

SRI MALINI SPINNING MILLS LIMITED



14th ANNUAL REPORT
2003 - 2004





SRI MALINI SPINNING MILLS LIMITED

ANNUAL REPORT 2003 - 2004

Board of Directors

Sri. G. Swaminathan

Sri. C.S. Sridhar

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.

SMSM

SRI MALINI SPINNING MILLS LIMITED

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

NOTICE :

Notice is hereby given that the Fourteenth Annual General Meeting of the Company will be held on Friday, 24th September, 2004 at 10.30 a.m. at the Registered Office of the Company at Trichy Main Road, Sandhiyur, 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 year ended 31st March, 2004 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** :

"The Company's shares be and are hereby continue to be listed in Madras and Ahmedabad Stock Exchanges".

By order of the Board

Salem.
29.7.2004

(JAYANTHI NARAYANASWAMY)
Company Secretary



SRI MALINI SPINNING MILLS LIMITED

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 forty eight 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, 2004 to 30th September, 2004 (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. The Company, consequent upon the introduction of Depository System (DS), entered into agreements with Central Depository Services (India) Limited (CDSL). Consequent upon the rate of capital erosion of the Company as stipulated in the Regulations of Depositories, our Company has been denied the facilities of 'dematerialisation'.
6. Therefore the shareholders are requested to send their Share transfer documents and all correspondence relating thereto, to the Registered office of the Company at Trichy Main road, Sandhiyur, Mallur - Via, Salem-636 203.
7. Queries on the Agenda items shall reach the Registered Office 10 days before the AGM, so that the same can be suitably replied.

Explanatory for Item No. 4 (special business)

At present the Company's Shares are listed in Chennai, Ahmedabad, Coimbatore and Mumbai Stock Exchanges. As per the SEBI Regulations the Company can delist its shares from the Stock Exchanges, if the share holders are willing to sanction the same. Our Company has passed a special resolution to delist its shares from Madras and Ahmedabad Stock Exchanges in the Annual General Meeting held on 25.9.2003. Considering the financial implications involved in delisting of shares from the above cited two stock exchanges and also the denial of dematerialisation of Company's shares by CDSL, it is thought prudent on the part of the Company to continue listing in Madras as well as Ahmedabad Stock Exchanges.

SMSM

SRI MALINI SPINNING MILLS LIMITED

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

DIRECTORS' REPORT

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

FINANCIAL RESULTS

The Financial results for the year ended 31.3.2004 are as under :

	Rs. in lakhs	
	2003-2004	2002-2003
Sales including other income	1186.50	852.28
Profit / Loss before interest and depreciation	239.47	73.16
Interest	184.03	158.60
Depreciation	142.13	140.07
Provision for taxation	---	---
Prior period adjustments	(-) 1.28	1.73
Net Profit / Loss	(-) 87.97	(-) 227.24
Deferred Tax	39.31	(-) 98.89
Add Loss brought forward from the previous year	(-) 1339.83	(-) 1013.70
Net Loss carried to Balance Sheet	(-) 1388.49	(-) 1339.83

DIVIDEND

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

REVIEW OF OPERATIONS AND FUTURE OUTLOOK :

During the year under review, the Company has incurred a net loss of Rs. 87.97 lacs. The total revenue i.e., sales including other income of the Company has improved by 39.21% and the sales alone has increased by 77% approximately, when compared to the respective figures of 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, showing an increase in operating profit by 227.3% approximately when compared the previous financial year, though it could not earn adequately to cover interest and depreciation, because of inadequacy of working capital owing to non-receipt of necessary rehabilitation package from 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.



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, 2004 and of the loss of the Company for the year 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 Fourteenth Annual General Meeting and are eligible and willing for reappointment during the current year.

DIRECTORS

Owing to his other commitments Sri. H. Abdul Azeez retired from the Board of Directors on 12.5.2004. Our Company has recorded its gratitude to him for his valuable services rendered by him to the Company.

Sri G. Swaminathan, Director of the Company retires 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.

PERSONNEL

Your Directors wish to place on record their deep appreciation of the good work performed by the employees. Cordial relationship is maintained with 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

29.7.2004



SRI MALINI SPINNING MILLS LIMITED, SALEM

Annexure to the Directors' Report for the period ended 31.3.2004 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. 3,50,000 |
| 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

Efforts made in technology absorption as per Form B of the annexure

Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | | |
|----|---|-----|
| a) | Activities relating to export, initiatives taken to increase exports, development of new export markets for products and services | Nil |
| b) | 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.**

	2003-2004	2002-2003
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Units	59,46,427	58,77,676
Total Amount in Rupees	2,55,63,081	2,52,65,435
Rate / Unit in Rupees	4.30	4.30
b) Own Generation		
Through diesel generator		
Units	2,04,604	4,01,107
Units per Ltr. of diesel Oil	3.20	3.37
Cost / Unit in Rupees	4.54	5.96
Through Steam Turbine Generator	---	---
2. Coal	---	---
3. Furnace Oil	---	---
4. Other Internal Generation	---	---
B. Consumption per Kg. of yarn produced		
1. Electricity	3.53	3.29
2. Furnace Oil	---	---
3. Coal	---	---
4. 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.