



**PRIME TEXTILES LIMITED**

**Annual Report  
2002 - 2003**

**PRIME TEXTILES LIMITED****ANNUAL REPORT****2002-2003****BOARD OF DIRECTORS**

SHRI MADANLAL PATODIA  
Chairman

SHRI PURUSHOTTAM PATODIA  
Vice Chairman & Managing Director

SHRI DILIP S. PHATARPHEKAR  
(Nominee of ICICI BANK LTD)

SHRI CHANDULAL D. THAKKER

SHRI N.K. BAFNA

SHRI BANWARILAL SINGHAL

SHRI MANOJJ KUMAR PATODIA  
Executive Director (Wholetime Director)

SHRI ANUJJ K. PATODIA (from 21-6-2002)  
Executive Director

SHRI B. RAJAGOPAL  
(Nominee of IDBI - From 31-10-2002)

**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  
BANK OF INDIA  
CANARA BANK

**REGISTERED OFFICE**

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

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*The Quality Advantage*

**PRIME TEXTILES LIMITED**

(A Government Recognised Trading House)

Regd.Office: 110 (Old 603) Avinashi Road, Gandhinagar P.O.,  
TIRUPUR - 641 603**NOTICE**

NOTICE is hereby given that the **SIXTY SIXTH** 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 20th September 2003 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, 2003 and the Profit and Loss Account for the year ending on 31st March 2003, 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 year ending 31st March 2003.
3. To appoint a Director in place of Shri N.K.Bafna who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

**AS SPECIAL BUSINESS:**

5. 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: viz. i) Central Bank of India (CBI) ii) Export-Import Bank of India (EXIM Bank) and iii) Central Bank of India (CBI) under consortium arrangements with Bank of India and Canara Bank.

- a) To secure on *pari passu* first charge basis:
  - i) Foreign Currency Loan of USD 13,00,000 and Rupee Term Loan of Rs.245 lacs sanctioned by CBI to the Company;
  - ii) Rupee Term Loan of Rs.700 lacs sanctioned by EXIM Bank ;

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 CBI and EXIM Bank under the Loan Agreement/Memorandum of terms and conditions entered/to be entered into by the Company in respect of the said loans.

## PRIME TEXTILES LIMITED

- b) To secure on *pari passu* second charge basis:
- i) Working Capital facilities aggregating to Rs.5,738 lacs for 2002-03 both fund based and non-fund based facilities sanctioned by Central Bank of India under the consortium arrangements with Bank of India and Canara Bank and the limits are shared among the consortium banks Rs.3,545 lacs Central Bank of India, Rs 1,243 lacs Bank of India and Rs.1,000 lacs Canara Bank ."
  - ii) 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/evaluation/fluctuation in the rates of exchange of foreign currencies involved, payable by the Company to the Consortium banks.

"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, AND FURTHER RESOLVED THAT the mortgage/charge created/in 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."

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

"RESOLVED that in terms of SEBI (Delisting of securities) Guidelines, 2000, and also Guidelines/ Notifications issued/to be issued by SEBI from time to time and other provisions of the Companies Act, 1956 (including any Statutory modifications) or to enact and amend for the time being in force and as may be enacted hereinafter and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be required by the Board or Directors of the Company (hereinafter referred to as the Board) which may or may not include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent is and is hereby accorded to the Board to delist Company's Equity Shares from The Stock Exchange, Ahmedabad (ASE), The Calcutta Stock Exchange Association Limited (CSE) and Madras Stock Exchange Limited (MSE)".

By order of the Board

Place: Bhopal  
Date: 17/06/2003

(S. Praveenathan)  
Director & 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 the Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2003 to 20th September, 2003 (both the days' inclusive)
4. Dividend on equity shares as recommended by the Board of Directors for the year ended 31st March 2003 when declared at the Annual General Meeting will be paid to members whose names appear -
  - I. As beneficial owner as per the list to be furnished by the depositories in respect of the shares held in Demat form and
  - II. As Members on the Register of Members of the Company as on 20th September 2003, after giving effect to all valid share transfers in physical form which would be received by the Company on or before 16th September 2003.
5. Pursuant to Section 205A(5) of the Companies Act, 1956, Dividend for the Financial Year ended 30th June, 1996 and thereafter which remain unpaid or unclaimed for a period of 7 (seven) years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Information in respect of such Unclaimed Dividend when due for transfer to the said Fund, is given below:

