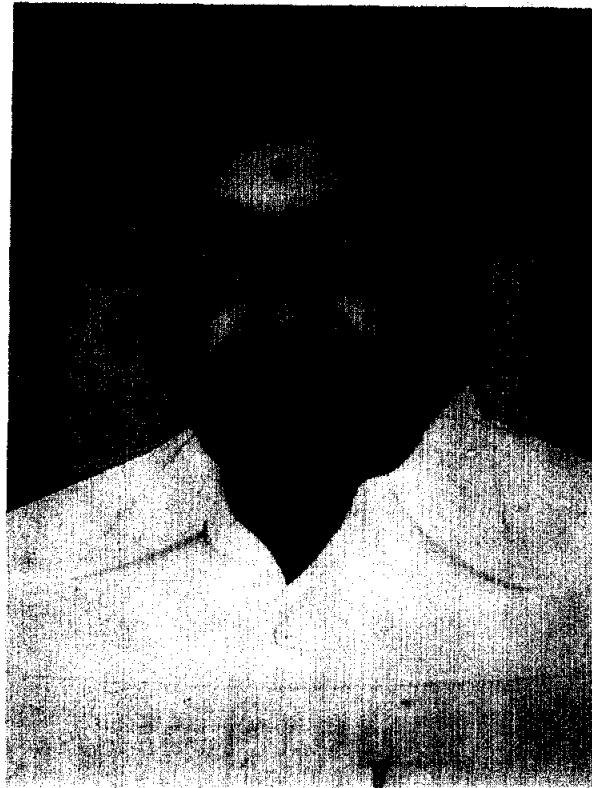


**SRI LAKSHMI SARASWATHI TEXTILES
(ARNI) LIMITED**

Report  junction.com

37th

Annual Report 2000-2001



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. S. BALAKRISHNA	Wholetime Director
SRI. R. PADMANABHAN	Technical 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

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

Legal Advisor

Sri. A. K. Mysamy
61, T T K Road
Chennai - 600 018.

Registered Office

16, Krishnama Road
Nungambakkam, Chennai - 600 034.

Factory

Raghunathapuram, Arni
Tiruvannamalai District
PIN - 632 301.

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 Seventh Annual General Meeting of the Company will be held at 2.30 p.m. on Friday, 28th September, 2001 at Rani Seethai Hall, 603, Mount Road, 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, 2001 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. K. S. T. Pani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri. V. N. Subba Rao, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To approve the alteration to the Articles of Association.

To consider and if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below.

1. ARTICLE 3 – CAPITAL

The existing Article 3 be substituted as follows:

Article 3:

"The Authorised Share Capital of the Company is Rs.20,00,00,000 divided into 1,50,00,000 equity shares of Rs.10/- each and 50,00,000 preference shares of Rs.10/- each."

2. ARTICLE 13-A - DEMATERIALISATION OF SECURITIES

The following Article 13A be inserted after Article 13.

13A DEMATERIALISATION OF SECURITIES

Definitions:

- (i) For the purpose of this Article:-

"Beneficial Owner" means a person whose name is recorded as such with a Depository.



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"SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

"Depositories Act" means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force.

"Depository" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under Sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.

"Debentureholder" means the duly registered holder from time to time of the debenture of the Company.

"Regulations" means the regulations made by SEBI.

"Security" means such security as may be specified by SEBI.

Words imparting the singular number also include the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in this Article shall have the same meanings respectively assigned to them in the Depositories Act, 1996.

- (ii) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including share) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event, the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996.
- (iii) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise existing securities, rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.
- (iv) All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.
- (v)
 - a. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
 - b. Save as otherwise provided in (a) above, the Depository, as registered owner of the securities, shall not have any voting rights or any other rights in respect of the security held by it.
 - c. Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company.



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The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

- (vi) Except as ordered by a court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as a holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
- (vii) Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
- (viii) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the Beneficial Owner of the securities can at any time opt out of Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates of securities.

