

SRI MALINI SPINNING MILLS LIMITED

**21st ANNUAL REPORT
2010 - 2011**



SRI MALINI SPINNING MILLS LIMITED

ANNUAL REPORT 2010 - 2011

Board of Directors

Sri. S. Boopalan

Sri. S. Rajendran

Sri. R. Lakshmi Narayanan

Executive Director

Sri. K.S.S. Prakkaash

Auditors

L. Narayanan

Salem

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 then Twenty First Annual General Meeting of the Company will be held on Friday, 30th September, 2011, at 9.30 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 Year ended 31st March 2011 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.

Sri. R.Lakshminarayanan, the director of the company, is retiring by rotation and being eligible and willing for re-appointment offers himself for the same. Hence, the following resolution is placed before the share holders.

"Resolved that Sri. R.Lakshminarayanan, the 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 authorise the board to 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 reappointed as the Auditor of the Company until the conclusion of the next Annual General Meeting."

SPECIAL BUSINESS :

4. To Consider and if thought fit to pass, with or without modification, the following resolutions as Special Resolutions :-

"Resolved that subject to the provisions of the Companies Act 1956, Securities Contracts (Regulation) Act, 1956, the rules framed thereunder, listing agreement, SEBI (Delisting of Securities) Guidelines 2003 and such other applicable laws, rules,



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regulations and guidelines, and subject to such approvals, permission and sanctions, as may be necessary, the Board of Directors of the Company be and is hereby authorized to seek voluntarily delisting of its Equity shares from Coimbatore, Madras and Ahmedabad Stock Exchanges."

"Resolved further that the Equity Shares of the Company shall continue to be listed on the Stock Exchange having nation wide trading terminals viz, BSE and therefore as per the said guidelines issued by the SEBI, NO exit opportunity need to be given to the shareholders of the company."

"Resolved further that the Board of directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deed and documents as may be considered necessary and expedient to give effect to the above said resolution."

By Order of the Board.

Place : Salem.

Date : 02.08.2011

(KSS PRAKKAASH)

Executive Director.

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Item 4 Explanatory Statement as required under Sec.173(2) of the Companies Act 1956 in respect of item no 4 of the notice is annexed.

The Equity shares of the Company are being listed in Bombay, Madras, Coimbatore and Ahmedabad Stock Exchanges since the public issue. Since then the requirements of the listing agreements with the stock exchanges have been duly complied with. The listing fees to the stock exchanges have been paid including the fees for the FY 2011-2012.

SEBI Guidelines provides that if the shares of the company are listed with a Stock Exchange which has a nation wide electronic trading terminal, the listing with other stock exchanges is not mandatory. Bombay Stock Exchange Limited has a nation wide electronic trading terminal and recognized by Securities Exchange Board of India - SEBI, for the above purpose. In the light of the above the special resolutions in Item No 4 are placed before the shareholders for their kind perusal.

None of the Directors are interested in the above cited resolutions in Item 4.

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 2011 to 30th September 2011 (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 by 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. The shareholders may kindly ask the transferees to furnish their PAN (Permanent Account Number) for the purpose of transfer, as it is the current requirement stipulated by SEBI for transferring the shares in favour of the transferee.
7. Queries on the Agenda items reach the Registered Office at least 10 days before the AGM, so that the same can be suitably replied.

By Order of the Board.

Place : Salem.

(KSS PRAKKAASH)

Date : 02.08.2011

Executive Director.



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DIRECTORS' REPORT

Your directors have pleasure in presenting the Twenty First Annual Report with Audited Accounts of the Company.

FINANCIAL RESULTS

The Financial Results for the period ended 31-03-2011 are as under :

Particulars	Rs. In lacs:	
	<u>2010-2011</u>	<u>2009-2010</u>
Sales including other Income	1582.78	132.19
Profit/Loss before interest and Depreciation	1408.69	113.71
Financial Cost	205.18	264.87
Depreciation	14.81	25.52
Prior Period Adjustments	---	---
Profit / Loss before taxation	1188.70	(176.68)
Deferred Tax	---	---
Add : Loss brought forward from the Previous Year	(2475.96)	(2181.10)
Net Loss carried to Balance Sheet	(1287.25)	(2475.96)

DIVIDEND :

No. Dividend is recommended by the board since the profit is on account of settlement with banks and there is no cash in flow in that account.

REVIEW OF OPERATIONS AND FUTURE OUT LOOK :

The members of the Company are aware that the company had availed Working Capital loan from Catholic Syrian Bank and the account turned NPA. In the Year 2006 Catholic Syrian Bank sold this loan asset to Kotak Mahindra Bank. The Status of Non Performing asset continued and the assets were sold under the Secutisation Act in Oct.2010. The liability was settled for a consideration of 2.70 crores by disposal of the assets of the company and the gains arising on account of the loan closure Rs.1414.94 Lakhs is credited to the profit and loss account under the head other Income.

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During the period under review, the Company has shown a profit of Rs.1188.70 Lakhs due to one time settlement of dues to M/s.Kotak Mahendra Bank Ltd. The only revenue to the company is by way of lease rentals received from M/s.Thiruvalluvar Textiles Private Limited, Post Box No.6, 2-9, Singalandapuram Privu Road, Rasipuram-637 408, to whom the company has been leased out in November 2007.

In spite of the above changes in income structure, the management is taking all efforts to control the expenditures.

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 going 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 30.09.2010. He is holding his office since then. His office becomes vacant with the conclusion of the 21th Annual General Meeting. As he is eligible and willing, offers himself for re-appointment during the current year.

DIRECTORS

Sri. R. Lakshminarayanan, the director of the company, retiring by rotation and being eligible and willing for re-appointment offers himself for the same.



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PARTICULARS OF EMPLOYEES

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 Nil.

APPOINTMENT OF WHOLE TIME COMPANY SECRETARY

The office of the whole time company secretary is vacant and the board is taking necessary steps to fill the vacancy at the earliest.

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 support to the Company.

For Sri Malini Spinning Mills Limited

Salem
02.08.2011.

S. RAJENDRAN
Director.

K.S.S. PRAKKAASH
Executive Director

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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 2011 is as under:-

Name of the Director.	Executive Non-Exec. Independent	No.of Meetings attended	Attendance at last AGM held on 30.09.2010	No.of outside Directorship	No.of Membership/Chairmanship in other Board/Committee
Sri.KSS. Prakkaash	Executive Director.	9	Present	Nil	Nil
Sri.S. Boopalan	Independent Director	9	Present	Nil	Nil
Sri.R. Lakshmi Narayanan	Independent Director	9	Present	Nil	Nil
Sri.S. Rajendran	Independent Director	9	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 01-04-2010 to 31-03-2011 on the following dates:-

Name of the Director	DATES OF MEETINGS					
	Ist 30.04.10	IInd 31.05.10	IIIrd 30.06.10	IVth 31.07.10	Vth 13.08.10	VIth 30.09.10
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 21.10.10	VIIth 12.11.10	IXth 12.02.11
Sri.KSS.Prakkaash	Present	Present	Present
Sri.S.Boopalan	Present	Present	Present
Sri.R.Lakshmi Narayanan	Present	Present	Present
Sri.G.Rajendran	Present	Present	Present