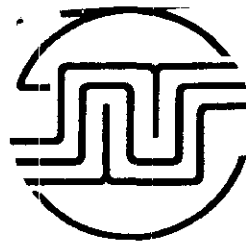


**SRI NACHAMMAI
COTTON MILLS LIMITED**



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20th Annual Report 1999 - 2000

SRI NACHAMMAI COTTON MILLS LIMITED

Board of Directors

Chairman cum Managing Director

Sri P. PALANIAPPAN, B.E., M.S.(U.S.A.)

Joint Managing Director

Smt. P. UMayAL, B.Sc..

Directors

Smt. RM. UMAIYAL

Sr. AR. ANNAMALAI

Sri R. VIJAYARAGHAVAN, M.Sc., M.B.A., B.L.

Sri AMRATHLAL A. GANDHI, B.Sc.

Sri A. ALAGAPPAN, B.B.A.

Sri A. ANNAMALAI

Finance Manager cum Company Secretary

Sri C. THIRUMURTHY, B.Com., B.G.L., F.C.S.

Auditors

Messrs. M.S. JAGANNATHAN & VISVANATHAN

Chartered Accountants

No.6, D.B. Road, R.S. Puram

Coimbatore - 641 002.

Bankers

INDIAN OVERSEAS BANK

Salem Main Branch

6/671, Car Street, Salem - 636 001.

Registered Office

30, Sugavaneswara Road

Balaji Nagar, Salem - 636 004.

Mills at

Near Railway Station

Chettinad - 630 102.

Sivaganga District.

SRI NACHAMMAI COTTON MILLS LIMITED

Registered Office: 30, Sugavaneswara Road,
Balaji Nagar, SALEM 636 004.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting of Sri Nachammai Cotton Mills Limited will be held on Thursday, the 14th day of December, 2000 at 5.00 p.m. at National Hotel, Bangalore Main Road, Salem - 636 009 to transact the following business. All the Shareholders are requested to attend the same.

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the audited Balance Sheet for the year ended 30th June 2000, the audited Profit and Loss Account as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Smt.RM. Umaiyal who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint a Director in the place of Sri R.Vijayaraghavan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint an Auditor or Auditors for the Company to hold office from the close of this Annual General Meeting till the close of the next Annual General Meeting and to fix his/their remuneration.

Salem
27th September 2000

By Order of the Board,
P. PALANIAPPAN
Chairman cum Managing Director

Notes :

- 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 the Proxy need not be a member of the Company.
- 2) The instrument appointing proxy should however be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
- 3) The Register of Members and Share Transfer Books of the Company shall remain closed from 1.12.2000 to 14.12.2000 (both days inclusive).
- 4) Members are requested to notify immediately any changes in their address to the Company.
- 5) Pursuant to Section 205A of the Companies Act, 1956, the Company has transferred all unclaimed dividends upto the equity dividend for the financial year ended 31st March, 1994 to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Tamilnadu, Stock Exchange Building, 683-686, Trichy Road, Coimbatore - 641 005 in the prescribed form which will be supplied by the Company on request.

Shareholders are hereby informed that after the amendment of the Act with effect from 30.10.1998, the Company will be obliged to transfer any money lying in the unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the unpaid Dividend Account, to the credit of Investor Education and Protection Fund ('The Fund') to be established by the Central Government. In accordance with Section 205C of the Act, no claim shall lie against the Company or the Fund in respect of individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.

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SRI NACHAMMAI COTTON MILLS LIMITED

Registered Office: 30, Sugavaneswara Road, Balaji Nagar, SALEM 636 004.

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Ladies and Gentlemen,

Your Directors have great pleasure in presenting this 20th Annual Report together with the Audited Statement of Accounts for the Year ended 30th June, 2000.

