



63rd
ANNUAL REPORT
2009 - 2010

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED
SATHYAMANGALAM - 638 402

Board of Directors

Sri R.DORAISWAMI
(Chairman)
D.LAKSHMINARAYANASWAMY
(Managing Director)
Sri N.JOTHIKUMAR
Sri R.NARAYANAMURTHY
Sri.R.RADHAKRISHNAN

Chief Executive
Smt L NAGASWARNA

CFO- Vice-President
Sri N.NARASIMHALU

Company Secretary
Sri S.A. SUBRAMANIAN

Internal Auditor
Smt.SASIREKHA VENGATESH

Auditors
M/s.M.S.JAGANNATHAN & VISVANATHAN
COIMBATORE.

Bankers
THE SOUTH INDIAN BANK LTD

Registered Office
NO.3, BHAVANI RIVER STREET
ARIAPPAMPALAYAM
SATHYAMANGALAM - 638 402

PHONE : 04295-220681, 0422-2531022
FAX : 04295-220681, 0422-2531579
E-mail : srmc@vsnl.com

Mills

1. COIMBATORE
2. NAGARI (A.P.)
3. SATHYAMANGALAM

CONTENTS	Page Nos
Notice of Annual General Meeting	2
Directors' Report	5
Management Discussion & Analysis Report	7
Corporate Governance	8
Auditors' Report on Corporate Governance	10
Auditors' Report	11
Balance Sheet	13
Profit & Loss Account	14
Cash Flow Statement	15
Balance sheet Schedules	16
Profit & Loss A/c Schedules	19
Accounting Policy	21
Notes on Accounts	22
General Profile	27

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

NOTICE OF THE 63rd ANNUAL GENERAL MEETING

NOTICE is hereby given that the 63rd ANNUAL GENERAL MEETING of the members of SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED will be held on **Wednesday, the 11th day of August 2010 at 9.30 A M** at the Registered Office of the Company at **No.3, Bhavani River Street, Ariappampalayam, Sathyamangalam-638 402, Erode District**, to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Directors and Auditors' thereon.
2. To appoint Sri R.Radhakrishnan as a Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

"Resolved that pursuant to the provisions of Section 314 (1B) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be required, Smt L.Nagaswar na, the Chief Executive of the company be paid a revised remuneration by way of monthly salary in the scale of Rs. 60,000 – 5,000 – 85,000 – 7,000 – 1,20,000 – 10,000 – 1,70,000 – 14,000 – 2,40,000 with VDA alongwith allowances and benefits inter alia a premium of not exceeding Rs.25,000/- per annum towards medical and mediclaim insurance in addition to other perquisites and incentives as applicable to the members of staff in similar position with effect from 01.04.2010 or from such other date as per the Central Government order".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary and/or desirable to comply with the required formalities so as to give effect to this resolution".

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT in partial modification to the resolution No.4 passed by the members at the 58th Annual General Meeting held on 10.08.2005, approving the re-appointment and terms of remuneration of Sri D Lakshminarayanawamy as Managing Director and also subject to the approval of Central Government in accordance with the provisions of Sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the approval of members be and is hereby accorded for the increase in the remuneration payable to Sri D Lakshminarayanawamy for the remaining period of his current tenure of office i.e. from 01.04.2010 to 31.03.2011 as given below, as recommended by the Remuneration Committee:

Rs.2,50,000/- per month as Salary, Variable Dearness Allowance, Commission, Medical reimbursement towards expenses incurred by the Managing Director, Club Fees, Personal Accident and Medical Insurance Premia, car with driver, phone and such other allowances as the Board may think fit.

RESOLVED FURTHER THAT he shall also be eligible for the payment of the following perquisites which shall not be included in the computation of the ceiling on remuneration specified above :

- a) Contribution to Provident Fund, Superannuation Fund or annuity fund to the extent that these either singly or put together are not taxable under the Income Tax Act 1961 or any statutory modifications or re-enactment thereof.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- c) Encashment of leave at the end of the tenure.
- d) Personal accident and medical insurance premia not exceeding Rs.25,000 per annum.

The minimum remuneration and perquisites to be paid in the event of absence or inadequacy of profits in any financial year during the tenure of his office shall be the same as above.

