Chapter - III

Profile of the Select Textile Mills in Tamil Nadu
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CHAPTER – III
PROFILE OF THE SELECT TEXTILE MILLS IN TAMIL NADU

In this chapter, the profile of the 20 textile mills under the study which have the financial data available for a continuous period of ten years, viz., 1998-1999 to 2007-2008, is given.

3.1 SELECT TEXTILE MILLS IN TAMIL NADU

3.1.1 Amarjothi Spinning Mills Ltd., Tiruppur, Tiruppur District (ASM) incorporated in December, 1987, was converted into a Public Limited Company in December, 1991. It was promoted by the Amarjothi Group of Tirupur. Mr. N. Rajan is the Chairman of the company. ASM went public with its maiden issue in January, 1993 to part-finance a spinning mill to manufacture cotton yarn (Installed capacity 12,096 spindles) in Pudusuripalayam, Tamil Nadu. To meet part of the project cost, ASM issued secured NCDs worth Rs. 2.20 crores on a private placement basis. For cotton spinning, the company has adopted the ring spinning system. It has installed the latest textile machineries including blow room, carding machines, draw frames, simplex frames, and ring frames from Lakshmi Machine Works and auto coners with electronic cleaners and automatic splicers from Schlafhrost (India). It completed its first full year of operations in 1994-1995, after raising capital through a public issue. In 1996-1997, the installed capacity has been increased to 18992 spindles. Modernization programme has been availed by the company to the tune of Rs. 340/- lakhs under the Technology Upgradation Fund Scheme. During 2000-2001, it had gone for expansion of spindles to the extent of 4752 spindles.

3.1.2 Cheslind Textiles Ltd., Bagalur, Krishnagiri District (CTL), incorporated as a public limited company on 26th July, 1989, was promoted by its Managing Director, Mr. T. N. Anand Reddy, Chairman Mr. R. Surender Reddy, Mr. T. N. Arvind Reddy and Madanapalle Spinning Mills. The company came out with Rs. 7.03 crores public issue in February, 1993 to part-finance of Rs. 46.89 crores. It manufactures 100 per cent combed cotton yarn of medium and fine counts, ranging from 30s to 70s. It exports goods to Taiwan, Singapore, Hong Kong, Japan etc. It is setting up facilities for a 100 per cent EOU in Tamil Nadu, with an installed capacity of 25,200 spindles to manufacture combed cotton yarn. It has a technical collaboration agreement with Luwa, Switzerland. It plans to add some knitting machines. In 1994-1995, it increased the installed capacity of cotton yarn by
8064 spindles. For the particular expansion, it has received a proposal from the collaborators like Germany, France, Italy, Switzerland, South Korea, Hong Kong, Mauritius. During 1998-1999, it increased its installed capacity of cotton yarn by 1632 spindles, thereby taking its total capacity to 35904 spindles to further technological upgradation of 43344 spindles in 1999-2000. Under the Technology Upgradation Fund Scheme, it has increased the spindle capacity to 48384 spindles. It has set up a 100 per cent EOU plant at Pondicherry at a cost of Rs.7 crores. It recorded the net sales of Rs.272.27 million, and a total income Rs.345.99 million and the losses per share of the company stood at Rs.1.19 for the quarter ended in September, 2007.

3.1.3 Sundaram Textiles, Madurai, Madurai District (ST) was formed in 1960 to manufacture 100 per cent cotton and synthetic yarn. It has two units; one at Nanguneri in Tirunelveli district and the other at South Street, Therkutheru in Madurai. The unit has 47000 spindles and 720 rotors. Currently, it exports 50 per cent of its production to several countries in Europe, Middle East, Far East and South Asia viz., Quality carded and combed cotton/blended yarn in hanks and cones, in counts of 16s to 120s, in single and double yarn, Two for One [TFO], knitting, weaving yarn, gassed, singed, mercerized, bleached yarn on cones and hanks, Open end yarn in cones and hanks in counts 6s to 20s.

