



67th
ANNUAL REPORT
2013-2014

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED
COIMBATORE - 641 006

Board of Directors
Sri R.DORAISWAMI
(Chairman)

D.LAKSHMINARAYANASWAMY
(Managing Director)

Sri N.JOTHIKUMAR
Sri R.NARAYANAMURTHY
Sri.R.RADHAKRISHNAN
Smt.L. NAGASWARNA

Company Secretary
Sri S.A. SUBRAMANIAN

Chief Financial Officer
Sri G.KRISHNAKUMAR

Internal Auditor
Smt.SASIREKHA VENGATESH
Coimbatore.

Cost Auditor
M/s. S. Mahadevan & Co
Coimbatore

Auditors
M/s.M.S.JAGANNATHAN & VISVANATHAN
COIMBATORE.

Bankers
THE SOUTH INDIAN BANK LTD
KOTAK MAHINDRA BANK LTD

Registered Office
No.1493, SATHYAMANGALAM ROAD
GANAPATHY POST
COIMBATORE - 641 006
Phone : 0422-2531022 / 2531122
Fax : 0422-2531579
E-mail : srmc@vsnl.com

Mill
NAGARI (A.P)

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Notice for Annual General Meeting is being sent separately through Speed post / Registered post as required under the Companies Act, 2013 & Rules made thereunder.

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors submit the following Report on the working of the Company for the year ended 31.03.2014.

After meeting all working expenses, interest, repairs to machinery and buildings, the working results of the company for the year 2013-14 is given below :-

	Year Ended	
	31.03.2014	31.03.2013
Profit/(Loss) before Interest and Depreciation	(10,52,273)	1,04,86,478
Less: Interest	(3,23,31,592)	(3,86,79,643)
Depreciation	(1,02,13,362)	(91,82,249)
(Loss) before Exceptional items	(4,35,97,227)	(3,73,75,414)
Exceptional Item: Surplus on conversion of land into Stock-in-Trade	85,92,500	1,03,29,657
(Loss) after Exceptional Item	(3,50,04,727)	(2,70,45,757)
(DEFICIT) carried over to Balance Sheet	(3,50,04,727)	(2,70,45,757)

Performance:

The turnover of the Company has come down from Rs.37.82 crores to Rs.17.31 crores and the Company has incurred a loss of Rs. 4.36 crores after charging Interest and Depreciation, before the exceptional items. This is mainly due to severe power shortage in Andhra Pradesh and suspension of activity in Tamilnadu.

There was volatility in cotton price and due to general sluggishness of the economy in the Country as well as in the World over, there was no pick up in demand. Consequently, much progress could not take place in the performance of the company. However, the prospects for textile industry looks promising provided a favourable condition prevails in the Country due to Governments initiatives.

Directors:

Sri.R.Doraiswami has expressed his desire to retire from the Board owing to advancing age, after being at the helm of affairs of the company for the past 66 years

In terms of provisions of the Companies Act, 2013, the existing three non-executive Directors - Sri.N.Jothikumar, Sri.R.Narayanamurthy and Sri.R.Radhakrishnan had ceased to be directors of the company at the ensuing Annual General Meeting and the Board considers that their continued association will be beneficial to the company and as such it is proposed to re-appoint them as independent directors of the company for the next five years i.e. upto 28th September 2019 and during this period they are not liable to retire by rotation. Necessary resolutions for their re-appointment are placed before the Members for seeking their consent therefor.

According to the provisions of the Companies Act, 2013 and the Regulation 35B of Listing Agreement, our Company has to have a Woman Director. Therefore it is proposed to appoint Smt.L.Nagaswami (DIN 00051610) as a Director of the Company, who at present is the Chief Executive of the Company. Necessary Resolution for her appointment is included in the Agenda of the ensuing Annual General Meeting. She will draw the same Remuneration as at present and her period of Office is liable to determination by retirement of Directors by rotation.

The appointment of Sri.D.Lakshminarayanawamy, Managing Director expired on 31.03.2014 and is eligible for reappointment and is proposed to reappoint him for a further period of 3 years at the same remuneration as he is drawing at present as the Board considers that his continued association would be of immense benefit to the company and it is desirable to continue to avail the services of Sri.D.Lakshminarayanawamy as Managing Director. Necessary resolution for his re-appointment is included in the Agenda of the Annual General Meeting.

