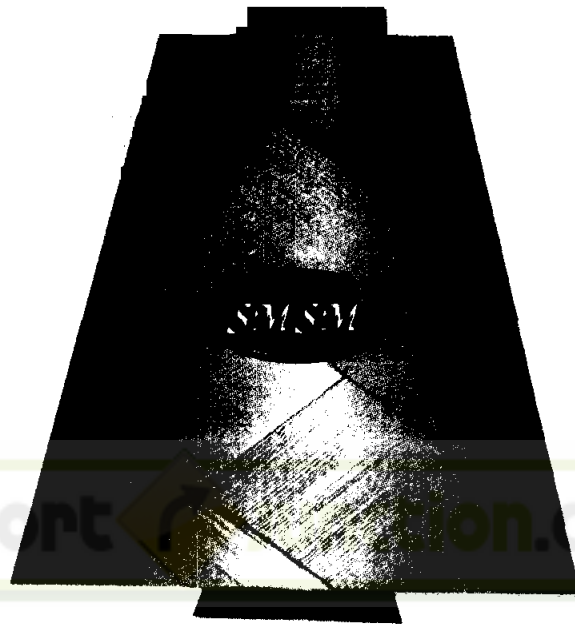


SRI MALINI SPINNING MILLS LIMITED



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11th ANNUAL REPORT
2000 - 2001

ANNUAL REPORT 2000 - 2001

Board of Directors

Sri. G. Swaminathan

Sri. C.S. Sridhar

Sri. H. Abdul Azeez

Executive Director

Sri. K.S.S. Prakkaash

Company Secretary

Sri. C. Shankar

Auditors

M/s. Natarajan & Vaidyanathan

Kumbakonam

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



SRI MALINI SPINNING MILLS LIMITED

Regd. Off. : Sandhiyur, Trichy Road, Mallur (via), SALEM - 636 203.

DEPOSITORY SYSTEM

46A (i) The Company shall be entitled to dematerialise its existing shares and other securities, rematerialise its shares and other securities held in the depositories and/or offer its fresh shares and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any. The expression 'dematerialise' means converting physical certificate to electronic form. The expression 'rematerialise' is the opposite of dematerialise.

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

(iii) A 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.

(iv) Every person holding shares 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 and such beneficial owner is entitled to all the rights and benefits of a member.

By order of the Board

Place : Salem.

(C. SHANKAR)

Date : 17-08-2001

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 25-09-2001 to 27-09-2001. (both days inclusive)
4. 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 under section 173 of the Companies Act, 1956.

Item No. 4

Shri. C.S. Sridhar was appointed by the Board of Directors as an Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956 Shri C.S. Sridhar holds office upto the date of Annual General Meeting. Notices have been received from members of the Company under Section 257 of the Companies Act, 1956 proposing Shri. C.S. Sridhar as a candidate for the office of Director, liable to retire by rotation.

The Board of Directors are of the view that the services of Shri. C.S. Sridhar will be of immense value to the Company. Your Directors, therefore, recommend his appointment as Director of the Company.

None of the Directors except Shri. C.S. Sridhar is in any way concerned or interested in the resolution.

ANNUAL REPORT 2000 - 2001

Board of Directors

Sri. G. Swaminathan

Sri. C.S. Sridhar

Sri. H. Abdul Azeez

Executive Director

Sri. K.S.S. Prakkaash

Company Secretary

Sri. C. Shankar

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NOTICE :

Notice is hereby given that the Eleventh Annual General Meeting of the Company will be held on Thursday, the 27th September 2001 at 10 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 31st March 2001 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 Sri. 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 Sri. C.S.Sridhar, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has under Section 257 of the said Act received notices in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Sri. H. Abdul Azeez, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has under Section 257 of the said Act received notices in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Sri. K.S.S. Prakkaash, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has under Section 257 of the said Act received notices in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, not liable to retire by rotation."

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

S.M.S.M.

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

"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 appointment of Shri. K.S.S. Prakkaash as the whole-time Director, designated as Executive Director for a period of 3 years with effect from 17th August 2001 on the terms and conditions including the remuneration as set out in the Explanatory statement.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter or vary the terms and conditions of the said appointment including the remuneration, so long as it does not exceed the limits specified in Schedule XIII of the Companies Act, 1956 and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable, the Articles of Associations of the Company, be and are hereby altered as under :

The following new Article be inserted after the existing Article 36.

NOMINATION

36A. Subject to the provisions of Section 109A and 109B of the Companies Act, every holder or joint holders of shares or Debentures may at any time nominate a person to whom his/their shares or Debentures shall vest in the event of death and such nominee may either register himself as the holder of the shares or Debentures, as the case may be or make such transfer of such shares or Debentures as the deceased Shareholder(s) or Debentureholder(s) could have made.

9. To consider, and if thought fit, to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable, the Articles of Association of the Company, be and are, hereby altered as under :

The following new Article be inserted after the existing Article (43)

43(A) Notwithstanding anything contained in Article 43, on the death of a member where he was a sole holder, if the member has filed a nomination in the prescribed form, the nominee shall be the only person recognised by the Company as having any title to his interest in the shares.

10. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable, the Articles of Association of the Company, be and are hereby altered as under :

The following new Article be inserted after the existing Article 46.



SRI MALINI SPINNING MILLS LIMITED

Regd. Off. : Sandhiyur, Trichy Road, Mallur (via), SALEM - 636 203.

DEPOSITORY SYSTEM

46A (i) The Company shall be entitled to dematerialise its existing shares and other securities, rematerialise its shares and other securities held in the depositories and/or offer its fresh shares and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any. The expression 'dematerialise' means converting physical certificate to electronic form. The expression 'rematerialise' is the opposite of dematerialise.

