GENERAL MANAGER (FINANCE)

SHRI S. RAMANATHAN

AUDITORS

MESSRS M.S. JAGANNATHAN & VISVANATHAN
Chartered Accountants, Coimbatore

LEGAL ADVISORS

MESSRS RAMANI & SHANKAR,
Advocates, Coimbatore

BANKERS

CENTRAL BANK OF INDIA
IDBI BANK LIMITED
BANK OF INDIA

REGISTERED OFFICE

110, Avinashi Road,
Gandhinagar Post,
Tirupur - 641 603. (South India)

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PRIME TEXTILES LIMITED

(A Government Recognised Trading House)
 Regd. Office: 110, Avinashi Road, Gandhinagar Post
 TIRUPUR - 641 603

NOTICE

NOTICE is hereby given that the **SIXTY FIFTH** Annual General Meeting of the Members of **PRIME TEXTILES LIMITED** will be held at the Registered Office of the Company at 110, Avinashi Road, Tirupur - 641 603, Tamilnadu, on Saturday the 28th September 2002 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, 2002 and the Profit and Loss Account for the year ending on 31st March 2002, together with the Reports of the Directors and of the Auditors thereon.
2. To declare a dividend on Equity Shares for the year ending 31st March 2002.
3. To appoint a Director in place of Shri Banwarilal Singhal who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Madanlal Patodia 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:

"RESOLVED that ratification be and is hereby accorded to the Board of Directors towards expending by way of donation of an amount of Rs.1,30,799 during the year ended on March 31st, 2002 over and above the limit contained under Section 293 (1)(e) of the Companies Act, 1956 towards contribution to charity, etc.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized under Section 293 (1)(e) of the Companies Act, 1956 to expend towards contribution to charity, etc, a sum not in excess of Rs.10 lacs in any one financial year irrespective of the limits prescribed under the relevant statutes."

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

"RESOLVED THAT Shri. Anuj K. Patodia, who was appointed by the Board of Directors of the Company at its Meeting held on 21st June, 2002, as Director, in place of the casual vacancy caused by the resignation of Shri. Radhey Gobind Bhuradia, under Article 92 of the Articles of Association of the Company and holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company."

"FURTHER RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), the consent of the Company, be and is hereby accorded to the appointment of Shri Anuj K. Patodia, as the Executive Director of the Company for a period of five years commencing from 21st June 2002, on the terms and conditions including remuneration as set out in the Agreement dated 21st June 2002, between the Company and Shri. Anuj K. Patodia, a copy whereof initialed by the Chairman for the purpose of identification, is placed before this Meeting with liberty to the Board of Directors to alter and vary such remuneration, subject to the overall ceiling specified in Schedule XIII to the Companies Act, 1956 read with Sections 198, 309 and other applicable provisions of the said Act or any amendments thereto or re-enactments thereof as may be agreed to by the Board and Shri. Anuj K. Patodia.

AND FURTHER RESOLVED THAT the Board / Remuneration Committee of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution:"

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

"RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting of the Company held on 17th December, 1999, in respect of appointment and terms of remuneration of Shri. Purushottam Patodia, Vice Chairman and Managing Director and in accordance with provisions of the sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, more particularly the overall limit prescribed in the Schedule XIII to the said Act, the Company hereby approves the salary scale of Rs. 1,25,000-25,000-1,50,000-50,000-3,00,000 per month with effect from 1st April, 2002 as set out in the Supplemental Agreement submitted to this meeting and initialed by a Director, for the purpose of identification, which agreement is hereby specially sanctioned"

AND FURTHER RESOLVED THAT the Board / Remuneration Committee of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution:"

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

"RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting of the Company held on 17th December, 1999, in respect of appointment and terms of remuneration of Shri. Manoj Kumar Patodia, Executive Director (Wholetime Director) and in accordance with provisions of the Sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, more particularly the overall limit prescribed in the Schedule XIII to the said Act, the Company hereby approves the salary scale of Rs. 1,00,000-25,000-1,50,000-30,000-2,10,000 per month with effect from 1st April, 2002 as set out in the Supplemental Agreement submitted to this meeting and initialed by a Director, for the purpose of identification, which agreement is hereby specially sanctioned"

AND FURTHER RESOLVED THAT the Board / Remuneration Committee of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution:"

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

"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:

- i) Bank of India (BOI)
- ii) Industrial Development Bank of India (IDBI)
 - 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 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 (TUFS) Phase I and Rs. 550 lacs under TUFS Phase II by IDBI.
 - iii) 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 BOI and IDBI under the Loan Agreements/Memorandum of terms and conditions entered/to be entered into by the Company in respect of the said loans.

