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50th ANNUAL REPORT 1996 - 97

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SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

COIMBATORE 641 006

Report

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SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

Board of Directors

- Sri R. DORAISWAMI
(Chairman)
- Sri D. LAKSHMINARAYANASWAMY
(Managing Director)
- Sri G. V. DORAISWAMY
- Sri L. DAMODARASWAMY
- Sri T. RAGUPATHY
- Sri G. NARAYANASWAMY NAIDU
- Sri N. JOTHIKUMAR
- Sri G. R. KARTHIKEYAN
- Sri V. S. MURTHY (IDBI Nominee)

Vice-President, (Planning & Finance)

Sri N. NARASIMHALU

Internal Auditor

Smt. SHASHIREKHA VENKATESH

Auditors

M/s. M. S. JAGANNATHAN & VISVANATHAN

Bankers

INDIAN BANK
STATE BANK OF TRAVANCORE
STATE BANK OF HYDERABAD
BANK OF BARODA
INDIAN OVERSEAS BANK
THE SOUTH INDIAN BANK LTD.

Registered Office

1493 Sathyamangalam Road
Ganapathy (PO)
Coimbatore 641 006

Mills

1. COIMBATORE
2. NAGARI (A.P.)
3. SATHYAMANGALAM

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

NOTICE OF THE 50th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 50th Annual General Meeting of the company will be held at the Registered Office of the Company on Friday, the 12th day of September, 1997 at 2.30 P.M. to consider the following Agenda. All the members of the Company are requested to attend the same.

A G E N D A

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account for the year ended 31st March 1997, the audited Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare a Dividend.
3. To elect a Director in the place of Sri L.Damodaraswamy who retires by rotation and who is eligible for re-election.
4. To elect a Director in the place of Sri G.Narayanaswamy Naidu who retires by rotation and who is eligible for re-election.
5. To appoint auditors to hold office from the close of the ensuing Annual General Meeting till the close of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution.

"RESOLVED that pursuant to Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.5/- Crores divided into 50,00,000 Equity Shares of Rs.10 each to Rs.15/- Crores divided into 50,00,000 Equity Shares of Rs.10 each and 10,00,000 Preference Shares of Rs.100 each."

"RESOLVED further that Clause V of the Memorandum of Association of the Company be amended to read as follows:

The Authorised Capital of the Company is Rs.15,00,00,000 (Rupees Fifteen Crores only) divided into 50,00,000 Equity Shares of Rs.10 each and 10,00,000 Preference Shares of Rs.100 each with such rights and privileges and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being with powers to the Company to increase or reduce the Capital of the Company and repay the Capital or any portion thereof and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or

conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such special rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

7. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED that pursuant to Section 81 (1-A) and other applicable provisions, if any, of the Companies Act, 1956 (Including any amendment to or re-enactment thereof), the relevant provisions of the Memorandum and Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary, from the appropriate authorities or bodies, if any and subject to such conditions or modifications as may be prescribed by them while granting such approvals, consents, permissions and sanctions and subject to such terms, conditions and alterations which the Board of Directors of the Company (hereinafter referred to as the "Board") may in its absolute discretion think fit in the interest of the Company, the Board be and is hereby authorised to issue, offer and allot Preference Shares (Redeemable, Cumulative, Convertible or otherwise)/ Debentures (Fully Convertible, Non-convertible, Partly Convertible or otherwise)/Bonds (Non-convertible, Convertible, Euro-convertible or otherwise) of face value of Rs.100 each of the aggregate value of upto Rs.5 Crores (Rupees Five Crores only) inclusive of such premium, if any, as may be determined by the Board, through Public issue and/or in one or more private offerings including private placements to the investors (whether individuals, promoters, their relatives, friends and associates/ Institutions/Banks and/or incorporated bodies (including companies) and/or Non-resident Indians and/or Overseas Corporate Bodies (OCBs) and/or any other body corporate and/or Foreign Institutional Investors (FIIs) and/or trusts and/or mutual funds including off-shore mutual funds and/or local bodies and/or any combination thereof and whether or not such investors are the holders of equity shares of the Company, on such terms and conditions and in such tranche(s) as may be decided by the Board in its absolute discretion.