3.1.4 Gangotri Textiles, Ltd., Coimbatore, Coimbatore District, incorporated in July, 1989, was promoted by the Jagannath group and started by Mr. Manoj Kumar and Mr. Ramesh Kumar Tibrewal. The company manufactures yarns, basically from 4s to 20s counts. Its products are used for making denim cloth, dhurrie, coarse cloth, terry towel etc. It came out with a public issue in July, 1994 to finance the cost of the project for increasing the spinning capacity for open-end yarn from 768 rotors to 1152 rotors. Having achieved 100 per cent capacity utilization, it decided to put up a second unit with 7 open-spinning frames with all the required facilities at a different location. This project was completed in March, 1995. It has adopted open-end-spinning, a state-of-the-art technology in spinning coarse count yarn. The benefits derived from this technology, are, better quality, increased production and lower cost compared to the conventional technology, using ring spindles. In 1995-1996, it increased the installed capacity of cotton yarn by 576 rotors. In 1998-1999, it increased its installed capacity to 5184 rotors. During the year 1999-2000, it achieved the sales 20 per cent higher than the previous year, thus crossing Rs.100 crores. It has acquired a ring spinning unit with an installed capacity of 16800 spindles, located in the Udumalpet-
Palani State Highway. It launched trousers for men under the brand name “TIBRE” in Bangalore and the initial reception has been satisfactory. The entire expansion activities, including the installation of three open end spinning frames of 240 rotors each, have been completed. These three additional open end frames have been put into operation during the financial year 2001-2002. It had set up a processing house for the purpose of bleaching and washing, in Perundurai Industrial Complex, Tamil Nadu, with a total outlay of about Rs.3.50 crores.

3.1.5. Gem Spinners India Ltd., Kancheepuram, Chennai District, (GSIL), was incorporated in October, 1990 as Gem Spinning and Weaving Mills. The name was subsequently changed to the present one in April, 1992. Mr.R.Veeramani is the Chairman and Managing Director. The company is in the business of textiles. Its products are cotton yarn in the count range from 20s to 100s and knitted fabric. The plant is located in the Kancheepuram District of Tamil Nadu. To part-finance its project of setting up a 100 per cent EOU for the manufacture and export of cotton yarn and knitted cotton fabrics, It went public with its maiden issue in January, 1993. The plant and machinery consists of blow room, carding machines, draw frames, combing machines, simplex machines, ring frames and winding machines from Germany, Italy and Switzerland, whereas, the knitting machines are from Singapore. It exports to Japan, Korea, Taiwan, Malaysia, Hong Kong etc. In 1995-1996, It has installed 3 diesel generator sets of 1000 KVA to overcome the power cut. The company’s GEM brand has established world high quality standards and is regarded as one of the best yarns in the world. The company, as informed in 1999, has been declared sick by BIFR and the Board has appointed IDBI as operating agency. The face value of equity shares was reduced to Rs.5 per share.

3.1.6 Kakatiya Textiles Limited, Coimbatore, Coimbatore District, (KTL), is engaged in the business of cotton yarn spinning, yarn dyeing and cotton ginning. It was incorporated on August 26, 1981. It has its manufacturing facilities in the Nalagonda District of Andhra Pradesh with an installed capacity of 18144 spindles. Since October 2002, the company has been using its manufacturing facilities for job conversion work of other textile units. The company has been suspended from BSE on account of non compliance with listing agreement clauses. The registered office is located at Elgi Towers, Green Fields, 737-D Puliakulam Road, Coimbatore, Tamil Nadu. It registered a profit of Rs.0.23 million, on the
total income of Rs.20.54 million and net sales of Rs.20.50 million for the quarter ended in September, 2007.

