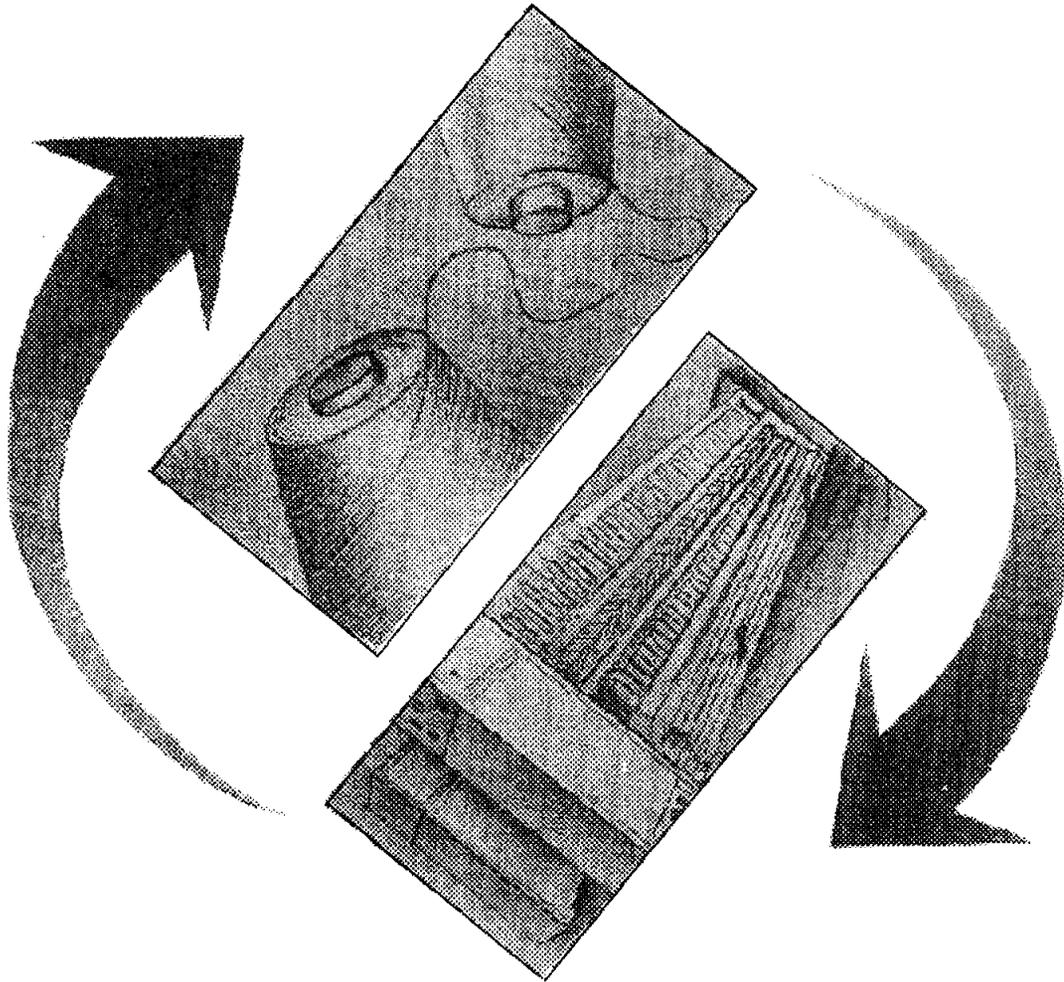




Salona
Cotspin
LIMITED



7th
Annual Report
2000-2001



SEVENTH ANNUAL REPORT
2000 - 2001

BOARD OF DIRECTORS

SHRI.SHYAMLAL AGARWALA - Managing Director
SHRI.RAMPRATAP BARASIA
SHRI.G.V.S.DESIKAN
SHRI.KANHAIYALAL SHARMA
SHRI.DULICHAND PANSARI
SHRI.MAHESH AGARWAL
SHRI.MANOJ KUMAR JHAJHARIA

BANKERS

UNION BANK OF INDIA
THE CATHOLIC SYRIAN BANK LTD
THE NEDUNGADI BANK LTD

AUDITORS

M/s.VKS AIYER AND COY.,
Chartered Accountants
Coimbatore.

REGISTERED OFFICE

Mills Premises
S.F.No.74/12 & 75/3, Sathy Main Road
Pungampalli, Valipalayam (Post)
Sathy Taluk, Erode District
Tamil Nadu.

ADMINISTRATIVE OFFICE

11, Ramdas Ramalingam Layout
R.S.Puram, Coimbatore - 641 002.

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NOTICE

Notice is hereby given that the SEVENTH Annual General Meeting of the Shareholders of the Company will be held on Thursday, the 27th September 2001 at 11.00 A.M at the Registered Office of the Company at Mill Premises, S.F. No.74/12 and 75/3, Sathy Main Road, Pungampalli, Valipalayam (Post), Sathy Taluk, Erode District, Tamil Nadu, to transact the business given in the following agenda. You are requested to make it convenient to attend the meeting.

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statement of accounts for the year ended 31.3.2001 along with the reports of the Auditors and Directors thereon.
2. To elect a Director in the place of Shri Manoj Kumar Jhajharia, who retires by rotation and being eligible, offers himself for reappointment.
3. To elect a Director in the place of Shri Kanhaiyalal Sharma, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors for the current year and to fix their remuneration. M/s.VKS Aiyer and Coy., Chartered Accountants, Coimbatore, retire and are eligible for reappointment.

SPECIAL BUSINESS

5. To Consider and if thought fit to pass with or without modification, the following ordinary resolution :-
RESOLVED THAT consent be and is hereby accorded to the Board of Directors of the Company for the reappointment of Shri Manoj Kumar Jhajharia as Whole time Director of the Company to hold office for a period of 5 years with effect from 1st July 2001 and for payment of the following remuneration :-
 - I. Salary:
Rs.15,000/= (Rupees Fifteen thousand only) per month
 - II. Perquisites:
Perquisites as given below which will be restricted to an amount equal to the annual salary ie., Rs.1,80,000/= per annum.
Category - A.
 - i. Housing
House Rent Allowance not existing Rs.10,000/-month.
 - ii. Gas, Electricity and Water.
Reimbursement not exceeding 10% of the Salary.
 - iii. Medical Reimbursement
The Expenditure incurred by the Company for the Whole time Director and his family towards reimbursement of actual expenses.
 - iv. Leave Travel Concession.
For the Whole time Director and his family once in a year for travel including foreign travel.
 - v. Club Fees
Fees of clubs other than admission and life membership fees.
 - vi. Personal Accident Insurance
Premium not to exceed Rs.10,000/- per annum.
Provision of car with driver for use of Company's business and telephone facility at his residence will not be considered as perquisites.
 - III. Contribution to Provident Fund and Superannuation Fund as per Rules of the Company.
 - IV. Gratuity not exceeding half month salary for each year of completed service.

