

SRI MALINI SPINNING MILLS LIMITED



9 th ANNUAL REPORT
1998 - 99

ANNUAL REPORT 1998-99

Board of Directors

Mr. V. Kannan
Mr. V. Baskaran
Mr. A.V. Venkatachalam
Mrs. K. Usha
Mrs. B. Bhavani
Mr. G. Swaminathan

Executive Director

Mr. N.P. Subramanian

Company Secretary

Mr. C. Shankar

Auditors

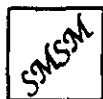
M/s. Natarajan & Vaidyanathan
Chennai

Bankers

Indian Bank
Catholic Syrian Bank
Union Bank of India

Regd. Office & Factory

Sandhiyur,
Trichy Main Road,
Via. Mallur, Salem - 636 203.



SRI MALINI SPINNING MILLS LIMITED



SRI MALINI SPINNING MILLS LIMITED,
Trichy Main Road, Sandhiyur, Mallur (Via.), Salem - 636 203.

NOTICE :

Notice is hereby given that the Ninth Annual General Meeting of the Company will be held on Monday, the 30th August 1999 at 10.00 a.m. at Chairman Kandasamy Gounder Kalyana Mandapam, Poimankaradu, Trichy Main Road, Salem - 636 201 to transact the following business :

ORDINARY BUSINESS :

1. To receive consider and adopt the Profit and Loss Account for the year ended 31st March 1999 and the Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To elect a Director in the place of Shri. V. Kannan who retires by rotation and being eligible offers himself for reappointment.
3. To elect a Director in the place of Shri. C. Swaminathan who retires by rotation and being eligible offers himself for reappointment.
4. To elect a Director in the place of Smt. K. Usha who retires by rotation and being eligible offers herself for reappointment.
5. To appoint Auditors for the current year and fix their remuneration.

By Order of the Board
For SRI MALINI SPINNING MILLS LIMITED

Salem - 636 203

Date : 8-7-1999

N.P. SUBRAMANIAN
Executive Director.

NOTES :

1. A member entitled to attend and vote is authorised to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. The proxy form duly stamped and executed shall be deposited at the Registered Office of the company atleast 48 hours before the commencement of the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 23-08-1999 to 30-08-1999. (Both days inclusive)
4. Members are requested to notify immediately any change of address to the Company.
5. Members / Proxies should bring the attendance slip sent herewith duly filled in and hand over the same at the entrance of the Meeting Hall.



SRI MALINI SPINNING MILLS LIMITED, SALEM

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Ninth Annual Report with Audited Accounts of the company.

FINANCIAL RESULTS

The Financial results for the year 1998 - 99 are as under

| | Rs. In lakhs | |
|---|--------------|------------|
| | 1998-99 | 1997-98 |
| Sales | 1443.31 | 1124.13 |
| Profit / Loss before interest and depreciation | (-) 85.40 | (-) 106.06 |
| Interest | 109.65 | 91.71 |
| Depreciation | 133.46 | 128.32 |
| Provision for taxation | | |
| Prior year adjustments | 10.86 | 31.39 |
| Net profit / Loss | (-) 317.65 | (-) 357.48 |
| Add Loss brought forward from the previous year | (-) 123.60 | (-) 469.66 |
| Total Profit / Loss | (-) 441.25 | (-) 827.14 |
| Less adjusted on reduction of share capital | | 703.54 |
| Net loss carried to Balance Sheet | (-) 441.25 | (-) 123.60 |

DIVIDEND

As the Company has incurred substantial loss, payment of dividend could not be considered.

REVIEW OF OPERATIONS

The Textile Industry continues to be affected by the crisis, your company is no exception to this. Despite, this situation, during the financial year 1998-99, the company's production is increased to 13.80 Lakhs Kgs of yarn compared to 10.46 Lakhs Kgs, production of last year.

Due to the reduction in the selling prices, both in Inland as well in Export Markets, the Company was not able to reap the fruits of increased turnover. The working capital problem continues as in the last year. The Company is seriously pursuing with the Bankers for approval of the package for the revival of the scenario.

