

SRI MALINI SPINNING MILLS LIMITED



13th ANNUAL REPORT
2002 - 2003



SRI MALINI SPINNING MILLS LIMITED

ANNUAL REPORT 2002 - 2003

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 Narayanaswamy

Auditors

Natarajan & Vaidyanathan

Kumbakonam

Bankers

Indian Bank

The Catholic Syrian Bank Ltd

Union Bank of India

Regd. Office & Factory

Trichy Main Road,

Sandhiyur,

Mallur (via),

Salem - 636 203.



SRI MALINI SPINNING MILLS LIMITED

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

NOTICE :

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held on Thursday, 25th September 2003 at 10.30 a.m. at the Registered Office of the Company at Sandhiyur, Trichy Main 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 2003 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. H. Abdul Azeez, 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 be and is hereby approves for the enhancement, of the remuneration of Sri K.S.S. Prakkaash, the Executive Director of the Company, as set out in the Explanatory statement from Rs. 16,000 p.m to Rs. 26,000 p.m, with effect from 01.10.2003. The other terms and conditions remaining the same as stipulated in the order issued to him on 17.8.2001."

"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."

5. To consider and if thought fit, to pass with or without modifications, the following resolution, as a special resolution:-

"Resolved that the shares of the Company delisted in Ahmedabad Stock Exchange and Madras Stock Exchange shall be delisted".

"Resolved Further that Sri. K.S.S. Prakkaash, the Executive Director of the Company, be and is hereby authorised to apply to Ahmedabad Stock Exchange and Madras Stock Exchange for delisting the shares of the Company"

By order of the Board

Place : Salem.

Date : 24-07-2003

(JAYANTHI NARAYANASWAMY)
Company Secretary



SRI MALINI SPINNING MILLS LIMITED, SALEM

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 16th September, 2003 to 30th September, 2003 (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.
5. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company M/s. Cameo Corporate Services Ltd, "Subramaniam Building", No.1, Club House Road, Chennai-2.
6. The Company, consequent upon the introduction of Depository System (DS), entered into agreements with Central Depository Services (India) Limited (CDSL). Members, therefore, now have the option of holding and dealing in the shares of the Company in electronic form through CDSL.
7. The Depository System envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates etc. Simultaneously, DS offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction of transaction costs, improved liquidity etc.
8. Queries on the Agenda items shall reach the Registered Office 10 days before the AGM, so that the same can be suitably replied.



SRI MALINI SPINNING MILLS LIMITED, SALEM

Explanatory statement under Section 173 of the Companies Act, 1956.

Item No. 4

Shri K.S.S. PRAKKAASH was appointed as the Executive Director of the Company on 17.8.2001 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. The terms and conditions of his above cited appointment has been explained in the Annual Report for the year 2000-2001.

Sri K.S.S. PRAKKAASH, the Executive Director of the Company is taking all possible pains to make the Company turn round the corner. He is shouldering the responsibility of changing the present depressed scenario of the Company into the lightened elevated condition. The management wishes him for his present endeavours and hopes that an impetus offered by the management, will inspire him to put in more efforts and zeal in the discharge of his functions. In the light of the above, the management has recommended an enhancement in the basic salary of Sri K.S.S. PRAKKAASH from Rs.16,000 p.m to Rs.26,000 p.m, with effect from 01.10.2003. The other terms and conditions remaining the same, as on his appointment as Executive Director of the Company.

The enhancement requires the sanction of the shareholders and hence the approval of the members is sought to the enhanced remuneration payable to Sri.K.S.S. PRAKKAASH.

Item No. 5

At present the Company's Shares are listed in Madras, Ahmedabad, Coimbatore and Mumbai Stock Exchanges. As per the Provisions of the SEBI Guidelines, the Company can delist its shares from the Stock Exchanges by passing a special resolution and complying with other relevant provisions of SEBI. As there are practically nil trading of Shares of the Company in Stock Exchanges and the reduction of listing fee burden contributes positively to the revenues of the Company, the special resolution cited in item No.5, is placed before the shareholders. However, the shares listed in Mumbai Stock Exchange and Coimbatore Stock Exchange shall continue to remain so.



