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2003

Annual Report

Kovilpatti Lakshmi Roller Flour Mills Limited

Kovilpatti Lakshmi Roller Flour Mills Limited

Board of Directors

V. JAGANNATHAN

Chairman

K. SELVARAJ

N.V. SRINIVASAN

SUDARSAN VARADARAJ

J. CHANDRAKANTHI

Vice Chairman

SURESH JAGANNATHAN

Managing Director

V.N. JAYAPRAKASAM

Executive Director

S. GOVINDAN

Director - Textiles

R. SETHUMADHAVAN

Nominee-Director - IREDA

Auditor

P. MARIMUTHU, B.Com., F.C.A.

Chartered Accountant, Tirunelveli

Bankers

Canara Bank

Indian Overseas Bank

Registered Office

75/8, Benares Cape Road

Gangaikondan - 627 352

Administrative Office

1054/21, Avanashi Road

Coimbatore - 641 018

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Flour Mill & Textile Division - I

Gangaikondan - 627 352

Sheet Metal Division

Periyanaickenpalayam

Coimbatore - 641 020

Textile Division - II

N.Subbiahpuram - 626 205

Kovilpatti Lakshmi Roller Flour Mills Limited**NOTICE**

Notice is hereby given that the Forty First Annual General Meeting of the Company will be held on Wednesday, the 24th September, 2003 at 9.30 a.m., at the Company's Registered Office at Gangaikondan, Tirunelveli District to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 2003, the Balance Sheet as at that date and the reports of the Directors and Auditor.
2. To declare a dividend.
3. To appoint a Director in the place of Sri. N.V. Srinivasan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri. Sudarsan Varadaraj who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint an Auditor and fix his remuneration.

SPECIAL BUSINESS

6. **To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution.**

"Resolved that pursuant to Section 228 (3) of the Companies Act, 1956, M/s. Srivatsan and Gita, Chartered Accountants, be and are hereby appointed as Branch Auditor of the Company to hold office upto the conclusion of the next Annual General Meeting to audit the books of accounts of the Sheet Metal Division for the financial year 2003-2004 on such remuneration as may be determined by the Managing Director."

7. **To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution.**

"Resolved that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Dr. R. Sethumadhavan, was appointed as a Nominee Director on behalf of Indian Renewable Energy Development Agency Limited, (IREDA) with effect from 20th September, 2002 and he ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956 at the conclusion of the ensuing Annual General Meeting. The Company has received a notice in writing proposing his candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956 and he be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

Kovilpatti Lakshmi Roller Flour Mills Limited**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956****Item No.6**

As per Section 228 (3) of the Companies Act, 1956, Branch Auditors are required to be appointed at the General Meetings. Accordingly, Auditors are being appointed at every Annual General Meeting for the respective financial year to audit the accounts of the Sheet Metal Division of our Company.

The proposed resolution set out in Item No.6 of the Notice seeks the authorization of the members to appoint Auditors for the year 2003-2004.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No.7

Dr. R. Sethumadhavan was appointed by the Board of Directors as a Nominee Director on behalf of Indian Renewable Energy Development Agency Limited (IREDA) with effect from 20th September, 2002. Pursuant to Section 260 of the Companies Act, 1956, he will hold office of Director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member proposing the candidature of Dr. R. Sethumadhavan, for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with the required deposit amount.

Dr. R. Sethumadhavan, the appointee, is interested in this resolution.

NOTES:

1. A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Instrument appointing a proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The register of members and share transfer books of the Company will remain closed from 16th September to 24th September, 2003 (both days inclusive).
4. Pursuant to Section 205-A of the Companies Act, 1956, unclaimed dividends upto and including financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants relating to financial year(s) upto and including 1994-95 may claim the same from the Registrar of Companies, No.26, Haddows Road, Chennai - 600 006 in the prescribed form which will be supplied by the Company / Registrar and Transfer Agent on request.