" FURTHER RESOLVED 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.

AND FURTHER RESOLVED 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."

By order of the Board

Place: Tirupur
Date : 21st June 2002

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 to 10 of the Notice set out above is annexed thereto.
3. The Register of Members of the Company will remain closed from Thursday, 19th September 2002 to Saturday, 28th September 2002 (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 Financial Year ended 30-6-1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their Dividend warrants relating to the said period may claim the same from the Registrar of Companies, No. 683-686, Stock Exchange Building, Trichy Road, Coimbatore - 641 005, Tamil Nadu, 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" established 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 the Share holders shall not be able to claim any Unpaid Dividend from the said fund or from the Company 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 said 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, Tirupur
6. The dividend for the year ending 31st March, 2002 as recommended by the Board of Directors, if declared at the Annual General Meeting, subject to provisions of Section 206A of the Companies Act, 1956 will be payable subject to deductions of tax at source, wherever applicable to those share holders whose names appear on the Company's Register of Members as on 19th September, 2002. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership, as per the details given by NSDL and CDSL for this purpose.
7. Dividend receipt upto Rs.1000/- by an individual shareholder do not attract deduction of tax at source as per the provisions of the Income Tax Act, 1961. Other members who desire to get dividend without deduction of tax in accordance with provisions of Section 197A(1) of the Income Tax Act, 1961 may file a declaration in Form 15G on or before 19th September, 2002.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

RESOLUTION AT ITEM NO.6 :

During the year ended 31st March 2002, the Company has made donations to various charitable and philanthropic institutions amounting to Rs.2,11,799. In terms of operation of Section 293(1)(e) of the Companies Act 1956 the amount so expended exceeds the limits stated under the said provision by Rs.130,799. In consideration of laudable purposes for which the expenditure was incurred, your Directors recommend the same be ratified in the meeting. Further in order to enable the Board of Directors to exercise authority over incurrence of donations of charitable and philanthropic institutions as the exigencies call for, it is put up to your approval for empowering the Board of Directors with an annual limit of Rs.10 lacs in a financial year, irrespective of any limits fixed under Section 293(1)(e) of the Companies Act 1956.

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

RESOLUTION AT ITEM NO.7 :

Shri.Anuj K.Patodia was appointed by the Board at its meeting held on 21st June, 2002 as Director, in place of the casual vacancy caused by the resignation of Shri.Radhey Gobind Bhuradia, under Article 92 of the Articles of Association of the Company. Shri.Anuj K.Patodia holds office upto this Annual General Meeting. As required u/s 257 of the Companies Act, 1956, the Company has received a Notice alongwith deposit, from a member proposing the candidature of Shri.Anuj K.Patodia as Director of the Company.

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Shri.Anuj K.Patodia is a commerce graduate and served as President (Exports) of the Company holding independent charge of the Garments Division of the Company. Earlier he worked in the associate companies of the Company looked after the production and exports of garments and is having overall experience in garments business over ten years. During the last five years he transformed the Garment Division of the Company comparable with the best in the industry.

The Board in its meeting held on 21.06.2002 considered in the interest of the Company to appoint Shri Anuj K.Patodia as the Executive Director (Wholetime Director) of the Company for a period of five years from 21st June 2002 and he will be in the non-retiring by rotation category during his tenure as Executive Director (Whole time Director).

The material terms and conditions of appointment and remuneration of Shri Anuj K.Patodia as the Executive Director (Wholetime Director) are as under:

1. PERIOD: Five years with effect from 21st June, 2002

2. REMUNERATION:

Salary: Rs.75,000 per month including dearness and all other allowances in the time scale of Rs.75,000-12,500-100,000-17,500-152,500;

Commission: Commission will be allowed in addition to salary and perquisites, the amount of which, based on the Net Profits of the Company in a particular year, shall be subject to the overall ceiling laid down in Section 198 and 309 of the Companies act, 1956. The amount of commission for each financial year or part thereof will be decided by the Board of Directors from time to time in its absolute discretion.

Perquisites: Perquisites shall be allowed in addition to salary and shall be restricted to an amount equal to the annual salary.

PART-A**1. Housing:**

- (a) The expenditure by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary, over and above 10% payable by the appointee.
- (b) If the Company does not provide accommodation to the appointee he shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.
- (c) If accommodation in the Company owned house is provided to the appointee, a deduction at 10% shall be made from his salary.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.

