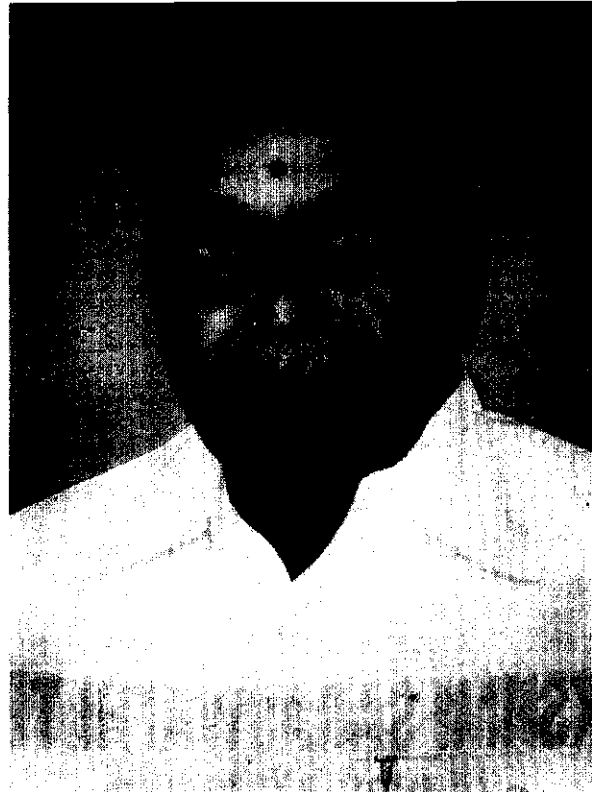


**SRI LAKSHMI SARASWATHI TEXTILES  
(ARNI) LIMITED**

Report  junction.com

*35<sup>th</sup>*  
*Annual Report 1998-99*



**SRI B. RAJAGOPAL NAIDU 1901-73**  
OUR REVERED FOUNDER

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## Sri Lakshmi Saraswathi Textiles (Arni) Limited

### **BOARD OF DIRECTORS**

SRI. R. SRIHARI.	Managing Director
SRI. R. PARANTHAMAN	Executive Director
SRI. R. RAGHURAMAN	Joint Managing Director
SRI. S. BALAKRISHNA	Wholetime Director
SRI. V.N. SUBBA RAO	
SRI. K.S.T. PANI	
SRI. J.M. GROVER	

### **Bankers**

Indian Overseas Bank  
Chennai House,  
Esplanade, Chennai 600 108.

### **Auditors**

Messrs S. Viswanathan  
8-A Bishop Wallers Avenue (West),  
Mylapore, Chennai 600 004.

### **Registered Office**

17, Krishnama Road,  
Nungambakkam, Chennai 600 034.

### **Factories**

**UNIT I**  
Raghunathapuram,  
Arni (Tiruvannamalai District),  
PIN 632 301.

**UNIT II**  
Vettuvanam, Pallikonda,  
PIN 635 809.  
(Vellore District),

### **Registrars & Share Transfer Agents**

Cameo Corporate Services Limited  
Subramanian Building,  
No.1, Club House Road,  
Chennai 600 002.



## Sri Lakshmi Saraswathi Textiles (Arni) Limited

### NOTICE

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of the Company will be held at 2.30 p.m. on Friday, 24th September, 1999 at Rani Seethai Hall, 603 Anna Salai, Chennai - 600 006, to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Report of the Directors and Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account of the Company for the year ended on that date and the Report of the Auditors thereon.
2. To declare a dividend
3. To appoint a Director in the place of Sri. S.Balakrishna, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri. R.Paranthaman, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their 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 the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging of all the immovable properties of the Company wheresover situate, present and future, and the whole of the undertaking of the Company and/or conferring power to take over the management of the business and concern and undertaking of the Company in certain events (whether such power is contained in the documents creating the mortgage / charge or otherwise) to or in favour of INDIAN OVERSEAS BANK, for the following :

- (a) Enhancement of Working Capital Demand Loan from Rs.372 lakhs to Rs.380 lakhs
- (b) Enhancement of Export Bills discounting from Rs.666 lakhs to Rs.1,200 lakhs

FURTHER RESOLVED that the mortgage / charge created / to be created and / or all agreements / documents executed / to be executed and or acts done in terms of the above Resolution by and with the authority of the Board of Directors are hereby confirmed and ratified.