3.1.7 **Lakshmi Mills Company Ltd., Coimbatore, Coimbatore District, (LMC)**, promoted in 1907 by the late Mr.G.Kuppuswamy Naidu, was incorporated as a public limited company in 1910. Under the flagship of the Coimbatore based Lakshmi group, its associate companies are Lakshmi Machine Works, Lakshmi Synthetic Machinery Manufacturers, and Lakshmi Auto Looms. It is a composite mill, manufacturing a range of cotton, viscose, blended yarn and a variety of grey and processed cloth. It has four manufacturing units, located at Coimbatore, Singanallur, Kovilpatti and Palladam, all in Tamil Nadu. The company's cloth processing is done by its subsidiary, 'United Bleachers'. It exports cotton yarn and grey cloth to the UK, Germany, Italy, Bangladesh, and Japan. In 1977, Coimbatore Cotton Mills was amalgamated with the company. It has yarn processing facilities at Coimbatore, which includes facilities for mercerizing and bleaching. It was getting wind power generated by M/s.Das Lagerway Wind Turbines Ltd., under a contract since 1997. Some problem has crept in between the owners of the wind power firm M/s.Das Lagerway and M/s.Pathega Forgings & Auto parts during 2000-2001. It could not get wind power any more. It has also increased the installed capacity of ring spindles by 64 nos. In 2000-2001, there was an increase in the production of fabrics on account of full commissioning of additional looms.

3.1.8 **Loyal Textile Mills Ltd., Kovilpatti, Tirunelveli District**, the Tamil Nadu based company was incorporated in 1946 and has it's plant at Kovilpatti. It manufactures cotton yarn, fabric, hosiery cloth, caps etc. It exports yarn and cloth to the US, Russia, Germany, Spain, Switzerland, UK, Portugal and other countries. It exports around 27 per cent of its production. Loyal Textiles was the first to introduce tandem carding in the early seventies, and the earliest to introduce air splicing and automatic cone winding technology, which allows sophisticated electronic controls to detect and mend defects in yarn, automatically. It undertook modernization of it's facility. In 1987, it has embarked an expansion-cum-modernization project and set up 100 air-jet looms for weaving polyester-blended suitings. The looms were supplied by Loyal Machine Works, a subsidiary unit. Again in 1998-1999, it increased its installed capacity to 53,492 ring spindles, 3,768 rotors and 285 automatic looms. It has spent Rs.17.33 crores, Rs.5.39 crores and Rs.13.37 crores on modernization and replacement of machinery during 1998-1999, 1999-2000 and 2000-2001 respectively.
It had set up a joint venture company in Italy in the name of M/s.Grupo P&P Loyal Spa. In the year 2000-2001, It has increased it’s stake in the joint venture company to 47.50 per cent. Apart from this, It has also entered into a joint venture agreement with M/s.Dimco SA, Greece for formation of a joint venture company in Greece for marketing of garments during 2000-2001. For replacement of machinery/modernization and installing power plant, It has spent about Rs.3358.44 lakhs.

3.1.9 Prime Textiles Ltd., Tiruppur, Tiruppur District, (PTL), a subsidiary of Yarn Syndicate, earlier known as ATL Textiles, is part of the Patodia YSL group, which has been in the textile business for more than five decades. A government recognized export house, it produces cotton yarns of varied counts, with high value added additional post spinning processes to meet customer specifications. The products are well received in Japan, South Korea, Italy, the EEC and other countries. It expanded the capacities of its blow room and preparatory machines, facilitating the production of melange yarn. It modernized the facilities for cotton yarn to capitalize on the export market. It is diversified into knitting by installing Mayer & Cie knitting machine, manufactured by Mayer & Cie, Rundstrickmaschinen, Germany. The projects were part financed by a public issue in March, 1994. It made two rights issue to finance a 100 per cent EOU for cotton yarn, but the project was deferred and the proceeds were used for working capital. It installed 3.24 MW power plant to cater to the spinning unit. During 2000-2001, It has implemented a modernization programme to absorb the latest technology. It availed term loan from IDBI to the tune of Rs.100 million under the TUF scheme to meet the project outlay of Rs.141.50 million. The third phase of TUFS is under implementation stage and the Central Bank of India has appraised the project and a term loan of Rs.24.50 million has been sanctioned to meet the project outlay of Rs.31.57 million.