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Minimum Remuneration

FURTHER RESOLVED THAT where in any financial year, during the currency of tenure or office of the Whole time Director, the Company has no profits or if profits are inadequate it may pay him the aforesaid salary & perquisites as minimum remuneration, subject to the limit prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956.

BY ORDER OF THE BOARD

(Sd)..

SHYAMLAL AGARWALA

Managing Director

Place: COIMBATORE

Date : 27.07.2001

NOTE:

1. Any member entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company.
2. The proxy form duly stamped and executed should be deposited at the Registered Office atleast forty eight hours before the time fixed for the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 18.09.2001 to 27.09.2001 (both days inclusive).
4. The explanatory statement pursuant to section 173 of the Companies Act, 1956 is enclosed.
5. Name & Address of the Stock Exchanges where the Shares are Listed.
Coimbatore Stock Exchange, 683-686, CSX Tower, Trichy Road, Coimbatore - 641 005
Madras Stock Exchange Ltd., Exchange Building, Post Box No.183, 11, Second Line Beach, Chennai - 600 001.
The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Calcutta - 700 001.
The Stock Exchange Ahmedabad, Kamadhenu Complex, Opp.Sahajanand College, Panjarapole, Ahmedabad - 380 015.
Annual Listing fees has been paid to all the above stock exchanges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956.

Item No. 5 of the Agenda:-

The term of office of Shri. Manojkumar Jhajharia as Whole time Director of the Company expires on 30th June 2001. Shri Manojkumar Jhajharia has been holding office as Director of the Company since its inception and has been the Wholetime Director since 1st July 1998. In view of his considerable experience in the business of textiles and to ensure continuity of administration of the textile mill owned by the company, the Board of Directors at their meeting held on 11th June 2001, have reappointed Shri Manojkumar Jhajharia as Wholetime Director for a further period of Five Years from 1st July 2001 subject to the terms and conditions of remuneration permissible under Schedule XIII to the Companies Act, 1956. The Appointment is subject to approval of the Shareholders and the Board recommend to the General Body for adoption of resolution as set out in item 5 of the Agenda.

The text of the Resolution containing the terms of appointment may be treated as the Notice of abstract of terms of appointment as required u/s. 302(7) of the Companies Act, 1956

Shri Manoj Kumar Jhajharia, the Appointee and Shri Shyamlal Agarwala, Managing Director as a relative shall be treated as personally interested in the above item of Agenda.

BY ORDER OF THE BOARD

(Sd)..

SHYAMLAL AGARWALA

Managing Director

Place: COIMBATORE

Date : 27.07.2001

DIRECTORS REPORT

Your Directors have great pleasure in presenting their SEVENTH Annual Report together with the audited accounts of the Company for the year ended 31st March 2001.

Working Results

Rs. in lakhs

Sales and Other receipts :	
Domestic Sales	1511.59
Export Sales	587.56
Other receipts	135.28
Gross profit before interest, depreciation and tax	309.81
Less : Interest	125.30
Profit after interest, but before depreciation and tax	184.51
Less : Provision for depreciation	114.61
Profit before tax	69.90
Less : provision for income-tax on book profits	5.05
Net profit after tax	64.85
Add : Surplus brought forward from previous year	115.01
Total profit available for appropriation	179.86

With a view to further strengthen the working capital resources of the Company aimed at long term growth, your Directors have proposed to retain in full, the profits after tax. Hence no recommendation is made for payment of any dividend for the year under review.

REVIEW OF OPERATIONS

Your Directors are happy to report that inspite of the continued difficulties in Textile Industry, your company has made Net Profit of Rs. 64.85 Lakhs after Tax during the year. Your Company has improved the Turnover from Rs. 18.91 Crores in the previous year to Rs. 20.99 Crores during the year and the export sales also increased from Rs. 4.08 Crores to Rs. 5.87 Crores. The Quality of the Yarn is well accepted in the markets. Your Directors continued their efforts for cost control to reduce cost of finance.

OUTLOOK FOR THE FUTURE

Your Directors are happy to report that your Company is taking all efforts to minimise the cost of Raw material and also improve the quality of the products. In spite of the prevailing crisis in the textile industry, your company is likely to maintain its performance at satisfactory levels during the current year as well. Efforts are being taken to further improve production and sales of yarn, maintaining the profitability.

FINANCES

The paid up Share Capital of the Company continued to remain at Rs.519.46 Lakhs. Steps are being taken to realise the calls in arrears of Rs. 15.65 Lakhs through appropriate measures. The Reserves and Surplus of the Company stands improved at Rs.179.86Lakhs. The Company has met all the financial commitments to the bankers on account of term loan and Working Capital finance availed from them.

PERSONNEL

The Industrial relations continued to remain cordial during the period. The Board of Directors wish to place on record the co-operation extended by all sections of the employees.

INFORMATION PURSUANT TO SECTION 217 OF COMPANIES ACT, 1956

The information required as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is enclosed.

During the period under review, the Company had no employees covered under Section 217(2A) of the Companies Act, 1956

DIRECTORS

Shri Manojkumar Jhajharia and Shri Kanhaiyalal Sharma, the Directors longest in Office, will be retiring by rotation at the ensuing Annual General Meeting. Being eligible, they offer themselves for reappointment.

