



**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. BALAKRISHNA S	Whole time Director
SRI. R.PADMANABAN	Technical Director
SRI J. M. GROVER	
SRI R. SAMBASIVAN	

BANKERS

Indian Overseas Bank
Chennai House
Esplanade
MADRAS 600 108

State Bank of India,
Leather & International Branch,
'MVJ' Tower, 177/1 PH Road,
CHENNAI – 600 010

AUDITORS

Messers S.Viswanathan
17, Bishop Wallers Avenue (West)
Mylapore,
Chennai 600 004.

REGISTERED OFFICE

16, Krishnama Road,
Nungambakkam,
Chennai 600 034.
Email: slst@vsnl.com
Web: www.slstindia.com

FACTORY

Raghunathapuram,
Sevoor Village,
PIN 632 316
Arni Taluk, Tiruvannamalai District,
Tamil Nadu

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 Forty Ninth Annual General Meeting of the Company will be held at 02.30 P.M. on Wednesday, September 11, 2013 at Rani Seethai Hall, 603 Mount Road, 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 2013, the Audited Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sri R.Padmanaban who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Sri R.Sambasivan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

For and on behalf of the Board

Place : Chennai
Date : 29th May 2013

(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 atleast forty eight hours before the time fixed for the commencement of the Meeting.
3. Members/ Proxies are requested to bring the attendance slip duly filled in for attending the meeting
4. 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
5. The Register of Members and Share Transfer Books of the Company will remain closed from September 04, 2013 to September 11, 2013 (both days inclusive).
6. The ISIN No. allotted to the equity shares of your company for the purpose of de-materialization is **INE456D01010**
7. Members holding shares in physical form are requested to notify the change in address, immediately. Members holding shares in the electronic form are requested to notify the change in address to their depository participants.

8. Pursuant to the provisions of Sec. 205A and 205C, the dividend for the year 2005-06 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 2005-06 or any subsequent financial years, are requested to make their claim to the company. Unclaimed dividend for the year 2005-06 will be transferred to the investor education and protection fund of the Central Government on 25th August 2013. Members cannot make any claim after the amount is transferred to the fund.

Year	Interim / Final	Record Date	%
2006-2007	Interim	30.03.2007	15%
2007-2008	Nil	--	Nil
2008-2009	Nil	--	Nil
2009-2010	Nil	--	Nil
2010-2011	Nil	--	Nil
2011-2012	Nil	--	Nil
2012-2013	Nil	--	Nil

9. The Equity Shares of the Company are listed in the following Exchanges:

- a. Madras Stock Exchange Limited,
Exchange Building
P B No. 183, 11, 2nd Line Beach
CHENNAI 600 001
- b. Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street
MUMBAI 400 023

The company has paid the listing fees for 2013-14 to both the stock exchanges.

10. At this Annual General Meeting, Sri R.Padmanaban and Sri R.Sambasivan retire by rotation and being eligible, offer themselves for reappointment.

Sri R.Padmanaban is an Engineer and has been with the Company since October 2000.

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

Sri R.Sambasivan, is a Textile Technologist and has been with the company since December 2008.

Details of other Directorships / Committee memberships held by him – Nil

For and on behalf of the Board

Place : Chennai
Date : 29th May 2013

(R. SRIHARI)
Chairman & Managing Director

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

FORTY NINTH ANNUAL REPORT

DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors present the Forty Ninth Annual Report of the Company alongwith the audited statement of accounts for the year ended 31st March 2013.

WORKING RESULTS

Details	Rs.	Rs.
Profit before financial charges and Depreciation from business operations.		13,98,60,102
Less:-		
1) Financial Charges	2,48,82,519	
2) Depreciation	<u>2,52,38,952</u>	<u>5,01,21,471</u>
Profit before Tax		8,97,38,631
Less: Provision for Current Year Tax	1,95,95,109	
Eligible MAT Credit written back	<u>1,01,09,387</u>	
	94,85,722	
Less: Provision for deferred tax liability	<u>67,48,193</u>	1,62,33,915
Profit for the year		<u>7,35,04,716</u>
Less: Loss brought forward		<u>9,79,78,225</u>
Loss carried forward		2,44,73,509

PRODUCTION AND SALES

Production of yarn during the year was 56.60 lakhs kgs as against 50.78 lakhs kgs in the previous year. The quantity and value of yarn sold were 55.32 lakhs kgs. and Rs.113.75 Crores as against 51.62 lakhs kgs and Rs. 96.63 Crores.

TRADE PROSPECT AND OUTLOOK

The performance during the year under review was good. The cotton prices and yarn prices remained steady. The power availability from State Grid continues to be low. To maintain capacity utilization mills were compelled to buy power from third parties at high cost.

CURRENT YEAR

The performance during the current year continues to be good. Your Directors are doing their best to improve the performance.

DIRECTORS

Sri R.Padmanaban and Sri R.Sambasivan 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 31st March 2013, 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 31st March 2013, and of the profit 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.

FINANCE

The Board of Directors wishes to thank Indian Overseas Bank and State Bank of India for their continued assistance and 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 will be audited by the Cost Auditor to be appointed soon and he will be submit his report directly to the Central Government.

