

SRI RAMNARAYAN MILLS LIMITED

COIMBATORE - 641 018



51st Annual Report

2004 - 2005

SRI RAMNARAYAN MILLS LIMITED

Coimbatore - 641 018

SRI RAMAJAYAM

SRI RAMNARAYAN MILLS LIMITED

COIMBATORE - 641 018

BANKERS

STATE BANK OF TRAVANCORE
Coimbatore - 641 001

ANDHRA BANK
Coimbatore - 641 001

INDIAN BANK
Coimbatore - 641 001

BOARD OF DIRECTORS

SRI. V. DORAISWAMY

SRI. R. KASTHURISWAMY NAIDU

SRI. C. BALASUBRAMANIAM

SRI. K. VASUDEVAN

SMT. J. ANANTHALAKSHMI

SRI. V. JAYARAMAN

(Managing Director)

SRI. J. HARISCHANDRAVEL

(Executive Director)

REGISTERED OFFICE

43 (62), BALASUNDARAM ROAD
COIMBATORE - 641 018.

WORKS AT

16th KILOMETER
METTUPALAYAM ROAD
PERIANAICKENPALAYAM
COIMBATORE - 641 020

AUDITORS

M/S. S. KRISHNAMOORTHY & CO.,
CHARTERED ACCOUNTANTS
COIMBATORE - 641 012.

SRI RAMNARAYAN MILLS LIMITED**Coimbatore - 641 018**

NOTICE

NOTICE is hereby given that the 51st Annual General Meeting of the Company will be held at 3.30 P.M. on Wednesday, September 28th 2005, at the Registered Office of the Company at 43 (62), Balasundaram Road, Coimbatore - 641 018 to transact the following business.

AGENDA

1. To receive, consider, approve and adopt the Profit & Loss Account for the year ended March 31, 2005 and the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint Director in place of Smt.J.Ananthalakshmi who retires by rotation at this meeting and is eligible for re-appointment.
4. To appoint Director in place of Sri. V. Doraiswamy who retires by rotation at this meeting and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**.
 - A) RESOLVED that pursuant to the provisions of section 198, 269, 309 and other applicable provisions of the Companies Act 1956 subject to such further approval in this regard, the Company hereby approves of the re-appointment of Sri. V. Jayaraman as the Managing Director of the Company for a period of 3 years with effect from January 1, 2006 and payment of revised remuneration as set out here below with liberty to the Board of Directors to alter and vary such terms and conditions including the remuneration, as may be agreed by the Board and Sri. V. Jayaraman not being more beneficial to the Managing Director.
 - a) Salary : Rs. 2,00,000/- per month
 - b) 1. Company's contribution to Provident Fund, Family Pension Fund, Superannuation Fund and Annuity Fund for the benefit of Sri. V. Jayaraman and such contributions not to be included in the computation of the ceiling of perquisites to the extent these either singly or put together, are not taxable under the Income Tax Act, 1961.
 2. Payment of gratuity not exceeding half a month's salary for each completed year of service.
 3. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
 - c) Provision of car for use on Company's business and telephone at residence, will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes, shall be billed by the Company to the Managing Director.

COMMISSION:

Such remuneration by way of commission in addition to salary and perquisites, calculated with reference to the Net Profits of the Company for each financial year, subject to the overall ceilings laid down in section 198 and section 309 of the Companies Act, 1956.

- B) FURTHER RESOLVED that in case of absence or inadequacy of profits in any year the above remuneration not exceeding in the aggregate the ceiling limit of Rs. 2,00,000 per month shall be paid as minimum remuneration to the Managing Director.

EXPLANATORY STATEMENT U/S 173 (2):**Item No. 6**

Sri V. Jayaraman was re-appointed as the Managing Director of the Company for a period of 3 years upto 31.12.2005 in terms of the special resolution passed at the 48th Annual General Meeting of the Company held on 25.09.2002.

The directors at their meeting held on 27.07.2005 have reappointed Sri V. Jayaraman as Managing Director of the Company for a further period of 3 years commencing from 01.01.2006 to 31.12.2008 at the revised terms of remuneration as detailed in the special resolution.

The remuneration fixed therein is in accordance with schedule XIII to the Companies Act, 1956.

The payment of remuneration as above has also been approved by a resolution passed by the remuneration committee.

