

SRI MALINI SPINNING MILLS LIMITED



18th ANNUAL REPORT
2007 - 2008



SRI MALINI SPINNING MILLS LIMITED

ANNUAL REPORT 2007 - 2008

Board of Directors

Sri. S. Boopalan

Sri. S. Rajendran

Sri. R. Lakshmi Narayanan

Executive Director

Sri. K.S.S. Prakkaash

Company Secretary

Smt. Jayanthi Narayanaswamy

Auditors

L. Narayanan

Salem

Regd. Office & Factory

Trichy Main Road,

Sandhiyur,

Mallur (via),

Salem - 636 203.

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

Notice is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Monday, 29th September, 2008, at 9.30 a.m. at the Registered Office of the Company at Sandhiyur, Trichy Main Road, Mallur (Via), Salem-636 204, transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2008 and the Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To consider the re-appointment of Directors retiring by rotation.

As Sri.S.Boopalan, Sri.S.Rajendran and R.Lakshminarayanan have joined our Board on the same day in the year 2005. Sri. S.Boopalan and Sri. S. Rajendran the directors of the company, retired by rotation and being eligible and willing were re-appointed in the years 2006 and 2007 respectively. Hence this year Sri R. Lakshminarayanan, the director of the company, is liable to retire by rotation, being eligible for re-appointment offers himself for the same. Hence, the following resolution is placed before the shareholders.

"Resolved that Sri. R. Lakshminarayanan, Director of the Company, retiring by rotation, being eligible and offering himself for re-appointment, be and is hereby appointed as the Director of the Company."

3. To appoint Auditors for the current year and fix their remuneration.

"Resolved that, the present Auditor of the Company Mr.L.Narayanan, Chartered Accountant, Plot No.28, Sunder Gardens, Modern Theatres, Yercaud Main Road, Salem - 636 008, be and is hereby appointed as the Auditor of the Company until the conclusion of the next Annual General Meeting."

By Order of the Board.

Place : Salem.
Date : 30.06.2008

(JAYANTHI NARAYANASWAMY)
Company Secretary



SRI MALINI SPINNING MILLS LIMITED

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

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 2008 to 30th September 2008 (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. Consequent upon the rate of capital erosion of the company as stipulated in by the Regulations of Depositories, our Company has been denied the facilities of 'dematerialization'.
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 reach the Registered Office atleast 10 days before the AGM, so that the same can be suitably replied.



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 Eighteenth Annual Report with Audited Accounts of the Company.

FINANCIAL RESULTS

The Financial Results for the period ended 31-03-2008 are as under :

	Rs. In lacs:	
	2007-2008	2006-2007
Sales including other income	480.96	605.53
Profit/Loss before interest and Depreciation	(-)167.56	9.90
Financial Cost	158.52	157.29
Depreciation	31.49	34.35
Prior Period Adjustments	12.91	259.92
Provision for Taxes	---	---
Profit / Loss before taxation	(344.65)	78.18
Deferred Tax	(1.61)	(0.12)
Add : Loss brought forward from the Previous Year	(-)1655.07	(-)1733.13
Net Loss carried to Balance Sheet	1999.56	(-)1655.07

DIVIDEND :

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

REVIEW OF OPERATIONS AND FUTURE OUT LOOK :

During the period under review, the Company has incurred a net loss of Rs. 344.65 Lacs. The total revenue i.e., sales including other income of the Company has decreased by 20.57%, the reason being stoppage of sale of yarn and undertaking to do only the assignments of conversion of cotton into yarn as per orders received till November 2007. In the interest of shareholders from November 2007 the mill has been leased out to M/s. Thiruvalluvar Textiles Private Limited, Post Box No.6, 2-9, Singalandapuram Privu Road, Rasipuram-637 408.

In spite of the above changes in income structure and simultaneous increase in power and labour costs the company managed to control the operating expenditure with only a slight increase of 8.91% as compared to the previous year.

The shareholders are aware that the company had to contribute certain area from Unit A situated in NH47 at Sandhiyur, Mallur-via, Salem-636 203 and also from Unit B situated in NH47 at Ammapalayam post, Mallur-via, Salem-636 203 towards the acquisition by NHAI (National Highways Authority of India). The area contributed by each unit and the compensations received for the same from the Government, is mentioned below --

	Unit A	Unit B
Vacant Land acquired - sq. mt	1649	280
Price (per sq. mt)	Rs. 151.35	Rs. 247.17
Cost of vacant land	249576	69207
Structural cost	1017210	518290
Tree value	6400	-----
Add 10%	127319	58750
Less salvage value	61033	31097
Net amount received	1339472	615150



SRI MALINI SPINNING MILLS LIMITED

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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 judgments 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 the end of the financial year and of the loss of the Company for that period.
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 safe guarding assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Annual accounts have been prepared on a good concern basis.