RESOLVED FURTHER THAT all other terms and conditions of appointment of Sri D Lakshminarayanawamy as approved earlier by the Members shall remain unchanged.

AND FURTHER RESOLVED THAT any one of the Directors or the Company Secretary of the company be and is hereby authorised to do all necessary acts, deeds and things which may be usual, expedient or proper to give effect to the above resolution".

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution:

"RESOLVED THAT on the recommendation of the Remuneration Committee and pursuant to the provisions of sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 the approval of the members of the Company by a special resolution be and is hereby accorded for the reappointment of Sri.D.Lakshminarayanawamy, the present Managing Director of the Company for a further tenure of 3 years commencing from 01.04.2011 and that an aggregate remuneration of not exceeding 5% and 10% of the net profits of the company as the case may be, as laid down in sub-section 3 of section 309 of the Companies Act 1956 and the overall limit of 11% of net profits as laid down in sub-section 1 of section 198 of the Companies Act 1956 and that taking into account other details and profile of the incumbent and circumstances including the working results of the company and the remuneration drawn earlier, the present package of remuneration offered by industries in general, an aggregate remuneration of not exceeding 5% of net profits of the company and such remuneration which may be by way of Salary, Variable Dearness Allowance, Accommodation, Commission, Medical reimbursement towards expenses incurred by the Managing Director, Club Fees, Personal Accident and Medical insurance premia, car with driver, phone and such other allowances as the Board may think fit be paid to him.

The Managing Director shall also be eligible for the following perquisites which shall not be included in the computation of ceiling on remuneration specified above :

- a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act 1961.
- b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- c) encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the Managing Director, the company has no profits or the profits are inadequate, the following salary and perquisites not exceeding the ceiling limits prescribed in Section II of Part II of Schedule XIII of Companies Act 1956 be paid to him as minimum remuneration:-

Salary : Rs 2,50,000/- per month

He shall also be eligible for the payment of the following perquisites which shall not be included in the computation of the ceiling on remuneration specified above:

- a) contribution to provident fund, superannuation fund or annuity fund to the extent that these either singly or put together are not taxable under the Income Tax Act 1961 or any statutory modification or re-enactment thereof.
- b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- c) encashment of leave at the end of the tenure

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution Sri R.Doraiswami Chairman and the Secretary of the company be and are severally authorized on behalf of the Board to do all such acts, deeds, things, matters and to execute and sign such documents, papers, undertakings, deeds, declaration, application and to take all such steps as may be deemed necessary or desirable or to settle any question or difficulty that may arise including the authority to amend, vary, modify the same as may be considered desirable or expedient.

By Order of the Board
For Sri Ramakrishna Mills (Coimbatore) Ltd.
D. LAKSHMINARAYANASWAMY
Managing Director

Coimbatore
28.06.2010

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY OR PROXIES MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Sec.173 of the Companies Act, 1956 in respect of Special Business under Item Nos. 4, 5 & 6 are appended hereto.

3. The Register of Members and share transfer books of the company will remain closed from **4th day of August 2010 to 11th day of August 2010** (both days inclusive).
4. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the meeting as no further copies would be made available.
5. The Shareholders are requested to (a) intimate, if shares are held in the same name or in the same order of names, but in more than one folio to enable the Company to consolidate the said folios into one folio and (b) notify immediately, any change in their recorded address along with pincode number, to the Registrar & Share Transfer Agent, M/s. SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road, Ganapathy, Coimbatore 641006.
6. Members desirous of making nomination in respect of their shareholding in the company as permitted under Section 109A of the Companies Act, 1956 are requested to submit the prescribed Form 2B for this purpose to the Company.
7. The Company's ISIN No. Is INE306D01017

Draft Agreement of Sri D Lakshminarayanawamy, Managing Director of the Company as regards terms of re-appointment and payment of remuneration are open for inspection of the Members at the Registered Office of the company between 10.00 A M and 12.00 Noon on any working day from the date hereof upto the date of the Meeting.