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5. Members are requested to intimate their bank account number and branch address with their Folio No. to the Registrar and Transfer Agent for incorporation in the dividend warrants. Members are also requested to address all related correspondence to the Registrar and Transfer Agent whose address is given below:

INVESTORS' RELATION CENTRE
INTIME SPECTRUM REGISTRY LTD.
'SURYA', 35, MAYFLOWER AVENUE
BEHIND SENTHIL NAGAR
SOWRI PALAYAM ROAD
COIMBATORE - 641 028.

6. Members who are holding shares in more than one folio are requested to write to the Registrar and Transfer Agent immediately enclosing their share certificate(s) for consolidation of their holdings in one folio.

By Order of the Board

Date : 4th June, 2003
Place : Gangaikondan

K. SELVARAJ
Chairman of the Meeting

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Kovilpatti Lakshmi Roller Flour Mills Limited**REPORT OF THE DIRECTORS**

Dear Shareholders,

The Directors present their Forty First Annual Report together with the audited statement of accounts for year ended 31st March, 2003.

FINANCIAL RESULTS

	31.03.2003	31.03.2002
	(Rs.in lakhs)	
Profit before financial charges and depreciation	551.08	407.53
Less: Financial charges	298.22	277.36
Profit before depreciation	252.86	130.17
Less: Depreciation	199.57	216.26
Profit / Loss before tax	53.29	(86.09)
Less: Provision for tax	4.20	—
Net Profit / Loss after tax	49.09	(86.09)
Balance profit from previous year	35.77	62.72
Transfer from General Reserve	—	44.00
Transfer from Subsidy	10.00	0.78
Provision for Deferred tax asset	113.79	35.29
Profit available for appropriation	208.65	56.70
Appropriations		
Proposed dividend	20.93	20.93
Provision for dividend tax	2.61	—
Balance to be carried forward	185.11	35.77
	208.65	56.70

REVIEW OF OPERATIONS**RESULTS**

The turnover during the year was Rs.73.61 crores as against Rs.76.61 crores last year.

The Company made a profit of Rs.53.29 lakhs on operations after charging Rs.66.05 lakhs as Voluntary Retirement Scheme terminal benefits to employees.

The Flour Mill Division earned a profit of Rs.38.02 lakhs despite increase in raw material cost and unhealthy competition in food product markets. Your Directors have initiated cost effective measures for controlling cost of production, modernizing production equipments and re-vamping distribution channels for countering competition in consumer markets.

The Textile Division contributed Rs.23.42 lakhs. Your Directors have implemented Voluntary Retirement Scheme in Textile Unit – I for workers with a view to reducing cost of production. All the workers of Textile Unit-I have accepted Voluntary Retirement Scheme and new

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scheme workers have been engaged for production during the year. Consequently, during the year operations were temporarily suspended in the Ring Spinning Unit during the reorganisation of the labour force consequent to the implementation of the Voluntary Retirement Scheme.

The Sheet Metal Division earned a profit of Rs.5.07 lakhs in spite of unviable market conditions in engineering products. Your Directors have planned to control cost of production.

The Wind Mill Division incurred a loss of Rs.13.22 lakhs.

OUTLOOK FOR THE YEAR

The outlook has been better so far during the current year with signs of revival of the domestic and international markets for yarn and it would be reasonable to expect an improvement in the operations.

FINANCE

Your Company availed need based working capital from bankers.

REDEMPTION OF DEBENTURES

During the year, your Company redeemed 10% of the total debentures amounting to Rs.25.50 lakhs held by IDBI.

CORPORATE GOVERNANCE

Reporting under Corporate Governance is not applicable to the Company, as the paid up share capital is less than the limit prescribed in the listing agreements.

DIVIDEND

Your Directors have recommended 10% dividend for the year out of profits.

FIXED DEPOSITS

The Company continued to accept fixed deposits during the year and there were no unclaimed deposits as on 31.03.2003.

DEMAT FACILITIES

Your Company obtained necessary approvals from the NSDL and CDSL for providing demat facilities to our shareholders. Your Company's International Security Identification Number is INE014E01015.