Financial Year Ended	Date of declaration of dividend	Last date for Claiming unpaid Dividend	Due date for transfer to IEPF
30.06.1996	23.12.1996	22.12.2003	21.01.2004
30.06.1997	20.12.1997	19.12.2004	18.01.2005
30.06.1998	17.12.1998	16.12.2005	15.01.2006
30.06.1999	17.12.1999	No Dividend	--
30.06.2000	15.12.2000	14.12.2007	13.01.2008
31.03.2001	17.09.2001	18.09.2008	17.10.2008
31.03.2002	28.09.2002	27.09.2009	26.10.2009

Shareholders who have so far not encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company. Also note that no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of 7 (seven) years from the date that they first became due for payment and no payment shall be made in respect of any such claim.

6. 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
7. The Company has appointed M/s SKDC Consultants Limited (SKDC) No.11, Seth Narayandoss Layout, Street No.1, (West Power House Road), Coimbatore - 641 012 as its Registrars and Share Transfer Agents for physical shares. SKDC is also having a depository interface of the Company with both NSDL and CDSL.

**PRIME TEXTILES LIMITED**

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**8. Payment of Dividend through ECS:**

- a. Members holding shares in physical form are advised to submit particulars of their bank account, viz., name and address of the branch of bank, 9 digit MICR code of the branch, type of account and account number latest by 12th September 2003, to the Company Secretary at 110, Avanashi Road, Gandhinagar P.O., Tirupur - 641 603.
- b. Members holding shares in demat form are advised to inform their particulars of their bank account to their respective depository participant. Payment of dividend through ECS is subject to availability of the facilities with Company's Bankers.

**9. DETAILS OF DIRECTOR RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT**

Name of Director	Shri N.K.Bafna
Date of Birth	03.07.1939
Date of appointment	26.08.1994
Qualifications	FCA
Expertise in specific functional area	He is a Chartered Accountant having over 40 years of experience in the field
Details of other Directorship	Messrs.Patspin India Limited
Details of other Committee And Membership status	Chairman of Investors Grievance Committee and member in Audit Committee and Remuneration Committee

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****RESOLUTION AT ITEM NO.5 :**

The Company has been sanctioned additional financial assistance by Central Bank of India (CBI) and Export Import Bank of India (EXIM Bank) to pay off the high cost rupee term loans from ICICI Bank Ltd. 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 financial assistance for the working capital requirements of the Company for the financial year 2002-2003 under consortium arrangements with Bank of India and Canara Bank, herein after called consortium of Banks for working capital. As per the terms of sanction, mortgage on all the immovable properties and movable fixed assets of the Company has to be extended on *pari passu* second charge basis.

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 CBI, EXIM Bank and Bankers for working capital advances, 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 as an Ordinary Resolution.

**RESOLUTION AT ITEM NO.6:**

Presently, the Company's Equity Shares are listed on the following Stock Exchanges:

- i) Coimbatore Stock Exchange Limited (CSE)
- ii) Madras Stock Exchange Limited (MSE)
- iii) The Stock Exchange, Mumbai (BSE)
- iv) The Stock Exchange, Ahmedabad (ASE)
- v) The Calcutta Stock Exchange Association Limited (CSEA)

As per the directives of the SEBI the company's shares are now available in demat form, which facilitates on-line trading nation wide. The Mumbai Stock Exchange providing nation-wide terminals to access with the on-line trading nation wide. Trading in the shares of the Company in the stock exchanges at Madras, Ahmedabad and Kolkatta are very insignificant. Further recently, SEBI has issued guidelines for voluntary de-listing of shares vide Circular no.SMD/Policy/Cir-7/2003 dated 17th February, 2003. Your Directors propose to de-list the shares of the company from stock exchanges at Chennai, Ahmedabad and Kolkatta. Provisions of Clause 5.2 of the said SEBI circular provides that the shares can be delisted without providing for Exit option in the cases where the Company's shares continues to be listed in the stock exchanges having the nation-wide terminals facilitating the members of the Company to have access with on-line trading. The Company's shares are continued to be listed in The Stock Exchange, Mumbai which is having nation wide terminals and also in the Coimbatore Stock Exchange, being the Regional Stock Exchange. This is an enabling provision, your Directors or Committee of Directors could take actions to de-list the shares all or any one or two of stock exchanges at Chennai, Kolkatta and Ahmedabad subject compliance of the guide lines of SEBI or such other authorities or bodies from time to time made applicable and such other terms and conditions prescribed by the appropriate authorities in this regard.

