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Ramco Industries Limited

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ANNUAL REPORT 2002 - 2003

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Our Chairman receiving the prestigious ISO 14001 Certification, awarded to our subsidiary, Sri Ramco Lanka (Private) Limited, Sri Lanka from Mr. Sarath Abeyasundara, National Project Co-Ordinator, UNIDO on behalf of RMTUV, GmbH, for environmental management system.



Our Chairman with Mr. Rohita Bogalagama, Hon'ble Minister for Industries, Government of Sri Lanka and Mr. Jayatilake Podinilame, Hon'ble Minister for NWP Region Development, Sri Lanka, at the ISO 14001 Award function.

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RAMCO INDUSTRIES LIMITED
REGD.OFFICE : 47, P.S.K. NAGAR, RAJAPALAIYAM - 626 108

ATTENDANCE SLIP

(PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL)

For Physical Holding
Regd. Folio No. :
For Demat Holding
DP ID No. :
Client ID No. :

Name of the attending Shareholder / Proxy
(In block letters)

No. of Shares held .....

I hereby record my presence at the 38th Annual General Meeting of the Company being held at Shri P.A.C.R. Centenary Community Hall, Sudharsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 108 on Monday, the 11th August 2003 at 12.00 Noon.

(SIGNATURE OF SHAREHOLDER / PROXY)

Note : Shareholder / Proxy is requested to bring the Attendance Slip with him / her when coming to the meeting. No attendance slip will be issued at the time of meeting.

.....

RAMCO INDUSTRIES LIMITED
REGD. OFFICE : 47, P.S.K. NAGAR, RAJAPALAIYAM - 626 108

PROXY FORM

For Physical Holding
Regd. Folio No. :
For Demat Holding
DP ID No. :
Client ID No. :

No. of Shares Held .....

I/We.....

of ..... being member / members

of RAMCO INDUSTRIES LIMITED, hereby appoint ..... of .....

or failing him .....

of .....

as my / our proxy to vote for me / our behalf at the 38th Annual General Meeting of the Company to be held at Shri P.A.C.R. Centenary Community Hall, Sudharsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 108 on Monday, the 11th August, 2003 at 12.00 Noon and at any adjournment thereof.

Affix Re. 1 Revenue Stamp

Signed .....

Date .....

Notes : 1. This form duly completed must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.
2. Proxy need not be a member of the Company.

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BOARD OF DIRECTORS

Shri. P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.,
Chairman

Shri. P.R. VENKETRAMA RAJA, B.Tech., M.B.A.
Vice Chairman & Managing Director

Shri. S. ARJUNA RAJA
Shri. S.S. RAMACHANDRA RAJA, B.Sc.
Shri. K.T. RAMACHANDRAN, B.E.
Shri. N.K. SHRIKANTAN RAJA, B.Com.
Shri. M.G. BALASUBRAMANIAN, I.A.S. (Retd.)
Shri. R. NAGARAJAN, B.Com., (Hons), CAIIB

AUDITORS

M/s. M.S. Jagannathan & N. Krishnaswami
Chartered Accountants, Tiruchirapalli,

M/s. S. Viswanathan,
Chartered Accountants, Chennai.

BANKERS

State Bank of India - HDFC Bank Ltd - The Karur Vysya Bank Ltd.
Tamilnad Mercantile Bank Ltd.

REGISTERED OFFICE

47, P.S.K. Nagar, Rajapalayam - 626 108.

CORPORATE OFFICE

'Auras Corporate Centre', 6th Floor,
98-A, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004.

FACTORIES

FIBRE CEMENT DIVISION

Arakkonam, Tamil Nadu
Karur, Karnataka
Maksi, Madhya Pradesh
Silvassa, Union Territory of Dadra & Nagar Haveli,

TEXTILE DIVISION

Rajapalaiyam, Tamilnadu

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RAMCO INDUSTRIES LIMITED

Regd. Office : 47, P.S.K Nagar, Rajapalaiyam - 626 108.

