



Ramco Industries Limited

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ANNUAL REPORT 2003 - 2004



Our Chairman, Vice Chairman & Managing Director and President along with the officials of M/s. A&A Material Corporation, Japan, the Technical Collaborators, at the launching of "RAMCO HILUX" Calcium Silicate Board Plant at Arakkonam



Our Chairman inaugurating the Calcium Silicate Board Plant at Arakkonam



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. CNGSN & Associates,
Chartered Accountants, Chennai.

BANKERS

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

FACTORIES

BUILDING PRODUCTS DIVISION

Arakkonam, Tamilnadu

Karur, Karnataka

Maksi, Madhya Pradesh

Silvassa, Union Territory of Dadra & Nagar Haveli,

Kharagpur, West Bengal

TEXTILE DIVISION

Rajapalaiyam, Tamilnadu

RAMCO INDUSTRIES LIMITED



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

NOTICE

Notice is hereby given that the Thirty Ninth Annual General Meeting of the Members of the Company will be held on Wednesday, the 28th day of July, 2004 at 10.30 A.M. 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 31.03.2004, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon
2. To declare dividend for the year 2003-04
3. To appoint a Director in the place of Shri M.G. Balasubramanian who retires by rotation and being eligible, offers himself for re-appointment
4. To appoint a Director in the place of Shri S.S. Ramachandra Raja who retires by rotation and being eligible, offers himself for re-appointment
5. To appoint a Director in the place of Shri K.T. Ramachandran 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”.

Chennai
16th June, 2004

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

**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 22nd July, 2004 to 28th July, 2004 (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 21st July, 2004.
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 upto 1994-95 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/unclaimed for a period of over 7 years will be transferred to the Investor Education & Protection Fund (IEPF) 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. Accordingly, unclaimed dividends pertaining to 1995-96 had already been transferred to IEPF. Hence, the members who have not claimed their dividend relating to the earlier years from 1996-97 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 are given below:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31.03.1997	04.09.1997	03.09.2004	02.10.2004
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
31.03.2003	11.08.2003	10.08.2010	08.09.2010

RAMCO INDUSTRIES LIMITED



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 M.G. Balasubramanian

Shri M.G. Balasubramanian, aged 82 years is an I.A.S. Officer retired from Government service.

Prior to his retirement, he had held various important positions in both Central and State Governments. During his 32 years experience in the Indian Administrative Service, he rose to the position of Secretary to Government of India. He had held important positions in various departments of the Central and State Governments and had been a Director in a number of Companies and Public Sector Banks.

He has been on the Board of Directors of our Company since 30.03.2001 as a Non-Executive Independent Director. He is the Chairman of the Audit Committee of the Board of Directors of the Company.

He is also a Director in M/s. Madras Cements Limited.

2. Shri S.S. Ramachandra Raja

Shri S.S. Ramachandra Raja, aged 68 years holds a Degree in Science. He was appointed as a Director of Ramco Industries Limited in 1992 and since then he continues to be a Director in the Board extending valuable guidance. He is also a Director in the following Companies.

- 1) Ramco Systems Limited
- 2) Rajapalayam Mills Limited
- 3) Sri Vishnu Shankar Mill Limited

3. Shri K.T. Ramachandran

Shri K.T. Ramachandran, aged 66 years is a B.E. in Civil Engineering from Madras University. He was appointed as a Director of Ramco Industries Limited in 1986 and since then continues to be a Director in the Board extending valuable guidance. He is a Member of the Audit Committee of the Board of Directors of the Company. He is also a Director in M/s. Thanjavur Spinning Mill Limited.



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Thirty Ninth Annual Report together with the Audited Accounts of the Company for the year ended 31.03.2004.