RESOLVED further that without prejudice to the generality of the above, the Board be and is hereby authorised to determine at its absolute discretion as to when the said Preference Shares/ Debentures/Bonds are to be issued/re-issued, the type or types of the Preference Shares/Debentures/Bonds to be issued/re-issued, the types and classes of investors to whom the Preference shares/Debentures/Bonds are to be offered, the number and value of the Preference Shares/Debentures/Bonds to be issued/re-issued in each tranche, the terms or combination of terms subject to which the Preference Shares/Debentures/Bonds are to be issued (including combination of terms for Preference Shares/Debentures/Bonds issued/re-issued at various points of time), including but not limited to terms relating to dividend, premium on redemption or premature or early redemption at the option of the Company and/or the investor(s), terms for cumulation of dividends and all such terms as are provided in the offerings of like nature and in case of making

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

a conversion offer either during the issue or at a later period to decide on the terms of conversion including premium.

RESOLVED further that, in public issue, the Board may, if it thinks fit, reserve such number of Preference Shares/Debentures/ Bonds for preferential allotment and/or private placements or otherwise to any one or more or all of the following categories as may be permitted by the concerned authorities:

1. Promoters, Directors, their relatives, friends & associates.
2. Shareholders of group companies and/or promoters' companies.
3. Employees of the company including working directors.
4. Financial institutions, mutual funds, investment institutions, banks, statutory bodies, bodies corporates, etc.,
5. Non-resident Indians, Overseas Corporate Bodies, Foreign Institutional Investors, Off-shore Mutual funds, Foreign Direct Investors, Off-shore Funds, etc., subject to approval of RBI or such other consents, if any.

RESOLVED further that for the purpose of giving effect to the above resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation thereto.

RESOLVED further that the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue/re-issue, offer or allotment of the Preference Shares/Debentures/Bonds and utilisation of the issue proceeds, as it may in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise, to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED further that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Managing Director or Directors or any other Officer or Officers of the Company to give effect to the aforesaid resolution."

8. To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED that consent, pursuant to section 293(1)(a) of the Companies Act, 1956 or any amendment or modification thereof, be and the same is hereby accorded to the Board of Directors of the Company ("the Board") to mortgaging and/or charging by the Board of Directors of the Company of all the movable and immovable properties of the company wheresoever situate, present and future, and the whole of the undertaking of the company together with power to take over the management of the business and concern of the company in certain events to or in favour of Industrial Development Bank of India (IDBI) to secure their term loan of

Rs.1000/- lacs consisting of Rupee Term Loan of Rs.855/- lacs and Foreign Currency Loan equivalent to Rs.145/- lacs together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, costs, charges, expenses and other monies payable by the company to IDBI under their respective loan agreements entered into/to be entered into by the Company in respect of the above said term loans and Secured Non-Convertible Debentures. Resolved further that the Board of Directors of the Company be and is hereby authorised to finalise with IDBI the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

9. To consider and if thought fit, to pass the following resolution as a special resolution with or without modification:

"RESOLVED that pursuant to Sections 198, 269, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and also subject to the approval of the financial institutions, Sri R.Doraiswami, the present Whole-time Chairman of the company be and is hereby re-appointed as Chairman of the company for a further period of 5 years with effect from 30-7-1998 and that he be paid an aggregate remuneration of not exceeding 5% of the net profits of the company and such remuneration may be paid by way of salary, medical reimbursement towards expenses incurred by the Chairman and his family, club fees, personal accident insurance premia, contribution to Provident Fund, Superannuation Fund/ Annuity Fund (contribution to P.F., Superannuation Fund or Annuity will not be included in the computation of perquisites to the extent these either singly or put together are not taxable under the Income-tax Act, 1961), encashment of leave at the end of tenure and gratuity payable at half a month's salary for each completed year of service. Provision of car for use on company's business and telephone and fax at residence will not be considered as perquisites.

RESOLVED further that where in any financial year during the currency of the tenure of the Chairman, the company has no profits or the profits are inadequate, the following salary and perquisites not exceeding the ceiling limits prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 be paid to him as minimum remuneration:

- i) Salary : Rs.85,000/- per month.

He shall also be eligible for the payment of the following perquisites which shall not be included in the computation of the ceiling on salary specified above:

- 1) Company's contribution to Provident Fund, Superannuation Fund/Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- 2) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- 3) Encashment of leave at the end of the tenure."

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

Item No.6

The present Authorised Share Capital of the Company is Rs.5/- Crores consisting of 50,00,000 Equity Shares of Rs.10 each. To enable issue of Preference Shares, the Authorised Share Capital of the Company is required to be increased to Rs.15 Crores consisting of 50,00,000 Equity Shares of Rs.10 each and 10,00,000 Preference Shares of Rs.100 each. The consequential alterations to the Memorandum of Association of the Company to reflect the proposed change in the Authorised Share Capital requires the approval of the Members in General Meeting.

The Board of Directors recommend this resolution for the approval of the Members. None of the Directors of the Company is interested in this resolution.