The Term of Office of Shri Manojkumar Jhajharia as Whole time Director of the Company will expire on 30.6.2001. The Board of Directors at their meeting held on 11-06-2001 have approved the reappointment of Shri Manojkumar Jhajharia as *Whole time Director for a further period of Five years effective from 1st July 2001, subject to payment of remuneration as per Schedule XIII of the Companies Act 1956.* The appointment is subject to approval of the shareholders of the Company for which necessary resolution is being placed before the shareholders at the ensuing Annual General Meeting. The Board, in the interest of continuity in management, recommend the reappointment of Shri Manojkumar Jhajharia as the Whole time Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENTS

In term of Sec.217(2AA) of the Companies Act, 1956 your Directors state that :-

- i) In the preparation of the annual accounts, all the applicable accounting standards prevailing in India were followed and recognised.
- ii) The Directors had selected appropriate accounting policies and applied them consistently and also made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2001 and of the profits of the company for the period ended on that date;
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) The Directors had prepared the annual accounts on a going concern basis

AUDIT COMMITTEE

Your Directors have constituted an Audit Committee as required by section 292A of the Companies Act, 1956, consisting of the following directors as its members:-

- i) Shri G.V.S.Desikan, Director
- ii) Shri Manoj Kumar Jhaharia, Whole time Director
- iii) Shri Mahesh Agarwal, Director

Shri Manoj Kumar Jhaharia is the chairman of the Audit Committee.

DEPOSITS

The Company has not accepted any deposits from the Public and hence there were no amounts outstanding as at the close of the year.

AUDITORS

The present Auditors M/s. VKS Aiyer and Coy., Chartered Accountants, Coimbatore, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

LISTING WITH STOCK EXCHANGES

The equity shares of the Company are listed and traded in the stock exchanges of Coimbatore, Madras, Ahmedabad and Calcutta and the company has made the compliance with listing agreements.

ACKNOWLEDGEMENT

The Directors wish to place on record their gratitude to Union Bank of India, The Catholic Syrian Bank Limited and The Nedungadi Bank Limited for their financial assistance.

The Board dedicates its prayers to invoke the blessings of Lord Vishnu, Goddess Lakshmi, Lord Siva and Goddess Sakthi for the continued prosperity of the Company.

BY ORDER OF THE BOARD

(Sd)..

SHYAMLAL AGARWALA
Managing Director

Place: COIMBATORE
Date : 11.06.2001

**ANNEXURE TO REPORT OF BOARD OF DIRECTORS
FORM A**

Information pursuant to the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

	Current Year 2000-2001	Previous Year 1999-2000
A. CONSERVATION OF ENERGY:-		
I. Power & Fuel Consumption:-		
1. Electricity		
a) Purchased		
Units	3671076	2551216
Total amount (Rs.)	14951492	9813828
Rate per Unit (Rs.)	4.07	3.84
b) Own generation through Diesel Generators:-		
Units (KWH)	1151765	1848457
Diesel Consumed (Litres)	294240	487960
Total amount (Rs.)	4352174	5575364
Units per litre of diesel (KWH)	3.91	3.79
Cost per unit (Rs.)	3.78	3.02
2. Coal	---	---
3. Furnace Oil	---	---
4. Others/Internal generation	---	---
II. Consumption per unit of Production:-		
Production in Kgs	1585714	1525532
Electricity Units	4822841	4399673
Unit/Kg of Yarn	3.04	2.88

B. Technology absorption:-

Since all the machinery installed are new and of latest technology available, no formal research and development activities were undertaken. Product and process development are made on continuous basis.

C. Foreign Exchange earnings & Outgo:-

i) Total Foreign exchange earned:-		
F.O.B Value of Exports of finished and Trading goods (Rs.inLakhs)	487.53	393.97
ii) Remittances in Foreign exchange		
Import of Raw Cotton & Commission on Export Sales (Rs.inlakhs)	108.86	2.04

BY ORDER OF THE BOARD

(Sd)..

SHYAMLAL AGARWALA
Managing Director

Place: COIMBATORE
Date : 11.06.2001

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of SALONA COTSPIN LIMITED as at 31st March 2001 and the Profit and Loss Account for the year ended on that date and report that:-
 - i. In our opinion and to the best of our information and according to the explanations given to us the Balance Sheet as at 31st March 2001 and the Profit and Loss Account for the year ended on that date give the information required by the Companies Act 1956, in the manner so required.
 - ii. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - iii. In our opinion, proper books of accounts as required by Law have been kept by the Company so far as it appears from our examination of those books.
 - iv. In our opinion, the Profit & Loss Account and Balance Sheet Comply with the requirements of the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. In our opinion and to the best of our information and according to the explanations given to us, none of the Directors of the Company is disqualified from being appointed as Director under clause(g) of sub-section (1) of Section 274 of the Companies Act, 1956
 - vi. The above Balance Sheet and the Profit and Loss Account are in agreement with the books of accounts of the Company.
2. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 and on the basis of such checks as we considered appropriate, we furnish below our statement on the matters specified in paragraphs (4) and (5) of the said Order.
 - i. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management and no discrepancy has been noticed on such verification.
 - ii. None of the fixed assets has been revalued in the year.
 - iii. The Management conducted physical verification of stocks of finished goods, stores, spare parts and raw materials, at reasonable intervals.
 - iv. In our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - v. No material discrepancies were noticed on physical verification of stocks as compared to book records.
 - vi. In our opinion the valuation of stocks is fair and proper and is in accordance with normally accepted accounting principles and that there is no deviation in the basis of valuation.
 - vii. The Company has not taken any loans secured or unsecured from Companies, Firms or other parties listed in the registers maintained u/s.301 and/or from the companies under the same management as defined under sub-section 1(B) of Section 370 of the Companies Act 1956.
 - viii. The Company has not granted any loans secured or unsecured to Companies, Firms or other parties listed in the registers maintained u/s 301 and/or to the companies under the same management as defined under sub-section 1(B) of section 370 of the Companies Act 1956.
 - ix. The Company has not granted any loans or advances in the nature of loans to any party except interest free staff advances, which are being recovered in stipulated installments.

