



**63<sup>rd</sup>**  
**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

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# SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

## NOTICE OF THE 63<sup>rd</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 63<sup>rd</sup> 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, 3<sup>rd</sup> 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 : Senra Yarns Ltd., Suhasini Spinners Ltd., Sri Jagannatha 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	Rs. in Lakhs	
	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	<b>12,69,37,608</b>	(1,95,83,707)
ADD : Extraordinary Income	-	6,00,00,000
LESS : Interest	<b>3,49,03,755</b>	5,88,10,258
Depreciation	<b>1,89,07,127</b>	1,81,73,920
Net Profit/(Loss) before Taxes	<b>7,31,26,726</b>	(3,65,67,885)
Less : Tax Adjustments:		
Provision for Income Tax – MAT	<b>1,33,00,000</b>	-
MAT Credit entitlement	<b>(1,33,00,000)</b>	-
Fringe Benefit Tax	-	(2,79,145)
Net Profit/(Loss) after taxes	<b>7,31,26,726</b>	(3,68,47,030)
Add/Deduct: Prior year Adjustments (Net)	<b>(22,09,662)</b>	(14,82,010)
Loss b/f from Previous Year	<b>(8,11,04,950)</b>	(4,27,75,910)
Surplus/(Deficit) Carried Over to Balance Sheet	<b>(1,01,87,886)</b>	(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 63<sup>rd</sup> 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 Nagaswama, 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.

For the Board of Directors

(Sd.) R Doraiswami  
Chairman

Coimbatore  
28.06.2010

# 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 Lakshminarayananaswamy as the Managing Director and Sri N Jothikumar, Sri R Narayanamurthy and Sri R Radhakrishnan as the non-executive independent Directors. Sri L Damodaraswamy, 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 Lakshminarayananaswamy	Managing Director	6	Present	6	Nil	489814
Sri L Damodaraswamy	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. Lakshminarayananaswamy, Managing Director of the Company effective from 01.04.2010 to 31.03.2011 and also the reappointment of Sri D Lakshminarayananaswamy 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 Damodaraswamy*	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 Lakshminarayananaswamy - 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. Lakshminarayananaswamy
Meetings attended	4	1	3	3

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

#### c) INVESTORS' GRIEVANCE COMMITTEE

Shareholders' / Investors' Grievance Committee consists of the following members after being reconstituted on 30.10.2009:

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

The Committee has been formed to specifically look into Shareholders' / Investors' complaints, if any, on transfer of shares, non-receipt of Balance sheet, non-receipt of interest and redemption of debentures etc.

Sri S A Subramanian, Company Secretary is the Compliance Officer.

During the year, the Committee met four times to deliberate on various matters referred to it and all of them were resolved. As on 31.03.2010 no complaint from shareholders/investors is pending.

The attendance during the year is as under:-

Sl.No.	1.	2.	3.	4.
Members	Sri. N. Jothikumar	Sri. L. Damodaraswamy*	Sri. R. Radhakrishnan	Sri. D. Lakshminarayananaswamy
Meetings attended	4	2	1	3

(\* Consequent to the demise of Sri L. Damodaraswamy on 06.10.2009, the Investors' Grievance Committee reconstituted with the inclusion of Sri. R. Radhakrishnan on 30.10.2009)

#### d) SHARE TRANSFER COMMITTEE

The Share Transfer Committee not being a Statutory / Mandatory one, has been formed with the members of the Board and representatives from Registrar and Share Transfer Agent.

In the normal course, the representatives from Share Transfer Agent are authorised to effect the transfers.

The Committee meets at frequent intervals to review and approve transfers and transmission of equity shares. The Committee met fifteen times during the financial year ended 31st March 2010.

#### 4) DETAILS OF GENERAL MEETINGS

##### a) Annual General Meetings :-

Information regarding last 3 years' Annual General Body meetings are given below

Sl.No.	Venue	Day	Date	Time
1.	No.3, Bhavani River Street, Ariappampalayam, Sathyamangalam 638 402	Friday	18.09.2009	9.00 AM
2.	No.3, Bhavani River Street, Ariappampalayam, Sathyamangalam 638 402	Monday	29.09.2008	10.00 AM
3.	No.3, Bhavani River Street, Ariappampalayam, Sathyamangalam 638 402	Friday	28.09.2007	10.00 AM

##### b) Extraordinary General Meeting :-

There was an Extraordinary General Meeting held on Friday, the 30<sup>th</sup> October 2009 at the above venue.