BRIEF RESUME OF PERSON PROPOSED TO BE RE-APPOINTED AS DIRECTOR OF THE COMPANY AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT:

i) Details of a Director seeking reappointment at the Annual General Meeting

Name : Sri.R. Radhakrishnan
 Age : 67 years
 Qualification : LTM
 Experience : More than 44 years
 Name(s) of the Companies in which he also holds Directorship: None
 Name of the companies in and committees of which he also holds Membership/ Chairmanship: Also Member of Audit Committee and Remuneration Committee of the Company.

ii) Details of Managing Director seeking reappointment at the Annual General Meeting:

Name : Sri. D Lakshminarayanawamy
 Date of Birth : 13.04.1950
 Date of Appointment : 01.04.1981
 Qualification : B Tech, MBA (USA)
 Expertise in Specific Functional Area : Textile (Spinning), Cotton Trade, Marketing of Yarn and General Administration.
 Directorship in other Public Ltd. companies : Sentra Yarns Ltd., Suhasini Spinners Ltd., Sri Jaganatha Textiles Ltd.,
 Membership of committees in other Public Ltd. companies : None

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No.4 of the Agenda :

Smt.L.Nagaswar na is a B.Com., MBA from Madras University. She was employed at M/s.Lakshmi Machine Works Ltd, a Premier Textile Machinery Manufacturer at Home and Abroad as its Financial Controller upto 1973 and joined Sri Ramakrishna Mills (Cbe) Ltd as Administrative Manager in 1982. She was elevated as Chief Executive of the Company with effect from 01.10.1988 and was made responsible for the General Administration of the Company, purchase of stores, spares and other commodities, approval of specifications / quality and price of the same, recruitment and training of Staff, and to co-ordinate various works related to the operations of the company. She is a relative of Sri.R.Doraiswami, Chairman and Sri.D.Lakshminarayanawamy, Managing Director of the company. As her remuneration was not exceeding the limits prescribed under Section 314(1B) of the Companies Act, 1956, only approval of the shareholders was obtained for her appointment. Though the consent of the shareholders was given at the AGM held on 31.8.1994 for payment of a salary of Rs.20,000/- with effect from 1.6.1994, she was actually drawing a salary of Rs.15,000/- only with applicable benefits paid to the other staff members till now as a good gesture to support and reduce the cost to the company during the difficult days / recession in industry.

Now, as her duties and responsibilities have increased and she has also taken efforts to make available all credit facilities required by the company, the Remuneration Committee has recommended an increase in her remuneration with effect from 1.4.2010 as now it is not in keeping with present pattern of remuneration package to the Managerial Personnel elsewhere in the industry. Further, the cost of living has also gone up significantly .

On the basis of the recommendation of the Remuneration Committee of the Board of Directors, the Directors have considered it fit to increase the remuneration payable to the Chief Executive as stated in the resolution with effect from 01.04.2010 at their meeting held on 28.06.2010.

This is to be approved by the company in General Meeting by way of Special Resolution and also the approval of the Central Government is required under the provisions of Section 314 (1B) of the Companies Act, 1956.

None of the Directors of the Company other than Sri.R.Doraiswami, Chairman and Sri.D.Lakshminarayanawamy, Managing Director being relatives of Smt.L. Nagaswar na are concerned or interested in the aforesaid resolution.

The Board of Directors commends the resolution for approval of the Members of the Company.

Item No.5 of the Agenda :

Sri.D.Lakshminarayanawamy, Managing Director of the Company was re-appointed as Managing Director at the AGM held on 10.08.2005 for a period of 5 years on a salary of Rs.82,500/-. However, he has drawn only Rs.70,000/- per month excluding PF Superannuation Fund and Gratuity as a good gesture in line with the other members of the Staff to extend support when the industry was reeling under severe recession, in spite of inflation and increase in the cost of living. During the past few years, the Central Government has effected a series of changes with regard to the provisions relating to appointment and remuneration payable to managerial personnel. Taking into consideration the cost of living and the increased duties and responsibilities undertaken by the Managing Director in the affairs of the company and taking into account the profile of the Managing Director and the present financial position of the company, and on the recommendation of the Remuneration Committee, the Board has approved the increase in remuneration payable to the Managing Director during the remaining period of his current appointment viz. with effect from 01.04.2010 to 31.03.2011.