NOTICE

Notice is hereby given that the Thirty Eighth Annual General Meeting of the Members of the Company will be held on Monday, the 11th day of August, 2003 at 12.00 Noon at Shri P.A.C.R. Centenary Community Hall, Sudharsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalaiyam – 626 108 to transact the following business:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31.03.2003, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon

2. To declare dividend for the year 2002-03

3. To appoint a Director in the place of Shri R. Nagarajan who retires by rotation and being eligible, offers himself for re-appointment

4. To appoint a Director in the place of Shri S. Arjuna Raja who retires by rotation and being eligible, offers himself for re-appointment

5. To appoint a Director in the place of Shri N.K. Shrikantan Raja who retires by rotation and being eligible, offers himself for re-appointment

6. To appoint Auditors to hold Office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

   In this connection to consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

   "RESOLVED that M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s.CNGSN & Associates, Chartered Accountants be and are hereby jointly appointed as Auditors of the Company to hold Office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs. 1,00,000/- (Rupees One lakh only) each, exclusive of out-of-pocket expenses".

By Order of the Board
For RAMCO INDUSTRIES LIMITED
P.R. VENKETRAMA RAJA
VICE CHAIRMAN AND MANAGING DIRECTOR

Chennai
20th June, 2003

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NOTES :

1. A member entitled to attend and vote at the 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. Proxy form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

3. For determining the names of the Members eligible for dividend on Equity shares if approved, the Register of Members and Share Transfer books of the Company in respect of shares held in physical form, will remain closed from Tuesday, the 5th August, 2003 to Monday, the 11th August, 2003 (both days inclusive). In respect of shares held in Electronic / Demat form, the dividend will be paid on the basis of beneficial ownership furnished by the Depositories as at the close of 4th August, 2003.

4. The Company has transferred dividends which remained unpaid/unclaimed for the financial years upto 1994-95 to the General Revenue Account of the Central Government as per the relevant rules under the Companies Act, 1956. Any member claiming such dividends so transferred may apply to the Registrar of Companies, Chennai in the prescribed form in duplicate, the specimen of such may be obtained, if desired, from the Company's Corporate Office, Chennai.

5. Under the provisions of Section 205-C of the Companies Act, 1956 dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. Hence, the members who have not claimed their dividend relating to the earlier years from 1995-96 onwards may write to the Company for claiming the amount before it is so transferred to the Fund. The details of due dates for transfer of such unclaimed dividend to the said Fund is given below:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31.03.1996	28.08.1996	27.08.2003	25.09.2003
31.03.1997	04.09.1997	03.09.2004	02.09.2004
31.03.1998	03.09.1998	02.09.2005	01.10.2005
31.03.1999	28.07.1999	27.07.2006	25.08.2006
31.03.2000	09.08.2000	08.08.2007	06.09.2007
31.03.2001	01.08.2001	31.07.2008	29.08.2008
31.03.2002	07.08.2002	06.08.2009	04.09.2009

6. One of the retiring Auditors, M/s. S. Viswanathan, Chartered Accountants have given the Company a Notice in writing expressing their intention not to seek re-appointment. A special notice in terms of Section 190 of the Companies Act, 1956 has been received under Section 225(1) from a Member proposing the appointment of M/s. CNGSN & Associates, Chartered Accountants as Auditors of the Company in their place. The other retiring Auditors, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants are eligible for re-appointment.

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ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING :-

Following is the biographical data about the Directors seeking re-election:-

1. Shri R. Nagarajan:

Shri R. Nagarajan, aged 65 years, is a B.Com.(Hons.) and CAIIB.

He is an eminent Banker and he retired as Chief General Manager of State Bank of India.

Prior to his retirement he had held various important positions in State Bank of India including as General Manager (Operations), North Eastern Circle, Gauhati, Vice-Principal, State Bank Staff College, Hyderabad and as Whole-time Finance Director in ACC-Babcock Ltd., while on deputation.

He has rich experience in Banking and Mutual Fund industry.

He has been on the Board of Ramco Industries Limited since 30.03.2001 as a Non-Executive Independent Director. He is also a member of the Audit Committee of Board of Directors of the Company.

He is also a Director in the following Companies:

1)	Madras Cements Limited	Director
2)	SSI Limited	Director
3)	Net Axis Software Services Limited	Director
4)	Dandapani Finance Limited	Director
5)	Aptech Limited	Director
6)	Excel Audit & Management Support Services (P) Ltd	Chairman
7)	Lattice Bridge Infotech (P) Limited	Director

2. Shri S. ARJUNA RAJA:

Shri S. Arjuna Raja, aged 85 years was first appointed as a Director of Ramco Industries Limited in 1965. He has been associated with the Company right from inception. He continues to render valuable counsel / services to the Company. He is a member in the Share Transfer Committee, Remuneration Committee and the Investor Grievances Committee of the Board of Directors of the Company. He is also a Director in M/s. Thanjavur Spinning Mill Limited and Sudharsanam Investments Limited.