Fixed Deposits:

As on 31.03.2014, 1,96,66,000 Deposits totaling Rs.45,000/- 4 deposits totaling have not been claimed after the due dates of the respective deposits.

Technology absorption, 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 they form part of this report.

Employees:

No employee of the company has drawn salary in excess of Rs.5,00,000/- 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:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departure from the same.
- 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 ended March 31,2014 and of the Loss of the company for the year ended on that date.
- 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.
- that the annual accounts have been prepared on a "going concern" basis.

Corporate Governance

A separate Report on Corporate Governance is attached to this report. A certificate from the Auditors of the company confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

Code of Conduct:

The Company has adopted a code of conduct for the Board of Directors and Senior Management of the company and all of them have affirmed compliance of the same.

CEO/CFO Certification:

As contemplated under Clause 49 of the Listing Agreement, certificate from Mr.G.Krishnakumar, CFO was placed before the Board of Directors at their meeting held on 14.08.2014.

Auditors:

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



General:

Under the existing circumstances, it is proposed to carry on the business of trading in various securities as the same may be conveniently or advantageously combined with the business of the Company. Accordingly it is necessary to amend the Memorandum of Association of the company which has to be effected through voting by Postal Ballot. Further, due to administrative convenience the Registered Office of the Company is proposed to be shifted to Coimbatore from Sathyamangalam. Necessary resolution for this has to be passed through voting by Postal Ballot.

As reported last year, the company proposes to develop the land at its Ganapathy Unit in stages and suitable actions are being taken/will be taken in this regard at appropriate time.

During the year under review, a part of land has been transferred to Stock-in-trade.

Our thanks are due to The South Indian Bank Ltd., for their support and assistance to meet our business 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.

For the Board of Directors
(Sd.) D.Lakshminarayanawamy
Chairman of the meeting

Place: Coimbatore

Date: 14.08.2014

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:

- Energy Conservation measures taken : None
- Additional investments and proposals being implemented for reduction of consumption and consequent impact on cost of production:
Propose to replace the existing motors with energy efficient motors in various machinery.
- Impact of measures (a) and (b) for reduction of energy consumption and consequent impact on cost of production:
The proposals implemented in the earlier years are closely monitored.
- Total energy consumption and energy consumption per unit of production as prescribed in Form-A.

	Year Ended	
	31.03.2014	31.03.2013
(A) Power and Fuel Consumption:		
1. Electricity:		
a) Purchased:		
Units (in lakhs)	54.32	94.00
Total amount (Rs.in lakhs)	359.79	564.95
Rate per Unit (Rs.)	6.62	6.01
b) Own Generation:		
i) Through Diesel Generator		
Units (in lakhs)	--	1.59
Units per litre of Diesel Oil	--	2.78
Cost/Unit (Rs.)	--	17.83
ii) Through Steam turbine/Generator	--	--
2. Coal	Not used	Not used
3. Furnace Oil	Not used	Not used
4. Other/internal generation	--	--
(B) Consumption per unit of production:		
Electricity - Units per kg. of yarn	5.98	5.20

B. Technology Absorption:

Efforts made in Technology absorption as per Form B:

The company used indigenous technology only. Being a member of The South India Textile Research Association, the company is able to get the benefits of the latest technology available for textile industry as its member.

C. Foreign Exchange earnings and Outgo:

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

Steps are being taken to export yarn and to explore new markets.

i) Total foreign exchange earned and used:

Earned: Export of yarn - in Foreign Exchange (FOB)

NIL

Used : Expenditure in Foreign Currency on account of:

67,035

Travelling

Place: Coimbatore

Date: 14.08.2014

For the Board of Directors
(Sd.) D.Lakshminarayanawamy
Chairman of the meeting

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

The Indian Textile Industry is one of the major Sectors of the Country's economy accounting for about 4% of Country's GDP and contributes considerably for the export earnings of the Country. Next to agriculture, it is the provider of largest employment and hence its growth and development has a direct bearing on the growth of the country's economy.

However, due to uncertain global economic outlook and other domestic factors contributed for its sluggish growth in the past few years.

