

**SRI LANKA CEMENT CORPORATION LIMITED**  
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*39<sup>th</sup>*

*Annual Report 2002-2003*



Report Junction.com

**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	Wholesale 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**

Messrs 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 - 632 316.

### **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 TO SHAREHOLDERS

NOTICE is hereby given that the Thirty Ninth Annual General Meeting of the Company will be held at 2.30 P.M. on Friday, 29<sup>th</sup> August, 2003 at Rani Seethai Hall, 603 Anna Salai, Chennai - 600 006, to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the year ended 31st March, 2003, the Audited Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Sri. J. M. Grover, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri. K. S. T. Pani, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

#### SPECIAL BUSINESS

6. To re-appoint Sri. R. Srihari, Managing Director, for a period of three years and to revise his remuneration.

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, Sri. R. Srihari, who fulfils the conditions laid down in Part I of Schedule XIII and subject to the approval of IFCI, be and is hereby re-appointed as Managing Director of the Company for a period of three years from 01.04.2003 to 31.03.2006 and that he may be paid remuneration in accordance with Part II of Schedule XIII as detailed below from 01.04.2003 to 31.03.2006.

a) Salary - Rs.60,000/- per month.

b) Allowance of 2/3<sup>rd</sup> of salary per month.

This allowance is not to be taken into account for the purpose of calculation of employer's contribution to provident fund and gratuity payable.

c) Perquisites

- i. Contribution to provident fund to the extent not taxable under the Income Tax Act, 1961.
- ii. Gratuity at the rate not exceeding half-a-month's salary for each completed year of service.
- iii. Medical Reimbursement - Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

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

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



## Sri Lakshmi Saraswathi Textiles (Arni) Limited

7. To re-appoint Sri. S. Balakrishna, Wholtime Director, for a period of three years and to revise his remuneration.

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, Sri. S. Balakrishna, who fulfils the conditions laid down in Part I of Schedule XIII and subject to the approval of the IFCL, be and is hereby re-appointed as Wholtime Director of the Company for a period of three years from 01.04.2003 to 31.03.2006 and that he may be paid remuneration in accordance with Part II of Schedule XIII as detailed below from 01.04.2003 to 31.03.2006.

a) Salary - Rs.54,000/- per month.

b) Allowance of 2/3<sup>rd</sup> of salary per month.

This allowance is not to be taken into account for the purpose of calculation of employer's contribution to provident fund and gratuity payable.

c) Perquisites

i. Contribution to provident fund to the extent not taxable under the Income Tax Act, 1961.

ii. Gratuity at the rate not exceeding half-a-month's salary for each completed year of service.

iii. Medical Reimbursement - Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

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

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

8. To re-appoint Sri. R. Padmanabhan, Technical Director, for a period of three years and to revise his remuneration.

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, Sri. R. Padmanabhan, who fulfils the conditions laid down in Part I of Schedule XIII and subject to the approval of the IFCL, be and is hereby re-appointed as Technical Director of the Company for a period of three years from 01.04.2003 to 31.03.2006 and that he may be paid remuneration in accordance with Part II of Schedule XIII as detailed below from 01.04.2003 to 31.03.2006.

a) Salary - Rs.36,000/- per month.

b) Allowance of 2/3<sup>rd</sup> of salary per month.

This allowance is not to be taken into account for the purpose of calculation of employer's contribution to provident fund and gratuity payable.

c) Perquisites

i. Contribution to provident fund to the extent not taxable under the Income Tax Act, 1961.

ii. Gratuity at the rate not exceeding half-a-month's salary for each completed year of service.

iii. Medical Reimbursement - Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.



## Sri Lakshmi Saraswathi Textiles (Arni) Limited

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

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

By Order of the Board,

Place : Chennai  
Date : 15th July, 2003

**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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out all material facts in respect of items 6, 7 and 8 of the Notice is attached.
4. Members/ Proxies are requested to bring the Attendance Slip duly filled in for attending the Meeting.
5. 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.
6. The Register of Members and Share Transfer Books of the Company will remain closed from August 26, 2003 to August 29, 2003 (both days inclusive).
7. The ISIN No. allotted to the equity shares of your Company for the purpose of de-materialization is **INE456D01010**.
8. Members holding shares in physical form are requested to notify the change in address, immediately.
9. 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.
10. 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.

Year	Interim / Final	Date of Declaration	%
1996-1997	Final	08.08.1997	10%
1997-1998	Final	12.08.1998	15%
1998-1999	Final	24.09.1999	12%
1999-2000	Interim	12.06.2000	15%
2000-2001	Interim	18.06.2001	20%
2001-2002	Interim	09.04.2002	15%



## Sri Lakshmi Saraswathi Textiles (Arni) Limited

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

- a. **Madras Stock Exchange**, Exchange Building, P.B. No.183, 11, 2<sup>nd</sup> Line Beach, CHENNAI - 600 001.
- b. **The Stock Exchange**, Phiroze Jeejeebhoy Towers, 25<sup>th</sup> 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 2003-04 to all the three stock exchanges.

12. At this AGM, Sri. J. M. Grover and Sri. K. S. T. Pani retire by rotation and being eligible, offer themselves for reappointment.

