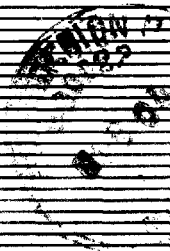


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2004

Annual Report



Kovilpatti Lakshmi Roller Flour Mills Limited

Kovilpatti Lakshmi Roller Flour Mills Limited

Board of Directors

K. SELVARAJ

N.V. SRINIVASAN

SUDARSAN VARADARAJ

K. GNANASEKARAN

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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Foods Division

Gangaikondan - 627 352

Coimbatore - 641 020

Textile Division

Gangaikondan - 627 352

N. Subbiahpuram - 626 205

Kovilpatti Lakshmi Roller Flour Mills Limited**NOTICE**

Notice is hereby given that the Forty Second Annual General Meeting of the Company will be held on Friday, the 24th September, 2004 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, 2004, 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. K. Selvaraj 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 Auditors 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 2004-2005 on such remuneration as may be determined by the Managing Director."

7. **To consider appointment of Sri. K. Gnanasekaran as a Director of the Board.**

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, Sri. K. Gnanasekaran, who was appointed as an Additional Director with effect from 6th May, 2004 and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom 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, be and is hereby appointed as a Director of the Company."

8. **To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.**

"Resolved that subject to the provisions of Sections 198, 269 (read with Schedule XIII of the Companies Act, 1956), 309 and other applicable provisions of the Companies

Kovilpatti Lakshmi Roller Flour Mills Limited

Act, 1956, Sri. S. Govindan be and is hereby appointed as Director – Textiles of the Company for a period of one year with effect from 1.8.2004 to 31.7.2005 on the terms and conditions set out below:

Salary: Rs.37,500/- per month

Perquisites: In addition to salary, perquisites shall be allowed as detailed below:

1. The following perquisites shall be allowed subject to a maximum of 40 % of the salary.
2. Leave travel concession for him and his family once in a year.
3. Reimbursement of expenditure incurred on gas, electricity, water, furnishing and appliances.
4. Club expenses subject to a maximum of Rs.3,000/- per month shall be reimbursed except admission and life membership fees.
5. Health and Personal Accident Insurance cover for him.
6. Reimbursement of medical expenses incurred for himself and his family.

Others

Provision of telephone and car.

The Director - Textiles shall also be eligible for the following benefits which shall not be included in the computation of ceiling on the remuneration.

1. Contribution to Provident Fund, Superannuation Fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act.
2. Payment of Gratuity at the end of the tenure shall not exceed half a month's salary for each year of completed service or at the rate as may be notified by the Government from time to time."

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 authorisation of the members to appoint Auditors for the year 2004-2005.

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

Item No.7

Sri. K. Gnanasekaran was appointed by the Board of Directors as an Additional Director with effect from 6th May, 2004. Pursuant to Section 260 of the Companies Act, 1956, who 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 Sri. K. Gnanasekaran, for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with the required deposit amount.

Sri. K. Gnanasekaran is interested in the resolution as it concerns his appointment. No other Director is directly or indirectly concerned or interested in this resolution.

Item No.8

Sri. S. Govindan was appointed as a Director - Textiles by the shareholders of the Company at the annual general meeting held on 28th September, 2001 with effect from 1.8.2001 to 31.7.2004. The Board of Directors wants to utilise his knowledge and advise for the Textile Division. Hence, the Board of Directors at its meeting held on 6th May, 2004 re-appointed Sri. S. Govindan as Director - Textiles for one year with effect from 1.8.2004 to 31.7.2005 subject to approval of the shareholders in the ensuing annual general meeting. Full particulars of the remuneration and perquisites proposed to be paid are set out in the resolution and are within the limits under Schedule XIII of the Companies Act, 1956.

Sri. S. Govindan is interested in the resolution as it concerns his appointment. No other Director is directly or indirectly concerned or interested in this resolution. This is to be regarded as an abstract of terms and memorandum of interest under Section 302 of the Companies Act, 1956.