FINANCIAL RESULTS FOR THE YEAR

The financial results for the year under review are furnished below:

	Rs.
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	6,34,64,008
Less : Interest	<u>4,42,19,358</u>
GROSS PROFIT	1,92,44,650
Less : Depreciation	<u>3,10,20,240</u>
LOSS FOR THE YEAR	-1,17,75,590
Add : Balance Brought Forward from Last Year	11,55,707
Additional Sales Tax Refund Received for Prior Year	15,43,808
Increase in Value of Investments (Provision Reversed)	38,280
Transfer from Investment allowance (Utilised) Reserve	<u>20,00,000</u>
	-70,37,795
Less : Bonus paid for prior year over and above the provision	<u>5,13,188</u>
Total	-75,50,983
Transfer from General Reserve	<u>75,50,983</u>
Balance carried over to next year	<u>-NIL-</u>

DIVIDEND

Your Directors regret their inability to recommend Dividend on Equity Shares for the year ended 30.06.2000 due to loss incurred by the Company.

REVIEW OF OPERATIONS

During the year under report, the Company has achieved a turnover of Rs. 7747.37 lacs as against Rs. 7514.95 lacs in the previous year. The profitability of the company is affected due to change in valuation of inventories as per Revised Accounting Standard - AS 2 issued by The Institute of Chartered Accountants of India which has become mandatory due to this, the loss has increased by Rs. 116.56 lacs and also increase in cost of inputs.

To improve the current working of the Company adequate cost cutting and increased productivity measures are being carried out.

Y2K COMPLIANCE

As mentioned in last year's report, your Company addressed the Year 2000 (Y2K) problem and achieved a smooth transition without any difficulty. All Computer systems in the company as well as production and other equipments have been made Y2K Compliant.

EXPORT

During the year under review, your Company exported cotton yarn through Direct and merchant exporters for a value of Rs.702.26 lacs against Rs.208.55 lacs in the previous year.

FIXED DEPOSITS

As on 30.6.2000, 12 deposits amounting to Rs.1,20,000/- remaining unclaimed on the due dates, since then no instructions were received from depositors either for renewal or repayment. However close follow-up is being made to obtain instruction from the depositors.

DIRECTORS

The Directors Smt. RM. Umaiyal and Sri. R. Vijayaraghavan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

LISTING

The Equity Shares of the Company are listed in Mumbai, Chennai and Coimbatore Stock Exchanges and the Company has duly paid the Annual listing fees for the year 2000-2001.

AUDITORS

Messrs. M.S.Jagannathan & Visvanathan, Auditors retire at the ensuing Annual General Meeting and they are eligible for reappointment.

PARTICULARS OF EMPLOYEES

In accordance with Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975, as amended, a statement showing the names and other particulars of the employees of the Company who are in receipt of remuneration of not less than Rs.6 lakhs per annum and Rs.50000/- per month is annexed to this report.

STATEMENT SHOWING DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 a Statement showing details of Conservation of Energy, Technology absorption, Exports and Foreign Exchange earning and outgo is annexed to this report.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their deep sense of appreciation for the tremendous support from the Financial Institution M/s. Industrial Development Bank of India, the Bankers M/s. Indian Overseas Bank, the shareholders, depositors, all our cotton and yarn dealers. The Board also wish to place on record their appreciation for the good work done by the employees of the Company.

Salem
27th September 2000

For and on behalf of the Board of Directors,
P. PALANIAPPAN
Chairman cum Managing Director



SRI NACHAMMAI COTTON MILLS LIMITED

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 30.06.2000.

Sl. No.	Name	Designation and Nature of Duties	Remuneration	Qualification and Experience	Date of Commencement of Employment	Contract or regular	Age in years	Last employment held before joining the Company
1.	Sri.P.Palaniappan	Chairman cum Managing Director	Rs.11,12,071	B.E. (Mech.) (Madras) M.S. (Indl. Engg. Illinois Inst.of Technology, U.S.A.) 28 Years	4-5-1980	Regular	55	The Jawahar Mills Ltd., Salem
2.	Smt.P.Umayal	Joint Managing Director	Rs.11,07,550	B.Sc. 16 Years	14-4-1995	Regular	51	Sree Uma Parameswari Mills Ltd., Salem

Notes :

Sri P.P.Palaniappan and Smt.P.Umayal are related to Smt. RM.Umaiya, Director of the Company.

Salem
27th September 2000

For and on behalf of the Board of Directors,
P.PALANIAPPAN
Chairman cum Managing Director