#### 5. GENERAL SHAREHOLDER INFORMATION:

- 1 63rd AGM to be held on : Wednesday 11.08.2010  
At : 9.30 AM.  
Venue : Regd. Office. No.3, Bhavani River Street, Ariappampalayam, Sathyamangalam 638 402
- 2 Date of Book Closure : 04.08.2010 to 11.08.2010 (both days inclusive)
- 3 Financial Calendar :  
Results announced : 28.06.2010  
Posting of Annual Reports : 16.07.2010  
Last date of Receipt of Proxy Forms : 09.08.2010  
Announcement of Quarterly Results : July 2010, October 2010, January 2011 and June 2011
- 4 Listing on Stock Exchanges : Bombay Stock Exchange – Scrip Code No.521178 – ISIN No.INE306D01017  
Annual listing fee to the Stock Exchange was paid upto date.
- 5 Registered Office : No.3, Bhavani River Street, Ariappampalayam, Sathyamangalam-638 402  
Phone & Fax No.: 04295-220681
- 6 Administrative Office : 1493, Sathyamangalam Road, Ganapathy Post, Coimbatore-641 006  
Phone : 0422-2531022/1122 Fax : 0422-2531579 E-mail: srnc@vsnl.com
- 7 Plant Location : Coimbatore, Nagari & Sathyamangalam
- 8 Share Transfer System : Shares are in physical and demat form. Share Transfer documents received at the office of Registrar and Share Transfer Agent are processed and returned with in a period of 15 days from the date of receipt.
9. Share Transfer Agents' Address : M/s. S.K.D.C. Consultants Ltd., Kanapathy Towers, 3<sup>rd</sup> Floor, 1391/A-1 Sathy Road, Ganapathy Post, Coimbatore 641 006.  
Phone : 0422-6549995, 2539835-836 Fax : 0422-2539837 Email : info@skdc-consultants.com

#### 6) DEMATERIALISATION OF SHARES:

91.6 % of total equity capital is held in dematerialised form with NSDL and CDSL whereby shareholders have an option to keep their shareholdings in dematerialized form with any one of the two depositories.

#### 7) MARKET PRICE DATA

The High & Low prices during each month in last financial year in The Stock Exchange, Mumbai, are given below:

B S E in (Rs.)												
MONTH	April '09	May	June	July	August	September	October	November	December	January '10	February	March
<b>HIGH</b>	17.00	18.85	24.45	22.75	21.40	17.85	17.70	19.40	22.80	28.60	26.35	24.95
<b>LOW</b>	12.75	14.30	17.95	16.00	15.35	15.15	15.20	16.00	17.50	20.30	19.00	19.60

# SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

## 8) DISTRIBUTION OF SHARE HOLDING (AS ON 31-03-2010)

Range (No. of Shares)		No. of Shares	No. of Shareholders	% to paid-up capital
Upto	5000	305901	1748	4.30
5001	- 10000	159934	210	2.25
10001	- 20000	185477	130	2.61
20001	- 30000	110390	44	1.55
30001	- 40000	86362	24	1.21
40001	- 50000	79195	17	1.11
50001	- 100000	170051	24	2.39
100001	and Above	6021020	33	84.58
Total		7118330	2230	100.00

Legal proceedings/disputes on share transfer against the company : NIL

Contact address for Shareholders/Analyst

**Company Secretary**  
Sri Ramakrishna Mills (Coimbatore) Ltd. 1493, Sathyamangalam Road, Ganapathy,  
Coimbatore-641 006. Phone No.: 0422-2531022, 2531122 Fax No : 0422-2531579 E-mails:smc@vsnl.com

The Company currently does not have any Stock Option Scheme.

## 9) CATEGORIES OF SHAREHOLDING AS ON 31ST MARCH, 2010

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoter's Holding	15	3918116	55.04
2	Directors & Relatives	9	85091	1.20
3	Private Corporate Bodies	75	157681	2.21
4	Banks	1	750000	10.54
5	Financial Institutions	2	101	-
6	NRI	13	44,146	0.62
7	Foreign Institutional Investor	1	1000000	14.05
8	Other Public	2114	1163195	16.34
Total		2230	71,18,330	100.00

## 10) NOMINATION FACILITY

As provided in the Companies Act, 1956, nomination facility is available for the shares held in the Company. The nomination form (Form 2B) will be provided to the members on request.

