



55th
ANNUAL REPORT
2001 - 2002

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SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED
COIMBATORE 641 008

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED**Board of Directors**

Sri R. DORAISWAMI

(Chairman)

Sri D. LAKSHMINARAYANASWAMY

(Managing Director)

Sri L. DAMODARASWAMY

Sri N. JOTHIKUMAR

Sri G. R. KARTHIKEYAN

Sri R. RAMDAS

(Nominee Director - IDBI)

Vice-President, (Planning & Finance)

Sri N. NARASIMHALU

Internal Auditor

Smt. SHASHIREKHA VENKATESH

Auditors

M/s. M. S. JAGANNATHAN &

VISVANATHAN

Bankers

INDIAN BANK

INDIAN OVERSEAS BANK

STATE BANK OF HYDERABAD

STATE BANK OF TRAVANCORE

BANK OF BARODA

THE SOUTH INDIAN BANK LTD.

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Registered Office

1493 Sathyamangalam Road

Ganapathy (PO)

Coimbatore 641 006

Phone : 531022

E-mail : srmc@vsnl.com

Mills

1. COIMBATORE

2. NAGARI (A.P.)

3. SATHYAMANGALAM

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

NOTICE OF THE 55th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 55th Annual General Meeting of the Company will be held at the Registered Office of the Company on Monday the 30th day of December, 2002 at 2.45 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 consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED that M/s M S Jagannathan & Visvanathan, the present auditors of the company be paid proportionate increase of Rs. 22313/- in the remuneration payable to them to conduct the audit of the company on account of the extension of the financial period 2001-2002 to 18 months period".
2. To receive and adopt the Directors Report and the audited Profit and Loss Account for the period ended 30th September, 2002, the audited Balance Sheet as at that date and the Auditors' Report thereon.
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 a special resolution.

"RESOLVED that the Registered Office of the Company situate at 1493, Sathyamangalam Road, Ganapathy Post, Coimbatore - 641 006, Tamil Nadu be shifted to No. 3 Bhavani River Street, Ariappampalayam, Sathyamangalam - 638 402, Erode District, Tamil Nadu, with effect from 24.01.2003 and that the Board of Directors be authorised to carry out the shifting and notify all concerned including the Registrar of Companies".
6. To consider and if thought fit, to pass with or without modification the following resolution as a special resolution.

"RESOLVED that pursuant to Sec. 17 and other applicable provisions of the Companies Act, 1956 the following clause be inserted as clause No. III (32) under the object clause of the Memorandum of Association of the company and that the existing clause No.32 and No.33 be renumbered as No.33 and 34 respectively".

"32 - To carry on trade or business of real estate developers, builders, contractors for construction work of any kind including residential, commercial and industrial buildings, holiday resorts, clubs, motels, entertainment centres, health clubs, sports complexes and other specialised structures to acquire by purchase, lease, exchange, hire or otherwise, lands, buildings and properties of any tenures or any interest therein and to develop the same, to erect and construct houses, buildings or works of every description on any land of the company or any other lands or property, and to improve convert or appropriate such properties into utilities or other conveniences and generally purchase, sell and otherwise deal with any immovable property and also to act as agents to enter into Partnership(s)/Joint Ventures for this purpose".
7. To consider and if thought fit, to pass with or without modification the following resolution as a special resolution.

"RESOLVED that the Special Resolution for alteration of the Object Clause of the Memorandum of Association being duly passed and becoming effective, the approval of the shareholders of the Company be and is hereby accorded pursuant to section 149(2A) of the Companies Act for commencing the business covered under subclause 32 in clause III of the Memorandum of Association of the Company".

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

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approvals, consents, permissions and sanctions, as may be necessary from the appropriate Authorities and Bodies, the Articles of association of the Company, be and is hereby altered in the following manner and to the extent, set out below:

Insert the following heading and Article as Article 26 after Article 25.