It is hereby confirmed that the Company has not made any default in repayment of any of its debts including public deposits or interest payable thereon for a continuous period of 30 days in the preceding financial year or during the current year.

The Re-appointment of the Managing Director as above is subject to the approval of the General Body by a special resolution. Hence the resolution. A statement containing specified information about the appointee and company is attached herewith.

The following Directors may be deemed to be concerned or interested in the above resolution.

1. Sri. V. Jayaraman
2. Smt. J. Ananthalakshmi
3. Sri. J. Harischandavel



By Order of the Board
For **Sri Ramnarayan Mills Ltd.,**
V. JAYARAMAN
Managing Director

Coimbatore
27.07.2005

NOTES :

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead of himself. Such proxies need not be member of the Company. Proxies in order to be effective must be received by the Company not less than Two Clear Days before the date fixed for the Annual General Meeting. A specimen of the proxy form is enclosed.**
2. The Register of the members of the Company will be closed for a period of 8 days from 21.09.2005 to 28.09.2005 (both days inclusive).
3. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends up to the financial year 1996-97 have been transferred to the Investors Education and Protection Fund. Shareholders who have not encashed the dividend warrants for the period commencing after that date are requested to claim the amount from the Company.
4. Shareholders desirous of making nomination under Section 109A/109B of the Act as amended, for the shares held by them may furnish particulars in Form 2B, as prescribed.

SRI RAMNARAYAN MILLS LIMITED**Coimbatore - 641 018****RE-APPOINTMENT OF SRI. V. JAYARAMAN AS MANAGING DIRECTOR****I. GENERAL INFORMATION:**

1. Nature of Industry : Textile Spinning Mills
2. Date of Commencement of Commercial Production : April 1956
3. Financial Performance based on given indicators (Rs. In Lakhs)

Year ended	Turnover Rs.	Net Profit Rs.	Dividend %.	Amount Rs.
31.03.2005	2150.40	53.88	20.00	20.00
31.03.2004	1840.54	40.27	12.50	12.50
31.03.2003	1675.17	34.28	12.00	12.00

4. Export performance and net foreign exchange collaborations:

The Company has not entered the export market and has also not entered into transactions for import of goods and materials with parties / Collaborators under any scheme of buyback.

5. Foreign Investments or collaborators, if any

Company has not invested in any foreign country nor has taken up any collaboration outside the country.

II. INFORMATION ABOUT THE APPOINTEE:**1. BACKGROUND DETAILS:**

Sri. V. Jayaraman B.E., M.S.I.E (USA) aged about 67 years has been in the helm of affairs for the past three decades. He has wide range of experience in the field of Finance, Administration and Technical.

2. PAST REMUNERATION:

- a) Salary : Rs. 1,75,000/- per month
- b) Company's contribution to Provident Fund, Family Pension Fund, Superannuation Fund and Annuity Fund for the benefit of Sri. V. Jayaraman and such contributions not to be included in the computation of the Ceiling on perquisites to the extent these either singly or put together, are not taxable under the Income Tax Act, 1961.
- c) Commission: Such remuneration by way of commission in addition to salary and perquisites, calculated with reference to the Net Profits of the Company for each financial year, subject to the overall ceilings laid down in section 198 and section 309 of the companies Act, 1956.
- d) In case of absence or inadequacy of profits in any year the above remuneration shall be paid as minimum remuneration not exceeding in the aggregate the ceiling limit of Rs. 2,00,000 per month in terms of schedule XIII to the Act.

3. RECOGNITION OR AWARDS:

He was a committee member of South India Mills Association. He was also the Chairman of SIMA Cotton Development Research Association, Coimbatore. He is presently one of the committee members in CDRA, Coimbatore.

4. JOB PROFILE AND HIS SUITABILITY:

The Managing Director is in-charge of the whole or substantially whole of the day to day administration and affairs of the company, both at the mills with regard to spinning operations and subsequent marketing of the product as well as control of the finance of the company.

5. COMPARATIVE REMUNERATION:**1. PROFILE WITH RESPECT TO INDUSTRY**

The company is one of the nearly 100 textile mills functioning in Coimbatore. All these companies are being managed by Managing Directors, who are generally from the promoters families.

The remuneration fixed in the various textile mills has been mostly with reference to the ceiling limits fixed by the Government in Schedule XIII to the Companies Act, 1956.