3.1.10 Rajapalayam Mills Ltd., Rajapalyam, Virudhunagar District, (RML), a manufacturer of yarn of different counts, has been functioning successfully for six decades. During 1990-1991, It set up an export-oriented spinning mill. The entire output of high quality yarn produced here is being taken up by Mitsubishi Corporation, Japan. It has been decided to implement another export-oriented project and the technological guidance to be provided by Unitaka, Japan, which is a large producer of yarn, fabrics and other related products. During 1994-1995, as part of its modernization programme, It installed 5 crosrol cards, imported from the UK and two ring spinning frames in place of the old equipment.
To reduce dependence on conventional energy sources, it has installed five 250 KW wind electric generators in Muppandal, Nagercoil. As part of its diversification plans, it is setting up a tissue culture unit – Shri Ramco Biotech – as a division of the existing company, to produce ornamental and orchard plants for the export and domestic markets. During 1995-1996, it commissioned its second 100 per cent EOU spinning mill with an installed capacity of 11,520 spindles. The formalities, regarding amalgamation of M/s.Jayaram Mills Ltd. with the company, as per the order of Honourable High Court of Chennai, has been completed. As per the scheme 750 shares of Rs.100 each, were allotted to the shareholders of Jayaram Mills Ltd. The EOU – Rajapalayam Textiles was expanded by 3024 spindles at a cost of Rs.5 crores which is financed by Term Loan / NCDs and Internal Accruals. The Tissue Culture Unit, which has started its commercial production during May, 2000, has started exporting its products to various countries. Modernization programme has been taken up at a cost of Rs.24 crores with the assistance from the State Bank of India under the Technology Upgradation Fund Scheme. HFO Power Plant has commissioned 4 Nos. 900 KW and 4 Nos. 770 KW, MAN B&W HFO Gensets. Due to this, there is a substantial saving in electricity cost. Under the modernization programme, during 2001-2002, it has added the state-of-the-art textile machinery at a cost of Rs.15.81 crores by taking financial assistance from State Bank of India and ICICI Bank under the Technology Upgradation Fund Scheme. It has installed a new textile machine at a cost of Rs.11.30 crores under the TUF in 2002-2003. The mills registered a net profit of Rs.44.30 million with a net sales of Rs.610.10 million leading to the total income was Rs.654.40 million and the earnings per share stood at Rs.12 for the quarter ended in September, 2008.

3.1.11 Salem Textiles Ltd., Salem, Salem District, (STL), incorporated in July 1964, was promoted by N.Ramasamy Udayar and his associates. It commenced its production in 1967 with 6000 spindles. It produces cotton carded and combed yarn as well as special high-value-added yarn with counts ranging from 16s to 100s. Mr.R.Prabhakaran is the Managing Director. It came out with a public issue (Premium: Rs.30) to the sum of Rs.7.80 crores in March, 1993. The amount was raised to set up a joint venture in Malaysia for dyeing and processing yarn with an installed capacity of 11.20 lakh Kg. pa, and to undertake a project for the manufacture of mélange yarn and optical white yarn. The project had been set up near Trichy in Tamil Nadu at a cost of Rs.1.50 crores. The joint venture project at Malaysia faced a set back due to the death of the Malaysian promoter and the depressed global markets. Due to erosion of net worth the company has been referred to BIFR as per the
provisions of SICA. The hearing of the case is awaiting and the company is expecting that it will be declared as a sick unit by the Board.

3.1.12 Sri Lakshmi Saraswathi Textiles Ltd., Arni, Chennai District, (SLST), promoted by Mr.B.R.Naidu and Mr.R.Srihari, was incorporated in May, 1964. The company manufactures synthetic blended yarn, combed cotton yarn, combed auto coned yarn, OE carded yarn, at its Arni Unit. Its present installed capacity is 56784 ring spindles and 336 rotors. It sells its yarn in Maharashtra, Gujarat and West Bengal, while the OE carded yarn is marketed in Karur. It exports its products mainly to Malaysia, Singapore, Cyprus, Switzerland, New Zealand, Israel and other EEC countries. It expanded its capacity in Vellore, Tamil Nadu to 6000 spindles. In 1998-1999, the company’s installed capacity was increased to 56784 ring spindles and 336 rotors.