## 11) DISCLOSURES:

### a. Disclosure of material transaction

During the financial year ended 31<sup>st</sup> March 2010 there was no material, financial or commercial transaction which had potential interest of the senior management personnel or which might have had potential conflict with the interests of the Company.

### b. Related party transactions

During the financial year ended 31<sup>st</sup> March, 2010 there were no transactions of material nature, with the Promoters, Directors and Relatives and the Management that had potential conflict with the interest of the company. Details of related party transactions are given elsewhere in the Annual Report.

### c. Information supplied to the Board

All information, as required under Annexure 1A to Clause 49 of the Listing Agreement, is made available to the Board. The Board is also regularly updated on statutory compliances, as are applicable to the Company.

### d. Code of Conduct

The Company has adopted a Code of Conduct for Directors and Senior Management personnel for prevention of Insider Trading based on SEBI (Insider Trading) Regulations 1992. The Directors and Senior Management Personnel of the Company have affirmed their adherence to the Code.

### e. Compliance by the Company

During the last three years, there were no penalties imposed by either SEBI or Stock Exchange or any statutory authority for non-compliance of any matter related to the capital markets.

## 12) MEANS OF COMMUNICATION

The quarterly/annual results are published in the Newspapers in the proforma prescribed by Stock Exchange.

### AUDITORS' CERTIFICATE

To the Members of

M/s.SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED, COIMBATORE.

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by M/s.SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED for the year ended on March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd., Mumbai.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

On the basis of Certificate issued by the share transfer agents we state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M S Jagannathan & Visvanathan  
Chartered Accountants  
Firm Reg. No. 001209S  
(Sd.) M J Vijayaraghavan  
Partner  
MNo.7534

Place : Coimbatore  
Date : 28.06 .2010



**AUDITOR'S REPORT TO THE MEMBERS OF SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED**

1. We have audited the attached balance sheet of **SRI RAMAKRISHNA MILLS [COIMBATORE] LIMITED** as at **31<sup>st</sup> March, 2010** and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies [Auditor's Report] Order, 2003, and as amended by the Companies (Auditor's Report) Amendment order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on that said date.;
5. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles accepted in India:
  - a. In the case of Balance Sheet, of the state of affairs of the company as at **31<sup>st</sup> March 2010**
  - b. In the case of Profit and Loss account, of the **PROFIT** for the year ended on that date; and
  - c. In the case of the cash flow statement, of the cash flows for the year ended on that date;

Coimbatore  
28.06.2010

For M S Jagannathan & Visvanathan  
Chartered Accountants  
Firm Regd. No. 001209S  
(Sd.) M J Vijayaraghavan  
Partner  
MNo.7534

# SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

## ANNEXURE REFERRED TO IN PARAGRAPH [3] OF OUR REPORT OF EVEN DATE

- i) a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the period and discrepancies noticed on such physical verification were not material and have been properly dealt with in books of Accounts.
- c) There were no disposal of substantial part of fixed assets during the period and hence the going concern status of the Company is not affected.
- ii) a) Physical verification of Inventory [excluding stocks with third parties] has been conducted at reasonable intervals by the Management. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company has maintained proper records of inventory and discrepancies noticed on physical verification of inventories as compared to book records were not material and have been appropriately dealt with.
- iii) The company has neither granted nor taken any loans, secured or unsecured to firms, Companies or other parties covered in the register maintained under section 301 and hence sub clauses b, c & d of clause (iii) are not applicable.
- iv) a) In our opinion and according to the explanation and information given to us there is adequate internal control system commensurate with the size of the Company and the nature of the business for the purchase of inventory and fixed assets and for the sale of goods.
- b) During the course of our Audit no major weakness has been noticed in the internal controls.
- v) a) The transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been recorded in the register maintained for the purpose.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time other than for conversion charges amounting to Rs.4,49,61,104/- (Net) for which no comparable market prices were available and are considered to be of special nature as explained by the management of the Company.
- vi) The Company during the period has not accepted any deposit from the public and hence provisions of section 58A of the Companies Act, 1956 and the companies (Acceptance of Deposits) Rules 1975 are not applicable.
- vii) On the basis of Internal audit reports broadly reviewed by us, we are of the opinion that, the coverage of Internal Audit functions carried by a Chartered Accountant appointed by the Management is commensurate with the size of the Company and the nature of its business.
- viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) a) According to the information and explanations given to us and records examined by us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-

tax, Wealth tax, Service tax and any other statutory dues with the appropriate authorities.