APPOINTMENT OF COMMON SHARE TRANSFER REGISTRAR

SEBI, through its circular No. D&CC/ FITC/ CIR-15/ 2002 dated 27th December, 2002, has made it mandatory that all the work relating to share registry in terms of both physical and electronic forms should be maintained at a single point, i.e., either in-house or by a

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SEBI registered Registrar and Transfer Agent. Accordingly, your Directors have appointed Intime Spectrum Registry Limited, Mumbai as our Registrar and Transfer Agent with effect from 1st April, 2003. Necessary public advertisement has already been made in Business Line on 11th April, 2003.

Shareholders are advised to send all their correspondence, transfer/transmission of shares directly to Investors' Relation Center at "Intime Spectrum Registry Limited", "Surya" No.35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028.

DIRECTORS

Sri. N.V. Srinivasan and Sri. Sudarsan Varadaraj retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

Dr. R. Sethumadhavan, who vacates office at the conclusion of the ensuing Annual General Meeting, is eligible for re-appointment and a resolution to appoint him as Director on a non-rotational basis is tabled at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors have 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;
- (iv) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2003 on a going concern basis.

AUDITORS

Sri. P. Marimuthu, Auditor of the Company, will retire at the forthcoming Annual General Meeting and is eligible for re-appointment.

Srivatsan and Gita, Chartered Accountants, are proposed to be appointed as Branch Auditors of the Company to audit the Sheet Metal Division accounts for the period 2003-2004 subject to the approval of the shareholders in the ensuing Annual General Meeting.

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Sri. M. Kannan, Cost Accountant, has been appointed as Cost Auditor for the year 2003-2004 subject to the approval by the Central Government.

PERSONNEL

Particulars under Section 217 (2A) are not applicable as no employee has been paid more than prescribed limits. Statement in accordance with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is annexed.

GENERAL

Your Company's shares are listed with Coimbatore, Chennai and Mumbai Stock Exchanges. Necessary listing fees for the year have been paid.

During the year under review, industrial relations continued to be cordial.

Your Directors acknowledge with gratitude, the co-operation and assistance of Canara Bank, Indian Overseas Bank, IDBI, IFCI Ltd. and IREDA.

Your Directors would like to thank all shareholders, fixed deposit holders, customers and employees in appreciation of their continued support.

May the Almighty Goddess Lakshmi continue to shower HER choicest blessings and grant us prosperity in the years to come.



By Order of the Board

Date : 4th June, 2003
Place : Gangaikondan

K. SELVARAJ
Chairman of the Meeting

Kovilpatti Lakshmi Roller Flour Mills Limited**Information in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March, 2003****I. CONSERVATION OF ENERGY****1. Energy conservation measures taken:**

As per the energy saving proposal submitted by Institute for Energy Studies, Anna University, Chennai

2. Additional investment and proposals, if any, being implemented for reduction of consumption of energy – Rs.1.81 lakhs
3. Impact of the measures of (1) & (2) above for reduction of energy consumption and consequent impact on the cost of production of goods – 2.23 lakhs units per year
Rs.9.43 lakhs per year

4. Total energy consumption and energy consumption per unit of production (Textile Division)**A. POWER AND FUEL CONSUMPTION****Current year****Previous year****1. Electricity****(a) Purchased units from TNEB****73,95,850**

91,59,669

Total amount (Rs.)

3,11,61,497

3,87,01,795

Rate/Unit (Rs.)

4.21

4.23

(b) Own generation

Through diesel generation (Units)

21,53,382

20,93,564

Units/Litre of diesel oil

3.43

3.69

Cost/Unit (Rs.)

4.37

4.33

(c) Through steam turbine/generator**Nil**

Nil

Units/Litre of fuel

Oil/Gas

Cost/Unit

(d) Wind mill generation

Quantity (Units)

54,76,067

53,09,133

Total cost (Rs.)

1,84,44,956

1,55,83,605

Cost/Unit (Rs.)

3.37

2.94

(e) Unit purchased from others**25,64,331**

27,44,652

Rate/Unit (Rs.)

3.10

3.24

2. Coal**Nil**

Nil

Quantity (tonnes)

Total cost

Average Rate

3. Furnace oil**Nil**

Nil

Quantity (K.Litres)

Total amount

Average Rate