



THAMBBI MODERN SPINNING MILLS LTD.

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**24th
Annual Report
2000 - 2001**

THAMBBI MODERN SPINNING MILLS LIMITED

ANNUAL REPORT 2000 -2001

Registered Office : Omalur Road, Jagir Ammapalayam, Salam 636 302, Tamil Nadu

Dear Shareholder,

Reg : DEPOSITORY SYSTEM OF SHARE REGISTRATION

The Securities and Exchange Board of India (SEBI) has informed that your Company's shares will come under compulsory demat w.e.f. 26th March, 2001 and the Exchanges extended the time upto 31st May, 2001. Pursuant to this, our Company has signed tripartite agreements with Central Depository Services (India) Limited (CDSL), and National Securities Depository Limited (NSDL) and has appointed CAMEO Corporate Services Limited, Chennai as Registrar for Depository Services.

Though by now you may be familiar with the Depository mode of trading in shares, for your ready reference, we give below the advantages of trading in demat form.

PROBLEMS FACED BY THE INVESTOR

- Bad deliveries
- Fraudulent transfers
- Fake certificates
- Damage of certificates
- Postal delays
- Long settlement cycle

PROBLEMS FACED BY THE COMPANY

- Signature differences
- Back office problems
- Records maintenance
- Heavy postal charges

BENEFITS TO THE INVESTOR UPON DEMAT

- No waiting period for delivery
- Elimination of concept of market lot
- No Stamp duty on securities sent
- Improved liquidity
- No loss in transit

BENEFITS TO THE COMPANY UPON DEMAT

- Fast service
- Savings on postal charges
- Easier record maintenance
- Less paper work

WHAT YOU SHOULD DO NOW

- Approach a Depository Participant (DP)
- Open an account with the DP
- Submit a demat request form (DRF) along with the original share certificates to the DP
- You will receive confirmation from the DP about the conversion of your physical shares into electronic form

We suggest that if you have not already opened your depository account, you may do so at the earliest with a DP proximate to you for easier access. An updated list of DPs is available with the NSDL/CDSL whose address is given below. We have also furnished below the address of our DP Registrar, M/s. Cameo Corporate Services Limited, whom you may contact in case of need.

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NATIONAL SECURITIES DEPOSITORY LIMITED (NSDL)

Trade World, 4th Floor, Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai 400 013.
Tel. 022-497 2964-70, Fax 022-497 2993 / 497 6351

CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED (CDSL)

Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Fort, Mumbai 400 023.
Tel. 022 267 3333 Fax : 91-22-267 3199

CAMEO CORPORATE SERVICES LIMITED,

'Subramanian Building', V Floor, No.1, Club House Road, Chennai - 600 002.
Tel. 044 8460 390 (5 Lines) Fax: 044 8460 129, Grams: CAMEO
e-mail : cameosys@satyam.net.in

Thanking you,

Yours faithfully,

R. JAGADEESAN

Managing Director.



THAMBBI MODERN SPINNING MILLS LIMITED

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BOARD OF DIRECTORS

R. JAGADEESAN
Managing Director

Mrs. MALATHI JAGADEESAN

Dr. V. SIDDHARTHAN

V. SADANANDHAN

Mrs. J. RAJALAKSHMI

J. RAMKUMAR

BANKERS

STATE BANK OF INDIA

Salem Main
Salem - 636 001

AUDITORS

M/s. SANKARAN & KRISHNAN

Chartered Accountants
Chennai - 600 0034

REGISTERED OFFICE & UNIT-I

Omalur Road
Jagir Ammapalayam Post
Salem-636 302.

UNITS II & III

Opp. TNEB Sub Station
Udayapatti By-pass Road
Kamaraj Nagar Colony Post
Salem-636 014.

DYEING PLANT

Thambbi Deltaa Dyeing Plant
Kombaipatti Village
Chinnakollapatti Post
Salem - 636 008

NOTICE

NOTICE is hereby given that the Twenty fourth Annual General Meeting of the Company will be held at the Company's Mill Premises at Unit II, Opp. TNEB Sub Station, Udayapatti By-pass Road, Kamaraj Nagar Colony Post, Salem 636 014 on Thursday, the 6th day of September, 2001 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st March 2001, the Balance Sheet as at that date, and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mrs. Malathi Jagadeesan, who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint a Director in the place of Mr. J. Ramkumar, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting, till the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass the following resolution with or without modification(s) as a SPECIAL RESOLUTION:

'RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and is hereby altered in the following manner:

- (i) The existing Article 2 of the Articles of Association of the Company shall be amended to include the following definitions:

"Members" means members of the Company holding a share or shares of any class and includes the beneficial owner in the records of the Depository.

"The Register" means the Register of Members to be kept as required by Section 150 of the Act and where shares are held in dematerialised form "The Register" includes the Register of Beneficial owners maintained by a Depository.

"Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

"Depositories Act, 1996" shall include any statutory modification or re-enactment thereof.

"Depository" shall mean a Depository as defined in clause (c) of sub-section (1) of Section 2 of the Depositories Act, 1996.

"SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

"Security" means such security as may be specified by SEBI from time to time.

- (ii) The existing Article 23 be deleted and in place thereof the following Article be substituted:

"Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share and whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

- (iii) The following words be inserted at the end of the first sentence of Article 20(a):

"provided the shares are not held in an electronic and fungible form under the provisions of the Depositories Act, 1996".

- (iv) After sub-clause (h) of Article 21, the following sub-clause (i) be inserted:

(i) Notwithstanding anything contained in the Articles of Association, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996, and to offer its shares, debentures and other securities for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media.

- (v) After the existing Article 22, the following Articles shall be inserted:

22A. Power of the Company to dematerialise and rematerialise.

The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/or offer its fresh shares, debentures and other securities, in a dematerialised form pursuant to the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

22B. Options for Investors

Every person subscribing to securities offered by the Company shall have the option to receive securities / certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

22C. Securities in Depositories to be in fungible form.

All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

22D. Rights of Depositories and Beneficial Owners.

Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

22E. Service of Documents.

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(vi) The existing Article 51 be deleted and in its place the following Articles be substituted:

- (a) Notwithstanding anything contained in the Articles of Association, in the case of transfer of shares or other marketable securities, where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996, shall apply.
- (b) The Company shall keep a book to be called the Register of Transfers and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share including shares held in dematerialised form.

By order of the Board

Salem, 30th June 2001

R. Jagadeesh
MANAGING DIRECTOR

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER.
- (b) Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- (c) The Instrument appointing a proxy, in order to be effective, must be deposited at the Company's Registered Office at Omalur Road, Jagir Ammapalayam Post, Salem 636 302 not less than 48 hours before the meeting.
- (d) The Register of Members and the Share Transfer Books of the Company will remain closed from 28th August 2001 to 6th September 2001, both days inclusive.
- (e) Pursuant to the provisions of Section 205 A of the Companies Act, 1956 as amended, the dividends which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1996 are requested to send the un-encashed dividend warrant(s), if any, for revalidation immediately. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.

EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1956)

The following explanatory statement sets out the material facts relating to the Special Business under item 5 of the annexed Notice dated 30th June, 2001.

Pursuant to a directive of the Securities and Exchange Board of India (SEBI), the trading in the Company's shares shall be compulsorily in the dematerialised form with effect from 31st May, 2001. For this purpose, it is necessary for the Company to alter its Articles of Association to provide for the dematerialisation/rematerialisation of the Company's shares and insert other enabling provisions relating thereto in order to comply with the said directive.

The amendments set out in the Special Resolution under item 5 of the Notice are proposed to serve the aforesaid purpose and are commended for the approval of the members.

The Company has made arrangements with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and Cameo Corporate Services Limited for holding / dealing with the Company's shares in demat form.

The existing Articles of Association of the Company, together with the proposed amendments thereto are available for inspection by the members of the Company during the hours of 10.30 A.M. to 1.30 P.M. on all working days of the Company (except Sundays and Public holidays).

None of the Directors of the Company interested or concerned in the said Special Resolution.

By order of the Board

Salem, 30th June 2001

R. Jagadeesh
MANAGING DIRECTOR



THAMBI MODERN SPINNING MILLS LIMITED

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Directors' Report

Your Directors present their 24th Annual Report on the business and operations of the Company with the Audited Statement of Accounts of the Company for the year ended 31st March, 2001.

Financial Results

The financial results of the Company for the year under review are summarised below:

	31st March 2001 Rs. In lacs	31st March 2000 Rs. In lacs
Turnover	4278.14	5691.13
Profit / Loss(-) before depreciation and taxation	- 488.24	154.13
Less Depreciation	176.76	209.32
Loss before taxation	665.00	55.19
Less / Provision for Taxation	--	--
Net Loss	665.00	55.19
Add : Prior Year adjustments	34.93	12.87
Taxation	2.73	5.52
	702.66	73.58
Less : Excess Depreciation written back	--	1.96
After adding the amount of Loss brought forward from the previous year of	702.66	71.62
	421.14	349.52
The amount carried to the balance sheet is	1123.80	421.14

Dividend

In view of the losses suffered by the Company, your Directors are unable to recommend any dividend for the year

Performance

During the year under review, the total sales and other operational income of the Company amounted to Rs. 4337 lakhs against Rs. 5716 lakhs in the previous year and the Company incurred a cash loss (i.e. before providing for depreciation) of Rs. 488 lacs during the year as compared to a Cash Profit of Rs. 154 lacs in the previous year.

The sharp fall in the sales and profit during the year was mainly due to an illegal strike by the workers of Unit I and the consequent lock-out for 65 days during July-August 2000. The Unit resumed normal operations in September 2000.