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

(iii) A 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.

(iv) Every person holding shares 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 and such beneficial owner is entitled to all the rights and benefits of a member.

By order of the Board

Place : Salem.

(C. SHANKAR)

Date : 17-08-2001

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 25-09-2001 to 27-09-2001. (both days inclusive)
4. 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 under section 173 of the Companies Act, 1956.

Item No. 4

Shri. C.S. Sridhar was appointed by the Board of Directors as an Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956 Shri C.S. Sridhar holds office upto the date of Annual General Meeting. Notices have been received from members of the Company under Section 257 of the Companies Act, 1956 proposing Shri. C.S. Sridhar as a candidate for the office of Director, liable to retire by rotation.

The Board of Directors are of the view that the services of Shri. C.S. Sridhar will be of immense value to the Company. Your Directors, therefore, recommend his appointment as Director of the Company.

None of the Directors except Shri. C.S. Sridhar is in any way concerned or interested in the resolution.

S.M.S.M.

SRI MALINI SPINNING MILLS LIMITED**Regd. Off. : Sandhiyur, Trichy Road, Mallur (via), SALEM - 636 203.****Item No.5**

Shri. H. Abdul Azeez was appointed by the Board of Directors as an Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956 Shri H. Abdul Azeez holds office upto the date of Annual General Meeting. Notices have been received from members of the Company under Section 257 of the Companies Act, 1956 proposing Shri. H. Abdul Azeez as a candidate for the office of Director, liable to retire by rotation.

The Board of Directors are of the view that the services of Shri. H. Abdul Azeez will be of immense value to the Company. Your Directors, therefore, recommend his appointment as Director of the Company.

None of the Directors except Shri. H. Abdul Azeez is in any way concerned or interested in the resolution.

Item No.6

Shri. K.S.S. Prakkaash was appointed by the Board of Directors as an Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956 Shri K.S.S. Prakkaash holds office upto the date of Annual General Meeting. Notices have been received from members of the Company under Section 257 of the Companies Act, 1956 proposing Shri. K.S.S. Prakkaash as a candidate for the office of Director, not liable to retire by rotation.

The Board of Directors are of the view that the services of Shri. K.S.S. Prakkaash who has about 22 years experience in the Textile Industry will be of immense value to the Company. Your Directors, therefore, recommend his appointment as Director of the Company.

None of the Directors except Shri. K.S.S. Prakkaash is in any way concerned or interested in the resolution.

Item No. 7

Shri K.S.S. Prakkaash was appointed as Whole-time director designated as Executive Director by the Board of Directors with effect from 17th August 2001 for a period of 3 years in terms of sections 198, 269, and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 on the terms and conditions including the remuneration as set out below.

A) Salary Rs. 16,000/- per month including Dearness Allowance and all other allowances.

b) Perquisites :

- (i) Housing - Rent free unfurnished residential accomodation.
- (ii) Provision of car and telephone at residence. The expenditure on use of car for private purposes and personal long distance calls on telephone shall be billed by the Company to Sri. K.S.S. Prakkaash.
- (iii) Company contribution to provident fund, gratuity and encashment of leave, as per the rules of the Company.

Sri. K.S.S. Prakkaash shall not be liable to retire by rotation as Director of the Company.

The approval of the members is sought to the appointment of and remuneration payable to Sri. K.S.S. Prakkaash.



SRI MALINI SPINNING MILLS LIMITED

Regd. Off. : Sandhiyur, Trichy Road, Mallur (via), SALEM - 636 203.

None of the Directors is interested in this resolution except Sri. K.S.S. Prakkaash.

The above may also be treated as an Abstract as required under Section 302 of the Companies Act, 1956.

Item No. 8

The Companies (Amendment) Act, 1999 has inter alia, made a provision through Section 109A and 109B where by a holder or joint holders of Shares or Debentures can nominate a person to whom all the rights in the shares or debentures of a Company shall vest in the event of the death of such holder(s). Such a nominee can elect either to be registered himself as the holder of the shares or debentures or make such transfer of the shares or debentures as the deceased holder(s) of shares or debentures could have made. It is therefore, proposed to incorporate a new Article in the Articles of Association of the Company providing for nomination facility in accordance with the provisions of Section 109A and 109B of the Companies Act, 1956. Hence this resolution is placed before the meeting for the approval of the members.

None of the Directors of the Company is concerned or interested in the said resolution.

Item No. 9

Consequent to the insertion of Article 36A, an amendment has to be made in Articles which deals with transmission of shares. This amendment recognises nominee as the person entitled to the shares held by a member who is a sole holder of shares.

None of the Directors of the Company is concerned or interested in the said resolution.

Item No. 10

With the enactment of Depositories Act, 1996 and amendments to certain provisions of the Companies Act, 1956, a new Article is proposed to be introduced with a view to facilitating holding of shares in electronic mode with a depository. Holding of shares in electronic mode is only optional and it is not compulsory. The proposed alteration to the Articles of Association requires the approval of the members by a special resolution. Accordingly the special resolution is placed before the members for their approval.

None of the Directors of the Company is concerned or interested in the said resolution.

Inspection of Documents

The Articles of Association of the Company referred to in the Resolutions at items Nos. 8 to 10 together with the proposed alteration are available for inspection of the members of the Company at the Registered Office of the Company between 10 a.m. and 1 p.m. on all working days upto and including the day of the Annual General Meeting.

Place : Salem.

Date : 17-08-2001

By order of the Board

(C. SHANKAR)

Company Secretary