The remuneration as proposed by the company is well within the maximum permissible limit and comparable with others.

2. SIZE OF THE COMPANY:

The installed capacity in terms of spindles presently is 38472. The average sales turnover during the last three years has been Rs.1889 lakhs.

3. PROFILE OF THE POSITION AND PERSON (in case of expatriates the relevant details would be with respect to the country of his origin)

The Managing Director is the key managerial personnel of the company and being in-charge of almost the entire operations.

The appointee is a Post-Graduate in Industrial Engineering, having obtained the qualifications both in India and abroad. His competency in discharging the functions of the Managing Director over the past 30 years has resulted in the company being financially strong as on date in spite of difficult times the industry has undergone over the years.

6. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel.

The appointee does not have any other dealings with the company directly or indirectly.

The funds accepted by the company from him as Fixed Deposits are treated at par with all other public deposits.

He is related to the Executive Director Sri. J. Harischandavel and Director Smt. J. Ananthalakshmi

III. OTHER INFORMATION:**1. STEP TAKEN OR PROPOSED TO BE TAKEN FOR IMPROVEMENT:**

The Company has been focussing on modernisation of the Textile unit by availing financial assistance thro' TUF Scheme and has replaced Spinning Machinery with Hi-tech new machines and it is proposed to continue the same in all departments. This has resulted in improved quality as well increased Production and Productivity.

IV. DISCLOSURES:

1. The remuneration package of the Managing Director is as detailed in the resolution.
2. The provisions of "Corporate Governance" are not applicable to the company.

SRI RAMNARAYAN MILLS LIMITED**Coimbatore - 641 018****DIRECTOR'S REPORT**

Your Directors present their Fifty-first Annual Report and the audited accounts of the Company for the year ended March 31, 2005.

FINANCIAL RESULTS

The working of the Company during the year 2004-05 has resulted in a Net Profit of Rs. 53,87,531/- (pr.year Rs. 40,27,300/-) after providing for depreciation of Rs. 86,77,454/- (pr.year Rs.75,02,815/-) and Interest Rs. 31,31,456/- (pr.year Rs. 32,79,064/-)

The Net Profit is proposed to be appropriated as under :

Add:

Balance Brought forward from earlier year	Rs. 84,040/-
Deferred Tax Asset	Rs. 2,69,971/-

Less:

Provision for Income Tax	Rs. 11,21,500/-
Income Tax of prior year	Rs. 3,192/-
Prior year Expenses	Rs. 74,435/-
Transfer to General Reserve	Rs. 20,00,000/-
Proposed dividend at 20%	Rs. 20,00,000/-
Corporate tax on dividend	Rs. 2,61,375/-
Balance Carried Over	Rs. 2,81,040/-

DIVIDEND

Your Directors have pleasure in recommending a dividend of 20% for the year. The corporate tax payable on dividend is Rs. 2,61,375/-

WORKING

The turnover during the year has been Rs. 21,50,39,808/- (Pr. Year. 18,40,54,328/-)

The Net Profit for the year has shown a considerable improvement inspite of increase in several input costs. This has been due to higher efficiency in operations and change in product mix depending upon the market from time to time.

Contribution to gratuity fund has also increased steeply being the effect of decline in interest rates of securities which forms the basis for actuarial calculations.

The company during the last 2 years has been focussing on modernisation of the spinning mill by availing loan under the TUF scheme. The company so far has availed 2 loans aggregating to Rs. 370 lacs under the scheme and several machines both in Spinning and Preparatory departments have been replaced. This has resulted in better quality of yarn and increase in Productivity. The production during the year has registered a growth of 12.47% over the previous year.

FUTURE

The working of the company during the first quarter of the current year continues to show better performance with encouraging sales and better margins. The company has been continuing its modernisation programme under TUF Scheme and a third loan of Rs. 240 lacs has been sanctioned by State Bank of Travancore for the replacement of Machinery / Testing Equipments which will give further improvement in productivity and quality.

FIXED DEPOSITS

The Deposits held by the Company is within the limits fixed under Section 58A of the Companies Act, 1956 and the rules framed thereunder.

As at the close of the year, there were three deposits amounting to Rs. 1,29,000/- which though had fallen due, remained without either renewal or repayment for want of instruction from the depositor concerned. Out of three deposits two deposits amounting to Rs. 1,00,000/- have since been renewed.