Kovilpatti Lakshmi Roller Flour Mills Limited**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, 2004 (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.
5. In terms of the amendment to Section 205 A and introduction of Section 205C by the Companies (Amendment) Act, 1999, dividend for the financial year 1995-1996 has already been transferred to Investors' Education and Protection Fund.
6. Members who have till date not encashed their dividend warrants for the financial year 1996-1997 or any subsequent financial years are advised to claim the dividend from the Company after filing indemnity/any other proof for their unclaimed dividend at the earliest. It may also be noted that once unclaimed dividends are transferred to the Investors' Education and Protection Fund, members will lose their claim on these dividends.
7. 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.

8. 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 into one folio.

By Order of the Board

Date : 6th May, 2004
Place : Gangaikondan

N.V. SRINIVASAN
Chairman of the Meeting

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

Dear Shareholders,

The Directors present their Forty Second Annual Report together with the audited statement of accounts for year ended 31st March, 2004.

FINANCIAL RESULTS

	31.03.2004	31.03.2003
	(Rs.in lakhs)	
Profit before financial charges and depreciation	634.79	551.08
Less: Financial charges	297.91	298.22
Profit before depreciation	336.88	252.86
Less: Depreciation	209.48	199.57
Profit / Loss before tax	127.40	53.29
Less: Provision for tax – Current	9.79	4.20
– Deferred	25.20	(113.79)
Net Profit / Loss after tax	92.41	162.88
Balance profit from previous year	185.11	35.77
Transfer from Debenture Redemption Reserve	25.50	—
Transfer from Subsidy	—	10.00
Profit available for appropriation	303.02	208.65
Appropriations		
Proposed dividend	20.93	20.93
Provision for dividend tax	2.68	2.61
Transfer to General Reserve	200.00	—
Balance to be carried forward	79.41	185.11
	303.02	208.65

REVIEW OF OPERATIONS**RESULTS**

The turnover during the year was Rs.91.84 crores as against Rs.73.62 crores last year.

The Company made a profit of Rs.127.40 lakhs on operations after charging Rs.94.19 lakhs as Voluntary Retirement Scheme and terminal benefits to employees.

The Food Division earned a profit of Rs.44.45 lakhs.

The Food Division milled 45258 metric tonnes of wheat and accounted for 50% of the turnover of the Company. Increase in raw material prices could not be fully realised due to prevailing market competition.

The Textile Division contributed Rs.82.95 lakhs.

Kovilpatti Lakshmi Roller Flour Mills Limited

Operations were optimal in the latter half of the year due to reasonable sales realisation and also due to reduction in employee costs due to implementation of VRS. The Division had to continually achieve cost reduction to remain competitive.

OUTLOOK FOR THE YEAR

The operations of your Company has shown substantial improvement over the previous year. The economy has shown robust growth in all sectors. The Company hopes to achieve further growth in profitability by adopting various cost reduction and productivity enhancement measures.

FINANCE

Your Company continued to avail need based working capital from bankers.

REDEMPTION OF DEBENTURES

During the year, your Company redeemed Rs.114.75 lakhs of debentures 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 31.03.2004.

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

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

Kovilpatti Lakshmi Roller Flour Mills Limited

Sri. K. Gnanasekaran was appointed as an Additional Director of the Board, pursuant to Section 260 of the Companies Act, 1956 with effect from 6th May, 2004. His tenure of office will expire at the Annual General Meeting. Necessary resolution for appointing him as a Director of the Board is enclosed for shareholders' approval.

Sri. S. Govindan, Director - Textiles has been re-appointed for one year with effect from 1.8.2004 to 31.7.2005 by the Board, subject to approval of the shareholders in the ensuing Annual General Meeting. Necessary resolution for appointing him as a Director - Textiles of the Company is enclosed for shareholders' approval.

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 that;

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) 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) 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) the Directors have prepared the annual accounts for the financial year ended 31st March, 2004 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 be appointed as Branch Auditors of the Company to audit the Sheet Metal Division's accounts for the period 2004-2005 subject to the approval of the shareholders in the ensuing Annual General Meeting.

Sri. M. Kannan, Cost Accountant, has been appointed as Cost Auditor for the year 2004-2005 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.

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GENERAL

Your Company's shares are listed at 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 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 continue to grant us prosperity in the years to come.

By Order of the Board

Date : 6th May, 2004
Place : Gangaikondan

N.V. SRINIVASAN
Chairman of the Meeting

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