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- x. In our opinion and in accordance with the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for purchase of stores, raw materials, components, plant and machinery, equipment's and other assets and for the sale of goods.
 - xi. There were no purchases, sales or services availed or sales made by the Company for a value aggregating to Rs.50,000 or more during the year in respect of each party from/to firms, companies or other parties, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
 - xii. Unusable or damaged stores, raw materials or finished goods, were determined at periodical intervals and provisions for loss if any have been made in the accounts.
 - xiii. The Company has not accepted any deposits from the public requiring compliance with the provisions of section 58A of the Companies Act 1956 and the rules framed thereunder.
 - xiv. The Company is maintaining reasonable records for the sale and disposal of realisable by-products and scraps.
 - xv. The Company has an internal audit system, which in our opinion is commensurate with its size and nature of business.
 - xvi. We have broadly reviewed the records maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
 - xvii. According to the records of the Company, Provident Fund was regularly deposited during the year with the appropriate authorities; there were no schemes in the company for ESI contribution.
 - xviii. There were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty which were outstanding as at the last day of the financial year concerned, for a period of more than six months from the date on which they became payable.
 - xix. On the basis of our examination of the books, we have not come across any personal expenses, which have been charged to the Profit & Loss Account, other than the expenses payable by the Company under its contractual obligation.
 - xx. The Company is not a Sick Industrial Company within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act 1985.
3. We further report that the above Balance Sheet and Profit and Loss Account exhibit a true and fair view:-
- i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2001; and
 - ii. In the case of Profit and Loss Account, the PROFIT earned by the Company for the financial year ended on that date.

FOR VKS AIYER AND COY
Chartered Accountants
(Sd)..

V.S.SRINIVASAN
Partner

Place: COIMBATORE
Date : 11.06.2001



SALONA COTSPIN LIMITED

BALANCE SHEET AS AT 31ST MARCH 2001

	Sch No.	Current Year As at 31.3.2001 Rs.	Previous Year As at 31.3.2000 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS :-			
Share Capital	1	51946500	51946500
Reserves & Surplus	2	17986178	11500656
LOAN FUNDS:-			
Secured Loans	3	64797820	67276784
Unsecured Loans	4	22364290	16373174
Total Funds		157094788	147097115
APPLICATION OF FUNDS :-			
FIXED ASSETS:			
Gross Block	5	139726968	136393893
Less: Depreciation		45256651	33795832
Add: Capital Work in Progress		94470317 0	102598061 475947
Net Block		94470317	103074008
INVESTMENTS :-	6	202000	202000
CURRENT ASSETS, LOANS & ADVANCES:			
Inventories	7	43746164	41105887
Sundry Debtors	8	26709853	4510196
Cash & Bank Balances	9	6599024	2424473
Loans & Advances	10	4584769	3976234
Accrued Income		394253	488914
Sub Total (a)		82034063	52505703
CURRENT LIABILITIES & PROVISIONS:			
i) Liabilities	11	18760677	8512570
ii) Provisions		1720354	1215354
Sub Total (b)		20481031	9727924
NET CURRENT ASSETS (a - b)		61553032	42777779
MISCELLANEOUS EXPENDITURES:			
Expenses Amortised (To the extent not written off)	12	869439	1043327
Total Funds		157094788	147097114

SIGNATURE TO THE BALANCE SHEET AND SCHEDULE 1 TO 12

SUBJECT TO OUR REPORT OF EVEN DATE ATTACHED
for VKS AIYER AND COY

Chartered Accountants
(Sd)..
(V.S.SRINIVASAN)
Partner
Place : COIMBATORE
Date : 11.06.2001

ON BEHALF OF THE BOARD
(Sd)..

SHYAMLAL AGARWALA
Managing Director
(Sd)..
MANOJ KUMAR JHAJHARIA
Director

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH 2001

	Sch No.	Current Year ended 31.3.2001 Rs.	Previous Year ended 31.3.2000 Rs.
INCOME			
Sales	13	209915610	189142760
Other Income	14	2134139	1348552
Increase in Inventory of Process & Finished Goods	15	11393843	1454732
TOTAL		223443592	191946044
EXPENDITURE			
Raw Materials Consumed	16	118958510	108848874
Purchase of Trading Goods-Yarn		33747669	19488071
Stores, Spares & Packing Materials Consumed		4320329	4143752
Power & Fuel	17	19250086	13597575
Repairs & Maintenance	18	2647932	2612394
Salaries, Wages & Other Benefits	19	4422376	3206915
Remuneration to Directors	20	549905	480000
Administrative & other Expenses	21	2851178	2473675
Rent, Rates, Taxes & Insurance	22	925399	1087130
Selling & Distribution Expenses	23	4788582	4515662
		192461966	160454049
PROFIT BEFORE INTEREST & DEPRECIATION		30981626	31491995
Interest & Finance Charges	24	12530287	13907202
PROFIT BEFORE DEPRECIATION		18451339	17584793
Depreciation		11460819	11120478
PROFIT BEFORE TAX		6990520	6464315
LESS: Provision for Income Tax		505000	700000
NET PROFIT		6485520	5764315
LESS : Adjustment relating to prior year		0	18290
LESS/ADD: Credit Balance from last year		11500658	5754631
		17986178	11500656
APPROPRIATIONS:			
Surplus carried over to Balance Sheet		17986178	11500656

SIGNATURE TO THE PROFIT AND LOSS ACCOUNT AND SCHEDULE 13 TO 24

SUBJECT TO OUR REPORT OF EVEN DATE ATTACHED
for VKS AIYER AND COY
Chartered Accountants

ON BEHALF OF THE BOARD

(Sd)..
(V.S.SRINIVASAN)
Partner

(Sd)..
SHYAMLAL AGARWALA
Managing Director

Place : COIMBATORE
Date : 11.06.2001

(Sd)..
MANOJ KUMAR JHAJHARIA
Director

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2001

	Current Year As at 31.3.2001 Rs.	Previous Year As at 31.3.2000 Rs.
SCHEDULE No.1		
SHARE CAPITAL:-		
AUTHORISED:		
6000000 (6000000) Equity Shares of Rs 10/- each.	60000000	60000000
ISSUED,SUBSCRIBED & PAID UP:		
5351100 (5351100) Equity Shares of Rs 10/- each.	53511000	53511000
Less:Calls in Arrears	1564500	1564500
	51946500	51946500
SCHEDULE No.2		
RESERVES & SURPLUS		
Profit & Loss A/C-Surplus	17986178	11500656
	17986178	11500656
SCHEDULE No.3		
SECURED LOANS:		
i) Term Loans from Banks:		
Union Bank of India	13869696	19410963
The Catholic Syrian Bank Ltd.	15074959	19308205
The Nedungadi Bank Ltd.	7038488	9208112
(Out of above,repayable within a year is Rs 150.47 Lakhs)		
ii) Cash Credit from Banks :		
Union Bank of India	9958929	2229879
The Catholic Syrian Bank Ltd.	11438429	10239693
The Nedungadi Bank Ltd.	3710618	1630891
iii) Packing Credit from Banks :		
Union Bank of India	942479	2875058
iv) Foreign Bills purchased by Banks :		
Union Bank of India	2064424	2373984
v) Hire purchase finance	699798	0
	64797820	67276784
SCHEDULE No.4		
UNSECURED LOANS:		
IFST Deferral Scheme	22364290	16373174