PUBLIC DEPOSIT

Your company is not accepting any deposit from public.

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.

CORPORATE GOVERNANCE

The report on Management's Discussion and Analysis and the report on Corporate Governance are given in Annexure II & Annexure III respectively.

AUDITORS

The Auditors of the Company M/s. S.Viswanathan retire and are eligible for reappointment. The Audit Committee of the Board of Directors has recommended their re-appointment. A Certificate under Section 224(1B) of the Companies Act 1956 has been obtained from them.

By Order of the Board

Place : Chennai
Date : May 29, 2013

(R. SRIHARI)
Chairman & Managing Director

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 conducts periodical Energy Audit and implements the advice given by the energy audit team. In all machines and areas wherever required, energy saving equipments/ spares/ component are used to conserve energy.

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

A. POWER AND FUEL CONSUMPTION	2012-2013	2011-2012
1. Electricity		
a) Purchased		
Units(KWH)	2,45,85,412	2,29,22,396
Total Amount Rs.	15,92,05,484	12,22,93,201
Rate/unit(Rs.)	6.48	5.34
b) Own Generation		
i) Through Diesel Generators		
Units (KWH)	1,45,482	1,33,226
Units/Litre of Diesel/SKO	3.18	2.74
Diesel Cost/Unit (Rs.)	13.78	14.41
ii)Through Steam Turbine/Generator	Nil	Nil
c) Through Furnace Oil Generator		
Units (KWH)	Nil	Nil
Units/Litre of Furnace Oil	Nil	Nil
Furnace Oil Cost/Unit (Rs.)	Nil	Nil
iii)Through Wind Turbine Generator (WTG)		
Units(KWH)	25,82,294	21,47,474
Unit (Rs.) (Variable Cost)	0.58	0.66
Note: (Power from WTG is wheeled through TNEB grid, and payment is made to TNEB after taking credit for units from WTG)		
2.Coal	Nil	Nil
3.Others	Nil	Nil

B.CONSUMPTION PER UNIT OF PRODUCTION		2012-2013	2011-2012
	Standards (if any)		
Products: Yarn			
1.Electricity in KWH per kg.of yarn produced		4.83	4.94
2.Electricity cost/kg of yarn produced(Rs.)		28.59	24.64
3.Furnace Oil		---	---
4.Coal		---	---
5.Others		---	---
C. TECHNOLOGY ABSORPTION			
Efforts made in Technology Absorption as per Form B.		Nil	Nil
D. FOREIGN EXCHANGE EARNINGS AND OUTGO			
Value of export was Rs.401.76 Lakhs.			
The expenses in foreign currency were Rs.186.55 Lakhs. The details are as below:			
	Rs.		
1.Import of Components & Spares	1318871		
2.Foreign Travel Expenses	526826		
3.Selling Expenses	687740		
4.Raw Material Purchase	16121959		
Total	18655396		

ANNEXURE II TO DIRECTORS REPORT

REPORT ON MANAGEMENT'S DISCUSSION AND ANALYSIS

i. Industry structure and developments

Our company is engaged in the manufacture of all types of yarn used for manufacture of woven and knitted fabrics and is sold both in the domestic and international markets. Demand for yarn in the domestic market depends upon demand for fabrics for domestic consumption and for fabrics for export as such or for manufacture of garments and other textile products exports. Thus domestic demand of yarn depends on the level of domestic consumption through direct use and capability to sell fabrics and garments and other textile products in the international market. Direct export of yarn is for the manufacture of fabrics in the foreign countries. In India, especially in Tamil Nadu, excess spinning capacity has been established without corresponding capacity build-up for fabrics production, processing capacity and garment manufacture. No effective system has been put in place to scrap obsolete spindle capacity and to ensure a coordinated capacity additions in all segments of textile industry. Non-availability of power has resulted in reduction in production of yarn. Maintaining good quality, increasing the volume, optimizing the product mix and capacity utilization, ensuring availability of adequate power at reasonable cost, cost reduction and taking up down stream value are the ways to progress. Current developments and effect of the same in the performance were discussed in the Directors' Report.

ii. Opportunities and threats

Non availability of adequate power and high cost of all inputs, resulted in reduction in capacity utilization of marginal spinning mills and thereby reduction in supply of yarn. This has provided an opportunity to the established players to strengthen their position. Frequent policy changes of the Government in the matter of raw cotton and yarn export, withdrawal of incentives for yarn export, non availability and high cost of power and other fuels are the threats faced by the industry.

iii. Segment wise or product wise performance

Since the company is engaged in the production of Textile products only, there is no segment wise or product wise reporting of performance.

iv. Outlook

As discussed in the Directors' Report the performance during 2013-14 will be at a reasonable level.

v. Risks and concerns

Inconsistency in the price and the demand for yarn and highly volatile cotton market are the two risks associated with spinning mills. Your company plans to face these risks, through suitable sales efforts, optimum product mix, prudent purchase of cotton, improving raw material realization, ensuring availability of adequate power by purchase from private power producers at reasonable cost, implementing cost reduction measures and improving productivity.