Outlook

The Textile Industry seems to be witnessing some slackness again. Cotton prices have increased and demand as well as prices for cotton yarn has not been able to keep up. A steep appreciation of Rupee has also made exports less competitive. China, which has been a major importer of cotton yarn has reduced its buying. Domestic demand also has not been up to the mark in Yarn, Fabrics and Finished products. The cotton prices have presently started to decline and because of a good monsoon so far, the acreage output of cotton is expected to be good whereby the raw material prices will come down and stabilize.

The economy is expected to pick up in the coming months and with good monsoon. The rural buying would help in increasing the demand for Textiles and Clothing. A new Textile Policy is on the anvil both at the Central and the Southern States which will provide an impetus to the Industry in the years to come. Power situation also might improve due to the monsoon and increase in hydro electric generation.

Risk & Concerns

Availability of cotton depends on the vagaries of nature and the prices fluctuate widely based on supply / demand position in the World Market. Lack of uninterrupted power and increased power costs and high cost of labour are hindering the progress. To a certain extent fluctuation in the currency against dollar is also a matter of concern for exports.

Internal Controls

The Company has adequate internal control procedures and systems commensurate with its size and nature of its business. Its checks and controls are periodically reviewed by the Audit Committee and improvements are suggested. The system and procedures are modified to meet the changes in business auditors and statutory requirement.

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER FOR THE FINANCIAL STATEMENTS OF THE COMPANY

I, G. Krishnakumar, Chief Financial Officer of M/s.Sri Ramakrishna Mills (Coimbatore) Ltd, certify that

- a. I have reviewed the financial statements and the cash flow statement for the year ended 31.03.2014 and that to the best of my knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. I am responsible for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken to rectify these deficiencies.
- d. I have indicated to the auditors and the audit committee:
 - i) Significant changes in internal control during the year
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place: Coimbatore

Date: 14.08.2014

(Sd.) G. KRISHNAKUMAR

Chief Financial Officer

CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY AND CODE OF GOVERNANCE

Sri Ramakrishna Mills believes that good corporate governance is essential to achieve long term corporate goals and enhance shareholder value on a sound basis..

2) BOARD OF DIRECTORS

As on 31.03.2014, the Board comprised of Sri R.Doraiswami, Chairman and Sri.D.Lakshminarayanawamy as the Managing Director and Sri.N Jothikumar, Sri.R.Narayanamurthy and Sri.R.Radhakrishnan as the non-executive independent Directors.

The table below gives the particulars of attendance of each director at the Board Meetings held during the year ended 31.03.2014 and at the last AGM as also the number of directorships in other companies and memberships in other Board Committees.

Name of the Director (1)	Position (2)	No. of Board Meetings attended (3)	Attendance at last AGM (4)	No. of Directorships in other companies (5)	No. of Memberships in Board Committee of (6)	No. of shares held (7)
Sri R Doraiswami	Executive Chairman	2	Leave of absence granted	Nil	Nil	407363
Sri D.Lakshminarayanawamy	Managing Director	8	Present	6	Nil	648158
Sri N Jothikumar	Non - Executive Independent	8	Present	Nil	Nil	12600
Sri R Narayanamurthy	Non-Executive Independent	7	Present	1	Nil	500
Sri R Radhakrishnan	Non-Executive Independent	5	Present	1	Nil	500

DIRECTORS' REAPPOINTMENT

Sri.R.Doraiswami has since resigned from the directorship of the company due to his advancing age. Pursuant to the provisions of Sec.149 of the Companies Act 2013, the Board of Directors of the Company at its meeting held on 14.08.2014, on the basis of recommendation by Nomination & Remuneration Committee and subject to the approval of the shareholders and that of the Central Government, if any, has approved the appointment of Smt.L.Nagaswama as a Wholetime Director of the Company. At that Meeting, the reappointment of Sri.D.Lakshminarayanawamy as a Managing Director for further term of 3 years from 01.04.2014 on the same remuneration as hitherto fore was also considered subject to the approval of members. The above have been included in the Agenda of the ensuing Annual General Meeting for obtaining the approval of Members.