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2001**SCHEDULES No.5 FIXED ASSETS**

	COST				DEPRECIATION				W.D.V	
	As at 01.04.2k RS	Additions Rs	Deletions/ Transfers Rs	As at 31.03.2001 Rs	As at 01.04.2k Rs	Additions Rs	Deduction Rs	As at 31.03.2001 Rs	As at 31.03.2001 Rs	As at 31.3.2k Rs
Land	567952	0	0	567952	0	0		0	567952	567952
Buildings	27610154	791082	0	28401236	2751217	840784	0	3592001	24809235	24858937
Plant & Machinery	106928645	1174792	0	108103437	30583985	10433430	0	41017415	67086022	76344660
Vehicles	397430	1144473	0	1541903	100422	85964	0	186386	1355517	297008
Furniture & Fittings	174148	1675	0	175823	143539	4426	0	147965	27858	30609
Office Equipments	704364	221053	0	925417	216643	95683	0	312326	613091	487721
Canteen Equipments	11200	0	0	11200	26	532		558	10642	11174
	136393893	3333075	0	139726968	33795832	11460819	0	45256651	94470317	102598061
Capital Work in Progress :-										
Building	475947	315135	791082	0	0	0		0	0	475947
Plant & Machinery (Incl Electrical Installation)	0	0	0	0	0	0		0	0	0
	475947	315135	791082	0	0	0		0	0	475947
Totals	136869840	3648210	791082	139726968	33795832	11460819		45256651	94470317	103074008
Previous Year Totals	130577582	14884643	8592385	136869840	22692943	11120478	17589	33795832	103074008	107884639

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2001

	Current Year As at 31.3.2001 Rs.	Previous Year As at 31.3.2000 Rs.
SCHEDULE No.6		
INVESTMENTS		
In Equity Shares(Unquoted):		
20000 Equity shares of Rs 10/each in Sarvamangalam Synthetics Ltd.	200000	200000
In Government Securities(Unquoted):		
National Savings Certificate (Pledged with Government of India)	2000	2000
	202000	202000
SCHEDULE No.7		
INVENTORIES		
Stock of Finished goods-Yarn	21839799	11365468
Stock in Process	3696308	5662351
Stock of Waste-Cotton	281416	55684
Stock of Stores,Spares & Packing Materials	1938793	1960714
Stock of Raw Materials	15989848	22061670
	43746164	41105887
SCHEDULE No.8		
SUNDRY DEBTORS (Unsecured & considered good)		
Debts Exceeding Six months	1202736	414837
Other Debts	25507117	4095359
	26709853	4510196
SCHEDULE No.9		
CASH & BANK BALANCES		
Cash on hand	126757	142812
Cash with Scheduled Banks - in Current A/Cs	1673114	210077
- in Deposit A/Cs	4799153	2071583
	6599024	2424473

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SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2001

	Current Year As at 31.3.2001 Rs.	Previous Year As at 31.3.2000 Rs.
SCHEDULE No.10		
LOANS AND ADVANCES		
(Unsecured, Considered good, Recoverable in Cash or kind)		
Advances for Purchases / Expenses	660250	842369
Advance to Staff and other operatives	32108	51175
Deposits with Govt. & Other Authorities	1732328	1296092
Excise Duty/Modvat Advances	273415	218777
Prepaid Expenses	385562	306618
Advance Income Tax/TDS	1400853	1185723
Advances to others	100253	75480
	4584769	3976234
SCHEDULE No.11		
A) CURRENT LIABILITIES		
Liability for Purchases	15631822	6178989
Liability for expenses	3128855	2283581
Advances from Customers	0	50000
	18760677	8512570
B) PROVISIONS		
Provision for Income Tax	1720354	1215354
SCHEDULE No.12		
MISCELLANEOUS EXPENDITURES:		
Preliminary & Pre Operative Expenses	194910	227395
Less:1/10th written off	32485	32485
	162425	194910
Share Issue Expenses	848417	989820
Less:1/10th written off	141403	141403
	707014	848417
Total	869439	1043327

SCHEDULES TO PROFIT & LOSS A/C FOR THE YEAR ENDED 31ST MARCH 2001

	Current Year As at 31.3.2001 Rs.	Previous Year As at 31.3.2000 Rs.
SCHEDULE No.13		
SALES		
Yarn Sales :		
Domestic Sales(Incl. Excise Duty)	155222345	152514026
Export Sales	58756281	40873231
	<u>213978626</u>	<u>193387257</u>
Less: Excise Duty	12072853	12504350
	<u>201905773</u>	<u>180882907</u>
Waste Sales	8009837	8259853
	<u>209915610</u>	<u>189142760</u>
SCHEDULE No.14		
OTHER INCOME		
Interest on Bank Deposits and others	415894	243689
Income from Import Entitlements	456079	976544
Premium on transfer of Quota	0	22115
TNEB - Sales Tax refund	1063717	0
Miscellaneous Sales	32950	106204
Hank Yarn Obligation Premium	7419	0
Order Cancellation Charge	158080	0
	<u>2134139</u>	<u>1348552</u>
SCHEDULE No.15		
CHANGE IN STOCK OF FINISHED GOODS & SEMI FINISHED GOODS		
Opening Stock:		
Finished Goods - Yarn	7354697	8332259
Trading - Yarn	4010771	911979
Stock in Process	69450	133456
Stock of Waste Cotton	55684	658176
A	<u>11490602</u>	<u>10035870</u>
Closing Stock:		
Finished Goods -Yarn	20623437	7354697
Trading - Yarn	1216362	4010771
Stock in Process	763230	69450
Stock of Waste Cotton	281416	55684
B	<u>22884445</u>	<u>11490602</u>
A-B	<u>-11393843</u>	<u>-1454732</u>