2. Medical Reimbursement: Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years will be reimbursed to the appointee.
3. Leave Travel Concession: Leave Travel Concession for self and family of the appointee once a year incurred in accordance with the Rules of the Company will be allowed.
4. Club Fees: Fees of clubs subject to a maximum of two clubs will be allowed. No admission and life membership fees will be paid.
5. Personal Accident Insurance: Personal Accident Insurance of an amount, the premium for which shall not exceed Rs.10,000/- per annum will be paid.

PART-B

- 1) Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half month's salary for each completed year of service.
- 2) Earned Leave: On full pay and allowances as per the Rules of the Company but not exceeding one month's leave for every eleven months of service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

PART-C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites.

MINIMUM REMUNERATION:

Notwithstanding anything to the contrary herein contained wherein any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration as specified above as minimum remuneration.

The proposed appointment, remuneration and perquisites are subject to the limits prescribed in Schedule XIII of the Companies Act, 1956. Remuneration of Shri. Anuj K. Patodia require the approval of the shareholders as per the provisions of the Companies Act, 1956, accordingly, the Ordinary Resolution set out in item No.7 is recommended for your approval.

The Agreement dated 21st June 2002 executed with Shri Anuj K. Patodia and the Company is available for inspection by the members of the Company at its Registered Office between 11 a.m. to 1 p.m. on any working day prior to the date of the Meeting.

Directors Shri Anuj K. Patodia, Shri Madanlal Patodia, Shri Purushottam Patodia and Shri Manojkumar Patodia, are interested in this resolution since it relates to appointment and remuneration of Shri Anuj K. Patodia and the former is a relative of Shri Madanlal Patodia, Shri Purushottam Patodia and Shri Manojkumar Patodia.

RESOLUTION AT ITEM NO.8:

At the Annual General Meeting held on 17th December, 1999 the members had approved the re-appointment of Shri. Purushottam Patodia Vice Chairman and Managing Director of the Company in the salary scale of Rs.70, 000-7,500-92,500-10,000-1,22,500 per month with authority to the Board of Directors to fix the salary from time to time for a period of five years with effect from 20th October, 1999 as specified in the Explanatory Statement to the Notice of the said meeting. The Board of Directors at its meeting held on 21st June, 2002 approved the following variation in the terms and conditions of Shri. Purushottam Patodia's appointment with effect from 1st April, 2002 for the remaining period

- i) Increase in the salary scale from Rs. 70,000-7,500-92,500-10,000-1,22,500 per month to Rs.1, 25,000-25,000-1,50,000-50,000-3,00,000 per month with authority to the Board/Committee of the Directors to fix the salary within the scale from time to time.
- ii) All other terms and conditions of Shri. Purushottam Patodia's appointment as approved in the Annual General Meeting held on 17th December 1999 will remain unchanged.

The Ordinary Resolution for the variation in the terms and conditions of appointment of Shri. Purushottam Patodia is commended for acceptance by the shareholders.

The Principal Agreement executed between the Company and Shri. Purushottam Patodia and the Supplemental Agreement to be executed after shareholders' approval are available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 1 p.m. on any working day prior to the date of the Meeting.

Sri Purushottam Patodia, Vice Chairman and Managing Director of the Company may be deemed to be concerned or interested in the resolution at item No.8 in so far as it relates to variation in his remuneration. Shri Madanlal Patodia, Chairman, Shri. Manoj Kumar Patodia, Executive Director (Whole time Director) and Shri Anuj K. Patodia, Executive Director (Whole time Director) are interested in this resolution since they are relatives of Shri Purushottam Patodia,

RESOLUTION AT ITEM NO.9:

At the Annual General Meeting held on 17th December, 1999 the members had approved the re-appointment of Shri. Manojkumar Patodia, Executive Director (Wholetime Director) of the Company in the salary scale of Rs.48,000-6,000-66,000-8,000-82,000 per month with authority to the Board of Directors to fix the salary from time to time for a period of five years with effect from 1st January 2000 as specified in the Explanatory Statement to the Notice of the said meeting. The Board of Directors at its meeting held on 21st June, 2002 approved the following variation in the terms and conditions of Shri. Manojkumar Patodia's appointment with effect from 1st April, 2002 for the remaining period

- i) Increase in the salary scale from Rs 48,000-6,000-66,000-8,000-82,000 per month to Rs 1,00,000-25,000-1,50,000-30,000-2,10,000 per month with authority to the Board/Committee of the Directors to fix the salary within the scale from time to time
- ii) All other terms and conditions of Shri. Manojkumar Patodia's appointment as approved in the Annual General Meeting held on 17th December 1999 will remain unchanged.

The Ordinary Resolution for the variation in the terms and conditions of appointment of Shri. Manojkumar Patodia is commended for acceptance by the shareholders.