Sri. J. M. Grover, former Deputy Director and Head Mechanical Processing Spinning Division ATIRA, is an eminent textile expert. He has been with the Company since June 1997.

Details of other Directorships / Committee memberships held by him - Nil.

Sri. K. S. T. Pani, former Chairman and Managing Director of State Bank of Travancore, is a professional banker. He has been with the Company since August 1990.

Details of other Directorships / Committee memberships held by him - Nil.

By Order of the Board,

Place : Chennai  
Date : 15th July, 2003

R. SRIHARI  
Chairman & Managing Director

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

#### Items 6 to 8

Sri. R. Srihari, Managing Director and Sri. S. Balakrishna, Wholetime Director, were re-appointed by the shareholders for a period of five years from April 1, 1998 to March 31, 2003 at the 34<sup>th</sup> Annual General Meeting held on August 8, 1997. Sri. R. Padmanabhan, Technical Director, was appointed by the shareholders at the 37<sup>th</sup> Annual General Meeting held on September 26, 2001 for the period from October 30, 2002 to March 03, 2003. Under the able guidance of these Directors, the Company has made excellent progress. The Board considers that their continued guidance and services are necessary to the Company in the coming years also especially in the light of the Company's expansion plans and growth in the volume of operations of the Company. The revision in remuneration proposed is in accordance with the provisions of the Companies Act, 1956.

The proposed resolutions are to obtain the approval of the shareholders for the reappointment of these three Directors for a period of three years from April 1, 2003 and payment of revised remuneration from April 1, 2003, which have already been approved by the Board at its meeting held on April 28, 2003.

Sri. R. Srihari and Sri. S. Balakrishna are interested in Resolutions 6 and 7.

Sri. R. Padmanabhan is interested in Resolution 8.

By Order of the Board,

Place : Chennai  
Date : 15th July, 2003

R. SRIHARI  
Chairman & Managing Director



## Sri Lakshmi Saraswathi Textiles (Arni) Limited

### THIRTY NINTH ANNUAL REPORT DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors are pleased to present the Thirty Ninth Annual Report of the Company along with the audited statement of accounts for the year ended 31st March, 2003.

#### WORKING RESULTS

	Rs.	Rs.
Profit before Financial Charges, Depreciation and Tax		9,89,98,767
Less: Financial Charges		3,87,00,834
Profit before Depreciation and Tax		6,02,97,933
Less: i) Depreciation	3,47,33,250	
ii) Provision for Tax		
- For Current Tax	16,50,000	
- For Deferred Tax	59,86,104	
		4,23,69,354
Profit for the year		1,79,28,579
Add: Profit brought forward		67,36,847
Profit available for appropriation		2,46,65,426
<b>APPROPRIATION</b>		
i) Transfer to Debenture Redemption Reserve	39,37,500	
ii) Proposed Dividend and Dividend Tax	56,39,638	
iii) Transfer to General Reserve	1,30,00,000	
		2,25,77,138
Balance carried over		20,88,288

#### PRODUCTION AND SALES

Production during the year was 43.38 lakh kgs as against 42.00 lakh kgs in the previous year. The quantity and value of yarn sales during the current year were 49.75 lakh kgs and Rs.6,797.71 lakhs as against 46.05 lakh kgs and Rs.6,643.55 lakhs in the previous year. The quantity and value of export sales were 31.39 lakh kgs and Rs.4,775.45 lakhs as against 30.45 lakh kgs and Rs.4,959.71 lakhs in the previous year. All these indicate an improving trend. The installation of the generators has made it possible to keep our operations unaffected by power related problems.

#### MODERNIZATION

During the current year, your Company has acquired and installed 3 Nos. Schlofhorst Autoconers, 2 Nos. Rieter Auto Leveller Drawframes, 1 No. Rieter Comber and 4 Nos. TFOs. The installation of these machines has helped us to produce more of value added yarn.

#### DIVIDEND

Your Directors have pleasure in recommending a dividend of 15% on the equity and this dividend will be tax free in the hands of shareholders.





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

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

As indicated earlier, the performance during the period under review is good. Due to increase in autocone winding and TFO doubling capacity, the performance during the first quarter of 2003-04 will be better than the corresponding period of 2002-03. Your Directors are confident that this trend will continue during the remaining period of 2003-04 and performance during 2003-04 will be better than in 2002-03.

### **RETIREMENT OF DIRECTORS**

Sri. J. M. Grover and Sri. K. S. T. Pani are due to retire by rotation and are eligible for reappointment.

### **DIRECTORS' 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, 2003, 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, 2003, 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 have prepared the annual accounts on a going concern basis.

### **CORPORATE GOVERNANCE**

The report on Corporate Governance is attached as Annexure II.

### **FINANCE**

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

### **LABOUR**

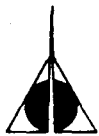
The relationship with labour continues to be cordial. Your Directors place on record their appreciation of the devoted services of the Officers, Members of the Staff and Workers during the year.

### **COST AUDIT**

As per statutory requirement, the costing records are being audited by the Cost Auditor and he will be submitting his report directly to the Central Government.

### **PUBLIC DEPOSIT**

Your Company is not accepting any deposit.



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

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

The information to be disclosed as per the provision of Section 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.

By Order of the Board,

Place : Chennai  
Date : 15th July, 2003

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

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