- b) According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31<sup>st</sup> March 2010 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, the statutory dues which have not been deposited on account of dispute are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
TNGST	Addl. Sales tax	7.43	A.Y.2004-05 to 2006-07	Madras High Court
TNGST	Sales tax	54.59	A.Y.1995-96	Madras High Court
TNGST	Sales tax	89.37	A.Y.1999-00	Madras High Court
TNGST	Sales Tax	61.66 *	A.Y.1998-99	Madras High Court
TNGST	TNGST, AST	121.97	A.Y.2000-01	Madras High Court
Customs	Customs duty on Cotton	8.26	A.Y.2003-04	Madras High Court
*(Rs.31 lakhs, since paid)				

- x) The Company has accumulated losses of Rs. 1.02 crores as at 31<sup>st</sup> March 2010. The Company has not incurred cash losses during the year covered by our audit but has incurred cash losses in the immediately preceding financial year.
- xi) According to the information and explanation given to us and on the basis of records examined by us, the Company has during the period not defaulted in repayment of loans to Bank.
- xii) During the period, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4 (xiii) of the Companies (Auditors Report) order, 2003 is not applicable to the Company.
- xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing or trading in Shares, Securities, debentures and other Investments.
- xv) In our opinion and according to the information and explanation given to us, the company, during the period has not given any guarantee for loans taken by others from banks or financial Institutions.
- xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance sheet of the company, we report that the funds raised on short term basis amounting Rs. 491.92 lakhs have been used for long-term investment.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix) The company has not issued any debentures during the period and hence creation of security in respect of debentures does not arise.
- xx) The company has not raised any money through a public issue during the period.
- xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Coimbatore  
28.06.2010

For M S Jagannathan & Visvanathan  
Chartered Accountants  
Firm Regd. No. 001209S  
(Sd.) M J Vijayaraghavan  
Partner  
M.No.7534

**BALANCE SHEET AS AT 31st MARCH 2010**

<b>Particulars</b>	<b>Schedule No</b>	<b>As at 31.03.2010 Rs.</b>	<b>As at 31.03.2009 Rs.</b>
<b>SOURCES OF FUNDS</b>			
<b>1 Shareholders' Funds</b>			
a) Share Capital	<b>1</b>	<b>7,11,83,300</b>	7,11,83,300
b) Reserves & Surplus	<b>2</b>	<b>21,32,78,453</b>	24,08,65,669
Total Shareholders' Funds		<b>28,44,61,753</b>	31,20,48,969
<b>2 Loan Funds</b>			
a) Secured loans	<b>3</b>	<b>23,28,76,992</b>	40,32,01,321
b) Unsecured Loans	<b>4</b>	<b>2,45,29,279</b>	2,37,97,849
Total Loan Funds		<b>25,74,06,271</b>	42,69,99,170
<b>TOTAL</b>		<b>54,18,68,024</b>	73,90,48,139
<b>APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets</b>			
Gross Block	<b>5</b>	<b>71,78,59,468</b>	75,60,67,604
Less: Depreciation		<b>46,50,12,920</b>	45,89,52,908
Net Block		<b>25,28,46,548</b>	29,71,14,696
<b>2 Investments</b>	<b>6</b>	<b>3,27,350</b>	3,27,350
<b>3 Deferred Tax Asset</b>	<b>7</b>	<b>10,94,47,410</b>	10,94,47,410
<b>4 Current Assets, Loans and Advances</b>			
a) Inventories	<b>8</b>	<b>6,33,15,377</b>	12,99,78,531
b) Sundry debtors	<b>9</b>	<b>7,67,36,452</b>	12,45,78,322
c) Cash and Bank Balances	<b>10</b>	<b>96,60,213</b>	64,47,105
d) Other Current Assets	<b>11</b>	<b>4,35,271</b>	10,17,975
e) Loans and Advances	<b>12</b>	<b>19,17,98,053</b>	22,46,01,162
		<b>34,19,45,366</b>	48,66,23,095
<b>Less: Current Liabilities and Provisions</b>			
a) Current Liabilities	<b>13</b>	<b>14,59,88,301</b>	25,09,54,763
b) Provisions	<b>14</b>	<b>2,68,98,235</b>	1,45,40,679
		<b>17,28,86,536</b>	26,54,95,442
<b>Net Current Assets</b>		<b>16,90,58,830</b>	22,11,27,653
<b>5 Miscellaneous Expenditure</b>	<b>15</b>	-	2,99,26,080
<b>6 Profit &amp; Loss Account</b>		<b>1,01,87,886</b>	8,11,04,950
<b>TOTAL</b>		<b>54,18,68,024</b>	73,90,48,139

Schedules 1 to 15, Statement on Significant Accounting Policies and Notes on Accounts form Part of this Balance Sheet.

