



THAMBBI MODERN SPINNING MILLS LIMITED

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23rd

**ANNUAL
REPORT
2000**

Thambbi Modern Spinning Mills Limited



BOARD OF DIRECTORS

R. Jagadeesan
Managing Director
Dr. V. Siddharthan
Mrs. Malathi Jagadeesan
Mrs. J. Rajalakshmi
V. Sadanandhan
J. Ramkumar

BANKERS

State Bank of India,
Salem Main, Salem - 636 001.

AUDITORS

Messrs. Sankaran & Krishnan,
Chartered Accountants,
"Rose Wood" Offices Complex,
130-131, Mahatma Gandhi Salai,
Chennai - 600 034.

REGISTERED OFFICE & UNIT I

Omalur Road, Jagir Ammapalayam,
Salem - 636 302.

UNITS II & III

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

DYEING PLANT

THAMBBI-DELTAA DYEING PLANT,
Kombaipatti Village,
Chinnakollapatti Post,
Salem - 636 008.

SHARE TRANSFER AGENT

M/s. Cameo Corporate Services Limited,
'Subramanian Building',
V Floor, No. 1, Club House Road,
Chennai - 600 002.

Thambbi Modern Spinning Mills Limited**NOTICE**

NOTICE is hereby given that the twenty-third Annual General Meeting of the Company will be held at the Company's Mill (Unit II) Premises, Opp. TNEB Sub Station, By-pass Road, Udayapatti, Kamaraj Nagar Colony Post, Salem 636 014 on Monday, the 25th day of September, 2000 at 9.30 a.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 2000, 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. J. Rajalakshmi, who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint a Director in the place of Dr. V. Siddharthan, 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.

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, 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 11th September 2000 to 25th September 2000, both days inclusive.
- e) Pursuant to the provisions of section 205A 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 unencashed 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.

Salem
16th June, 2000.

By Order of the Board
R. Jagadeesan
Managing Director

Thambbi Modern Spinning Mills Limited**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors hereby present their twenty-third Annual Report together with the audited accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS

	Rs. in Lacs	
	1999-2000	1998-99
Turnover	5691.13	5510.88
Profit/Loss before depreciation and taxation	154.13	-344.17
Less : Depreciation	209.32	200.86
Loss before taxation	-55.19	-545.03
Less : Provision for taxation	----	----
Net Loss	-55.19	-545.03
Add: Prior year adjustments -		
Taxation	12.87	----
Others	5.52	3.59
	-73.58	-548.62
Less : Excess Depreciation written back	1.96	----
	-71.62	-548.62
After adding / deducting the amount brought forward from previous year of	-349.52	199.10
The amount carried to the balance sheet is	-421.14	-349.52

In view of the net loss suffered by the Company for the year under review, your directors are unable to recommend any dividend for the year.

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PERFORMANCE

During the year under review the total sales and other operational income amounted to Rs. 5716 lacs against Rs. 5547 lacs in the previous year. As against a cash loss (before providing for depreciation) of Rs. 344 lacs in 1998-99, the Company made a cash profit of Rs. 154 lacs in the year 1999-2000, registering an improvement of 145% mainly due to a strict control on overheads.

EXPORTS

The Company's export turnover during the year was Rs. 2410 lacs compared to Rs. 2991 lacs in the previous year. The majority of the exports related to processed yarn. The Company continued to maintain its recognised Export House status and remained a net foreign exchange earner.

PROSPECTS

With the Company's continued emphasis on its export markets and efforts to improve productivity and control costs, your directors are confident of being able to report a better performance in the coming years.

DEPOSITS

As on 3rd March 2000, 208 deposits for an aggregate amount of Rs. 66.83 lacs had matured and remained unpaid and, of these, two depositors had filed a petition against the Company with the Company Law Board for non payment of deposits on maturity. However since then, the matter had been settled and all the overdue deposits had been renewed.

PERSONNEL

The industrial relations at the Company's works continued to remain cordial during the year under review.

Information pursuant to section 217(2A) of the Companies Act, 1956 is furnished vide Annexure forming part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION ETC.,

The required information under section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in Report of the Board of Directors) Rules, 1988 is given in the annexure hereto, which forms part of this Report.

DIRECTORS

For health reasons, the Company's Chairman, Mr. N. Ramasamy Udayar, resigned from the Board of the Company with effect from 20th March, 2000. While accepting his resignation with

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regret, upon Board has placed on record its appreciation of the valuable services rendered by Mr. N. Ramasamy Udayar for the last 23 years since the inception of the Company.

Mrs. J. Rajalakshmi and Dr. V. Siddharthan, directors of the Company, are due to retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

AUDITORS

The Auditors of your Company, M/s. Sankaran & Krishnan, Chartered Accountants, Chennai, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Directors recommend the re-appointment of M/s. Sankaran & Krishnan, as Auditors of the Company and also recommend that authority be given to the Board to fix their remuneration.

AUDITORS' REPORT

The comments of the Auditors with regard to the slight delay in the remittance of the provident fund and ESI dues have been dealt with in the Notes forming part of the accounts which are self explanatory.

ACKNOWLEDGEMENT

Your directors wish to place on record their deep sense of appreciation for the continued co-operation extended to the Company by its Bankers, Financial Institutions, Shareholders, depositors and all its cotton and yarn dealers. The Board also wish to place on record its appreciation of the good work done by the employees of the Company during a difficult year.



For and on behalf of the Board

R. Jagadeesan

Managing Director

Salem, June 16, 2000.

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ANNEXURE TO THE DIRECTORS' REPORT TO THE MEMBERS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2000 AND FORMING PART THEREOF.

Additional information pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1999 and forming part of the aforesaid Directors' Report.

A. CONSERVATION OF ENERGY

- a) The Company has introduced several shop floor work practices resulting in energy conservation.
- b) Additional Investments and proposals if any : NIL
- c) Impact of measures taken as above :
The consumption of electricity has been maintained at economic level.
- d) Total energy consumption and energy consumption per unit of production :

	31st March, 2000	31st March, 1999
Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Total Units (in '000 Kwh)	12215.49	9836.06
Total Amount (Rs. in 000)	48524.00	38394.00
Rate per Unit (Rs.)	3.97	3.90
b) Own generation (through generators)		
Units (in '000 Kwh)	887.66	1782.29
Units per litre of Diesel	3.30	3.26
Cost per Unit (Rs.)	3.34	3.18
2. Coal	-----	-----
3. Furnace Oil	-----	-----
4. Others/Internal generation	-----	-----
Consumption per unit of production		
Production		
Yarn (in '000 Kgs.)	3099.74	2840.07
Consumption per kg. (in Kwh)	4.23	4.09

B. TECHNOLOGY ABSORPTION

- (a) Research and Development (R & D)
Your Company has an in-house Research and Development Department in addition to Quality Control Department to bringout new varieties of yarn for improving the productivity and quality and ensuing cost control.
- (b) Technology absorption, adaption and innovation :
The Company has not imported any technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The required details are given in Item 5 of Schedule 18 to the Accounts (Notes on Accounts).

For and on behalf of the Board
R. Jagadeesan
Managing Director

Salem, June 16, 2000.