This is to be approved by the Company in General Meeting by way of a Special Resolution and also the approval of the Central Government is required under the provisions of the Companies Act, 1956.

The Board of Directors commends the resolution for approval of the Members of the company.

None of the Directors of the Company other than Sri.R.Doraiswami, Chairman as a relative and Sri.D.Lakshminarayanawamy, Managing Director as recipient are concerned or interested in the aforesaid resolution.

Disclosure of interest under Sec. 302 of the Companies Act, 1956 :

The Notice read with the Explanatory Statement may be treated as an abstract of the terms of payment of remuneration to Sri.D.Lakshminarayanawamy as required to be circulated to Members under Sec.302 of the Companies Act, 1956.

Item No.6 of the Agenda:

The present tenure of Sri D Lakshminarayanawamy as Managing Director of the company expires on 31.03.2011. The Board of Directors at their meeting held on 28.06.2010 have approved his reappointment on the recommendation of the Remuneration Committee for a further period of three years with effect from 01.04.2011 and to pay revised salary and perquisites in accordance with the guidelines issued in this regard by the Central Government and as recommended by the Remuneration Committee.

Sri D Lakshminarayanawamy, Managing Director is now drawing a salary of Rs.75,000/- per month apart from Gratuity, contribution to PF and Superannuation Fund which are not included in the above salary paid to him, as against Rs.82,500/- per month approved by the shareholders at the AGM held on 10.08.2005. The salary of the Managing Director was not increased since the year 2001 and on the other hand the Managing Director had voluntarily reduced his salary to Rs.70,000/- per month since January 2002 excluding PF, Superannuation Fund and Gratuity as a good gesture to extend support when the industry was reeling under severe recession in spite of inflation and increase in the cost of living. During the past few years the Central Government has effected a series of changes with regard to provisions relating to appointment and remuneration payable to Managerial Personnel in Public Limited companies. As a measure of extension of liberalized policies of the Government and also in keeping with the present pattern of compensation package offered to managerial personnel elsewhere in the industry and taking into consideration the cost of living and the responsibilities undertaken by him in the affairs of the company, the Remuneration Committee thought it fit to recommend the re-appointment of Sri. D. Lakshminarayanawamy as Managing Director for a further term of 3 years with effect from 01.04.2011 to 31.03.2014 with the revised terms as in the aforesaid resolution.

The Board of Directors commends the resolution for approval of the Members of the company.

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

None of the Directors of the Company other than Sri.R.Doraiswami, Chairman as a relative and Sri.D.Lakshminarayanawamy, Managing Director as recipient are concerned or interested in the aforesaid resolution.

Disclosure of interest under Sec. 302 of the Companies Act, 1956 :

The Notice read with the Explanatory Statement may be treated as an abstract of the terms of payment of remuneration to Sri.D.Lakshminarayanawamy as required to be circulated to Members under Sec.302 of the Companies Act, 1956.

Information to be provided under Schedule XIII, Part II (B) of the Companies Act, 1956.

I. General Information

1. Nature of Industry : The Company is a Textile Industry.
2. Date or expected date of commencement of commercial production : The Company was incorporated on 06.09.1946 and commenced production subsequently during the year 1951.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable
4. Financial performance based on given indicators:

Particulars	2009-2010	2008-2009
Sales and other Income	6316.50	5771.18
(Loss)/ Profit before Tax and depreciation	898.24	(198.76)
Profit after Tax	709.17	(383.29)
Paid up Equity Capital	711.83	711.83
Reserves and Surplus	2132.78	2408.66
Basic Earnings per share	9.96	(13.81)

5. Export performance and net foreign exchange earnings : There is no Exports or Imports during the year
6. Foreign investments and collaborators, if any : Not applicable

II. Information about the Appointee:

1 Background details

Sri D Lakshminarayanawamy is a citizen of India, 60 years of age. He is a Textile Graduate from PSG College of Technology, Coimbatore and MBA from Pennsylvania State University, USA and has about 4 decades of experience in Textile industry, Yarn Marketing and Cotton Trade. He is past Chairman of Indian Cotton Mills Federation (ICMF) the Apex Body representing Textile Industry in India, Southern India Mills Association (SIMA) and a Member of The Cotton Textiles Export Promotion Council (TEXPROCIL), SITRA and various other Committees connected with Textiles.