SRI MALINI SPINNING MILLS LIMITED, SALEM

DIRECTORS' REPORT

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

FINANCIAL RESULTS

The Financial results for the year ended 31-03-2003 are as under :

| | Rs. in lakhs | |
|---|--------------|-------------|
| | 2002-2003 | 2001-2002 |
| Sales including other income | 852.28 | 841.62 |
| Profit / Loss before interest and depreciation | 73.16 | 135.58 |
| Interest | 158.60 | 135.19 |
| Depreciation | 140.07 | 137.88 |
| Provision for taxation | --- | --- |
| Prior period adjustments | 1.73 | 4.52 |
| Net Profit / Loss | (-) 227.24 | (-) 142.01 |
| Deferred Tax | (-) 98.89 | --- |
| Add Loss brought forward from the previous year | (-) 1013.70 | (-) 871.68 |
| Net Loss carried to Balance Sheet | (-) 1339.83 | (-) 1013.69 |

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. 227.24 lacs. The sales of the Company has improved when compared to the previous year. With the existing conditions of increase in the cost of raw material, Power and Labour your Company could operate at a operating profit position, though it could not 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 accounts.

Since the networth of the Company has been fully eroded, the Company was registered with the Board for Industrial and Financial Reconstruction during the year 2001-2002 . An Operating Agency has been appointed by the above cited Board to furnish the rehabilitation package for the revival of our Company. The Operating Agency has submitted its revival package to the BIFR. Your Company is awaiting the decision from the BIFR. Your Directors anticipate a positive future with the receipt of the suitable rehabilitation package from the BIFR.



SRI MALINI SPINNING MILLS LIMITED, SALEM

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 31st, 2003 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 Thirteenth Annual General Meeting and are eligible and willing for reappointment during the current year.

DIRECTORS

Sri. H. Abdul Azeez 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 appended as Annexure and forms part of this report.

PERSONNEL

Your Directors wish to place on record their deep appreciation of the good work performed by and the cordial relationship of all the employees of the Company. Your Directors look forward to the same in future.

ACKNOWLEDGEMENT

Your Directors wish to thank various Government Agencies, the Banks and other Institutions for their continued co-operation and the support to the Company by them.

For Sri Malini Spinning Mills Limited

G. SWAMINATHAN

K.S.S. PRAKKAASH

Directors.

Salem

24-07-2003



SRI MALINI SPINNING MILLS LIMITED, SALEM

Annexure to the Directors' Report for the period ended 31.03.2003
Information pursuant to Section 217(1)(e) of the Companies Act, 1956

A. CONSERVATION OF ENERGY :

- | | | |
|----|--|--|
| a) | Energy Conservation measures taken | YES |
| b) | Additional investment and proposals if any, being implemented for reduction of consumption of energy | Rs. 7,94,500 |
| c) | Impact of the measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods | Inspite of increase in production and also high fluctuating EB and own Power Generation energy cost, the consumption of energy has come down resulting in reduction in power cost. |
| 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.

| | 2002-2003 | 2001-2002 |
|--|-------------|-------------|
| A. Power and Fuel Consumption | | |
| 1. Electricity | | |
| a) Purchased | | |
| Units | 58,77,676 | 56,04,384 |
| Total Amount (Rs.) | 2,52,65,435 | 2,41,13,204 |
| Rate / Unit (Rs.) | 4.30 | 4.30 |
| b) Own Generation | | |
| Through diesel generator | | |
| Units | 4,01,107 | 2,64,449 |
| Units per Ltr. of diesel Oil | 3.37 | 3.18 |
| Cost / Unit (Rs.) | 5.96 | 5.95 |
| Through Steam Turbine Generator | --- | --- |
| 2. Coal | --- | --- |
| 3. Furnace Oil | --- | --- |
| 4. Other Internal Generation | --- | --- |
| B. Consumption per Kg. of yarn produced | | |
| Electricity | 3.29 | 3.12 |
| Furnace Oil | --- | --- |
| Coal | --- | --- |
| Others | --- | --- |



SRI MALINI SPINNING MILLS LIMITED, SALEM

FORM B (See Rule 2)

Form of disclosure of particulars with respect to absorption RESEARCH AND DEVELOPMENT (R&D)

- | | |
|--|-----|
| 1. Specific areas in which R & D carried out by the Company. | --- |
| 2. Benefits derived as a result of the above. | --- |
| 3. Future plan of action | --- |
| 4. Expenditure on R & D | |
| a) Capital | |
| b) Recurring | Nil |
| c) Total | |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | |
|--|--|
| 1. Efforts in brief made towards technology absorption, adaptation and innovation. | --- |
| 2. Benefits derived as a result of the above effort e.g. product improvement, cost reduction, product development, import substitution etc. | --- |
| 3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished : | |
| a) Technology imported | --- |
| b) Year of import | --- |
| c) Has technology, fully absorbed | No imported technology has been adopted. |
| d) If not fully absorbed, areas where this has not taken place, reasons, thereof and future plans of action. | --- |