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SCHEDULES TO PROFIT & LOSS A/C FOR THE YEAR ENDED 31ST MARCH 2001

	Current Year As at 31.3.2001 Rs.	Previous Year As at 31.3.2000 Rs.
SCHEDULE No.16		
RAW MATERIALS CONSUMED:		
Opening Stock-Cotton	22061670	22212124
-Cotton in Process	5592901	3132492
Add: Cost of Cotton purchased	110226865	111158829
	<u>137881436</u>	<u>136503445</u>
Less: Closing Stock-Cotton	15989848	22061670
-Cotton in Process	2933078	5592901
	<u>118958510</u>	<u>108848874</u>
SCHEDULE No.17		
POWER & FUEL		
Power	14951492	9813828
Less:Subsidy received	53580	1791617
	<u>14897912</u>	<u>8022211</u>
Generator Fuel	4352174	5575364
	<u>19250086</u>	<u>13597575</u>
SCHEDULE No.18		
REPAIRS & MAINTENANCE		
Machinery Maintenance	1262605	1318910
Electrical Maintenance	283538	83500
Generator Maintenance	202816	364579
Building Maintenance	305737	302241
Vehicle Maintenance	403365	353529
Office Equipment Maintenance	82366	128669
General Maintenance	107505	60966
	<u>2647932</u>	<u>2612394</u>
SCHEDULE No.19		
SALARIES, WAGES AND OTHER BENEFITS		
Salaries & Wages	1781546	1969816
Stipend to Trainees	742499	426377
PF Contribution	217983	152577
Other Benefits	1680348	658146
	<u>4422376</u>	<u>3206916</u>
SCHEDULE No.20		
REMUNERATION TO DIRECTORS		
Remuneration to Managing Director	300000	300000
Remuneration to Whole time Director	180000	180000
Commission on Net Profit to Managing Director	69905	0
	<u>549905</u>	<u>480000</u>

SCHEDULES TO PROFIT & LOSS A/C FOR THE YEAR ENDED 31ST MARCH 2001

	Current Year As at 31.3.2001 Rs.	Previous Year As at 31.3.2000 Rs.
SCHEDULE No.21		
ADMINISTRATIVE AND OTHER EXPENSES		
Directors Sitting Fees	8000	9000
Printing and stationery	138002	105420
Postage, Telephone and Telegram	526874	529758
Professional charges & Legal Fees	148975	183800
Travelling & conveyance expenses	608529	471270
Advertisement Expenses	51727	48748
Preliminary & Pre Operative Expenses Written Off	32485	32485
Share Issue Expenses written off	141403	141403
Loss on sale of office equipments	0	25582
Other Expenses	1195183	926209
	2851178	2473675
SCHEDULE No.22		
RENT,TAXES & INSURANCE		
Insurance	630218	766606
Rent	92334	87110
Rates & Taxes	202847	233414
	925399	1087130
SCHEDULE No.23		
SELLING AND DISTRIBUTION EXPENSES		
Commission,Brokerage & Rebates	855537	997506
Expenses on Export Sales	3750454	3057387
Freight on Yarn sales	182591	460769
	4788582	4515662
SCHEDULE No.24		
INTEREST & FINANCE CHARGES		
Interest on Fixed Loans	7071023	9625289
Interest on Working capital Credits	4116362	2847433
Bank Charges	914351	1176768
Hire Purchase Finance Charges	37884	16144
Bill discounting charges	390667	241568
	12530287	13907202

SCHEDULE NO.25

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.3.2001

1. Significant accounting policies

(A) BASIS FOR PREPARATION OF ACCOUNTS:

The accounts have been prepared on historical cost conversion method and as a going concern, complying in all material aspects with applicable accounting principles and the Accounting Standards prevailing in the country.

(B) REVENUE RECOGNITION:

- i. Accrual basis of accounting is followed by the company for all regular sources of income and expenses.
- ii. Sales are accounted on transfer of property in the goods to the buyers for a definite consideration; Sales include exchange fluctuation gain/loss realised or incurred during the year in respect of export sales.
- iii. Income from import entitlements representing face value of DEPB Licence is accounted for in the year in which the export sale is made and the premium from sale of such Licence is accounted for as and when the sale is made.

(C) PRELIMINARY, PRE-OPERATIVE AND SHARE ISSUE EXPENSES:

- i. Preliminary Expenses, specified Pre-operative expenses and share issue expenses have been amortised and 1/10th of the aggregate expenses has been charged to the Profit and Loss Account from the year of commencement of Commercial production.
- ii. All other pre-operative expenses have been capitalised under buildings and plant and machinery.

(D) FIXED ASSETS:

- i. Fixed assets are stated at cost and is inclusive of pre-operative expenses capitalised.
- ii. Provision for Depreciation on Fixed assets has been made adopting the SLM and the rates prescribed in Schedule XIV of the Companies Act, 1956; (For items costing Rs.5000/- each or less, 100% depreciation has been charged.) For additions during the year prorata charge has been made from the date the asset is put into use;

(E) MODVAT CREDIT:

- i. The value of eligible Modvat Credit against Central Excise duty paid on purchase of capital goods has been deducted from the cost of relevant plant & machinery capitalised.
- ii. The value of eligible Modvat Credit against Central Excise Duty paid has been adjusted against the relevant materials purchased and inventory of materials has been valued at rates net of Modvat Credit.
- iii. Modvat Credit availed has been adjusted against Central Excise duty incurred on finished goods despatched and unavailed and deferred Modvat Credit are carried over as advance.

(F) INVESTMENTS:

All the investments are treated as Non-current and valued at cost.

(G) INVENTORY:

Inventories as at the closed of the year are being valued as stated below and quantities adopted are as certified by the management:-

- i) Raw Materials : at lot wise cost
- ii) Finished goods - Yarn : at cost or market rate whichever is less
saleable waste : at since realised market rate

- iii) Stock in process : at cost
- iv) Stock of packing materials and Stores/Spares : at cost or FIFO method

(H) FOREIGN CURRENCY TRANSACTIONS:

Foreign currency transactions chargeable to revenue have been accounted for adopting the exchange rate as per documents negotiated with the bankers. Export sales is net of exchange fluctuation gain/loss realised/incurred and accounted for as per realisation certificate received from the bankers.