By Order of the Board

Place : Chennai  
Date : 20th May, 1999

**R. SRIHARI**  
Managing Director



## Sri Lakshmi Saraswathi Textiles (Arni) Limited

### NOTE :

1. A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and such a Proxy need not be a Member.
2. The Proxy Form duly stamped and executed should be deposited at the Registered Office of the Company at least forty eight hours before the time fixed for the commencement of the Meeting.
3. The dividend, when declared, will be paid to those members whose names appear on the Register of Members on September 24, 1999.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 16, 1999 to September 24, 1999 (both days inclusive).
5. Members are requested to notify their change in address, if any.
6. The Equity Shares of the Company are listed in the following Exchanges :
  - a. Madras Stock Exchange  
Exchange Building, P.B.No.183, 11, 2nd Line Beach, Chennai - 600 001.
  - b. The Bombay Stock Exchange  
Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 023.
  - c. The Ahmedabad Stock Exchange  
Kamadhenu Complex, Near Polytechnic Panjara Pole, Ahmedabad - 380 015.

The Company has paid the listing fees for 1999-2000

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

- Sub. 6** According to Section 293(1)(a) of the Companies Act, 1956, the consent of the Shareholders is required at the General Meeting to enable the Board of Directors to create further mortgage of the properties of the Company in favour of Indian Overseas Bank, for the enhanced Working Capital Limits granted by them to the Company.
- Hence, the proposed Resolution is placed before the Shareholders for their approval at this Annual General Meeting.
- None of the Directors is interested in this Resolution except as Directors.

By Order of the Board

Place : Chennai  
Date : 20th May, 1999

**R. SRIHARI**  
Managing Director



## Sri Lakshmi Saraswathi Textiles (Arni) Limited

### THIRTY FIFTH ANNUAL REPORT

#### DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors are pleased to present the Thirty Fifth Annual Report of the Company along with the Audited Statements of Accounts for the year ended 31st March, 1999.

#### WORKING RESULTS

	Rs.	Rs.
Profit before Depreciation and Provision for Tax		4,15,63,388
Less : i. Depreciation	3,26,42,742	
ii. Provision for tax	—	3,26,42,742
Profit for the year		89,20,646
Add : Profit brought forward		53,83,709
		1,43,04,355
Less : i) Transfer to Debenture Redemption Reserve	75,00,000	
ii) Proposed Dividend and Corporate Dividend Tax	54,99,120	
iii) Transfer to General Reserve	3,00,000	
iv) Provision for earlier year taxation	1,13,512	1,34,12,632
Balance carried over		8,91,723

#### PRODUCTION AND SALES

Production during the year was higher at 58.19 lakhs kgs as against 53.06 kgs in the previous year. The quantity and value of yarn sales during the current year were 60.26 lakhs kgs. and Rs.7,018.00 lakhs as against 53.45 lakhs kgs and Rs.7,005.95 lakhs in the previous year. Inspite of 9.67% increase in production during the year, there was no pro-rata increase in yarn sale due to reduction in yarn prices. Export sales during the year amounted to Rs.3,342.39 lakhs as against Rs.3,670.09 lakhs in the earlier year.

#### TRADE PROSPECT AND OUT LOOK

The year under review continued to be a difficult year for the textile industry. The supply and prices of cotton and other raw materials remained steady. But the supply of power from state grid was erratic and the electricity board increased the power tariff further. This forced the company to depend more on own generation. The increase in cost of power and fuel was 13.68%. The demand for yarn both in the domestic market and export market remained sluggish forcing a price reduction.

Your company was able to achieve this level of performance due to prudent raw material purchase, optimum capacity utilisation, increase in production, change in product mix and prudent marketing strategy.

