



52nd
ANNUAL REPORT
1998 - 99

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SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

COIMBATORE 641 006

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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

Company Secretary

Sri S. KRISHNAN

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
Phone : 531022

Mills

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

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

NOTICE OF THE 52nd ANNUAL GENERAL MEETING

NOTICE is hereby given that the 52nd Annual General Meeting of the Company will be held at the Registered Office of the Company at 1493, Sathyamangalam Road, Ganapathy, Coimbatore 641 006, on Wednesday, the 15th day of September, 1999 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 1999, the audited Balance Sheet as at that date and the Auditors' Report thereon.
2. To elect a Director in the place of Sri G. V. Doraiswamy who retires by rotation and who is eligible for re-election.
3. To elect a Director in the place of Sri G. R. Karthikeyan who retires by rotation and who is eligible for re-election.
4. 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

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

"RESOLVED that the company hereby accords its consent and approval under Sec. 314(1) and other applicable provisions, if any, of the Companies Act, 1956 to Ms. L. Suhasini, a relative of Sri R. Doraiswami, Chairman and Sri D. Lakshminarayanawamy, Managing Director of the Company, who holds an office of profit under the company with effect from 1-4-1999, for holding and continue to hold an office or place of profit as Executive Vice President of the Company on a monthly remuneration of Rs.17,500/- together with the usual allowances and benefits, amenities and facilities including staff superannuation fund, retiring gratuity and Provident Fund benefits applicable for other employees occupying similar post or posts within the same salary scale or grade.

Resolved further that this resolution shall be deemed to confer the necessary authority to the Board of Directors to sanction at their discretion and with the approval of the Central Government where necessary, increments within the grade as they may deem fit and proper and to promote her to any higher grade or grades at their discretion in due course together with the allowances and benefits as may be applicable to the grade or grades for the time being and to give increases within that grade or grades as they may deem fit and proper."

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.
Item No.5 of the Agenda

Under Section 314 (1) of the Companies Act, 1956, a special resolution is required for enabling any relative of a Director of the company holding office or place of profit to hold any office or place of profit under the Company. Ms. L. Suhasini who joined the services of the company on 1-4-99 as Executive Vice President on a monthly salary of Rs. 17,500/- with usual benefits, is a relative of Sri R. Doraiswami, Chairman and Sri D. Lakshminarayananaswamy, Managing Director of the Company respectively.

Accordingly, in terms of Section 314 (1) of the Companies Act, 1956, the members are requested to grant their consent to Ms. L. Suhasini to hold and continue to hold an office or place of profit under a contract of service with the company on the terms and conditions set out in the aforesaid resolution. The members are also requested to authorise the Board to sanction in due course promotion of Ms. L. Suhasini to the Company's higher grade or grades together with usual allowances and benefits.

Disclosure of interest by the Directors under Section 302 of the Companies Act, 1956
Sri R. Doraiswami and Sri D. Lakshminarayananaswamy are interested as relatives of Ms. L. Suhasini in the remuneration payable to her.

Ganapathy
Coimbatore 641 006
28-7-1999

By Order of the Board
For Sri Ramakrishna Mills (Coimbatore) Ltd
(Sd.) D. Lakshminarayananaswamy
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 10-09-1999 to 15-09-1999 (both days inclusive).
 3. Dividends remaining unpaid to the shareholders have been transferred to the General Revenue Account of the Central Government upto the year ended 31-3-1995. 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.
 4. Pursuant to the provisions of Sec. 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31.03.96 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government.
Members who have not encashed dividend warrant(s) so far for the financial year ended 31.03.96 or any subsequent financial year are requested to make their claim to the Company.
 5. Members desirous of making a nomination in respect of their shareholding in the company as permitted under Sec. 109A of the Companies Act, 1956 are requested to submit the prescribed 'Form 2B' for this purpose to the Company.
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SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED**REPORT OF THE DIRECTORS TO THE SHAREHOLDERS**

Ladies and Gentlemen,

Your Directors submit the following report on the working of the company for the year ended 31.3.1999.

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:	31-3-1999	31-3-1998
	Rs.	Rs.
Gross Profit (+) / Loss (-)	(-) 5,69,10,977	3,75,64,244
ADD/DEDUCT:		
Provision for Bonus	38,88,407	44,68,468
Managerial remuneration	25,62,175	23,93,125
Depreciation	1,97,53,396	1,99,40,974
Net Profit/Loss (-) for the year	(-) 8,31,14,955	1,07,61,677
Adding/Deducting therefrom the following payments:		
Donations	66,550	34,250
Prior year Bonus	24,27,276	32,67,502
Prior year expenses	16,21,046	2,56,412
Income-tax of prior years	43,05,945	—
	(-) 9,15,35,772	72,03,513
ADD/DEDUCT:		
Balance of profit of previous year	1,63,62,269	1,43,57,672
Prior year income	1,25,222	6,07,747
Balance of Profit (+) / Loss (-)	(-) 7,50,48,281	2,21,68,932

The above loss has been carried over to be set off against future profits.

In view of the loss, the company is unable to declare dividend for the year ended 31.3.1999.

RAW MATERIAL

During the year under report though the cotton prices showed a softening trend, the quality of domestic cotton was poor compared to the imported cotton. In line with the pattern of our production envisaged having regard to the change in the product mix and yarn market requirement both domestic and exports, we have imported cotton during the later part of the year on account of its advantages. The international cotton crop estimate when compared to the Indian crop position



is good and accordingly, we have taken adequate steps to import cotton to meet a portion of our present requirements.