DIRECTOR'S REPORT**DIRECTORS**

The following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Smt. J. Ananthalakshmi
2. Sri. V. Doraiswamy

All the Directors of the Company have also furnished a declaration in terms of Section 274 (1) (g) of the Companies Act, 1956 stating that they are not disqualified from being appointed as a Director of this Company.

AUDITORS

M/s. S. Krishnamoorthy & Co., Chartered Accountants, the Auditors of the company retire at the conclusion of the Annual General Meeting and they are eligible for re-appointment.

SECRETARIAL COMPLIANCE

In accordance with the provisions of the Companies Act, 1956, Compliance Certificate has been obtained from a practicing Company Secretary and a copy of which is attached herewith.

GENERAL

There are no employees whose particulars are required to be furnished under Section 217 (2A) of the Companies Act, 1956.

The statement of particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is annexed herewith.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors state that

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 of the Company for the year under review;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the annual accounts on a going concern basis.

LISTING

The Company's shares are listed on Madras Stock Exchange and the listing fee for the year 2004-2005 has been paid in full as required under SEBI Guide lines.

ACKNOWLEDGEMENT

The Directors take this opportunity for expressing their thanks to the staff and workers of the Company and M/s. State Bank of Travancore for the co-operation and assistance extended during the year under report.

Coimbatore
27.07.2005

By Order of the Board
For Sri Ramnarayan Mills Ltd.,
V. JAYARAMAN
Chairman of the Meeting

SRI RAMNARAYAN MILLS LIMITED**Coimbatore - 641 018****PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE, 1988****A. CONSERVATION OF ENERGY**

- (a) Energy Conservation measures taken : Strict vigilance is maintained over usage of Energy by constant monitoring.
- (b) Additional investments and proposals being implemented for reduction of consumption of Energy : Nil.
- (c) Impact of measures (a) & (b) above for reduction of energy consumption and consequent impact on cost of production :
- (i) Avoidance of wastage of energy and effective use of available power.
- (ii) Improvements have been made in the efficiency of the internal generation of electricity.
- (d) Total energy consumption and energy consumption per unit of production as prescribed in Form A :

(A) Power & Fuel Consumption :		31-03-2005	31-03-2004
1.	Electricity		
(a)	Purchased Units (in lacs)	81.58	73.06
	Total amount Rs. (in lacs)	353.17	324.11
	Rate per Unit Rs.	4.33	4.44
(b)	Own generation		
i)	Through Diesel Generator		
	Unit (in lacs)	0.90	1.33
	Unit per litre of diesel	3.44	3.30
	Cost / Unit Rs.	6.39	5.75
ii)	Through Steam turbine/generator	Nil	Nil
2.	Coal	Nil	Nil
3.	Furnace oil (Low Sulphur High Stock oil) Quantity (in tonnes)	Nil	Nil
4.	Other/internal generation	Nil	Nil
(B) Consumption per unit of production:			
	Electricity - Units per Kg.	5.88	5.86
	Furnace Oil (Low Sulphur High Stock Oil) Kg. per metre	Nil	Nil

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 for Textile Units situated in the Southern Region. (SITRA)

C. FOREIGN EXCHANGE EARNINGS & OUTGO

	31-03-2005	31.03.2004
Foreign Exchange Earning Rs.	Nil	Nil
Foreign Exchange Outgo Rs.	93,87,827/-	88,54,389

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31st MARCH 2005**ANNEXURE TO DIRECTORS REPORT**

Registration No. of the Company : 181-000201

Nominal Capital : Rs. 1,00,00,000/-

To

The Members

SRI RAMNARAYAN MILLS LIMITED,

43, Balasundaram Road,

Coimbatore - 641 018.

Sir,

I have examined the registers, records, books and papers of SRI RAMNARAYAN MILLS LIMITED, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2005 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Central Government within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a public limited company, has a paid up capital of Rs. 1,00,00,000/-
4. The Board of Directors duly met four times respectively on 28.04.2004, 28.07.2004, 29.10.2004 and 28.01.2005 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 17.09.2004 to 23.09.2004 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2004 was held on 23.09.2004 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act during the year.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. The Company has made the necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The company has not issued any duplicate share certificates during the financial year.