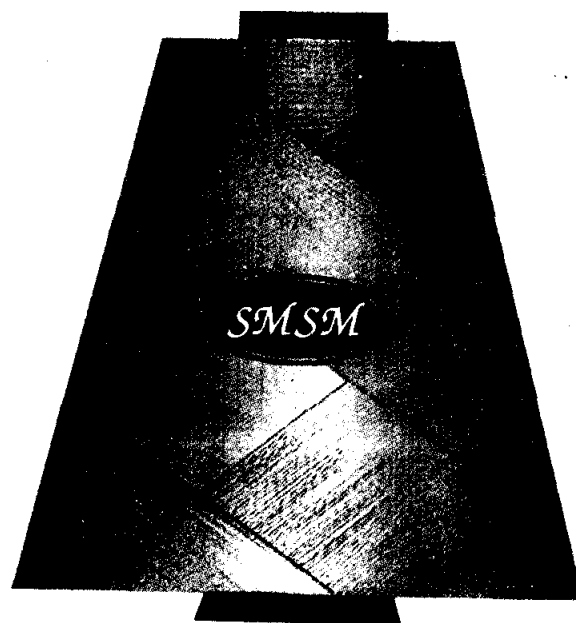


SRI MALINI SPINNING MILLS LIMITED



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12th ANNUAL REPORT

2001 - 2002

ANNUAL REPORT 2001 - 2002

Board of Directors

Sri. G. Swaminathan

Sri. C.S. Sridhar

Sri. H. Abdul Azeez

Executive Director

Sri. K.S.S. Prakkaash

Company Secretary

Smt. Jayanthi Narayana Swamy

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.

NOTICE :

Notice is hereby given that the Twelfth Annual General Meeting of the Company will be held on Monday, the 23rd September 2002 at 10 a.m. at the Registered Office of the Company at Sandhiyur, Trichy Road, Mallur (via), Salem-636 203, to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the period ended 31st March 2002 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. C. S. Sridhar, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors for the current year and fix their remuneration.

By order of the Board

Place : Salem.

(JAYANTHI NARAYANASWAMY)

Date : 25-07-2002

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 19-09-2002 to 30-09-2002. (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



SRI MALINI SPINNING MILLS LIMITED

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

DIRECTORS' REPORT

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

FINANCIAL RESULTS

The Financial results for the period ended 31-03-2002 are as under :

	Rs. in lakhs	
	2001-2002 (12 months)	2000-2001 (6 months)
Sales	841.62	577.24
Profit / Loss before interest and depreciation	135.58	42.28
Interest	135.19	56.60
Depreciation	137.88	68.26
Provision for taxation	—	—
Prior year adjustments	4.52	13.63
Net profit / Loss	(-) 142.01	(-) 96.21
Add Loss brought forward from the previous year	(-) 871.68	(-) 775.47
Net loss carried to Balance Sheet	(-) 1013.69	(-) 871.68

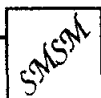
DIVIDEND

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

REVIEW OF OPERATIONS AND FUTURE OUTLOOK :

During the period under review, the Company has incurred a net loss of Rs. 142.01 lacs. Since the previous financial year was for 6 months and the financial year of the period under review is 12 months, the results are not comparable. The profit before interest and depreciation on sales for the period under review is 16.11% while for the previous period ended 31/03/2001, it was 7.32%. Hence the Company's performance has been better when compared to the previous period. The improved efforts of the Company are purely attributed to cost control measures and also to the conversion work which is being undertaken. Even with the above cited positive signs, the Company has not been able to earn adequately to cover interest and depreciation, because of the sluggishness in demand, and inadequacy of working capital. Your Directors are hopeful of solving the problem of inadequacy of working capital, with the sanctioning of the necessary rehabilitation package by the Board for Industrial and Financial Reconstruction.

Your Directors are hopeful that the company will be able to recover the outstanding amount from the debtors in respect of which legal proceedings have been taken for recovery and hence no provision has been made in the accounts. As regards the interest on unsecured loans from Erstwhile Directors, the lenders have given assent for waiver of interest. Hence no provision has been made in the accounts.



SRI MALINI SPINNING MILLS LIMITED

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

Since the networth of the Company has been fully eroded, the Company was registered with the Board for Industrial and Financial Reconstruction during the previous financial year, as required under the Sick Industrial Companies (Special Provisions) Act, 1985. The Board of Industrial and Financial Reconstruction, vide their letter no: 77/2001 dated 16.7.2002, declared our Company as a Sick Company and appointed an Operating Agency to furnish the rehabilitation package for the revival of our Company. The preparation of the above cited package is under process. Your Directors are hopeful that the BIFR will sanction a rehabilitation package for the Company and with the implementation of it, the networth can be made positive in due course.

DIRECTORS' Responsibility Statement :

The Board of Directors of the Company confirms :

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
2. that selected accounting policies were applied consistently and the Directors made judgement and estimates that are reasonable and prudent as to give a true and fair view of the state of affairs of the Company as at March 31, 2002 and of the loss of the Company for the period ended on that date.
3. 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 assets of the Company and for preventing and detecting fraud and other irregularities.
4. that the annual accounts have been prepared on a going concern basis.

AUDITORS

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

DIRECTORS

Sri. C.S. Sridhar retires from the Board of Directors by rotation and is eligible 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

G. SWAMINATHAN

K.S.S. PRAKKAASH

Directors.

Salem

25-07-2002

SMSM

SRI MALINI SPINNING MILLS LIMITED, SALEM

Annexure to the Directors' Report for the period ended 31-03-2002
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 Scheduled 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 |



SRI MALINI SPINNING MILLS LIMITED, SALEM

FORM A

Form of disclosure of particulars with respect to conservation of energy.

	2001-2002	2000-2001
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Units	56,04,384	24,88,628
Total Amount (Rs.)	2,41,13,204	1,06,24,515
Rate / Unit (Rs.)	4.30	4.27
b) Own Generation		
Through diesel generator		
Units	2,64,449	1,34,911
Units per Ltr. of diesel Oil	3.18	3.02
Cost / Unit (Rs.)	5.95	5.92
Through Steam Turbine Generator	---	---
2. Coal	---	---
3. Furnace Oil	---	---
4. Other Internal Generation	---	---
B. Consumption per Kg. of yarn produced		
Electricity	3.12	4.33
Furnace Oil	---	---
Coal	---	---
Others	---	---