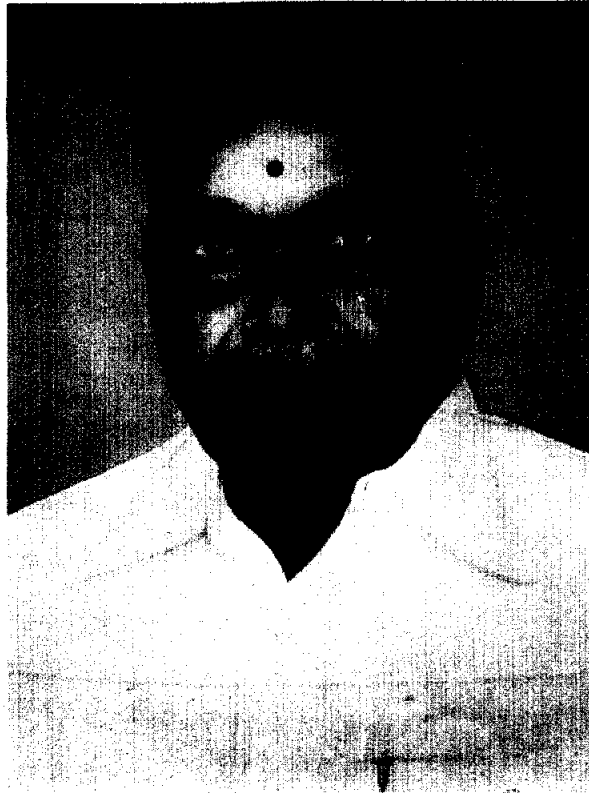


**SRI LAKSHMI SARASWATHI TEXTILES  
(ARNI) LIMITED**

Report  Junction.com

*38<sup>th</sup>*

*Annual Report 2001-2002*



**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. Mylsamy  
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 Eighth Annual General Meeting of the Company will be held at 2.30 p.m. on Friday, 13th September, 2002 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, 2002 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. Padmanabhan, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

By Order of the Board,

Place : Chennai  
Date : 26th June, 2002

**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 4, 2002 to September 13, 2002 (both days inclusive).
4. The ISIN No. allotted to the equity shares of your Company for the purpose of dematerialisation is **INE456D01010**.
5. Members holding shares in physical form are requested to notify the change in address immediately.
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.



## Sri Lakshmi Saraswathi Textiles (Arni) Limited

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- c. The Stock Exchange,  
Kamadhenu Complex, Near Polytechnic Panjara Pole, Ahmedabad - 380 015.

The Company has paid the listing fees for 2002-2003.

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. 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.

By Order of the Board,

Place : Chennai  
Date : 26th June, 2002

**R. SRIHARI**  
*Chairman & Managing Director*





## Sri Lakshmi Saraswathi Textiles (Arni) Limited

### THIRTY EIGHTH ANNUAL REPORT DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors are pleased to present the Thirty Eighth Annual Report of the Company along with the audited statement of accounts for the year ended 31st March, 2002.

#### WORKING RESULTS

	Rs.	Rs.
Profit before Depreciation and Provision for Tax		4,93,31,755
Less: i) Depreciation	2,38,94,314	
ii) Provision for Tax		
- For Current Tax	20,00,000	
- For Deferred Tax	16,36,794	
		2,75,31,108
Profit for the year		2,18,00,647
Add: Profit brought forward		99,70,683
		3,17,71,330
Less: i) Provision for earlier year tax	7,75,447	
ii) Transfer to Debenture Redemption Reserve	52,50,000	
iii) Proposed Dividend and Corporate Dividend Tax	55,09,036	
iv) Transfer to General Reserve	1,35,00,000	
		2,50,34,483
Balance carried over		67,36,847