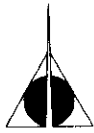
The market condition for yarn started to improve from the last quarter of the year under review. Your Directors are making efforts to improve the performance further through increase in production, change of product mix, cost reduction and increase in export sales.

#### FINANCE

The Board of Directors wishes to thank The Industrial Finance Corporation of India Limited (IFCI) and the Indian Overseas Bank (IOB) for their assistance and continued co-operation.

#### DIVIDEND

Yours Directors recommend a dividend of 12% for the year 1998-99.



## **Sri Lakshmi Saraswathi Textiles (Arni) Limited**

### **LABOUR**

The relationship with labour continues to be cordial. Your Directors place on record their appreciation of the devoted services of the Officers, Members of the Staff and Workers during the year.

### **COST AUDIT**

As per Statutory requirement, the Costing Records are being audited by the Cost Auditor and he will be submitting his report to the Central Government.

### **DIRECTORS**

Sri S.Balakrishna and Sri R.Paranthaman are due to retire by rotation and are eligible for reappointment

### **PUBLIC DEPOSIT**

No deposit which became due and claim was made, remained unpaid as on 31st March 1999.

### **STATUS ON Y2K PREPAREDNESS**

- a) All hardware used are certified for Y2K compliant by the suppliers of hardware.
- b) Application softwares used are being checked and will be made Y2K compliant before end of September 1999.
- c) The cost of correction, if any, will be insignificant.

### **DETAILS TO BE DISCLOSED AS PER PROVISION OF SEC. 217 OF THE COMPANIES ACT, 1956**

The information to be disclosed as per provision of Sec.217(2)(e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure I. Information to be provided as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure II. Annexure I and Annexure II referred to above form part of this report.

### **SUBSIDIARY COMPANY**

Sri Tripurasundari Hotels Limited, a subsidiary of the Company is yet to commence operation and a statement required under Section 212 (1)(e) of the Companies Act 1956 is annexed.

### **AUDITORS**

The Auditors of the Company M/s. S.Viswanathan retire and are eligible for reappointment. A Certificate under Section 224(1B) of the Companies Act 1956 has been obtained from them.

### **REPLY TO AUDITOR'S REMARK IN THEIR REPORT**

Regarding Auditor's remark in their Report to Share holders on non-provision of gratuity to full time directors, the Directors would like to clarify that there is no provision for payment of gratuity to full time Directors since the same will be paid and accounted for in the year of actual payment.

By Order of the Board

Place : Chennai  
Date : 20th May, 1999

**R. SRIHARI**  
Managing Director



## Sri Lakshmi Saraswathi Textiles (Arni) Limited

### ANNEXURE I TO DIRECTORS' REPORT

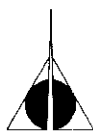
Information disclosed as per requirement of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

#### A. CONSERVATION OF ENERGY

The Company has taken the following steps to conserve energy.

1. Installation of spindles with lesser wharve dia.
2. Replacement of 340 mm aluminum fan in the place of 380 mm aluminum fan for Carding and Drawframe.
3. Usage of synthetic spindle oil.
4. Replacement of ring frame drive of dual motors by VPS drive with single motor.
5. Replacement of paper tubes by polycarbonate tubes.
6. Installation of additional capacitors near the distribution board and at the load end.
7. Installation of P20 energy saving equipment for lighting circuits and replacement of electronic chokes for flourescent lamps.
8. Optimum utilisation of higher capacity generators.
9. Provided centralised air compressors room with air receiver to have cut-off and cut-in arrangements for the compressor motors.
10. Conducted energy Audit.
11. Installation of fluid couplings for LR cards.
12. Conversion of 'V' belt drive to flat belt drive system in the humidification plants, TFO and Ring doubling.
13. Installation of Siemens energy saving super efficiency motors in the place of motors which were drawing more no load current and rewound more than three times.
14. Replacement of high efficiency KSB Mega pumps in the place of ordinary pumps at the humidification plants and for compressors cooling.
15. Lowered the light fittings to improve the lux and thereby reduced the number of tube light fittings.
16. Fitted roof sheet with glass in the cotton contamination picking shed and blow room to utilise day light to the maximum extent.
17. Replaced photo sensor stop motion in the place of pneumo stop at speed frames.
18. Replaced compactors in the place of condensers at automatic waste evacuation system.
19. Replacement of FRP fans in the place of aluminium fans at humidication plants.