	For the Year ended 31.03.2004	For the Year ended 31.03.2003
	Rs.	Rs.
FINANCIAL RESULTS		
Operating Profit : Profit before interest, depreciation and tax (PBIDT)	50,72,86,937	34,76,63,310
Less : Interest	3,04,36,092	6,07,31,338
Profit before depreciation and Tax (PBDT)	47,68,50,845	28,69,31,972
Less : Depreciation	9,61,39,492	3,99,41,582
Profit before Tax (PBT)	38,07,11,353	24,69,90,390
Less: Provision for Taxation - Current	8,07,00,000	3,70,00,000
- Deferred	5,81,00,000	2,40,00,000
Profit after Tax (PAT)	24,19,11,353	18,59,90,390
Add : Surplus in Profit and Loss Account Brought forward	2,67,68,414	1,01,08,053
Balance profit available for appropriation	26,86,79,767	19,60,98,443
 Your Directors recommend appropriations as given below :		
Transfer to General Reserve	20,00,00,000	14,00,00,000
Equity Dividend-Interim	1,08,32,883	-
-Final	2,16,65,765	2,59,98,918
Tax on Dividend	41,63,889	33,31,111
Balance carried over to Balance Sheet	3,20,17,230	2,67,68,414
	26,86,79,767	19,60,98,443

DIVIDEND

Your Directors have recommended a final dividend at the rate of Rs. 5/- per share (50%) on the Paid up Equity Share Capital of the Company. Together with the interim dividend at the rate of Rs. 2.50 per share (i.e. 25%) declared and paid in December, 2003, the total dividend is Rs. 7.50/- per share (i.e. 75%) for the whole year ended 31.03.2004.

The final 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 21st July, 2004.

As per the existing provisions of Income-tax Act, Dividends are free of taxation in the hands of the shareholders.

TAXATION

An amount of Rs. 1388 lakhs has been provided for taxation. Of this, a provision of Rs. 807 lakhs has been made towards current taxation as per Income-tax Act, 1961 which represents cash outgo from the Company. The balance provision of Rs. 581 lakhs is towards deferred tax liability created in accordance with Accounting Standard 22 (AS 22) issued by the Institute of Chartered Accountants of India.

RAMCO INDUSTRIES LIMITED

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT :****REVIEW OF OPERATIONS AND CURRENT TRENDS****I BUILDING PRODUCTS DIVISION:**

The Net Production and Sales of the Fibre Cement Products of the Company for the year ended 31.03.2004 were as under :-

PRODUCT	PRODUCTION (M.Ts) Year Ended		SALES (M.Ts) Year Ended	
	31.3.2004	31.3.2003	31.3.2004	31.3.2003
Fibre Cement Sheets & Accessories	2,44,279	2,30,557	2,40,472	2,33,639
Fibre Cement Pressure Pipes	-	-	-	74

Despite the continuance of tight market conditions, the production for the year 2003-04 increased by 13,722 MTs showing a growth of 6% over the previous year. Similarly the sales during the year increased by 6,833 MTs registering a growth of 3%.

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 Fibre Cement Pressure Pipe Division, an amount of Rs. 59 lakhs has been received as Licence Fee during the year under review.

Future Trends:

During the current year 2004-05 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 further improve the profitability.

NEW PROJECTS / EXPANSIONS UNDERTAKEN DURING THE YEAR 2003-04.**1) CALCIUM SILICATE BOARD PROJECT AT ARAKKONAM:**

The Calcium Silicate Board Project at Arakkonam with an installed capacity of 40,000 MTs. per annum was completed and production was taken during September, 2003. The plant was formally inaugurated on 14.12.2003 with the launch of Calcium Silicate Board under the Brand name "Ramco Hilux". Mr. Yamashita, President and Mr. Takeuchi, Managing Director representing M/s. A & A Material Corporation, Japan, the Technical Collaborators for the Project participated in the inaugural function.

During the year 2003-04, 693.913 MTs. of Calcium Silicate Boards were produced out of which 12.550 MTs were sold.

Steps are being taken for aggressive promotion and marketing of the new product with the setting up of a separate marketing team and also by appointing Stockists / Selling and Marketing Agents. Leading



Builders / Architects are being contacted and familiarized with the new product so as to ensure wider acceptability. During the current year, Calcium Silicate Boards are expected to register sizable production and sales.

2) FIBRE CEMENT SHEET PROJECT AT KHARAGPUR, WEST BENGAL

The new Fibre Cement Sheet plant at Kharagpur, West Bengal with a production capacity of 72,000 MTs was completed and trial production was taken in March, 2004 .