As estimates put it, the international cotton prices will continue to have a softening trend atleast for a period of 2 years and this will have a favourable impact on the working results of the company during the current year.

POWER

Due to the increase in power tariff in Tamil Nadu and Andhra Pradesh, the company had to spend a considerable amount on power consumption. The high cost apart, the quality of power supplied by the Electricity Board is also poor due to frequent voltage fluctuations, unscheduled trippings, power shutdowns etc. Hence, a proposal to replace the grid power with captive power in all the units of the company to ensure uninterrupted and quality power supply is on the anvil.

PERFORMANCE & PROSPECTS

The textile industry which has been caught in the clutches of the recessionary trend for the past 3 years in succession is yet to see a turnaround. This coupled with the current economic scenario prevailing in the country has worsened the situation. On account of these factors, the working of the company has also been greatly affected during the year under report. The Company has taken ameliorative measures to improve its working which have started showing results.

DIRECTORS

The following Directors retire by rotation at the ensuing Annual General Meeting of the Company:-

1. Sri G. V. Doraiswamy
2. Sri G. R. Karthikeyan

The places so vacated will have to be filled up in the same meeting. The retiring Directors are eligible for re-election.

FIXED DEPOSITS

The Board of Directors wish to inform you that as on 31-3-1999, 120 deposits totalling Rs.12,66,794/- have not been claimed after the due dates of the respective deposits.

ENERGY CONSERVATION

Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the Companies (Declaration of particulars in the Report of Board of Directors) Rules, 1988 are annexed separately and form part of this report.

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

EMPLOYEES

The particulars of employees as per Section 217(2A) of the Companies Act, 1956 are set out in the statement annexed to and forming part of this report.

YEAR 2000 (Y2K) COMPLIANCE

Your Directors report that the areas where Y2K problems faced were very limited and they have already been solved and the company is Y2K compliant. No additional expenditure was incurred in this regard.

GENERAL

The Auditors of the company M/s.M.S.Jagannathan & Visvanathan retire at the ensuing Annual General Meeting and are eligible for re-appointment at the same meeting.

The cost accounting records maintained by the Company as required under Sec. 209(1)(d) of the Companies Act, 1956 would be audited by M/s. S. Mahadevan & Co., Cost Accountants, duly approved by the Government for the year ended 31-3-1999 to comply with statutory requirements.

Our thanks are due to Indian Bank Consortium and also to Industrial Development Bank of India and other financial Institutions for their continued support and assistance in meeting our financial needs.

The Directors appreciate the services rendered by the Officers, Staff and the employees of the Company.

We pray for the Grace of Almighty Sri Jaganatha Perumal for the continued prosperity of the Company.

Ganapathy
Coimbatore 641 006
28-7-1999

For the Board of Directors
(Sd.) **R. Doraiswami**
Chairman

ANNEXURE TO DIRECTORS' REPORT

Particulars pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken:

Study on Energy Conservation was conducted at all the manufacturing units of the company during the year. Proposals for Energy Conservation which were accepted after due evaluation are being implemented.

b) Additional investments and proposals being implemented for reduction of consumption and consequent impact on cost of production:

...NIL...

c) Impact of measures (a) and (b) for reduction of energy consumption and consequent impact on cost of production:

The Proposals are under various stages of implementation. Such implementation and impact thereof on cost are being closely monitored.

d) Total energy consumption and energy consumption per unit of production as prescribed in Form-A.

	Year ended 31-3-1999	Year ended 31-3-1998
(A) Power and Fuel Consumption:		
1. Electricity		
a) Purchased:		
Units (in lakhs)	160.99	194.15
Total amount (Rs.in lakhs)	618.02	673.38
Rate per Unit (Rs.)	3.84	3.47
b) Own Generation:		
i) Through Diesel Generator		
Units (in lakhs)	167.24	86.16
Units per litre of Diesel Oil	3.33	3.26
Cost / unit (Rs.)	2.83	2.88
ii) Through Steam turbine/Generator	Nil	Nil
2. Coal	Not used	Not used
3. Furnace oil	Not used	Not used
4. Other/internal generation	Nil	Nil

(B) Consumption per unit of production:

Electricity - Units per kg of yarn	4.09	3.21
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SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

B. TECHNOLOGY ABSORPTION

Efforts made in Technology absorption as per Form B:

Indigenous technology alone is used and Research and Development is carried out by a separate Textile Research Association viz. South India Textile Research Association for Textile Units situated in the Southern Region of which the Company is a member.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- i) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans:

Presently exporting yarn. Steps are being taken to increase export of yarn further and to explore new markets.

- ii) Total foreign exchange earned and used
(excluding on capital goods, components and spares)

Rs.

Earned

Export of yarn	19,77,73,857
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Used

- a) Expenditure in Foreign Currency on account of :

Commission on sales	41,18,772
Quality Allowance on yarn sales	11,84,242
Travel	5,93,856
Membership fees	55,778
Books and Periodicals	16,599

- b) Value of imports calculated on CIF basis :

Capital Goods	Nil
Components and Spares	27,80,502
Raw material	24,38,74,277

Ganapathy
Coimbatore 641 006
28-7-1999

For the Board of Directors
(Sd.) **R. Doraiswami**
Chairman