



53rd
ANNUAL REPORT
1999 - 2000



SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

COIMBATORE 641 006

Report  junction.com

CONTENTS

Notice of Annual General Meeting	2
Directors' Report	5
Balance Sheet	10
Profit & Loss Account	12
Schedules	16
Notes on Accounts	24
Cash Flow Statement	31
Auditors' Report	33



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

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
E-mail : srmc@md2,vsnl.net.in

Mills

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

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

NOTICE OF THE 53rd ANNUAL GENERAL MEETING

NOTICE is hereby given that the 53rd Annual General Meeting of the Company will be held at the Registered Office of the Company on Monday, the 21st day of August, 2000 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 2000, the audited Balance Sheet as at that date and the Auditors' Report thereon.
2. To elect a Director in the place of Sri L. Damodaraswamy who retires by rotation and who is eligible for re-election.
3. To elect a Director in the place of Sri G. Narayanaswamy Naidu 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 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 Rupee Term Loan of Rs.1025/- lacs together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, commitment charges, cost, charges, expenses and other monies payable by the company to IDBI under their loan agreements entered into/to be entered into by the company in respect of the above said term loans.

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.

6. 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 D.Lakshminarayanawamy, the present Managing Director of the company be and is hereby re-appointed as Managing Director of the company for a further period of 5 years with effect from 01.04.2001 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 Managing Director 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 Managing Director, 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.82,500/- 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"

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

Item No.5

The Company has availed from Industrial Development Bank of India (IDBI) financial assistance in the form of Rupee Term Loan of Rs.1025/- lakhs 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

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

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 undertaking(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 letter 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.6

Sri D.Lakshminarayanawamy was appointed earlier as Managing Director of the company upto 1.4.2001 on a remuneration based on the guidelines issued by the Government in this regard. The Board of Directors at their meeting held on 28.6.2000 have decided to re-appoint him for a further period of 5 years on the same remuneration and perquisites in accordance with the guidelines issued in this regard by the Government.

Disclosure of interest by the Directors under Section 302 of the Companies Act, 1956. Sri. D. Lakshminarayanawamy being the recipient of the remuneration and Sri. R. Doraiswami being a relative of Sri. D. Lakshminarayanawamy are interested in the resolution.

Ganapathy
Coimbatore 641 006
28-6-2000

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 10.8.2000 to 21.8.2000 (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 31.3.96 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 31.3.96 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.



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 31.3.2000.

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:	31-3-2000 Rs.	31-3-1999 Rs.
Gross Loss	(-) 10,18,89,214	(-) 5,69,10,977
ADD:		
Provision for Bonus	41,66,686	38,88,407
Managerial remuneration	19,28,150	25,62,175
Depreciation	1,93,23,310	1,97,53,396
Net Loss for the year	(-) 12,73,07,360	(-) 8,31,14,955
Adding thereto the following payments:		
Donations	11,100	66,550
Prior year Bonus	39,24,782	24,27,276
Prior year expenses	74,27,828	16,21,046
Income-tax of prior years	—	43,05,945
	(-) 13,86,71,070	(-) 9,15,35,772
DEDUCT:		
Balance of profit of previous year	—	1,63,62,269
Prior year income	1,75,842	1,25,222
Income-tax refund	1,282	—
Liabilities/Excess provision treated as profit	87,274	—
Balance of Loss	(-) 13,84,06,672	(-) 7,50,48,281

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

PERFORMANCE

During the year under report, the company had to bear the brunt of the prolonged and continued recession in textile industry which was aggravated by the erratic fluctuations in the cotton prices without corresponding increase in the yarn prices coupled with the unchecked increase in the cost of other inputs like interest, power, labour etc.

PROSPECTS

The Company is taking ameliorative measures to help improve the working of the company which include installation of certain balancing machineries to improve the productivity and quality, change in the product mix, labour rationalisation exercise to reduce the labour cost etc. The company would also be seeking certain concessions and reliefs for their borrowings.

DIRECTORS

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

1. Sri L. Damodaraswamy
2. Sri G. Narayanaswamy Naidu

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 31-3-2000, 159 deposits totalling Rs.18,79,043/- 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.

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.

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 31-3-2000 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 prosperity of the Company.

Ganapathy
Coimbatore 641 006
28-6-2000

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:

A study on Energy Conservation was conducted at all the three 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 Year ended
31-3-2000 31-3-1999

(A) Power and Fuel Consumption:
1. Electricity
a) Purchased:

Units (in lakhs)	204.29	160.99
Total amount (Rs.in lakhs)	815.78	618.02
Rate per Unit (Rs.)	3.99	3.84

b) Own Generation:
i) Through Diesel Generator

Units (in lakhs)	114.49	167.24
Units per litre of Diesel Oil	3.25	3.33
Cost / unit (Rs.)	4.07	2.83

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	3.47	4.09
------------------------------------	------	------

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 - in foreign exchange	16,74,74,520
- in Rupees	39,73,925

Used

- a) Expenditure in Foreign Currency on account of :

Interest on F.C. loans from Banks/Institution	24,37,072
Commission on sales	20,41,431
Quality Allowance on yarn sales	—
Travel	4,69,857
Membership fees	8,357

- b) Value of imports calculated on CIF basis :

Components and Spares	6,96,220
Raw material	14,52,44,371

Ganapathy
Coimbatore 641 006
28-6-2000

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