BOARD MEETINGS

From 01.04.2013 to 31.03.2014, Eight (8) board meetings were held on the following dates:

30.04.2013, 30.05.2013, 13.08.2013, 27.08.2013, 08.11.2013, 18.12.2013, 13.02.2014 and 26.03.2014

3) COMMITTEES OF THE BOARD

- a) Nomination and Remuneration Committee Pursuant to the provisions of the Companies Act, 2013, the erstwhile Remuneration / Selection Committee has been renamed as Nomination & Remuneration Committee. Its Members are as given below :-

1. Sri N Jothikumar - Chairman
2. Sri R Narayanamurthy - Member
3. Sri R Radhakrishnan - Member

This Committee has been formed to recommend to the Board the appointment/reappointment of the executive and non-executive directors, the induction of Board members into various committees. For the appointment of Senior Executives including Chief Executive, the Selection Committee is formed which consists of the above three independent directors of the company and an expert in the respective field of specialization of the prospective appointee. The Chairman, the Managing Director and the Chief Executive are paid salary as recommended by the Remuneration Committee and approved by the Shareholders/Central Government wherever necessary. The committee has also been empowered to determine the periodic increments in salary and annual incentive of the executive director(s).

This committee comprises entirely of independent directors.

Remuneration to Non-Executive Directors for the year ended 31.03.2014.

Sl.No.	Director	Sitting Fees (`)
1	Sri N Jothikumar	32000
2	Sri R Narayanamurthy	22000
3	Sri R Radhakrishnan	14000

b) AUDIT COMMITTEE

Audit Committee consists of the following Directors :

1. Sri N Jothikumar - Chairman
2. Sri R Narayanamurthy - Member
3. Sri D Lakshminarayanawamy - Member

The Company Secretary is the convenor.

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

The Audit Committee would monitor and provide effective supervision and also assure the Board in compliance of adequate internal control systems and other financial disclosures in addition to the issues conforming to the requirements specified by the Company Law, Stock Exchanges, MCA. It plays a significant role regarding the appointments and monitoring of auditors, financial reporting of the company, monitoring inter-corporate loans, related party transactions, reviewing the functioning of the whistle blower mechanism.

The minutes of the Audit Committee meetings were circulated to the Board where they were discussed and taken note of.

The Audit Committee met four times on 29.05.2013, 12.08.2013, 07.11.2013 & 12.02.2014.

The attendance during the year is as under:-

Sl.No.	Members	Meetings attended
1	Sri N Jothikumar	4
2	Sri R Narayanamurthy	4
3	Sri D Lakshminarayananaswamy	4

c) Share transfer Cum Investors' Grievance Committee

Effective 01.09.2012, it was decided that the role of the two Committees - i) Share Transfer Committee (ii) Investors' Grievance Committee be merged into one and the reconstituted committee be under the nomenclature - Share Transfer-cum-Investors' Grievance Committee and the Members of the said Committee are :-

- i) Sri.N. Jothikumar
- ii) Sri.R. Radhakrishnan
- iii) Sri.D. Lakshminarayananaswamy

The above Committee shall be empowered to deal with all the matters connected with Transfer of securities of the company issue of duplicate / new Certificates, etc., and interalia oversee redressal of the Shareholders' and Investors' Grievance and other matters related to Shareholders.

M/s. S.K.D.C Consultants Ltd, Coimbatore shall continue to act as Registrars & Transfer Agents providing Investors' servicing such as Share Registration and other related services under the supervision of this Committee.

The committee monitors and reviews the performance and service standards of the Registrar and Share Transfer Agents of the company and provides continuous guidance to improve the service levels for investors.

There were four meetings of this Committee during the Financial Year ended 31.03.2014 - viz. on 29.05.2013, 12.08.2013, 07.11.2013 & 12.02.2014. All the above members attended the above four meetings.

As on 31.03.2014, no complaint from shareholder / investor is pending.

The above Committee has since been renamed as Stakeholders Relationship Committee and consists of the same members.

4) DETAILS OF GENERAL MEETINGS

a) Annual General Meetings :-

Information regarding last 3 years' Annual General Body meetings are given below:

Sl.No.	Venue	Day	Date	Time
1.	No.3, Bhavani River Street, Ariappampalayam Sathyamangalam 638402	Wednesday	26.07.2013	09.30 a.m.
2.	No.3, Bhavani River Street, Ariappampalayam Sathyamangalam 638402	Wednesday	26.09.2012	09.30 a.m.
3.	No.3, Bhavani River Street, Ariappampalayam Sathyamangalam 638402	Friday	22.07.2011	10.00 a.m.