(I) RETIREMENT BENEFITS:

The Company has not incurred any retirement benefits to the employees.

2. (i) Term Loan for Phase I of the Project from Union Bank of India (UBI), the Catholic Syrian Bank Ltd (CSB) and the Nedungadi Bank Ltd (NBL) aggregating to Rs.400.00 lakhs, are secured by hypothecation of the machinery purchased under the Project.
 - (ii) Term loan for Phase II of the Project aggregating to Rs.315.00 lakhs from UBI, CSB and NBL are secured by hypothecation of the machinery purchased under the Project.
 - (iii) Term loan for phase III of the project aggregating to Rs.75.00 lacs from UBI, CSB, and NBL are secured by hypothecation of the machinery purchased under the project.
 - (iv) Cash Credit and other working capital loans aggregating to Rs. 356.37 lakhs (Limit sanctioned) and Foreign Bills discounting facilities Rs 350.00 Lakhs (Limit sanctioned) from UBI, CSB and NBL are secured by hypothecation of stocks of raw materials, finished and semi finished goods, stock of stores and spares and receivables on sales;
 - (v) The above loans are secured by equitable mortgage by deposit of title deeds of immovable property belonging to the Company; The loans are further guaranteed by the Managing Director and Three Directors of the Company in their personal capacity. The loans are ranking paripassu with each other as per agreement executed between the Bankers and the Company.
3. Investment of Rs.2,000 in National Savings Certificate has been pledged with Government authorities in connection with the Company's business.
 4. (i) Deposits with Bank include Rs.12,46,717/- pledged with the Bank as security for guarantee issued by them in favour of TNEB authorities against electricity subsidy availed and disputed by TNEB authorities, pending disposal of the suit filed by the Company;
 - (ii) Deposits with Bank also include Rs.1,03,645/- pledged with Bank as security for guarantee issued in favour of the Commercial Taxes Department, Coimbatore, for grant of stay of disputed demands, pending in appeal.
 - (iii) Deposits with Bank also include Rs.1,01,980/- pledged with Bank as security for guarantee issued in favour of The President of India, acting through the Commissioner of Customs, Tuticorin for Import of raw cotton against export obligation.
5. (i) Provision for Income-tax (Minimum Alternative Tax) has been made in the accounts on book profits as per Section 115JB of Income Tax Act, 1961; the company is otherwise not liable for regular income tax.
 - (ii) Income Tax Assessments of the Company have been completed upto the Assessment Year 1998-99; no further tax liability is likely to arise in respect of pending assessments.
6. The Company has not made a provision for excise duty on stocks lying in bonded warehouses, estimated at Rs.18.97 lakhs (previous year 6.75 lakhs) and accordingly not included the said amount in the valuation of inventories. This has no effect on the profits for the year.
 7. The Company is contingently liable :-
 - i) For electricity tariff subsidy availed, the claim being disputed by the Department: Rs. 52.75 lakhs (Rs.52.21 lakhs.)
 - ii) Disputed sales tax liability pending in appeal Rs.1.90 lakhs (1.90 lakhs)

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8. Directors remuneration includes fixed salary of Rs.3,00,000/- (Rs.3,00,000) and Commission@ 1% of the Net Profit Rs.69,905/- (NIL) paid to Managing Director and Rs.1,80,000/-(Rs.1,80,000) paid to Whole time Director both as minimum remuneration as per schedule XIII to the Companies Act, 1956.
9. Other Expenses (Schedule No.21) includes remuneration to Auditors for Company Audit Fee Rs.28875/- (Previous Year Rs.28875), fee for Tax Audit Rs.7875 (Previous Year Rs.7875) for certificates issued Rs.4350/- (1,100) and for Financial/Company Law advisory services Rs. 19,000/- (Previous Year Rs.18000/-).
10. The previous year figures have been regrouped or reclassified wherever required to correspond to the classification adopted in the current year.

11. Quantitative and other particulars:-

		Current year	Previous year
i) Details of capacity			
a)	Licenced capacity	NA	NA
b)	Installed capacity(Spindles) (As per Certificate of Technical Executive)	10800	10800
ii) Details of Production			
a)	Cotton Yarn	Kgs. 1585714	1525532
b)	Waste	Kgs. 491077	467509
iii) Details of Turnover			
a)	Cotton Yarn - Own Manufacture	Kgs. 1436683	1547336
		Rs. 161502574	162627395
b)	Cotton Yarn - Trading	Kgs. 318934	143895
		Rs. 40403199	18255512
c)	Waste	Kgs. 483659	483685
		Rs. 8009837	8259853
iv) Details of Purchases			
	Cotton Yarn for Trade	Kgs. 289544	173481
		Rs. 33747669	19488071
v) Details of Consumption : Cotton			
	Indigenous	Kgs. 1830115	2044993
		Rs. 105322824	108848874
	Imported	Kgs. 260461	-
		Rs. 13635686	-
vi) Details of Opening & Closing Stocks:-			
a)	Opening Stock		
	Finished goods:-		
	Cotton Yarn	Kgs 51044	83616
		Rs 7354697	8332259
	Trading Yarn	Kgs. 38249	8665
		Rs. 4010771	911979
	Saleable Waste	Kgs. 6263	27100
		Rs. 55684	658176
	Process stock	Rs. 69450	133456
	Raw materials	Kgs. 406866	393808
		Rs. 22061670	22212124

b) Closing Stock			
Finished goods:-			
Cotton Yarn	Kgs.	200075	51044
	Rs.	20623437	7354697
Trading Yarn	Kgs.	8859	38249
	Rs.	1216362	4010771
Saleable Waste	Kgs.	13681	6263
	Rs.	281416	55684
Process stock	Rs.	763230	69450
Raw Materials	Kgs.	277838	406866
	Rs.	15989848	22061670
vii) Consumptions:-			
Spares & Components (Fully Indigenous)	Rs.	4320329	4143752
viii) Expenditure in Foreign Currency:			
Import Cotton	Rs.	10443328	--
Brokerage Commission	Rs.	442379	203650
ix) Earnings in Foreign Exchange			
FOB Value of Exports	Rs.	48752519	39397380
x) a) Remittances in Foreign currencies on account of dividends to Non-Resident Shareholders			
		NIL	NIL
b) Number of Non-Resident Shareholders			
		1	1
c) Number of Shares held by them			
		500	500

