SRI ARUMUGA ENTERPRISE LIMITED

ANNUAL REPORT 2011

Board of Directors

Sri T Rajkumar
Chairman & Managing Director

Sri K Dhanakumar

Sri S Venkatachalam

Sri S Sanjai

Company Secretary

Sri N Prabhu Ram

Registered Office

No.1, Sundaram Brothers' Layout
Opp. All India Radio
Trichy Road, Coimbatore – 641 045

Statutory Auditors

M/s S Lakshminarayanan Associates
Chartered Accountants
"Lakshya", 1056, Avinashi Road
Coimbatore – 641 018

Bankers

Canara Bank
State Bank of Travancore

Registrar and Share Transfer Agents

Purva Sharegistry (India) Pvt. Ltd.
9, Shiv Shakti Industrial Estate
J .R. Boricha Marg
Opp. Kasturba Hospital Lane
Lower Parel (E)
Mumbai - 400 011
E-Mail : mail@purvashare.com

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NOTICE TO MEMBERS

NOTICE is hereby given that the Annual General Meeting of the members of the Company will be held on Thursday, 29th September 2011 at 04.30 p.m at the Registered Office at No.1, Sundaram Brothers' Layout, Opp. All India Radio, Trichy Road, Coimbatore – 641045 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011, the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.

2. To appoint a director in place of Sri K Dhanakumar who retires by rotation and is eligible for reappointment.

3. To appoint M/s S Lakshminarayanan Associates (Firm Regn. No:006609S) Chartered Accountants, Coimbatore as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on the remuneration and out-of-pocket expenses as recommended by the Audit Committee and approved by the Board of Directors.

   M/s S Lakshminarayanan Associates, Chartered Accountants, Coimbatore retire and are eligible for reappointment.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

   RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 316 and 317 read with Schedule XIII to the Companies Act 1956 and other applicable provisions, if any, of the Companies Act 1956, consent of the Company be and is hereby accorded to the appointment of Sri T Rajkumar, as Chairman & Managing Director of the Company for a period of five years with effect from 1st April 2011.

   RESOLVED FURTHER THAT in consideration of his qualification and experience and subject to the overall limits for payment of managerial remuneration laid down under Section 198 read with Schedule XIII to the Companies Act

1956, Sri T Rajkumar be paid a remuneration by way of Salary of Rs.10,000/- per month.

RESOLVED FURTHER THAT where in any financial year, during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to Sri T Rajkumar, the remuneration by way of salary of Rs.10,000/- mentioned above under the Companies Act, 1956.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM SHOULD BE DEPOSITED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. As required under Clause 49 (IV) (G) of the Listing Agreement, the relevant details of the Director seeking appointment under Item No. 2 is annexed.

3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts of Special Business is annexed.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24th September 2011 to Thursday, 29th September 2011, both days inclusive.

5. Members/Proxies are requested to bring their attendance slip along with the Annual Report to the meeting.

6. Members holding shares in physical form are requested to intimate, indicating their folio number, the changes, if any, in their registered addresses either to the Company or to the Registrar and Share Transfer Agents, Purva Sharegistry (India) Private Limited, Mumbai – 400 001 or to their respective Depository Participant (DP) in case the shares are held in dematerialized form.

7. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management.

8. The Ministry of Corporate Affairs, Government of India ('MCA'), vide its Circular No.18/2011 dated 29th April 2011, has introduced 'Green Initiative in Corporate Governance' by allowing paperless compliance by Companies, i.e. service of any document can be made through electronic mode. Those members, who desire to receive notice/documents including Annual Report through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to the Depository Participant/Company's Registrar and Share Transfer Agent, Purva Shareregistry Private Limited.

By Order of the Board
N Prabhu Ram
Company Secretary

29th August 2011
Coimbatore

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT 1956

ITEM NO.4

Sri T Rajkumar, was appointed, subject to the approval of the members in general meeting, as Chairman & Managing Director of the Company for a period of 5 years with effect from 1st April 2011 to 31st March 2016 on the terms and conditions set out in the resolutions which are placed before the members for their approval. Sri T Rajkumar will not be liable to retire by rotation so long as he continues to hold the office of Managing Director.

Sri T Rajkumar, 44 years, is a Master of Business Administration from the PSG College of Technology, Coimbatore. He is the Charter President of the Coimbatore Chapter of Indian Institute of Industrial Engineers, a member of the Academic Council of the PSG College of Technology (Institute of Management Studies) & PSG College of Arts and Science, a member of the Governing Council of the NGM College of Arts and Science, Pollachi. He is also the Vice Chairman of the South Indian Mills Association (SIMA). He is one of the promoters of the Company looking after the overall management of the Company, particularly financial management and strategies for future growth. He is also Managing Director of Imperial Spirits Limited.

Details of his Directorships and Committee Memberships held in other public companies are given in the Annexure to the notice. The terms and conditions of appointment of Sri T Rajkumar, as set out in the Notice together with the annexed Explanatory Statement may be treated as an abstract under Section 302 of the Companies Act 1956.

Sri T Rajkumar is deemed to be concerned or interested as it relates to his reappointment and remuneration. Sri K Dhanakumar, Director is interested in the appointment of Sri T Rajkumar as relative. None of the other directors have any concern or interest in the resolution.

The Board of Directors recommend the resolutions for the approval of members.