During 2013-14, the Company conducted Postal Ballot seeking the approval of members for the following Special Resolutions :

- i) Shifting of Registered Office of the Company
 - ii) Altering the Memorandum of Association to substitute a new Clause-III(15)
- Both resolutions have been passed with requisite majority.

5) General Shareholder Information:

1 67th AGM to be held on :

Day : Monday
Date : 29th September 2014
Time : 9.00 A.M.
Venue : Regd.Office : No.1493, Sathyamangalam Road, Ganapathy Post, Coimbatore - 641 006

2 Date of Book Closure : From 22nd Sept 2014 to 29th Sept 2014 (both days inclusive)

3 Financial Calendar:

Results announced : 14th August 2014
Posting of Annual Reports : End August 2014
Last date of Receipt of Proxy Forms : 27th September 2014
Announcement of Quarterly Results : Aug 2014, Nov 2014, Feb.2015 & June 2015

4 Listing on Stock Exchanges : Bombay Stock Exchange - Scrip Code No.521178 - ISIN No. INE306 D01017 Annual listing fee to the Stock Exchange paid upto date.

- 5 Registered Office & Administrative : 1493, Sathyamangalam Road, Ganapathy Post, Coimbatore 641 006
OfficePhone : 0422-2531022/1122
Fax : 0422-2531579
E-mail: srmc@vsnl.com
CIN : L17111TZ1946PLC000175
The Company's Website www.ramakrishnamills.com containing financial information, share holding pattern and compliance with Corporate Governance, etc has been activated. The contents are periodically updated. The Company has created an ID as required by SEBI under its SCORES - the web based complaint redressal system "secretary@ramakrishnamills.com"
- 6 Plant Location : Nagari (Andhra Pradesh)
- 7 Share Transfer System : Shares are in physical and demat form. Share Transfer documents received at the office of Registrar and Share Transfer Agent are processed and returned within a period of 15 days from the date of receipt after the shares are transferred and registered, if the documents being valid and complete in all respects. In order to expedite the process of share transfers, the Board has delegated the power of share transfer to the Registrar & Share Transfer Agents.
- 8 Share Transfer Agents' Address : M/s.S.K.D.C. Consultants Ltd.,
Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road, Ganapathy Post, Coimbatore 641 006.
Phone : 0422-6549995, 2539835-836
Fax : 0422-2539837
Email : info@skdc-consultants.com

6) Dematerialisation of Shares:

6659936 shares representing 93.56% of total equity capital is held in dematerialised form with NSDL and CDSL whereby the shares are available for trading in the dematerialized form under both the Depositories. The annual custody fees for the Financial Year 2014-15 have been paid to NSDL and CDSL.

7) Market Price Data

The High & Low prices during each month in the last financial year in BSE Ltd, Mumbai, are given below during 2013-14

B S E in (₹)												
Month	April '13	May	June	July	August	September	October	November	December	January'14	February	March
High	15.04	21.60	26.00	26.00	26.00	20.75	21.75	23.15	23.45	22.30	23.30	22.15
Low	12.36	15.80	20.50	20.50	20.50	20.75	21.75	22.15	22.30	22.30	23.30	21.05

8) Distribution of Shareholding (AS ON 31.03.2014):

Range (No. of shares)	No. of Shareholders	No. of shares	% to total shares
Upto - 5000	2027	811867	11.41
5001 - 10000	21	143383	2.01
10001 - 20000	16	205447	2.89
20001 - 30000	4	112158	1.58
30001 - 40000	4	134976	1.89
40001 - 50000	1	40500	0.57
50001 - 100000	2	164450	2.31
100001 and above	11	5505549	77.34
Total	2086	7118330	100.00

9) Categories of Shareholding as on 31st March 2014

S.No	Category	No. of shareholders	No. of shares	% to total shares
1	Promoters' Holding	9	4266250	59.93
2	Directors & Relatives	9	98382	1.38
3	Corporate Bodies	54	78519	1.11
4	Banks	1	100	--
5	Financial Institutions	1	745500	10.47
6	N R I	5	47616	0.67
7	Other Public	2007	1881963	26.44
	Total	2086	7118330	100.00