2 Past remuneration

Rs.75,000 per month Plus Allowances and perquisites.

3 Recognition or awards

B.Tech, M B A.,

4 Job profile and his suitability

Sri D Lakshminarayanawamy is the Managing Director of the company since 1981, He is well known in the Textile World

5 Remuneration Proposed

An aggregate remuneration of not exceeding 5% of net profits of the company and such remuneration may be paid by way of salary, commission, perquisites, etc.

6 Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

Taking into consideration the size of the Company, the profile of the appointee, the responsibilities shouldered by him and the industry bench marks, the remuneration proposed to be paid is commensurate with the remuneration packages prevalent in other similar companies in the region.

7 Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any

Besides the remuneration proposed, the Managing Director do not have any other pecuniary relationship with the Company and its managerial personnel.

III. Other Information

1. Reasons of loss or inadequate profits :

The general industrial recession both at domestic and abroad had affected the working of the industry. During the year 2007-08, there was steep appreciation of Rupee against US\$ which led to a fall in exports of the entire textile supply chain. This pushed yarn prices down. Cotton Exports had also increased the cost of raw material thereby reducing the profit margin drastically. The units in Tamilnadu suffered unscheduled power shut downs and power cuts which led to huge production loss. As a result of these adverse conditions, the company had incurred loss during previous years.

2. Steps taken or proposed to be taken for improvement :

In order to mitigate the sufferings, the Management has taken effective steps to reduce its cost of production by reducing its borrowings and other production overheads.

3. Expected increase in productivity and profits in measurable terms.

The Company is expected to perform well in future.

IV Disclosures:

1. The shareholders of the company shall be informed of the remuneration package of the managerial person: Disclosed
2. The following disclosures shall be mentioned in the Board of Directors' report under the heading "Corporate Governance", if any, attached to the annual report:
 - a. All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors: Disclosed in Corporate Governance.
 - b. Details of fixed component and performance linked incentives along with the performance criteria: Disclosed
 - c. Service contracts, notice period, severance fees: Disclosed
 - d. Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable: Company has not issued any Stock option

The Company has not defaulted in the repayment of any of its debts or debentures and public deposits.

By Order of the Board
For Sri Ramakrishna Mills (Coimbatore) Ltd.
D. LAKSHMINARAYANASWAMY
Managing Director

Coimbatore
28.06.2010

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors submit the following report on the working of the company for the year ended 31.03.2010.

After meeting all working expenses, interest, repairs to machinery and buildings the working results of the company are as follows:

FINANCIAL-RESULTS:

	Year Ended	
	31.03.2010 Rs.	31.03.2009 Rs.
Profit/(Loss) before Interest, Depreciation and Extraordinary Income	12,69,37,608	(1,95,83,707)
ADD : Extraordinary Income	-	6,00,00,000
LESS : Interest	3,49,03,755	5,88,10,258
Depreciation	1,89,07,127	1,81,73,920
Net Profit/(Loss) before Taxes	7,31,26,726	(3,65,67,885)
Less : Tax Adjustments:		
Provision for Income Tax – MAT	1,33,00,000	-
MAT Credit entitlement	(1,33,00,000)	-
Fringe Benefit Tax	-	(2,79,145)
Net Profit/(Loss) after taxes	7,31,26,726	(3,68,47,030)
Add / Deduct: Prior year Adjustments (Net)	(22,09,662)	(14,82,010)
Loss b/f from Previous Year	(8,11,04,950)	(4,27,75,910)
Surplus/(Deficit) Carried Over to Balance Sheet	(1,01,87,886)	(8,11,04,950)

The above deficit has been carried over to Balance Sheet

PERFORMANCE:

The Indian Textile Industry in 2009 witnessed recovery from the slowdown with strong domestic consumption and moderate growth in exports of Textiles. Timely Government intervention helped the Textile Industry to overcome the slow down effect. But in Tamilnadu the sufferings due to power shortage continue. In the circumstances, your directors felt that the company's performance during the year under report is satisfactory.

The process of conversion of land at Ganapathy unit from industrial to commercial and residential area is in progress.