Dematerialisation:

For the purpose of this Article:-

(1) Definitions

- (a) "Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996.
- (b) "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- (c) "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force.
- (d) "Bye-Laws" means bye - laws made by a Depository under Section 26 of the Depositories Act, 1996.
- (e) "Depository" shall mean a Depository as defined under clause (e) of Sub-Section (1) of Section 2 of the Depositories Act, 1996.
- (f) "Member" means the duly registered holder from time to time of the Shares of the Company and includes every person whose name is entered as a beneficial owner in the records of the Depository.
- (g) "Issuer" means any person making an issue of Securities.
- (h) "Participant" means a person registered as such under Section 12 (1A) of the Securities and Exchange Board of India Act, 1992.
- (i) "Registered Owner" means a depository whose name is entered as such in the Register of the issuer.
- (j) "Record" includes the records maintained in the form or books or stored in computer or in such other form as may be determined by regulation made by SEBI in relation to the Depositories Act.
- (k) "Regulations" means the regulations made by the SEBI.
- (l) "Security" means such security as may be specified by the SEBI.
- (m) Words and expression used and not defined in the Act but defined in the Depositories Act shall have the same meanings respectively assigned to them in that Act.

(2) Dematerialisation of Securities

Notwithstanding anything to the contrary or inconsistent contained in the Act or these Articles, the Company shall be entitled to Dematerialise its existing securities, rematerialise its securities, held in the Depositories and/or offer its fresh securities in dematerialised form pursuant to the Depositories Act and the Rules framed thereunder, if any.

(3) Company to recognise interest in dematerialised securities under Depositories Act

Either the company or the investor may exercise an option to issue, deal to hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.

(4) Option for Investors

Every person acquiring/subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the company shall,

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in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of the information, the depository shall enter in its records the name of the allottee as the beneficial owner of the security.

(5) Securities in Depositories to be in Fungible Form

All securities of the Company held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C, 372 and 372A of the companies Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

(6) Rights of Depositories and Beneficial Owners

(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

(7) Beneficial Owner deemed as absolute owner

Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust of equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

(8) Depository to furnish information

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

(9) Cancellation of Certificates upon Surrender by a person

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement within the Depository through a participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

(10) Option to opt out in respect of any security

If a beneficial owner seek to opt out of a Depository in respect of any security and beneficial owner shall inform the Depository accordingly.

The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(11) Service of Documents

Notwithstanding anything in the Act or these Articles to the Contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the company by means of electronic mode or by delivery of floppies or discs.

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- (12) **Provisions of Articles to apply to Securities held in Depository**
Except as specifically provided in these Articles, the provisions relating to Joint holders of securities, Calls, Lien on Securities, forfeiture, Transfer and Transmission of Securities shall be applicable to Securities held in Depository so far as they apply to Securities held in physical form subject to the provisions of the Depository Act.
- (13) **Allotment of Securities dealt within a Depository**
Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
- (14) **Distinctive number of Securities held in a Depository**
The Securities in the Capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the securities of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form, except in the manner herein before mentioned. No securities shall be sub-divided. Every forfeited or surrendered securities held in material form shall continue to bear the number by which the same was originally distinguished.
- (15) **Register and index of Beneficial Owners**
The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debenture holders in accordance with Section 151 and 152 of the Act respectively, and the Depositories Act, with details of Shares and Debentures held in material and dematerialised forms in media as may be permitted by law including in any form of electronic media. The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of members and Register and Index of Debenture holders as the case may be for the purpose of the Act. The Company shall have the power to keep in any State or Country outside India a Branch Register of Members resident in that State of Country.
- (16) **Register of Transfers**
The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every Transfer or Transmission of any Securities held in material form.
- (17) **Overriding effect of this Article**
Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Article of these presents.
9. **To consider and if thought fit, to pass the following resolution with or without modifications, as an Ordinary Resolution.**
"RESOLVED that pursuant to Sec.293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to hive off/sell/dispose off to any existing/ to be incorporated company, one of the mills situate in Ganapathy belonging to the Company and for the time being working with an installed capacity of 44764 Spindles and 168 Rotors and used in the mill premises of the said Ganapathy Unit at a price that may be fixed by the Board subject to the approval of the financial institution/banks and other appropriate authorities under a scheme of Corporate Restructuring.