3. Shri N.K. SHRIKANTAN RAJA:

Shri N.K. Shrikantan Raja, aged 55 years was first appointed as a Director of Ramco Industries Limited in 1986 since when he continues to be a Director in the Board extending valuable guidance. He is also a Director in the following Companies:-

1)	Sri Yannarkay Servicers Limited	Director
2)	Sri Vishnu Shankar Mill Limited	Director
3)	Ramco Systems Limited	Director
4)	Sandhya Spinning Mill Limited	Director
5)	Sudharsanam Investments Limited	Director
6)	The Ramaraju Surgical Cotton Mills Limited	Director
7)	IQ Tech Private Limited	Director
8)	Srikaantaraja & Company	Partner
9)	N.R.K. Forwarding Company	Partner
10)	N.S. Krishnamaraja's Co.,	Partner
11)	Shrikantha Distributors	Partner
12)	N.R. Krishanama Raja Charity Trust	Managing Trustee
13)	P.A.C.R. Sethuramammal Charity Trust	Trustee

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DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Thirty Eighth Annual Report together with the Audited Accounts of the Company for the year ended 31.3.2003.

	For the Year ended 31.03.2003	For the Year ended 31.03.2002
	Rs.	Rs.
FINANCIAL RESULTS		
Operating Profit : Profit before interest, depreciation and tax (PBIDT)	34,76,63,310	28,94,80,330
Less : Interest	6,07,31,338	7,89,09,434
Profit before depreciation and Tax (PBDT)	28,69,31,972	21,05,70,896
Less : Depreciation	3,99,41,582	3,82,34,768
Profit before Tax (PBT)	24,69,90,390	17,23,36,128
Less : Provision for Taxation - Current	3,70,00,000	2,68,00,000
- Deferred	2,40,00,000	52,00,000
Profit after Tax (PAT)	18,59,90,390	14,03,36,128
Add : Surplus in Profit and Loss Account brought forward	1,01,08,053	1,36,04,267
Balance profit available for appropriation	19,60,98,443	15,39,40,395
Your Directors recommend appropriations as given below :		
Transfer to General Reserve	14,00,00,000	12,00,00,000
Equity Dividend Proposed	2,59,98,918	2,38,32,342
Tax on Dividend	33,31,111	-
Balance Carried over to Balance Sheet	2,67,68,414	1,01,08,053
	19,60,98,443	15,39,40,395

DIVIDEND

Your Directors recommend declaration of dividend at the rate of Rs.6/- per share (60%) on the paid up Equity Share Capital of the Company, for the year ended 31.03.2003.

The Dividend when declared, will be paid to the members whose names appear in the Register of Members of the Company / Statements of beneficial ownership maintained by the Depositories, as at the close of business hours on 04.08.2003.

As per the Finance Act, 2003, dividends paid after 31.03.2003 are free of taxation in the hands of the Shareholders.

TAXATION

An amount of Rs. 610 lakhs has been provided for taxation. However the cash outflow for the company is only Rs. 370 lacs, representing current Taxation as per Income Tax Act 1961. The balance provision of Rs. 240 lakhs is towards deferred tax liability in accordance with Accounting Standard 22 (AS 22) issued by the Institute of Chartered Accountants of India.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

REVIEW OF OPERATIONS AND CURRENT TRENDS

(a) FIBRE CEMENT DIVISION :

The Net Production and Sales of the Fibre Cement Products of the Company for the year ended 31.03.2003 were as under :-

PRODUCT	PRODUCTION (M.Ts) Year Ended		SALES (M. Ts) Year Ended	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Fibre Cement Sheets & Accessories	2,30,556	2,07,568	2,33,639	2,07,883
Fibre Cement Pressure Pipes	-	-	60	496

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Despite the continuance of tight market conditions, the production for the year 2002-03 increased by 22,988 MTs showing a growth of 11% over the previous year. Similiarly the sales during the year increased by 25,756 MTs showing a growth of 12%.

During the year under review, though there was considerable drop in the selling prices of FC Sheets, steps were taken to increase the volume of production and sales. Significant cost reduction was achieved in the areas of raw material consumption, overheads and interest charges.

In respect of Pressure Pipe Division, an amount of Rs. 65 lakhs has been received as Licence Fee during the year under review.