The Principal Agreement executed between the Company and Shri. Manojkumar Patodia and the Supplemental Agreement to be executed after shareholders' approval are available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 1 p.m. on any working day prior to the date of the Meeting.

Shri. Manojkumar Patodia, Executive Director (Whole time Director) of the Company may be deemed to be concerned or interested in this resolution since it relates to variation in his remuneration. Shri Madanlal Patodia, Chairman, Shri Purushottam Patodia, Vice Chairman and Shri. Manoj Kumar Patodia, Executive Director are interested in

PRIME TEXTILES LIMITED

this resolution since they are relatives of Shri Manoj Kumar Patodia,

NOTE FOR RESOLUTIONS UNDER ITEMS 7, 8 AND 9 :

Resolutions under items 7, 8 and 9 have been approved by the Remuneration Committee of the Directors of the Company in its meeting held on 21st, June 2002. The terms and conditions in items 7, 8 and 9 of the Notice may also be taken as abstracts of the Agreements / Supplemental Agreements made / to be made by the Company with Shri Anuj K. Patodia, Shri Purushottam Patodia and Shri Manoj Kumar Patodia pursuant to Section 302 of the Companies Act, 1956.

RESOLUTION AT ITEM NO.10:

The Company has been sanctioned additional financial assistance by Bank of India (BOI) and Industrial Development Bank of India (IDBI) for its modernization and for long term working capital requirements. As per terms of sanctions, 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.

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 ICICI, IDBI & BOI 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.

Copies of letters of sanctions issued by IDBI and BOI are open for inspection at the Registered Office of the Company between 11 am and 1 pm on any working day prior to the date of the Meeting.

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

Your Directors recommend this resolution for approval.

Place : Tirupur
Date : 21st June 2002

By order of the Board
S.Ramanathan
Secretary

SHAREHOLDER INFORMATION

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, Second Line Beach Road,
CHENNAI - 400 001.

The Company has paid Annual Listing Fees to each of the above Stock Exchanges for the Financial year 2002-2003.

6. All communications relating to Shares are to be addressed to the Companies Share Transfer Agent M/s K. R. Financial & Management Services Pvt. Ltd., Regd Office : 103, Omex Apartments, 64, Sahar Road, Koldongiri, Andheri (East), Mumbai - 400 069 or to the Registered Office of the Company at Tirupur.

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting their **Sixty Fifth Annual Report** and the Audited Accounts for the year ending 31st March 2002.

FINANCIAL RESULTS

	Year Ended 31.03.2002 (12 months) Rs. in Lacs	Period Ended 31.03.2001 (9 months) Rs. in Lacs
Turnover and other Income	10,965.61	9,138.16
Profit before interest, depreciation and taxation	1,555.09	1,190.13
Less : Interest	846.54	645.01
Depreciation	352.88	237.75
Profit before taxation	355.67	307.37
Prior period refunds / (adjustments)	6.40	(37.33)
Less : Provision for Taxation (current)	20.35	12.90
Profit after Current Taxation	341.72	257.14
Provision for deferred tax	94.16	0.00
Net Profit after deferred tax	247.56	257.14
Surplus brought forward from previous year	298.77	257.11
Available for appropriation	546.33	514.25
APPROPRIATIONS :		
Proposed Dividends:		
On Equity Shares	31.84	27.29
On Preference Shares (Interim)	0.00	70.00
Tax on distributed profits	0.00	18.19
Transfer to Debenture Redemption Reserve	250.00	0.00
Transfer to General Reserve	225.00	100.00
Surplus carried over to Balance Sheet	39.49	298.77
Total of appropriations	546.33	514.25

DIVIDEND

Your Directors are pleased to recommend a Dividend of 7% (subject to deduction of tax at source) on 45,48,720 Equity Shares of Rs.10 each absorbing Rs.31.84 lacs

REVIEW OF PERFORMANCE

Recent months have witnessed hopes of revival in the textile industry emerging back to the national mainstream though the strain due to industry recession continued for most part of the previous year.

The key strengths of Prime Textiles were put under acid test in the recent past due to industry slump stretching to past three consecutive years. In the background of an overall economic slow-down accentuated by perceived political and economic implications ruling during most part of the year, the trade recession stayed unabated during the year. The recession in the US market further slowed down a turnaround in yarn and textile demand. The emphasis for bottom line has been only through cost control measures. Assertive marketing efforts, absorption of newer technological advancement in spinning, increased automation, focus on increased efficiency levels and effective cost management have enabled the Company to retain competitiveness in the international markets. The Company has focused on debt restructuring in order to reduce the high cost.