NEW PROJECTS UNDER IMPLEMENTATION/CONSIDERATION:

1) FIBRE CEMENT SHEET PROJECT AT VIJAYAWADA, ANDHRAPRADESH

Setting up of Fibre Cement Sheet Plant at Vijayawada with a production capacity of 72000 MTs per annum will be taken up this year (2004-05). Orders for main machinery have been placed and the Plant is expected to be commissioned by March, 2005.

2) FIBRE CEMENT SHEET PROJECT IN KUTCH DISTRICT, GUJARAT

The Company is considering setting up of a new fibre cement sheet plant with an annual capacity of 72,000 MTs. in Kutch District of Gujarat State.

II. WIND MILLS:

During the year under review, the Company commissioned the following 2 Wind Electric Generators (WEG).

Capacity	Date of commissioning	Location
1.25 MW	30.09.2003	Tirunelveli District
1.25 MW	31.03.2004	Coimbatore District

Together with the 3 WEGs with an aggregate capacity of 2.5 MW commissioned last year, the details of WEGs, as on 31.03.2004, are as follows:-

Total No. of WEGs commissioned	:	5
Total capacity	:	5 MW
Units generated during 2003-04	:	69,83,647 Units
Income earned during 2003-04	:	Rs. 238.06 lakhs

III. SRI RAMCO SPINNERS – TEXTILES DIVISION:

Production and Sales:

During the year under review, the 100% Export Oriented Unit produced 14,27,139 Kgs. of cotton yarn as compared to 15,22,032 Kgs. produced during the previous year. The lower production was due to reduced demand in the international market for Cotton Yarn.

Cotton yarn export for the year ended 31.03.2004, was 13,95,517 Kgs. as compared to 15,37,922 Kgs. during the corresponding previous year. The FOB value of exports for the year under review was Rs. 2,066.01 lakhs as against Rs. 1,888.41 lakhs during the previous year.

RAMCO INDUSTRIES LIMITED

During the year the Yarn price improved marginally but not enough to absorb the increase in Cotton prices and the higher realization was due to shift in sales to finer counts and doubled yarns.

Outlook for 2004-2005

The international market for Cotton yarn continues to be static. The increasing trend in the price of Raw Cotton is also continuing. Your Directors have taken cost reduction measures and are hopeful of achieving satisfactory performance in 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.

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

The production at the Fibre Cement Sheet Plant of the Company's Wholly Owned Subsidiary in Srilanka, was 61,447 MTs. during the year ended 31.3.2004 as against 50,571 MTs during the corresponding previous year. The subsidiary had sold 65,087 MTs. during 2003-04 as compared to 50,937 MTs. during 2002-03. Statement pursuant to Sec. 212 of the Companies Act, 1956 has been separately mentioned in this Annual Report.

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 2003-04, an amount of Rs. 17.63 lakhs has been incurred on R&D efforts by way of revenue expenditure.

AWARD

During the year under review, the Company's Sheeting Division at Maksli received the prestigious NATIONAL SAFETY AWARD - 2001 from the Minister for Labour, Government of India.

DEPOSITS

The total public deposits outstanding as on 31st March, 2004, were Rs. 1,30,37,002/-. This includes 11 deposits aggregating Rs. 1,94,000/- which had fallen due on or before 31.03.2004 but not claimed by the depositors. On the date of this report, 5 deposits aggregating Rs.1,24,000/- thereof have been claimed/renewed by the depositors. The holders of remaining 6 unclaimed deposits have been requested to surrender the deposit receipts for repayment. During the year under review, as required under Section 205 C of the Companies Act, 1956, an amount of Rs. 15,550/- representing 2 Deposits that had fallen due for re-payment but not claimed before the expiry of 7 years from the due date had been remitted to the Central Government for the credit of Investors' Education and Protection Fund.

TAXES AND DUTIES

During the year under review, Customs / Central Excise duties paid on the Company's products amounted to Rs.5.66 Crores. Together with Sales tax and other taxes, the Company's contribution to the Public Exchequer was Rs. 11.40 Crores.

INDUSTRIAL RELATIONS

Industrial relations continue to be cordial and harmonious at all units. Employees at all levels are extending their full co-operation for the various cost reduction measures of the Company.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Shri M.G. Balasubramanian, Shri S.S. Ramachandra Raja and Shri K.T. Ramachandran, Directors, retire by rotation at the ensuing Annual General Meeting. They being eligible, offer themselves for re-appointment.