DIRECTORS:

Sri R Radhakrishnan, one of the Directors of the Company retires by rotation at the ensuing Annual General Meeting of the Company. The place so vacated by him has to be filled up in the same meeting. The retiring Director is eligible for re-appointment.

The Board of Directors at its meeting held on 28.06.2010 on the recommendation of Remuneration Committee approved the revision in remuneration of Sri D Lakshminarayananaswamy, Managing Director for the remaining period of his current tenure (i.e. from 01.04.2010 and also his reappointment with revised terms with effect from 01.04.2011.

Necessary resolutions are included in the Notice of the 63rd Annual General Meeting for the approval of the members.

With deep sense of grief it is reported that Sri L Damodaraswamy, one of the Directors of the company, for the past five decades expired on 06.10.2009. The company hereby placed on record the valuable services rendered by him during the tenure of his directorship.

ENERGY-CONSERVATION etc:

Information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the Companies (Declaration of Particulars in the Report of Board of Directors) Rules, 1988 are annexed separately and form part of this report.

EMPLOYEES:

No employee of the company has drawn salary in excess of Rs.2,00,000/- per month. Hence the particulars of employees as per Section 217(2A) of the Companies Act, 1956 have not been given.

The Board of Directors at its meeting held on 28.06.2010 on the recommendation of the Remuneration Committee, approved the revision in the remuneration of Smt L Nagaswamy, Chief Executive of the company with effect from 01.04.2010.

Necessary resolution is included in the notice of the Annual General Meeting for the approval of the members.

STATEMENT OF RESPONSIBILITY OF DIRECTORS:

As required under section 217 (2AA) of the Companies Act, 1956, your Directors state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departure from the same.

- (ii) that the accounting policies selected and applied are consistent and the judgements and estimates made 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 ended March 31,2010 and of the profit of the company for the year ended on that date.

- (iii) 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 the assets of the Company and for preventing and detecting fraud and other irregularities.

- (iv) that the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

A separate Report on Corporate Governance is attached to this report.

CODE OF CONDUCT:

The Company has adopted a code of conduct for the Board of Directors and Senior Management of the company and all of them have affirmed compliance of the same.

CEO/CFO CERTIFICATION:

As contemplated under Clause 49 of the Listing Agreement, the certificate from Mr N Narasimhalu, CFO-Vice President was placed before the Board of Directors at their meeting held on 28.06.2010.

GENERAL:

The Auditors of the company M/s. M.S .Jagannathan & Visvanathan retire at the ensuing Annual General Meeting and are eligible for re-appointment at the same meeting.

The cost accounting records maintained by the Company, as required under Sec.209(1)(d) of the Companies Act, 1956 would be audited by M/s. S.Mahadevan & Co., Cost Accountants, whose appointment as Cost Auditor of the Company for the year ended 31.03.2010 duly approved by the Government to comply with statutory requirements.

Our thanks are due to M/s Clearwater Capital Partners India P.Ltd., and The South Indian Bank Ltd., for their support and assistance to meet our business needs.

The Directors appreciate the services rendered by the Officers, Staff and the employees of the Company.

We pray for the Grace of Almighty Sri Jaganatha Perumal for the prosperity of the Company.

Coimbatore
28.06.2010

For the Board of Directors
(Sd.) R Doraiswami
Chairman

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

ANNEXURE TO DIRECTORS' REPORT

Particulars pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

- a) Energy Conservation measures taken :
Installed additional capacitors during previous year to reduce the energy losses.
- b) Additional investments and proposals being implemented for reduction of consumption and consequent impact on cost of production:
Propose to replace the existing motors with energy efficient motors in various machinery.
- c) Impact of measures (a) and (b) for reduction of energy consumption and consequent impact on cost of production:
The proposals implemented in the earlier years are closely monitored.
Total energy consumption and energy consumption per unit of production as prescribed in Form-A.

FORM-A.