If a person opts to hold his securities with a Depository, the Company shall intimate such Depository, details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.
- (ix) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository.
- (x) The shares in the capital shall be numbered progressively according to their serial denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form.
- (xi) The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debentureholders in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, 1996 with details of shares and debentures held in material and dematerialized form in any medium as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Register and Index of Debentureholders as the case may be, for the purposes of the Act.
- (xii) Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs."



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7. To appoint Sri. R. Padmanabhan, as Technical Director of the Company and fix the remuneration payable to him.

To consider and if thought fit, to pass, with or without modification, the following Resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT pursuant to Sections 269, 198(4), 309(3) and 310 and other applicable provisions of the Companies Act, 1956, if any, and subject to the approval of IFCI Limited, Sri. R. Padmanabhan, who fulfils the conditions laid down in Part I of Schedule XIII, be and is hereby appointed as Technical Director of the Company from 30.10.2000 to 31.03.2003 and that he may be paid remuneration in accordance with Part II of Schedule XIII as detailed below.

- i. SALARY: Rs.20,000/- per month
- ii. COMMISSION: 1% of the net profit of the Company, subject to a maximum of 50% of salary computed in the manner laid down in Section 309(5) of the Act.
- iii. PERQUISITES:

CATEGORY A:

1. House Rent Allowance - subject to a ceiling of 60% of salary.
2. Medical Reimbursement - Reimbursement of medical expenses incurred for self and family, subject to a ceiling of one month's salary in a year.
3. Leave Travel Concession: Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
4. Club Fees: Fees of clubs, subject to a maximum of two clubs, admission and life-membership fees not being allowed.
5. Personal Accident Insurance: Premium not to exceed Rs.1,000/- per annum.

EXPLANATION: Family means spouse, dependent children and dependent parents of the Director.

CATEGORY B:

1. Contribution to Provident Fund, Superannuation Fund and Annuity Fund.
2. Gratuity payable shall not exceed half a month's salary for each completed year of service, subject to a maximum of Rs.3,50,000/-.

CATEGORY C:

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual appointee concerned."

8. To approve the revision of remuneration payable to Sri. R. Srihari, Managing Director.

To consider and if thought fit, to pass, with or without modification, the following Resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT subject to the provisions of Sections 269, 198(4), 309(3), 310 and 311, Schedule XIII and other applicable provisions of the Companies Act, 1956, and subject to the approval of the IFCI



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Limited, the Company hereby accords its approval for the revision in remuneration payable to Sri. R. Srihari, Managing Director as follows with effect from 01.04.2001 to 31.03.2003.

- I. SALARY: Rs.40,000/- per month.
 - II. Gratuity: The maximum amount payable is increased from Rs.2,50,000/- to Rs.3,50,000/-.
 - III. All other terms of remuneration remain the same as passed by a resolution of the shareholders at the 33rd Annual General Meeting of the Company held on 8th August, 1997."
9. To approve the revision of remuneration payable to Sri. S. Balakrishna, Wholetime Director.

To consider and if thought fit, to pass, with or without modification, the following Resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT subject to the provisions of Sections 269, 198(4), 309(3), 310 and 311, Schedule XIII and other applicable provisions of the Companies Act, 1956, and subject to the approval of the IFCI Limited, the Company hereby accords its approval for the revision in remuneration payable to Sri. S. Balakrishna, Wholetime Director, as follows with effect from 01.04.2001 to 31.03.2003.

- I. SALARY: Rs.35,000/- per month.
- II. Gratuity: The maximum amount payable is increased from Rs.2,50,000/- to Rs.3,50,000/-.
- III. All other terms of remuneration remain the same as passed by a resolution of the shareholders at the 33rd Annual General Meeting of the Company held on 8th August, 1997."