## Sri Lakshmi Saraswathi Textiles (Arni) Limited

### FORM A : Form for disclosure of particulars with respect to conservation of energy

<b>A. POWER AND FUEL CONSUMPTION</b>		<b>1998-99</b>	<b>1997-98</b>
<b>1. Electricity</b>			
a) Purchased			
Units (KWH)		<b>1,77,99,914</b>	2,56,04,517
Total Amount (Rs.)		<b>6,81,92,353</b>	8,60,48,056
Rate/Unit (Rs.)		<b>3.83</b>	3.36
b) Own Generation			
i) Through Diesel Generator (Units/KWH)		<b>1,28,76,441</b>	33,08,780
Unit/Litre of Diesel		<b>3.33</b>	3.21
Diesel Cost/Unit (Rs.)		<b>2.97</b>	3.18
ii) Through Steam Turbine/Generator		<b>Nil</b>	Nil
<b>2. Coal</b>		<b>Nil</b>	Nil
<b>3. Furnace Oil</b>		<b>Nil</b>	Nil
<b>4. Others</b>		<b>Nil</b>	Nil

<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		<b>Standards (if any)</b>	<b>1998-99</b>	<b>1997-98</b>
Products : Yarn				
1. Electricity in KWH per kg of yarn produced	—		<b>5.27</b>	5.45
2. Electricity cost/kg of yarn produced (Rs.)	—		<b>18.77</b>	18.10
3. Furnace Oil	—		<b>Nil</b>	Nil
4. Coal	—		<b>Nil</b>	Nil
5. Others	—		<b>Nil</b>	Nil

### C. TECHNOLOGY ABSORPTION

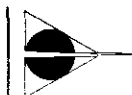
Efforts made in Technology Absorption as per Form B.	—	<b>Nil</b>	Nil
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### D. FOREIGN EXCHANGE EARNINGS AND OUTGO

Value of yarn exported was Rs.3,342.39 lakhs

The expenses in Foreign Currency were Rs. 226.72 lakhs as shown below :

	<b>Rs.</b>
1. Towards Foreign Travel	<b>7,74,055</b>
2. Towards Import of Spares	<b>3,07,214</b>
3. Interest on Foreign Currency Loan	<b>64,99,008</b>
4. Selling Expenses	<b>61,53,319</b>
5. Books and Periodicals	<b>46,277</b>
6. Import of Raw Materials	<b>28,13,027</b>
7. Sales Return	<b>60,79,552</b>
	<b><u>2,26,72,452</u></b>



**Sri Lakshmi Saraswathi Textiles (Arni) Limited**

## ANNEXURE II TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31.03.1999

Sl. No.	Name	Age	Qualification	Designation	Nature of Employment	Date of Commencement of Employment	Remuneration (Rs.)	Nature of Duties	Previous Experience
1.	Sri.R.Srihari	66	M.A.	Managing Director	Contractual	01.04.1971	5,34,168	Managing the affairs of the Company	Nil
2.	Sri.R.Paranthaman	59	B.Com.	Executive Director	Contractual	01.04.1973	5,08,985	General Administration	Nil
3.	Sri.R.Raghuraman	53	L.T.M.	Jt.Managing Director	Contractual	01.04.1988	5,65,809	Rendering Technical Service	Nil
4.	Sri.S.Balakrishna	39	B.Com., M.B.A.	Wholetime Director	Contractual	01.04.1985	5,01,009	General Administration	Nil

### NOTE

1. Remuneration includes Salary, Company's Contribution to P.F. and Perquisites.
2. Sri.R.Srihari, Sri.R.Paranthaman, Sri. R.Raghuraman and Sri.S.Balakrishna are related to each other.