(Sd.) **R.Doraiswami**  
Chairman

(Sd.) **D.Lakshminarayanawamy**  
Managing Director

(Sd.) **N.Narasimhalu**  
CFO - Vice President

(Sd.) **S.A. Subramanian**  
Company Secretary

This is the Balance Sheet referred to in our report of even date  
For **M.S.JAGANNATHAN & VISVANATHAN**

Chartered Accountants,  
Firm Regd.No.001209S

(Sd.) **M.J.VIJAYARAGHAVAN**  
Partner

M.No. 7534

(Sd.) **Sasirekha Vengatesh**

Chartered Accountant  
Internal Auditor  
MNO 200464

Place : **Coimbatore**  
Date : **28.06.2010**

# SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2010

Particulars	Schedule No	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
<b>INCOME</b>			
Sales	16	53,03,34,484	51,20,67,844
Sale of Rawmaterial		56,14,164	-
Other Income	17	9,57,01,872	6,50,50,516
<b>Total Income</b>		<b>63,16,50,520</b>	<b>57,71,18,360</b>
<b>EXPENDITURE</b>			
Raw material consumption	18	24,86,62,226	29,95,43,781
Purchase of Rawmaterial		55,89,956	-
Stores Consumed		1,02,75,113	1,29,23,568
Power and Fuel		7,39,08,095	6,98,74,996
Personnel Cost	19	9,66,92,864	6,68,25,252
Processing Charges		4,83,22,683	5,21,36,709
Financial Charges	20	3,49,03,755	5,88,10,258
Repairs and Maintenance	21	67,18,203	53,81,532
Depreciation		2,51,98,458	
Less: Depreciation transferred from Revaluation reserve		62,91,331	
Other Expenses	22	2,94,78,237	1,25,75,033
Add/Less: Depletion/(Accretion) in Stock	23	57,34,58,259 (1,49,34,465)	59,62,45,049 1,74,41,196
<b>Total Expenditure</b>		<b>55,85,23,794</b>	<b>61,36,86,245</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>7,31,26,726</b>	<b>(3,65,67,885)</b>
Less: Provision for - Current Tax - MAT		1,33,00,000	-
Less: MAT Credit Entitlement - Fringe Benefit Tax		1,33,00,000	-
<b>PROFIT AFTER TAX</b>		<b>7,31,26,726</b>	<b>(3,68,47,030)</b>
Prior year Items	24	(22,09,662)	(14,82,010)
Deficit brought forward from previous year		(8,11,04,950)	(4,27,75,910)
<b>Deficit carried over to Balance Sheet</b>		<b>(1,01,87,886)</b>	<b>(8,11,04,950)</b>
Basic and Diluted EPS( of Rs 10/-each) - including extraordinary income		9.96	(5.38)
- excluding extraordinary income		9.96	(13.81)

Schedules 16 to 24, Statement on Significant Accounting Policies and Notes on Accounts form part of this Profit and Loss Account

(Sd.) **R.Doraiswami**  
Chairman

(Sd.) **D.Lakshminarayananaswamy**  
Managing Director

(Sd.) **N.Narasimhalu**  
CFO - Vice President

(Sd.) **S.A. Subramanian**  
Company Secretary

Place : Coimbatore  
Date : 28.06.2010

This is the Profit and Loss account referred to in our report of even date  
For **M.S.JAGANNATHAN & VISVANATHAN**

Chartered Accountants,  
Firm Regd.No.001209S

(Sd.) **M.J.VIJAYARAGHAVAN**

Partner  
M.No. 7534

(Sd.) **Sasirekha Vengatesh**  
Chartered Accountant  
Internal Auditor  
MNO 200464