SIGNATORIES FOR SCHEDULES 25

SUBJECT TO OUR REPORT
OF EVEN DATE ATTACHED

ON BEHALF OF THE BOARD

for VKS AIYER AND COY
Chartered Accountants

(Sd)..
SHYAMLAL AGARWALA
Managing Director

(Sd)..
V.S.SRINIVASAN
Partner

(Sd)..
MANOJ KUMAR JHAJHARIA
Director

Place: COIMBATORE
Date : 11.06.2001

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2001

	(Rs.in Lakhs) 31.3.2001	(Rs.in Lakhs) 31.3.2000
A. Cash flow from Operating Activities:-		
Profit before tax	69.90	64.64
Adjustments for:-		
Depreciation	114.61	111.20
Preliminary expenses written off	1.74	1.74
Interest paid	125.31	139.07
Interest receipts	(-4.16)	(-2.44)
Operating Profits before Working Capital Changes	307.40	314.21
Adjustments for:-		
Inventories	(-26.40)	(-39.43)
Debtors	(-221.99)	291.45
Loans, advances & Interest	(-5.14)	(-19.80)
Misc. Expenditure	0.00	0.00
Liabilities	102.48	(-81.19)
Total A	156.35	465.24
B. Cash flow from Investment Activities:-		
Purchase of Fixed Assets	(-28.57)	(-59.52)
Increase in Investments	0.00	0.00
Total B	(-28.57)	(-59.52)
C. Cash flow from Financial Activities:-		
Increase in Share Capital	0.00	0.00
Increase in Borrowings:-		
Secured Loans	(-145.94)	(-465.98)
Unsecured Loans	59.91	58.33
Total C	(-) 86.03	(-) 407.65
Net increase in Cash & Cash equivalents A+B+C	41.75	(-) 1.93
Opening balance Cash & Cash equivalents	24.24	26.17
Closing balance Cash & Cash equivalents	65.99	24.24
Net Increase/(Decrease) in Cash equivalents	41.75	(-) 1.93

On Behalf of the Board

Place: COIMBATORE	(Sd).. SHYAMLAL AGARWALA	(Sd).. MANOJ KUMAR JHAJHARIA
Date : 11.06.2001	Managing Director	Director

AUDITORS' CERTIFICATE

We have verified the above Cash flow statement of SALONA COTSPIN LIMITED derived from the audited annual financial statements for the year ended 31st March, 2001 and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the listing agreements with stock exchanges.

for VKS AIYER AND COY
Chartered Accountants
(Sd)..

Place: COIMBATORE
Date : 11.06.2001

(V.S.SRINIVASAN)
Partner

NOTES ATTACHED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.3.2001:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS:-

Registration No.	:	181-4797
State Code	:	18
Balance Sheet date	:	31.3.2001

II. CAPITAL RAISED DURING THE YEAR (RS.IN 000'S)

Public issue	:	—
Rights issue	:	—
Bonus issue	:	—
Private placement	:	—

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RS.IN 000'S)

Total Liabilities	:	157095
Total Assets	:	157095

Sources of Funds (Rs.)

Paid-up Capital	:	51947
Share Application Money	:	—
Reserves & Surplus	:	17986
Secured loans	:	64798
Unsecured Loans	:	22364

Application of Funds (Rs.)

Fixed Assets	:	94470
Investments	:	202
Net Current Assets	:	61553
Miscellaneous Expenditure	:	870
Accumulated losses	:	—

IV. PERFORMANCE OF COMPANY (RS.)

Turnover	:	223443
Total expenditure	:	216453
Profit Before Tax	:	6990
Profit After Tax	:	6485
Earning per share in Rs.	:	1.21
Dividend rate	:	—

Generic names of three principal products/services of company (as per monetary terms) :-

Items code No.(ITC Code)	Product description
520511.01	Cotton Yarn

ON BEHALF OF THE BOARD

Place: COIMBATORE
Date : 11.06.2001

(Sd)..
SHYAMLAL AGARWALA
Managing Director

(Sd)..
MANOJ KUMAR JHAJHARIA
Director



Regd. Office : S.F.No.74/12 & 75/3, Sathy Main Road, Pungampalli, Valipalayam (Post), Sathy Taluk

ATTENDANCE SLIP

I hereby record my presence at the seventh Annual General Meeting of the Company to be held at the Registered Office of the Company at Mill Premises, S.F.No.74/12 & 75/3, Sathy Main Road, Pungampalli, Valipalayam (Post), Sathy Taluk, Erode District, Tamilnadu on Thursday the 27th day of September, 2001 at 11.00 a.m.

Name of the Member
.....
Folio No..... No. of Shares.....

.....
Name of Proxy / Representative (In Block Letters)
(To be filled in if the Proxy attends instead of the Member)

.....
Signature of the Share Holder / Proxy



Regd. Office : S.F.No.74/12 & 75/3, Sathy Main Road, Pungampalli, Vallipalayam (Post), Sathy Taluk

PROXY FORM

I / We
of.....
being a member / members of SALONA COTSPIN LIMITED hereby appoint
..... of
or failing him of
or failing him of
as my / our Proxy to attend and vote for me/ us on my / our behalf of the seventh Annual General Meeting of the Company to be held on Thursday the 27th day of September, 2001 at the Registered Office of the Company at Mill Premises, S.F.No.74/12 & 75/3, Sathy Main Road, Pungampalli, Valipalayam(Post), Sathy Taluk, Erode District, Tamilnadu and at any adjournment thereof.

Signed this.....day of.....2001

Member Folio Number

Signature

Affix a
Rs.1.00
Revenue
Stamp

Note : The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

BOOK-POST

If undelivered, please return to :

SALONA COTSPIN LIMITED

11, Ramdas Ramalingam Layout,
R.S.Puram, Coimbatore - 641 002.

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