	Year Ended 31.03.2010	Year Ended 31.03.2009
(A) Power and Fuel Consumption:		
1. Electricity:		
a) Purchased:		
Units (in lakhs)	165.44	171.17
Total amount (Rs.in lakhs)	714.00	666.98
Rate per Unit (Rs.)	4.32	3.90
b) Own Generation:		
i) Through Diesel Generator		
Units (in lakhs)	2.10	2.30
Units per litre of Diesel Oil	2.96	2.55
Cost/Unit (Rs.)	11.82	13.74
ii) Through Steam turbine/Generator	Nil	Nil
2. Coal	Not used	Not used
3. Furnace Oil	Not used	Not used
4. Other/internal generation	Nil	Nil
(B) Consumption per unit of production: Electricity – Units per kg. of yarn	4.78	4.57

B. TECHNOLOGY ABSORPTION

Efforts made in Technology absorption as per Form B:

The company used indigenous technology only. Being a member of South India Textile Research Association, the company is able to get the benefits of the latest technology available for textile industry as its member.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- i) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans:
Steps are being taken to export yarn and to explore new markets.
- ii) Total foreign exchange earned and used:
Earned : Export of yarn - in Foreign Exchange (FOB) —
Used : a) Expenditure in Foreign Currency on account of :
 Travelling Rs. 1,07,840
 b) Value of imports calculated on CIF basis :
 Store purchases Rs. 3,46,103

Coimbatore
28.06.2010

For the Board of Directors
(Sd.) R Doraiswami
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENT

Our company's operation would have been better but for the fluctuation in prices of raw materials and continued power shortage in Tamil Nadu.

All the problems are attended to by the Management promptly to the best of its ability and it is confident that the company will improve its working results further in the current year.

2. RISKS AND CONCERNS

Though global economy faces several challenges such as high level of unemployment in US and Europe, acute fiscal strains in some countries, the industrial developments in India has showed broad based recovery and it is continually in an expansion mode in the current year. A bright future is envisaged as last year for Textile Industry.

3. FINANCIAL AND OPERATIONAL PERFORMANCE

Recently taken policies of Government will support the industry and are expected to help improving its prospects further.

4. INTERNAL CONTROL SYSTEMS & PROCEDURES

The Company has adequate internal control systems to monitor internal business process, financial reporting and compliance with applicable laws. The company periodically reviews the adequacy and effectiveness of the control systems. The Audit Committee at their meetings regularly reviews the significant observations of the compliance and other monitoring reports. The heads of various monitoring / operating cells and statutory auditors are invited to attend the Audit Committee meetings.

5. OPPORTUNITIES & THREATS

The implementation of Technology mission in cotton increased the quality cotton production. With the availability of quality machines in India and world class cotton, the country will be able to cater to the world by increasing its exports and also meet the increasing domestic demands.

However, there are threats like power cut, hardening of interest rates, inadequate credit facilities extended by banks, fluctuating foreign currency exchange rates, export of cotton and labour shortage the industry has to face, the profitability of the company may be affected.

6. OUTLOOK

With the Govt's determination to mitigate the sufferings of Textile Industry in making available the raw material at economical prices, with economy poised for 9% plus growth, and a strong demand, the future looks good. A good monsoon will help rural demand to pick up and also help in increased cotton cultivation and production.

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER FOR THE FINANCIAL STATEMENTS OF THE COMPANY

I, N Narasimhalu, Chief Financial Officer of M/s. Sri Ramakrishna Mills (Cbe) Ltd, certify that

- a. I have reviewed the financial statements and the cash flow statement for the year ended 31.03.2010 and that to the best of my knowledge and belief :
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. I am responsible for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken to rectify these deficiencies.
- d. I have indicated to the auditors and the Audit Committee:
 - i) Significant changes in internal control during the year
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Coimbatore
28.06.2010

(Sd.) N NARASIMHALU
Chief Financial Officer

SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Sri Ramakrishna Mills believes that good corporate governance is essential to achieve long term corporate goals and enhance shareholder value on a sound basis..

2) BOARD OF DIRECTORS

The Board consists of Sri R Doraiswami as the Chairman and Sri D Lakshminarayanawamy as the Managing Director and Sri N Jothikumar, Sri R Narayanamurthy and Sri R Radhakrishnan as the non-executive independent Directors. Sri L Damodarawamy, a Director of the company from 30.10.1952, passed away on 06.10.2009.