3.1.13 Sri Nachammai Cotton Mills, Salem, Salem District, (SNCM), incorporated in March, 1980 as a wholly-owned subsidiary of Jawahar Mills, was converted into a public limited company in June, 1982. It was promoted by Mr.R.M.Ramanathan and Mr.P.Palaniappan. Mr.R.M.Ramanathan is the Chairman and Mr.P.Palaniappan, the Managing Director. The other group of companies are Sree Uma Parameshwari Mills, Uma Maheshwari Mills etc. It manufactures combed and carded cotton hosiery yarn of counts ranging from 20s to 40s, which are used to convert the same into fabric or garments for exports. In January, 1995, It made Rs.7.52 crores public issue (Premium Rs.60) to part-finance the capital expenditure on modernization and diversification (into wind energy generation) projects and to augment long-term resources for working capital. The cost of the project, as estimated by IDBI, was Rs.11.80 crores. It markets the bulk of its products to units in Tirupur, an active business centre known internationally for its exports of knitted garments and hosiery. During the year 1999-2000, It has achieved a turnover of Rs.7747.37 lakhs as against Rs.7514.95 lakhs in the previous year.

3.1.14 Super Sales India Ltd., Coimbatore, Coimbatore District, (SSIL), an associate member of the Lakshmi Machine Works Group, was incorporated on 18th September, 1981. Initially, it commenced the business of erection of textile machinery. Later on, it started marketing textile machinery manufactured by Lakshmi Machine Works (LMWL), in collaboration with Mori Seiki, Japan. It is also engaged in leasing of generators to meet the requirement of small scale industries during power cuts. In January, 1985 the company purchased a spinning mill with an installed capacity of 31104 spindles and since then it is
operating the said spinning mill. In January, 1992, it came out with a rights issue of 15.75 lakhs equity shares, at a premium of Rs.40, aggregating Rs.7.88 crores. The proceeds of the issue were utilized to part finance of Rs.11 crore project to establish a new spinning mill with 14400 spindles at Pollachi, Tamil Nadu. This unit started its production in 1994. The yarn produced by this unit is of a very high quality and commands a good price in the market. It has increased the installed capacity of rotors by 216 nos. The sales in the textile machinery was effected during the year, due to general recession in the textile industry and also due to lesser restrictions in the import of second hand textile machinery. The agency division has taken up agency for the sale of textile machinery manufactured by M/s.Textool Company Ltd. during the year 2001. It is focusing on productivity, quality and cost reduction to bring about an improvement on the working of this division as well. Out of the three units under textile division, two are engaged in manufacturing grey yarn, and the other unit at Pollachi has an optimum capacity to function throughout the year. It expects an healthy performance in the coming years, compared to previous year.

3.1.15 Super Spinning Mills Ltd., Coimbatore, Coimbatore District, (SSML), was incorporated in 1962 and the commercial production of cotton yarn commenced in April, 1964 with an initial installed capacity of 12000 spindles. The installed capacity was increased to 50548 spindles by 1981. It set up its second unit at Kotnur, Andhra Pradesh, with an initial capacity of 28800 spindles. It expanded its installed capacity at the second unit to 51480 spindles in 1991. In 1992, it set up its 100 per cent EOU at Gudalur, Tamil Nadu, with an installed capacity of 10080 spindles. The company's expansion programme was financed by financial institutions. It offered rights at a premium of Rs.10 per share to augment long term resources, for meeting the additional long term capital requirements. All the three units of the company were awarded the ISO 9002 accreditation by BVQI. The company has received ICMF’s Birla Economic and Textile Research Foundation award for Quality Management and Best Management Award for 1998-1999 from Andhra Pradesh Government. To make the management effective in utilization of resources its two subsidiary companies, M/s.Standard General Finance Ltd. and M/s.SGF Investment Company Ltd. were merged with Super Spinning Mills Ltd., In January, 2002, The garments division has started, SARA Apparels and Fashions’, a new division to produce “POLO’ ‘T’ Shirts with a prognostic view, the company has planned to set up one more garment unit in Thekkalur village in Coimbatore District.
3.1.16 Tamil Nadu Jai Bharath Mills Ltd., Aruppukottai, Virudhunagar District, (TJBM), promoted by Mr.T.R.Dhinakaran of the Jayavilas Group, was incorporated in November 1989 as a public limited company. Its immediate objective was to set up a 100 per cent export oriented cotton spinning unit with an installed capacity of 24192 spindles to manufacture combed yarn of medium and coarse counts. The factory is located in the Malayankulam, Tamil Nadu, about 90 Kms off Tuticorin Port. To part finance the above mentioned project, It went public in September, 1992. It manufactures combed cotton yarn of medium and coarse counts (30s and lower) for export. It procured the machines, blow room, carding machines, draw frames, speed frames, and ring frames from Lakshmi Machine Works, Coimbatore. It has imported the automatic winding machines from Schlafhorst, Germany and draw frames from Vouk, Germany. It has obtained the latest testing equipment from Uster, Switzerland.