FUTURE OUTLOOK

The sales turnover has leaped to Rs. 14.43 crores during the year compared to Rs. 11.24 Crores of last year. It is expected that with the enhanced working capital support by the Bankers, the sales and profitability can be improved.

AUDITORS : The present Statutory Auditors M/s. Natarajan and Vaidyanathan, Chartered Accountant retire at the conclusion of the Ninth Annual General Meeting and are eligible and willing for reappointment during the current year.

Regarding Auditors comments on debtors outstanding for period of more than six months, the company has initiated necessary legal proceedings and other necessary steps for recovery of these amounts.

The Company is reasonably confident of recovery of these amounts and hence, no provision is made in the accounts.

Regarding Non-provision of interest on unsecured loans from Directors, considering the current financial position of the company, no interest has been provided for in the accounts and it shall be provided for at an appropriate time.

DIRECTORS : During the year under review Sri.K.Ponnusamy, Sri.R.Narayanan and Sri.S.Natarajan resigned from the Board. The Board wishes to place on record its appreciation for the commendable work done by the above directors. Sri.V.Kannan, Smt.K.Usha and Sri.G.Swaminathan, the Directors liable to retire by rotation are retiring in the ensuing Annual General Meeting and being eligible for reappointment offer themselves for reappointment.

Y2K PREPAREDNESS : The Company has taken appropriate and effective steps to comply with Y2K requirements. The Company is already equipped with necessary in house facilities to meet the Y2K requirements.

STATUTORY DETAILS: During the year under review, there were no employees within the purview of Section 217 (2A) of the Companies Act, 1956. Information as required under section 217 (1) (e) is enclosed.

ACKNOWLEDGEMENT : Your Directors wish to thank Indian Bank, The Catholic Syrian Bank Ltd., and the Union Bank of India for their kind support from time to time.

Your Directors wish to place on record their deep appreciation of the good work performed by all the employees of the Company.

For Sri Malini Spinning Mills Ltd.,

Chennai
Date: 28-06-1999

V.KANNAN
Director



SRI MALINI SPINNING MILLS LIMITED, SALEM.

Annexure to the Director's Report for the year ended 31st March 1999

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956.

A. CONSERVATION OF ENERGY.

- | | |
|--|----------|
| a) Energy Conservation measures taken | Nil |
| b) Additional investment and proposals if any, being implemented for reduction of consumption of energy | Nil |
| c) Impact of the measures of [a] and [b] above for reduction of energy consumption and consequent impact on the cost of production of goods. | Nil |
| d) Total energy consumption and energy consumption per unit of production as per Form A of the annexure in respect of industries specified in the Schedule thereto | Enclosed |

B. TECHNOLOGY ABSORPTION :

- | | |
|---|-----|
| e) Efforts made in technology absorption as per Form B of the annexure. | Nil |
|---|-----|

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|--|-----|
| f) Activities relating to export, initiatives taken to increase exports: development of new export markets for products and services ; | Nil |
| g) Total foreign exchange used and earned | Nil |

SMSM

SRI MALINI SPINNING MILLS LIMITED, SALEM

FORM A

Form of disclosure of particulars with respect to conservation of energy

| | 1998-99 | 1997-98 |
|---|-------------|-------------|
| A. Power and Fuel consumption | | |
| 1. Electricity | | |
| a) Purchased | | |
| Units | 48,45,309 | 40,64,199 |
| Total amount (Rs.) | 1,68,89,980 | 1,41,95,477 |
| Rate / Units (Rs.) | 3.49 | 3.5 |
| b) Own Generation | | |
| i) Through diesel generator | | |
| Units | 9,41,848 | 4,75,730 |
| Units per Ltr. of diesel Oil | 3.19 | 2.98 |
| Cost / Unit (Rs.) | 3.53 | 3.6 |
| ii) Through Steam Turbine generator | --- | --- |
| 2. Coal | --- | --- |
| 3. Furnace Oil | --- | --- |
| 4. Other Internal Generation | --- | --- |
| B. Consumption per Kg. of yarn produced | | |
| Electricity | 3.03 | 2.79 |
| Furnace Oil | --- | --- |
| Coal | --- | --- |
| Others | --- | --- |