The table below gives the particulars of attendance of each director at the Board Meetings held during the year ended 31.03.2010 and at the last AGM as also the number of directorships in other companies and memberships in other Board Committees.

Name of the Director (1)	Position (2)	No. of Board Meetings attended (3)	Attendance at last AGM (4)	No. of Director-ships in other companies (5)	No. of Memberships in Board Committee of other companies (6)	No. of shares held (7)
Sri R Doraiswami	Executive-Chairman	6	Present	Nil	Nil	407363
Sri D Lakshminarayanawamy	Managing Director	6	Present	6	Nil	489814
Sri L Damodarawamy	Non-Executive Independent	3	Absent	Nil	Nil	3525
Sri N Jothikumar	Non-Executive Independent	6	Present	Nil	Nil	12600
Sri R Narayanamurthy	Non-Executive Independent	5	Present	1	Nil	500
Sri R Radhakrishnan	Non-Executive Independent	4	Present	1	Nil	500

DIRECTORS

Sri R Radhakrishnan retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

The Board of Directors of the Company in its meeting held on 28.06.2010, on the basis of the recommendation of the Remuneration Committee and subject to the approval of the Shareholders and that of the Central Government, if any, has approved the revision in the remuneration payable to Sri D. Lakshminarayanawamy, Managing Director of the Company effective from 01.04.2010 to 31.03.2011 and also the reappointment of Sri D Lakshminarayanawamy as Managing Director for a further term of three years from 01.04.2011 to 31.03.2014 on revised terms. Necessary resolutions are included in the Notice of the 63rd Annual General Meeting.

BOARD MEETINGS

From 01.04.2009 to 31.03.2010, six board meetings were held on the following dates: 29.04.2009, 30.06.2009, 31.07.2009, 16.09.2009, 30.10.2009 & 30.01.2010

As required under Clause 49 XI(A), particulars of director seeking re-appointment is given in the Notice for the Annual General Meeting to be held on 11.08.2010.

3) COMMITTEES OF THE BOARD

a) REMUNERATION COMMITTEE

Remuneration Committee constituted on 30.10.2009 consists of the following members:

1. Sri N Jothikumar - Chairman
2. Sri R Narayanamurthy - Member
3. Sri R Radhakrishnan - Member

This Committee has been formed to recommend to the Board the appointment/reappointment of the executive and non-executive directors, the induction of Board members into various committees. The Chairman, the Managing Director and the Chief Executive are paid salary as recommended by the Remuneration Committee and approved by the Shareholders/Central Government wherever necessary. No sitting fee has been paid to them. The committee has also been empowered to determine the periodic increments in salary and annual incentive of the executive director(s).

This committee comprises entirely of independent directors.

Remuneration to Managing Director for the year ended 31.03.2010 – Rs. 15,23,301

Remuneration to Non-executive Directors for the year ended 31.03.2010

Sl. No.	Director	Sitting Fees (Rs.)
1	Sri L Damodarawamy*	3000
2	Sri N Jothikumar	6000
3	Sri R Narayanamurthy	5000
4	Sri R Radhakrishnan	4000

(* ceased to be a Director with effect from 06.10.2009)

b) AUDIT COMMITTEE

Audit Committee consists of the following Directors after being reconstituted on 30.10.2009

1. Sri N Jothikumar - Chairman
2. Sri R Narayanamurthy - Member
3. Sri D Lakshminarayanawamy - Member

The Company Secretary is the convenor.

The Audit Committee would monitor and provide effective supervision and also assure the Board in compliance of adequate internal control systems and other financial disclosures in addition to the issues conforming to the requirements specified by the Company Law / Stock Exchanges etc.

The minutes of the Audit Committee meetings were circulated to the Board where they were discussed and taken note of.

The Audit Committee met four times on 27.06.2009, 27.07.2009, 26.10.2009, 28.01.2010

The attendance during the year is as under:-

Sl.No.	1.	2.	3.	4.
Members	Sri. N. Jothikumar	Sri. R. Narayanamurthy	Sri. R. Radhakrishnan*	Sri. D. Lakshminarayanawamy
Meetings attended	4	1	3	3

(* ceased to be a Member of the Committee with effect from 30.10.2009)