RESOLVED further that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise - in relation to such hiving off of one of the undertakings of the Company and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed, on behalf of the company, in connection with such hiving off of one of the undertakings and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution".
10. **To consider and if thought fit, to pass the following resolution with or without modifications, as a Special Resolution.**
"RESOLVED that pursuant to Sec.372A and all other applicable provisions if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary and further subject to applicable guidelines prescribed by Securities and Exchange Board of India/other statutory bodies, consent of the company
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SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

be and is hereby accorded to the Board of the Company for investment of the Company's funds not exceeding Rs. 1,00,000/- (Rupees One lakh only) so that the other company become our company's subsidiary and to acquire equity shares by subscription, purchase or otherwise of such company to be incorporated at such price as the Board may decide in the equity share capital of such company notwithstanding that such investment together with the aggregate of the loans and investments so far made in or to be made in and the guarantees or securities so far given or to be given to all bodies corporate may exceed the limits prescribed under the said Section.

RESOLVED further that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise - in relation to such loans/investments; to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed, on behalf of the company in connection with such loan/investment and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution".

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

Due to the administrative reasons, it is considered expedient to change the situation of the Registered Office of the company and the approval of the company in General Meeting is sought for such change. Hence the resolution.

Item Nos. 6 and 7 of the Agenda

The Company has four units - one situate in Andhra Pradesh and the other three in Tamil Nadu. The company owns substantial extent of property, originally intended for its expansion, construction of labour and staff quarters and setting up of wind mills, etc. capable of profitable development and sale. The company intends to diversify its activities and enter into the real estate activity which also would strengthen the textile activity of the company without affecting the other infrastructure available with the company.

In order to engage in the real estate activity enabling resolutions are proposed for approval of the members to amend the object clause in the Memorandum of Association of the company and to carry on the new business of real estate.

As per resolution No.6 the object clause is amended to carry on the business of real estate. As per the provisions of Sec. 149 of the Companies Act, 1956 members approval is required for carrying on any new business. Hence these resolutions.

Item No.8 of the Agenda

Consequent to the introduction of the Depository System and considering the benefits of scripless Trading in Book Entry for electronically, the Company intends to participate in the Depository system.

With the enactment of the Depositories Act, 1996 and amendments to certain provisions of the Companies Act, 1956, a new Article is proposed to be introduced, briefly stating the frame work of the System of Depository as per the provisions of the Depositories Act, 1996, with a view to facilitate operation of the Depository System. In view of this, consequent changes are required to be incorporated in the Articles of Association of the Company by inserting a new Article 26, so as to be in line with the amended provisions of the Companies Act 1956, read with the provisions of the Depositories Act, 1996. A Special Resolution is therefore proposed for your approval.

Item No.9 and 10 of the Agenda

Your company had proposed to take up a Debt Restructuring Proposal to avail certain financial benefits that may accrue to the company out of such restructuring of its debts as per the guidelines issued by Reserve Bank of India to alleviate the difficulties faced by corporates on account of the recession prevailed/prevailing in the industrial sector.

Under the scheme, the Company also proposed to hive of one of its units subject to the approval of all concerned and make it a subsidiary of this company. As enabling powers have to be vested with the Board to implement the proposal and to comply with the statutory requirements, it is proposed to pass the required resolutions. Necessary approvals will be sought from Financial Institution/Banks as and when it is required.

The proposed company is yet to be incorporated to take over the undertaking and the level of investment will be known only upon the proposal approved by the Corporate Debt Restructuring Cell, Financial Institution/Banks, and the same will be determined and the investments will be made accordingly.

The source of funds for this investment will be the assets that will be transferred to the proposed company in addition to the internal accruals.

In terms of Sec.293(1)(a) of the Companies Act, 1956, the consent of the company in general meeting is required before the Board of Directors of the Company can sell or lease or dispose of the whole or substantially the whole of one or more of the undertakings of the company. Accordingly alongwith the above resolutions, a resolution under Sec. 293(1)(a) of the Companies Act, 1956 is also proposed to be passed seeking the approval of the company in general meeting before taking any action.

Hence the above two resolutions are brought before you for your approval.

None of the Directors is in any way concerned or interested in the Resolutions.

Ganapathy
Coimbatore 641 006
15.11.2002

By Order of the Board
For Sri Ramakrishna Mills (Coimbatore) Ltd
(sd/-) D. LAKSHMINARAYANASWAMY
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 27.12.2002 to 30.12.2002 (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 share holders 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 31.3.1996 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 31.3.1996 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.
6. Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the special/ordinary resolutions (Item No.5,6,7,9&10) are to be passed by Postal Ballot. The Postal Ballot papers have already been despatched to you separately.
7. Equity shares of the company can be dematerialised by the shareholders. The company's ISIN No. is INE306D01017.