3.1.17 Thanjavur Spinning Mills Ltd., Thanjavur, Thanjavur District, (TSML), which had become a potentially sick company in March, 1999, was acquired by Ramco Group in the year 2000 and was nurtured back to a profitable venture by the experience and the expertise of the group in running textile mills. Today, the mill is generating a turnover of more than Rs.30 crores and earning a profit of about 7.5 crores. The installed capacity of the mill is 24,192 spindles and 672 rows. The mill is equipped with sophisticated machinery to produce quality yarn.

3.1.18 Virudhunagar Textiles Mills Ltd., Madurai, Madurai District, (VTM), manufactures of cotton fabrics and cotton made-ups, is situated at Thiagarajar Mills Premises, Kappalur. The mill was promoted by Mr.T.Kannan, Chairman and Mr.A.Mariappan, Chief Executive. It produces cotton fabrics, cotton grey fabrics in width from 39' to 144' upto 12.5 OZS/M2 in projectile looms. It is exporting more than 65% of the products to UK, Germany, France, Denmark, Greece, Portugal, Italy, Belgium, Spain, USA, Israel, Japan and other countries. It is the recipient of Texprocil Awards for outstanding export performance for the years 1990-1991 to 1994-1995 and 1999-2000 and 2002-2003.

3.1.19 Veena Textiles Ltd., Komarapalyam, Namakkal District, incorporated as a private company in April, 1968, is engaged in the textile business. Originally, the company was promoted by Mr.S.S.M.Purushothaman, Mr.S.S.M.Subrahmaniam and Mr.SSM Soundappan of the SSM Group. In 1993, the group underwent a partition and Veena
Textiles came under the management of Mr. S.S.M. Soundappan and Mr. M.S. Elavarasan. It manufactures plain fabrics, embroidery fabrics, terry towels and plain dhoties under the brand name 'Veena'. The export-oriented terry towel project which commenced in February, 1993, could not procure sufficient export orders on account of high cost and stiff competition from the already established companies in the field. As the selling price of the product was high, the local markets also could not absorb the production. Hence, it has switched over from production to job work, which is more profitable. It came out with a public issue in January, 1995, to part-finance setting up of a new spinning unit, to manufacture cotton and blended yarn, with a capacity of 12,000 spindles and also to increase the installed weaving capacity. The spinning unit and the expanded weaving unit commenced production in March, 1995.

3.1.20 Vijayeswari Textiles Ltd., Puliampatty, Coimbatore District, incorporated in September 05, 1953, has a history of over five decades, having commenced its spinning operations in 1957, with an initial capacity of 5,000 spindles. The number of spindle was gradually increased to 15,020 by 1965. During the period 1965 to 1981, the company embarked upon an extensive modernization programme, increasing its spindle capacity from 15,020 in 1965 to 40,216 in 1981. The existing spinning unit of the company, situated at Puliampatti, Pollachi Taluk, has an installed capacity of 46,004 spindles. The weaving facility at Arakulam, Palladam Taluk, has an installed capacity of 84 looms, out of which, 18 looms are owned by the company. The balance weaving facilities have been leased from LAWL, a promoter group company. The processing division of the company has a capacity of 15,000 metres per day and is located at SIPCOT Industrial Growth Centre, Perundurai. The sewing activities located at Kuniamuthur, Coimbatore, are outsourced from SAPL, a promoter group company.

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