#### PRODUCTION AND SALES

Production during the year was 42.00 lakhs kgs. as against 50.87 kgs in the previous year. The quantity and value of yarn sales during the current year were 46.05 lakhs kgs. and Rs.6,643.55 lakhs as against 54.94 lakhs kgs and Rs.7,921.83 lakhs in the previous year. The decrease in production of yarn and sale was mainly due to vesting of Unit II at Pallikonda with 12,096 spindles with the petitioners in CP1/2000 who were shareholders whose shareholding of 8,33,250 equity shares in the company were surrendered and cancelled as per the order of Company Law Board, Additional Principal Bench, Chennai in CP1/2000. Though the installed capacity in terms of spindles dropped by 20%, the drop in production and overall sales was not to the same extent, indicating improvement in overall performance. The export sales during the year was Rs.4,959.71 lakhs as against Rs.5,409.00 lakhs in the previous year and this was also proportionately better considering reduction in installed capacity.

#### MODERNIZATION AND EXPANSION

During the year under review your company has acquired and installed 3 Nos.LMW Make LR 6/S model ring frames to try and make up for the spindles reduced by reason of vesting of Pallikonda Unit with the petitioners in CP1/2000.

Three Numbers MAN B&W HFO based Captive Generators of 940 KW capacity each were imported and installed to make our operations more profitable as the cost of purchased power is progressively increasing.

With the installation of these ring frames the installed capacity of Unit I at Arni increased from 44,688 ring spindles to 47,712 ring spindles. The 3 Nos. 940 KW Captive HFO Generators installed during the year meets



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

nearly 70% of the power requirement at the current level of operation. As the HFO based Captive Generators are now working at optimum capacity there will be a substantial reduction in the cost of power during the current year onwards.

### **DIVIDEND**

Your Directors declared an interim dividend of 15% on the equity for the year 2001-02 in March 2002 and the same was paid during April 2002. The same is recommended as final dividend for the year under review.

### **TRADE PROSPECT AND OUT LOOK**

The performance during the year under review, which was a difficult one for the textile industry in general, can be considered good. The performance during the first two months of 2002-03 is at the same level as that of 2001-02. The demand for yarn both in the domestic market and export market are now picking up. With the increase in demand for yarn and benefit of cost reduction due to installation of Captive Generators, your directors are confident that we will be more competitive and the performance of your company during 2002-03 will be better than 2001-02.

### **RETIREMENT OF DIRECTORS**

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

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors would like to state that –

1. In the preparation of Annual Accounts for the year ended 31<sup>st</sup> March 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures:
2. The Directors had 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 ended 31<sup>st</sup> March 2002, and of the profit/loss of the company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a going concern basis.

### **FINANCE**

The Board of Directors wishes to thank, IFCI Limited and the Indian Overseas Bank for their assistance and continued co-operation.

### **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.



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

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### **PUBLIC DEPOSIT**

All the deposits were repaid on maturity and your company is not accepting any deposit.

### **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(1)(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. which forms part of this report.

As none of the employees was in receipt of remuneration in excess of the prescribed limit, there is no report under Section 217(2A) of the Companies Act, 1956.

### **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 the Share holders on non-provision of gratuity to full time Directors, the Directors would like to clarify that no provision has been made 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 : 26th June, 2002

**R. SRIHARI**  
**Chairman & 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 fluorescent lamps.
8. Installation and optimum utilisation of higher capacity generators.
9. Provided centralised air compressor room with air receiver to have cut-off 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 for humidification plant, TFO and ring doubling.
13. Replacement of Siemens energy saving super efficiency 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 daylight to the maximum extent.
17. Replaced photo sensor stop motion in the place of pneumo stop at speed frames.
18. Provided compactors in the place of condensers at automatic waste evacuation system.
19. Replacement of FRP fans in the place of aluminium fans at humidification plants.
20. Eliminated pnemafil fan and connected it to cylinder drive for C 1/2 and d C 1/3 carding machines.
21. Incorporated auto star-delta-star connection for G 5/1 ring frames.
22. Installed Soliton Automation vector drive for Schlafhorst Autoconer, Model 238.
23. Replaced Osram imported tripasphate high illuminations tubes in the place of ordinary Philips tubes in the ratio of 1:2.
24. 3 Nos. 940 KW furnace oil based captive generators installed to reduce cost of power and fuel.