AUDITORS

Our Company Knows that the present Auditor of the Company Mr. L. Narayanan, Chartered Accountant, Plot no 28, Sunder Gardens, Modern Theatres, Yercaud Main Road, Salem-636 008, was re-appointed as the Auditor of the Company in the AGM held on 28.09.2007. He is holding his office since then. His office becomes vacant with the conclusion of the 18th Annual General Meeting. As he is eligible and willing, offers himself for re-appointment during the current year.

DIRECTORS

As Sri.S. Boopalan, Sri. S. Rajendran and R.Lakshminarayanan have joined our Board on the same day in the year 2005. Sri. S. Boopalan and Sri. S. Rajendran the directors of the company, retired by rotation and being eligible and willing were re-appointed in the years 2006 and 2007 respectively. Hence this year Sri R. Lakshminarayanan, the director of the company, is liable to retire by rotation, being eligible for re-appointment offers himself for the same.

STATUTORY DETAILS

During the year under review, there were no employees with in 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

Salem
30.06.2008.

S. RAJENDRAN
Director.

K.S.S. PRAKKAASH
Executive Director

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SRI MALINI SPINNING MILLS LIMITED, SALEM

Annexure to the Directors' Report for the year ended 31st March 2008
Information pursuant to section 217(1)(e) of the Companies Act, 1956

A. CONSERVATION OF ENERGY	
a) Energy Conservation measures taken	Nil
b) Additional investments and proposals if any, being implemented for reduction of consumption of energy	Nil
c) Impact of 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	Nil
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 Exports, initiatives taken to increase exports, development of new export markets for products and services b) Total Foreign exchange used and earned	Nil Nil

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SRI MALINI SPINNING MILLS LIMITED, SALEM**FORM A****Form of Disclosure of Particulars with respect to Conservation of Energy.**

	2007-2008	2006-2007
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Units	NA	74,44,752
Total Amount (in Rupees)	NA	3,11,02,734
Rate / Unit (in Rupees)	NA	4.18
b) Own Generation		
Through Diesel Generator		
Units	NA	68,485
Units / Ltr. of Diesel Oil	NA	3.16
Cost / Unit (in Rupees)	NA	10.68
Through Steam Turbine Generator	-	-
2. Coal	-	-
3. Furnace Oil	-	-
4. Other Internal Generation	-	-
B. Consumption per Kg. of yarn produced		
1. Electricity	NA	3.74
2. Furnace Oil	-	-
3. Coal	-	-
4. Others	-	-

NA - Not Applicable



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 ---
 - c) Total ---

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. Efforts in brief made towards technology absorption, adoption 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 ---
 - d) If not, Areas where this has not taken place, reasons thereof and future plans of action. ---

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CORPORATE GOVERNANCE REPORT**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :**

Sri Malini Spinning Mills Limited, a Company in the Textile Spinning Activity is committed in adopting the best possible practices of corporate governance. Corporate Governance envisages commitment of the Company towards the attainment of corporate goals at moderate cost, attaining the goal of making itself transparent and accountable with the ultimate objective of protecting the long term interest of the Shareholders and other stakeholders.

The composition of the Board of Directors and other details as at 31st March 2008 is as under:-

Name of the Director.	Executive Non-Exec. Independent	No.of Meetings attended	Attendance at last AGM held on 28.09.2007	No.of outside Directorship	No.of Member-ship/Chairman ship in other Board/Committee
Sri.KSS. Prakkaash	Executive Director.	12	Present	Nil	Nil
Sri.S. Boopalan	Director	12	Present	Nil	Nil
Sri.R. Lakshmi Narayanan	Director	12	Present	Nil	Nil
Sri.S. Rajendran	Director	12	Present	Nil	Nil

The total strength of the Board as on the date of the report is four.

Board Meetings were held during the Financial year 01-04-2007 to 31-03-2008 on the following dates:-

Name of the Director	DATES OF MEETINGS					
	Ist 30.04.07	IIInd 30.05.07	IIIrd 30.06.07	IVth 30.07.07	Vth 31.08.07	VIth 28.09.07
Sri.KSS.Prakkaash	Present	Present	Present	Present	Present	Present
Sri.S.Boopalan	Present	Present	Present	Present	Present	Present
Sri.R.Lakshmi Narayanan	Present	Present	Present	Present	Present	Present
Sri.G.Rajendran	Present	Present	Present	Present	Present	Present

Name of the Director	DATES OF MEETINGS					
	VIIth 31.10.07	VIIIth 30.11.07	IXth 31.12.07	Xth 31.01.08	XIth 28.02.08	XIIth 31.03.08
Sri.KSS.Prakkaash	Present	Present	Present	Present	Present	Present
Sri.S.Boopalan	Present	Present	Present	Present	Present	Present
Sri.R.Lakshmi Narayanan	Present	Present	Present	Present	Present	Present
Sri.G.Rajendran	Present	Present	Present	Present	Present	Present