CURRENT YEAR TRENDS :

During the current year 2003-04 also, the selling prices are expected to be under pressure due to severe competition. However, the Company continues to take steps for increasing the volume of production and sales. Continuous cost reduction measures are also being pursued to improve the profitability.

b) OVERSEAS OPERATIONS - SRI RAMCO LANKA (PRIVATE) LIMITED, SRILANKA

The production at the Fibre Cement Sheet Plant of the Company's Wholly Owned Subsidary in Srilanka, was 50,571 M.T. during the year ended 31.3.2003 as against 41,659 M.T. during the corresponding previous year. The subsidiary had sold 50,937 M.T. during 2002-03 as compared to 36,403 M.T. during 2001-02. Financial statements of the subsidiary have been seperately annexed in this Annual Report.

c) SRI RAMCO SPINNERS - TEXTILES DIVISION :

Production and Sales

During the year under review, the 100% Export Oriented Unit produced 15,22,032 kgs. of Cotton Yarn as compared to 16,78,081 kgs. produced during the previous year. The lower production was due to reduced demand in International market for the Cotton Yarn.

The Cotton Yarn export for the ended 31.03.2003, was 15,37,651 kgs. as compared to 16,62,445 kgs. during the corresponding previous year. The FOB value of exports for the year under review was Rs.1888.41 lakhs as against Rs. 2248.40 lakhs during the previous year. The decline in the export value was on account of fall in the Yarn Price in US Dollar terms.

As part of the modernization programme, the "Two For One Twister" (TFO) project comprising 11 Nos. MURATA TFO Machines and 2 Nos. Propeller Winder Machines were commissioned at a total cost of Rs. 235.26 lakhs during the year.

Outlook for 2003-04

The International market for Cotton yarn continues to be unfavourable. Cost reduction measures are being taken to improve the profit margin during the current year also.

The Board of Directors thank M/s. Mitsubishi Corporation and M/s. Doko Spinning Company Ltd., Japan for their continued support.

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NEW PROJECTS

1) CALCIUM SILICATE BOARD PROJECT :

During the year under review, the new project for production of Calcium Silicate Boards with the technical known-how from M/s. A&A Material Corporation, Japan was taken up at the Company's Arakkonam plant. Major Plant and Machinery for the project have been installed and the trial production will soon be taken. Commercial operations are expected from September, 2003.

2) FIBRE CEMENT SHEET PROJECT :

i) ARAKKONAM 4.5 METRE CONVERSION PROJECT :

During the year 2002-03, the existing 3 Metre sheet plant was upgraded to 4.5 Metre sheet plant. The upgradation would result in capacity increase by 25% from the current 96,000 M.Ts. to 1,22,000 M.Ts.

ii) KHARAGPUR, WEST BENGAL :

The Company's project at Kharagpur, Midnapur District, West Bengal for manufacture of Fibre Cement Sheets and accessories with an annual capacity of 72,000 MTs is underway. Necessary Land admeasuring 12.65 acres was acquired during January, 2003. The civil works are in progress, placing of orders for the machinery has been started and the project is expected to be commissioned by January, 2004.

iii) VIJAYAWADA, ANDHRA PRADESH :

The project also for the manufacture of Fibre Cement Sheets and accessories will have an annual capacity of 80,000 MTs. The Andhra Pradesh Power Generation Corporation has in-principle allotted on lease basis to the Company 20 acres of land situated at the Vijayawada Thermal Power Station. This project is expected to be commissioned by February, 2004.

3) WIND FARM DIVISION :

We have commissioned 3 nos. of windmills aggregating a capacity of 2.5 MW in Tirunelveli Dist., Tamil Nadu. An amount of Rs. 10.10 lacs on a Gross generation of 3,32,162 units has been earned as income out of generation of power during the period from 30.01.2003 to 31.03.2003.

RESEARCH AND DEVELOPMENT EFFORTS

During the year under review, the Company continued to undertake Research & Development efforts in respect of conventional and non-conventional fibres and production technology for manufacture of Fibre Cement Sheets.

During 2002-03, an amount of Rs.23.02 lakhs has been incurred on R&D efforts by way of revenue expenditure.

SOLE SELLING AGENTS

M/s. Raja Charity Trust, the Company's Sole Selling Agents for Fibre Cement Products in India, have been taking all efforts for marketing the entire production of the Company. The Sole Selling Agency agreement had been renewed for a period of 5 years with effect from 3.5.2002 after obtaining necessary approval from the Central Government.

The Board wishes to place on record its deep appreciation for the excellent services being rendered by them in promoting the sale of the company's Fibre Cement products.

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