By Order of the Board,

Place : Chennai
Date : 30th July, 2001

R. SRIHARI
Chairman & Managing Director

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 Register of Members and Share Transfer Books of the Company will remain closed from September 18, 2001 to September 28, 2001 (both days inclusive).
4. Compulsory de-materialisation - The Stock Exchange, Mumbai had made de-materialisation of shares of the Company compulsory by its letter dated March 30, 2001. Hence the Company has signed an agreement with NSDL and CDSL for de-materialisation of the equity shares of the Company. This facility is now operational from 25th June, 2001 and members are requested to avail of the same. The ISIN No. allotted to the equity shares of your Company is **INE456D01010**.
5. Members holding shares in physical form are requested to notify the change in address immediately.



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6. The equity shares of the Company are listed on the following exchanges:

- a. Madras Stock Exchange,
Exchange Building, P. B. No.183, 11, 2nd Line Beach, Chennai - 600 001.
- b. The Stock Exchange,
Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 023.
- c. The Stock Exchange,
Kamadhenu Complex, Near Polytechnic Panjara Pole, Ahmedabad - 380 015.

The Company has paid the listing fees for 2001-2002.

7. Members holding shares in the electronic form are advised that address/ bank details as furnished to the Company by the respective depositories viz., NSDL & CDSL will be printed on the dividend warrants in future.
8. As already informed, dividend declared for the year 1994-95, which remained unclaimed, has been transferred to the General Revenue Account of the Central Government. Pursuant to the provisions of Sections 205A and 205C, the dividend for the year 1996-97 and subsequent dividends, which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed their dividend warrants for the year 1996-97 or any subsequent financial years, are requested to make their claim to the Company.
9. Members who hold shares in the de-materialised form are requested to bring their depository account number for easier identification of attendance at the Meeting.
10. Members holding shares in identical order of names in more than one folio are requested to write to the Registrars and Share Transfer Agents to consolidate their holding in one folio.
11. Members/ Proxies are requested to bring the attendance slip, duly filled in, for attending the meeting.
12. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out all material facts in respect of Items 6, 7, 8 and 9 is annexed.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

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

SUB 6

1. *Article - 3 - Change in Authorised Share Capital*

The Capital Clause of the Memorandum of Association of the Company was altered at the Extraordinary General Meeting of the Company held on March 26, 1998. Correspondingly, the Capital Clause in the Articles of Association could not be altered on that day as the Special Resolution could not be passed.

Your approval is now sought to amend the relevant Article 3 of the Articles of Association of the Company to reflect the increase and the classification of the share capital.

The relevant extract of the present and the proposed Article is given below.

ARTICLE 3

The Authorized Share Capital of the Company is Rs.6,00,00,000/- divided into 60,00,000 equity shares of Rs.10/- each.

The Authorized Share Capital of the Company is Rs.20,00,00,000/- divided into 1,50,00,000 equity shares of Rs.10/- each and 50,00,000 preference shares of Rs.10/- each.

2. *Insertion of New Article 13A – Dematerialisation of Securities*

The Stock Exchange, Mumbai had made de-materialisation of shares of the Company compulsory by its letter dated March 30, 2001. The Company signed an agreement with NSDL and CDSL for de-materialisation of the equity shares of the Company.

With the enactment of the Depositories Act, 1996 and amendments to certain provisions of the Companies Act, 1956 and the Company joining the depository system, a new Article 13A is proposed to be introduced with a view to facilitate the implementation of the depository system.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alteration is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of the meeting and will also be available for inspection at the meeting.

The proposed alterations to the Articles of Association requires the approval of members by a Special Resolution.

The Board recommends the resolution for approval by the shareholders.

None of the Directors is interested in this resolution.

SUB 7

The Board of Directors at its meeting held on October 30, 2000 appointed Sri. R. Padmanabhan, an engineer, as Technical Director with effect from October 30, 2000 to March 31, 2003 and fixed his remuneration subject to the approval of shareholders.

The remuneration fixed is in accordance with the Companies Act, 1956.

Your approval is now sought for the appointment of Sri. R. Padmanabhan and payment of remuneration to him.

None of the Directors other than Sri. R. Padmanabhan is interested in the resolution.