

SRI MALINI SPINNING MILLS LIMITED



10th ANNUAL REPORT

ANNUAL REPORT 1999 – 2000

Board of Directors

Sri. V. Kannan

Smt. K. Usha

Sri. G. Swaminathan

Executive Director

Sri. N.P. Subramanian

Company Secretary

Sri. C. Shankar

Auditors

M/s. Natarajan & Vaidyanathan

Bankers

Indian Bank

Catholic Syrian Bank

Union Bank of India

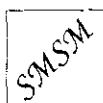
Regd. office & Factory

Sandhiyur,

Trichy Main Road,

Mallur (via)

Salem – 636 203.



SRI MALINI SPINNING MILLS LIMITED

SMSM

SRI MALINI SPINNING MILLS LIMITED**Regd. Off. :** Sandhiyur, Trichy Road, Mallur (via), Salem 636 203.**NOTICE :**

Notice is hereby given that the Tenth Annual General Meeting of the Company will be held on Monday, the 27th November 2000 at 10-00 a.m. at Chairman Kandasamy Kalyana Mandapam, Poimankaradu, Trichy Road, Salem to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the period ended 30th September 2000 and the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To elect a Director in the place of Shri. G. Swaminathan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors for the current year and fix their remuneration.

SPECIAL BUSINESS :

4. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT pursuant to the provisions of Sections, 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956, the Company hereby approves, the reappointment of Shri. N.P. SUBRAMANIAN as the whole-time Director, designated as Executive Director, for a period of 3 years with effect from 1st February 2000 on the terms and conditions including the remuneration as set out in the Explanatory statement.

Place : Salem

Date : 30-10-2000

By Order of the Board

(C. SHANKAR)

Company Secretary

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 24-11-2000 to 27-11-2000. (both days inclusive)
4. An explanatory statement relating to the item 4 as mentioned in the notice above under section 173 of the Companies Act, 1956 is annexed.
5. Member / Proxies should bring the attendance slip sent herewith duly filled in and handover the same at the entrance of the meeting hall.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.**ITEM No. 4**

Shri. N.P. Subramanian was reappointed as Whole-time Director designated as Executive Director by the Board of Directors with effect from 1st February 2000 for a period of 3 years in terms of section 198, 269 and 309 read with schedule XIII and other applicable provisions of the Companies Act, 1956

Approval of the Members is sought to the reappointment and remuneration payable to Shri. N.P. Subramanian which is set out below.

- a) Salary Rs. 13,200/- per month including Dearness Allowance and all other allowances with effect from 01-02-2000.
- b) Contribution to Provident Fund at the rate of 12%
- c) Car for use of Company's business and telephone at residence. Personal long distance calls and use of car for private purposes shall be billed by the Company.
- d) Leave unavailed to be allowed to be encashed as per rules of the Company.

Shri. N.P. Subramanian, Executive Director is interested in this resolution.

Place : Salem

Date : 30-10-2000

By Order of the Board

(C. SHANKAR)

Company Secretary

SMSM

SRI MALINI SPINNING MILLS LIMITED**Regd. Off. :** Sandhiyur, Trichy Road, Mallur (via), Salem – 636 203.**DIRECTORS REPORT :**

Your Directors have pleasure in presenting the Tenth Annual Report with Audited Accounts of the Company.

FINANCIAL RESULTS :

The Financial results for the period ended 30-09-2000 are as under.

	Rs. (in lakhs)	
	1999-2000	1998-99
Sales	2360.11	1443.31
Profit/Loss before interest and depreciation	31.84	(-) 85.40
Interest	167.73	109.65
Depreciation	204.77	133.46
Provision for taxation	---	---
Prior year adjustments	6.44	10.86
Net Profit / Loss	(-) 334.22	(-) 317.65
Add Loss brought forward from the previous year	(-) 441.25	(-) 123.60
Net Loss carried to Balance Sheet	(-) 775.47	(-) 441.25

DIVIDEND :

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

REVIEW OF OPERATIONS AND FUTURE OUTLOOK :

Even though the textile industry continues to be affected by the crisis, the performance of the Company has been better during the period ended 30-09-2000 when compared to the year ended 31st March 1999. During the period ended 30-09-2000, the raw material cost has been reduced to 68% of sales when compared to the raw material cost of 72% of sales during the previous year. The raw material prices has been brought down to 60% of sales during the six months period ended 30-09-2000 by effective purchase of raw material which influenced better selling price in the competitive market which resulted in better performance resulting in reduction of cash loss compared to the earlier period. The Company's financial year has been extended upto 30-09-2000, with a view to incorporate the expected sanction of the revised financial package submitted to the consortium of Bankers. Unfortunately the revised package is still pending with the Bankers. Your Directors hope that it will be sanctioned in the current financial year. Since the textile industry is still in a state of recession, company has incurred losses on account of declining yarn prices. Your Directors hope that the sanction of additional term loan and additional

working capital by the Bankers will materialise in the current financial year and the company's performance will be better during this period.

Y2K COMPLIANCE :

Your Company has successfully undergone year 2000 rollover. All the systems and equipments are functioning in a normal manner.

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

DIRECTORS : During the year under review Sri. A. V. Venkatachalam, Sri. V. Baskaran and Smt. B. Bhavani, Directors resigned from the Board. The Board wishes to place on record its appreciation for the commendable work done by them. Sri. G. Swaminathan, Director liable to retire by rotation is retiring in the ensuing Annual General Meeting and being eligible for reappointment offer himself for reappointment.

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

For Sri Malini Spinning Mills Limited

V. KANNAN

Director

Salem

30-10-2000

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SRI MALINI SPINNING MILLS LIMITED, SALEM**Annexure to the Directors Report for the period ended 30-09-2000****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 (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 Schedules there to | 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 |

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SRI MALINI SPINNING MILLS LIMITED, SALEM**FORM A****Form of disclosure of particulars with respect to conservation of energy.**

	1999-2000	1998-1999
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Units	80,76,136	48,45,309
Total Amount (Rs.)	3,26,96,198	1,68,89,980
Rate / unit (Rs.)	4.04	3.49
b) Own Generation		
Through diesel Generator		
Units	6,54,635	9,41,848
Units per Ltr. of diesel Oil	3.15	3.19
Cost/Unit (Rs.)	4.50	3.53
Through Steam Turbine Generator	---	---
2. Coal	---	---
3. Furnace Oil	---	---
4. Other Internal Generation	---	---
B. Consumption per Kg. of Yarn Produced		
Electricity	3.74	3.03
Furnace Oil	---	---
Coal	---	---
Others	---	---