Item No.7

To augment the Company's resources for its modernisation-cum-expansion projects/ working capital needs, it is proposed to raise additional share capital through issues of Preference Shares/Debentures/Bonds. Detailed terms and conditions including the issue price, premium, if any, etc., will be determined by the Board depending on the prevailing market conditions at the actual time of issue. The proposed issue of Preference Shares/Debentures/Bonds as aforesaid will, if required, be subject to the approval of the concerned authorities. In terms of the proposed resolution, the Board is being empowered to issue and allot Preference Shares/Debentures/ Bonds to investors whether or not such investors are holders of equity shares of the Company.

The Board of Directors recommend this special resolution for the approval of the Members. None of the Directors of the Company is interested in this resolution.

Item No.8

The Company has availed from Industrial Development Bank of India (IDBI) financial assistance in the form of term loans for an aggregate amount of Rs.1000/- lacs which is to be secured by a first charge on all the movable and immovable properties of the company present and future.

Section 293(1)(a) of the Companies Act, 1956, provides inter alia, that the Board of Directors of a public company shall not, without the consent of such public company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking of the whole or substantially the whole of any such undertakings(s).

Since the mortgaging by the company of its immovable and movable properties as aforesaid in favour of IDBI may be regarded as disposal of the company's properties/ undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956. Copy of sanction letters and the relevant documents/

correspondence between IDBI and the company are open 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.

None of the Directors of the company is interested in the resolution.

Item No.9

Sri R.Doraiswami has been re-appointed as the Chairman of the Company with effect from 30-7-1998 for a further period of 5 years. The Company has achieved remarkable progress and reputation under his able and experienced management. Considering his past services to the company, the Board of Directors have desired to continue him for further successful working of the company and therefore, re-appointed him as the Chairman for a further term of 5 years with effect from 30-7-1998 on the terms and conditions mentioned in the resolution. The Company in General Meeting has to approve the said appointment and remuneration payable to him by a special resolution. This appointment being in compliance with all the conditions in Schedule XIII of the Companies Act, 1956, no approval of the Central Government is required.

DISCLOSURE OF INTEREST UNDER SEC.302 OF THE COMPANIES ACT, 1956

Sri G. V. Doraiswamy and Sri D. Lakshminarayanawamy are interested in the increased remuneration payable to Sri R. Doraiswami as his relatives.

Ganapathy

Coimbatore 641 006

25-6-1997

By Order of the Board
For Sri Ramakrishna Mills (Coimbatore) Ltd

(Sd.) D. Lakshminarayanawamy

Managing Director

NOTE :

1. Every member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.
2. The Register of Members of the company will remain closed from 3-9-1997 to 12-9-1997 (both days inclusive).
3. Dividend when declared will be payable to the members who are borne on the Register of Members of the company on the date of the Annual General meeting.
4. Dividends remaining unpaid to the shareholders have been transferred to the General Revenue Account of the Central Government upto the year ended 31-3-1993. Those shareholders who have not received dividends for any year prior to this date are requested to apply to the Registrar of Companies, Tamil Nadu, Coimbatore.

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Ladies and Gentlemen,

Your Directors have great pleasure in submitting the following report on the working of the company for the year ended 31.3.1997.

After meeting all working expenses, interest, repairs to machinery and buildings and expenditure on modernisation, the working results of the company are as follows:

FINANCIAL RESULTS:	31-3-1997 Rs.	31-3-1996 Rs.
Gross Profit	3,27,36,513	4,07,46,310
LESS:		
Provision for Bonus	41,95,337	61,04,426
Managerial remuneration	20,76,900	13,65,219
Depreciation	2,05,06,020	2,04,13,933
Net Profit for the year	59,58,256	1,28,62,732
Deducting therefrom:		
Donations	91,334	71,165
Prior year Bonus (Excess over provision)	14,31,460	6,19,220
Prior year expenses	29,74,917	5,000
Income-tax of prior years	9,63,985	—
	4,96,560	1,21,67,347
ADD:		
Balance of profit of previous year	2,00,03,736	1,09,50,769
Liabilities/excess provision treated as profit	1,19,039	30,66,672
Prior year income	—	3,60,610
Balance of Profit	2,06,19,335	2,65,45,398

Your Directors recommend that the above profits be appropriated as follows:

	Rs.
To pay a dividend at 10% on the paid-up capital of the company (subject to payment of dividend tax by the company @ 10%)	32,33,330
To proposed provision for taxes	2,05,000
To proposed provision for dividend tax	3,23,333
To proposed transfer to General Reserve	25,00,000
To surplus carried over to next year	1,43,57,672
Total	2,06,19,335