In view of the above your Directors recommend for approval of the Resolution as a Special Resolution for delisting of shares in stock exchanges located at Chennai, Kolkatta and Ahmedabad.

None of the Directors is in any way concerned or interested in the Resolution.

*Registered office :*  
110, Avanashi Road,  
Gandhinagar,  
TIRUPUR - 641 603.  
Dated : 17th June 2003

By order of the Board

**(S.Ramanathan)**

Company Secretary



**PRIME TEXTILES LIMITED**

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**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31ST MARCH 2003**

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

Your Company reports total compliance of the mandatory provisions of the Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges. Furnished below is a Report on the implementation thereof.

**A. MANDATORY REQUIREMENTS****1. Company's Philosophy on Code Of Governance**

PRIME TEXTILES LIMITED (PTL) has recognized Corporate Governance policies as key factors in its achieving long-term goals. The Company believes that adherence to sound corporate governance policies and practices is important in ensuring that PTL is governed and managed with the highest standards of responsibility, ethics and integrity and in the best interests of its stakeholders. The Board has adopted principles of Corporate Governance, which provide an effective corporate governance framework for the Company, intending to reflect a set of core values that provide the foundation for its governance and management systems and its interactions with others.

**2. Board Of Directors**

The Board comprises six non-executive Directors and three executive Directors and is responsible to shareholders for the proper management of the Company. It meets regularly, reviewing trading performance, setting and monitoring strategy and examining major capital expenditure and acquisition opportunities. It is a broad-based one with a non-executive Chairman.

Five Board Meetings were held during the year 2002-03 and the gap between two consecutive meetings did not exceed four months. The dates on which the Board Meetings were held on 21.06.2002, 27.07.2002, 09.08.2002, 31.10.2002 and 28.01.2003.

During the meetings, the information as required under Annexure I to Clause 49 have been made available to the Board.

The Company did not have any pecuniary relationship with any of the Non-Executive Directors during the year 2002-03.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below:-

NAME	Category	No. of Board Meetings attended during 2002 - 03	Whether attended AGM held on 28th Sep. 2002	No. of Directorship in other public companies		No. of committee positions held in other public companies	
				Chairman	Member	Chairman	Member
Mr. Madanlal Patodia Chairman	Promotor Non Independent Non - Executive	Nil	No	1	3	Nil	Nil
Mr. Purushottam Patodia Managing Director	Promotor Non Independent Executive	5	Yes	-	9	Nil	Nil
Mr. Manoj Kumar Patodia Executive Director (Whole Time)	Promotor Non Independent Executive	4	Yes	-	7	Nil	Nil
Mr. Anuj K. Patodia Executive Director (w.e.f. 21.06.2002)	Promotor Non Independent Executive	1	No	-	8	Nil	Nil
Mr. Dilip S. Phatarphekar (Nominee of ICICI Bank Ltd.)	Independent Non-Executive	5	Yes	-	1	Nil	2
Mr. B. Rajagopal (Nominee of IDBI) (w.e.f. 31.10.2002)	Independent Non-Executive	2	No	-	1	Nil	Nil
Mr. Chandulal D. Thakker	Independent Non-Executive	5	No	-	1	1	2
Mr. N.K. Bafna	Independent Non-Executive	5	No	-	1	1	2
Mr. Banwarilal Singhal	Independent Non-Executive	5	Yes	-	3	4	2
Mr. Nandan S. Damani (Ceased to be a Director w.e.f. 27.7.2002)	Independent Non-Executive	1	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Radhey Gobind Bhuradia (Ceased to be a Director w.e.f. 21.06.2002)	Independent Non-Executive	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

### 3. Audit Committee

The Audit Committee comprises four non-executive Directors - Mr. Banwarilal Singhal (Chairman), Mr. Madanlal Patodia, Mr. N.K. Bafna and Mr. Dilip S. Phatarphekar, and meets not less than four times annually. The committee provides a forum for reporting by the Company's auditors. By invitation, the meetings are also attended by other Directors. Other key personnel of the Company, as called for, attend the meetings. The Company Secretary acts as the Secretary of the Committee.