By Order of the Board
N Prabhu Ram
Company Secretary

29th August 2011
Coimbatore

Item No.2

DETAILS OF DIRECTORS SEEKING REAPPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49(IV)(G) OF THE LISTING AGREEMENT

Name of the Director	K Dhanakumar	T Rajkumar
Director Identification No.	00048730	00048665
Date of Birth and Age	11th November 1969, 41 years	25th October 1966 44 years
Qualifications	B.Sc., M.B.A.,	B.Sc., M.B.A.,
Expertise in specific functional areas	Has got rich experience in Production processes	Has got rich experience in Financial Management
Directorships held in other public companies	Imperial Spirits Ltd Sri Arumuga Sugars Ltd Sri Mahasakthi Mills Ltd	Imperial Spirits Ltd Sri Mahasakthi Mills Ltd Sri Arumuga Sugars Ltd Sri Bhagavathi Textiles Ltd Sakthi Logistic Services Ltd Sakthi Refinery and Protein Ltd Sakthi Beverages Ltd Sakthi Auto Motors Ltd ABT Values Ltd Sakthi Management Services Coimbatore Ltd Sakthi Realty and Infrastructure Ltd Sakthi Finance Commercial Vehicle and Infrastructure Ltd.
Memberships / Chairmanships of committee across public Companies	Sri Arumuga Enterprise Ltd	Nil
No of equity shares held	204500	205500
Relationship with other directors	Brother of Sri T Rajkumar	Brother of Sri K Dhanakumar

DIRECTORS' REPORT

To the Members

Your directors are pleased to present their Annual Report together with the audited accounts of the Company for the financial year ended 31st March 2011.

FINANCIAL PERFORMANCE

The highlights of the Standalone Financial Results are as under: (₹ in lakhs)

Particulars	**2010-11**	2009-10
Gross Income	81.57	46.36
Gross Profit	23.80	23.26
Net Profit	23.80	23.26
Provision for taxation and IT for prior years	2.04	8.00
Provision for Deferred Tax	–0.35	0.00
Prior Period Expenses	0.00	0.22
Profit after adjustments	22.11	15.03
Add: Opening balance in Profit and Loss account	23.90	8.86
APPROPRIATIONS :		
Profit carried to Balance Sheet	46.01	23.90

OPERATIONS

During the year under review, the Company made a gross income of Rs.81.57 lakhs from its operations as against Rs. 46.36 lakhs in the previous year, an increase of 75%. The net profit for the year was Rs.23.80 as against Rs.23.26 lakhs in the previous year.

DIVIDEND

With a view to conserve resources for future requirements, the Board of Directors have not recommended dividend on equity shares for the year ended 31st March 2011.

TEXTILE BUSINESS/CHANGE OF NAME

During the year, the Company has altered its main objects of the Memorandum of Association incorporating the business activities relating to textiles and has changed its name from New Horizon Leasing & Finance Limited to Sri Arumuga Enterprise Limited, which was approved by the Shareholders through Postal Ballot. The Registrar of Companies, Coimbatore has issued a fresh Certificate of Incorporation consequent upon change of name with a new Corporate Identification Number L17111TZ1984PLC015887.

DIRECTORS

During the year, Sri Pradip R Shroff and Sri S S Vijayakar resigned from the Board and ceased to be Directors of the Company with effect from 28th January 2011. The Board wishes to place on record its appreciation for their valuable contribution during their long association with the Company.

Sri K Dhanakumar, Director retires from the Board by rotation and is eligible for re-appointment.

The profile of the director, as required under Clause 49(IV)(G) of the Listing Agreement entered into with stock exchanges are given in the Annexure to the Notice of the Annual General Meeting.

SUBSIDIARIES

As of 31st March 2010, the following are the subsidiaries of the Company:

1. Sri Mahasakthi Mills Limited
2. Sri Arumuga Cottspin Private Limited

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The summary of the key financials of the Company's Subsidiaries is included in this Annual Report.

The annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies shall be kept for inspection by any shareholders at Registered Office of the holding Company.

CONSOLIDATED FINANCIAL STATEMENTS

The Directors also present the audited consolidated financial statements incorporating the audited financial statements of the subsidiaries prepared in accordance with the Accounting Standards and Listing Agreement as prescribed by SEBI.

CORPORATE GOVERNANCE REPORT

As required under Clause 49 of the Listing Agreement, a report on Corporate Governance (including Management Discussion and Analysis Report) and a certificate from the Auditors of the Company regarding compliance of the conditions of corporate governance as stipulated under the Listing Agreement forms part of the Annual Report.

PARTICULARS REQUIRED UNDER SECTION 217 OF THE COMPANIES ACT 1956

As required under Section 217(1)(e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988:

a. The Company has no activity involving conservation of energy or technology absorption;

b. The Company does not have any Foreign Exchange Earnings; and

c. There is no Foreign Exchange Outgo

The Company has no employee drawing remuneration more than the limits prescribed under Section 217(2A) of the Companies Act 1956.

PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956 for the year ended 31st March 2011.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act 1956, your directors confirm, to the best of their knowledge and belief, that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed and that no material departure had been made from it;

b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;

c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

d. the Directors had prepared the annual accounts on a going concern basis.

AUDITORS

M/s S Lakshminarayanan Associates, Chartered Accountants, who are the Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. It is proposed to re-appoint them as Statutory Auditors of the Company. The auditors have, under Section 224(1B) and Section 226 Company of the Companies Act 1956, furnished certificate of their eligibility for the appointment.

ACKNOWLEDGEMENTS

Your Directors wish to place on record the valuable assistance and co-operation extended by the members and other stakeholders.

For and on behalf of the Board

29th August 2011 **T Rajkumar**

Coimbatore Chairman and Managing Director