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 extended financial year of 18 months ended 30.9.2002.

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

FINANCIAL RESULTS:	Period ended 30-9-2002 Rs.	Year ended 31-3-2001 Rs.
Gross Profit / Loss (-)	(-) 19,16,45,979	4,75,79,462
DEDUCT / ADD:		
Provision for Bonus	61,36,512	43,05,499
Managerial remuneration	24,76,635	19,67,500
Depreciation	2,94,52,021	1,91,38,859
Net Profit / Loss (-) for the year	(-) 15,35,80,811	2,21,67,604
Deducting / Adding thereto the following payments:		
Donations	25,100	38,826
Prior year Bonus	24,96,438	43,60,684
Prior year expenses	17,318	29,90,533
	(-) 15,61,19,667	1,47,77,561
ADD / DEDUCT:		
Prior year income	15,71,770	26,401
Income-tax refund	----	26,56,207
Liabilities/Excess provision treated as profit	----	49,855
Investment Allowance Reserve Transferred	93,65,000	----
Investment Allowance (utilised) Reserve Transferred	88,31,000	----
Trfd from Central Investment Subsidy	15,00,000	----
Trfd. from State Genset Subsidy	3,58,000	----
Trfd. from Debenture Redemption Reserve	2,50,00,000	----
Depreciation Written Back	2,08,63,033	----
Deffered Tax Asset	6,21,09,245	----
Balance of Profit / Loss (-)	(-) 2,65,21,619	1,75,10,024

The above Loss has been carried over to be set off against future Profits.

PERFORMANCE

During the year under report we have been working against all odds including that of increase in costs and shortage of working capital throughout the year. The recession prevailing in the industry has aggravated and in the midst of this, the company has made all efforts to reduce the loss incurred during the year.

PROSPECTS

Working of the Company in the Current year is expected to improve due to reduction of interest proposed under the Corporate Debt Restructuring plan and on account of other cost saving measures proposed to be undertaken by the company.

REVALUATION OF FIXED ASSETS

The company has completed fifty five years from its incorporation and the value of the fixed assets of the

company have never been revalued and are not reflecting their true and fair market value. Hence, the Board of Directors have decided to revalue the buildings, plant & machinery of the Company as at 30.09.2002 in order to match with the present market value.

INVESTMENT ALLOWANCE

During the year, the Investment Allowance Reserve created in the years ended 31.3.1977 to 31.3.1990, amounting to Rs. 1,81,96,000/- has been transferred to Profit and Loss Account, since they are no longer required to be kept in such reserve accounts as per the provisions of Income Tax Act, 1961.

TRANSFER OF CAPITAL RESERVE

Reserve for Rs.18,58,000/- credited during the years 1985, 1986 and 1991 on account of backward area investment subsidy received from Central Government and Genset subsidy from State Government is now transferred to Profit and Loss account as it is no longer required to be kept in such account.

TRANSFER OF DEBENTURE REDEMPTION RESERVE

As the debentures were converted into Rupee Term Loan during the year, debenture redemption reserve hitherto created is now transferred to Profit and Loss account as it is no longer required.

DIRECTORS

Sri G R Karthikeyan, one of the Directors of the Company retires by rotation at the ensuing Annual General Meeting of the Company.

The place so vacated by him has to be filled up in the same meeting. The retiring Director is eligible for re-election.

FIXED DEPOSITS

The Board of Directors wish to inform you that as on 30-9-2002, 4 deposits totalling Rs.5,46,000 have not been claimed after the due dates of the respective deposits.

ENERGY CONSERVATION etc.

Information 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

No employee of the company has drawn salary in excess of Rs. 2,00,000/- per month. Hence the particulars of employees as per Section 217 (2A) of the Companies Act, 1956 has not been given.

STATEMENT OF RESPONSIBILITY OF DIRECTORS

As required under section 217 (2AA) of the Companies Act, 1956 your Directors state :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) that the accounting policies selected and applied are consistent and the judgements and estimates made 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 and of the profit or loss of the company for that period.
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the annual accounts have been prepared on a going concern basis.