**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2010**

Particulars	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) before tax and extraordinary items	<b>7,31,26,726</b>	(9,65,67,885)
Less: Adjusted for -		
Depreciation	<b>1,89,07,127</b>	1,81,73,920
Interest paid	<b>3,22,69,715</b>	5,64,18,383
Profit on sale of assets(Net)	<b>(9,34,88,375)</b>	(21,78,858)
Interest Receipts	<b>(12,35,287)</b>	(15,70,540)
Dividend Receipts	<b>(49,400)</b>	(38,000)
Rent Receipts	<b>(17,24,410)</b>	(15,37,025)
Operating Profit before Working Capital changes	<b>2,78,06,096</b>	(2,73,00,005)
Add/Deduct: Adjustments for		
Trade and other receivables	<b>12,44,86,196</b>	35,88,624
Inventories	<b>6,66,63,154</b>	3,78,70,640
Trade payables	<b>(10,66,89,854)</b>	(5,88,05,691)
Cash generated from operations	<b>11,22,65,592</b>	(4,46,46,432)
Direct Taxes paid	<b>(32,433)</b>	(2,04,383)
Cash generated from operations before extraordinary items	<b>11,22,33,159</b>	(4,48,50,815)
Extra-ordinary items-Others	<b>(22,09,662)</b>	(14,82,010)
-One Time Settlement	-	6,00,00,000
Net Cash generated from operations	<b>11,00,23,497</b>	1,36,67,175
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Purchase of fixed assets	<b>(38,62,827)</b>	(20,48,796)
Sale of fixed assets	<b>9,51,25,007</b>	80,45,974
Interest Received	<b>12,35,287</b>	15,70,540
Dividend Receipts	<b>49,400</b>	38,000
Rent Receipts	<b>17,24,410</b>	15,37,025
Net cash used in investment activities	<b>9,42,71,277</b>	91,42,743
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from long term borrowings	<b>(16,55,84,560)</b>	(60,96,924)
Proceeds from short term borrowings	<b>7,31,430</b>	2,33,56,849
Interest paid (Net)	<b>(3,62,28,536)</b>	(5,14,25,552)
Net cash used in financing activities	<b>(20,10,81,666)</b>	(3,41,65,627)
Net Increase/Decrease in Cash & Cash equivalents (A+B+C)	<b>32,13,108</b>	(1,13,55,709)
Opening balance - Cash & Cash equivalents	<b>64,47,105</b>	1,78,02,814
Closing Balance - Cash & Cash equivalents	<b>96,60,213</b>	64,47,105
Components of Cash and Cash equivalents as at 31st March 2010		
Cash and Stamps on Hand	<b>3,20,431</b>	13,42,663
Balances with Banks		
- On Current Account	<b>23,35,666</b>	14,76,045
- On Margin Money Deposit Account	<b>70,04,116</b>	36,23,397
- On Deposits Account	-	5,000
	<b>96,60,213</b>	64,47,105

This is the cash flow statement referred to in our report of even date.

(Sd.) **R.Doraiswami**  
Chairman

(Sd.) **D.Lakshminarayananaswamy**  
Managing Director

(Sd.) **N.Narasimhalu**  
CFO - Vice President

(Sd.) **S.A. Subramanian**  
Company Secretary

**Place : Coimbatore**  
**Date : 28.06.2010**

**For M.S.JAGANNATHAN & VISVANATHAN**

Chartered Accountants,  
Firm Regd.No.001209S

(Sd.) **M.J.VIJAYARAGHAVAN**

Partner  
M.No. 7534

(Sd.) **Sasirekha Vengatesh**

Chartered Accountant  
Internal Auditor  
MNO 200464



# SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

## SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT 31st MARCH, 2010

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
1,00,00,000 Equity shares of Rs-10/- each	10,00,00,000	10,00,00,000
5,00,000 Preference Shares of Rs.100/- each	5,00,00,000	5,00,00,000
	<b>15,00,00,000</b>	<b>15,00,00,000</b>
<b>Issued</b>		
71,19,421 Equity Shares of Rs.10/ each	7,11,94,210	7,11,94,210
<b>SUBSCRIBED, CALLED AND PAID-UP</b>		
71,18,330 Equity Shares of Rs.10/- each (Of the above shares, 7,69,810 Equity shares of Rs.10/- each have been allotted as fully paid Bonus shares by Capitalisation of Reserves)	7,11,83,300	7,11,83,300
<b>TOTAL</b>	<b>7,11,83,300</b>	<b>7,11,83,300</b>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>Securities Premium Account</b>		
As per last Balance Sheet	10,81,07,045	10,81,07,045
<b>Sub -Total -I</b>	<b>10,81,07,045</b>	<b>10,81,07,045</b>
<b>Revaluation Reserve (Land)</b>		
As per last Balance Sheet	5,64,91,968	5,64,91,968
Less: Adjustment on assets sold during the year	1,60,80,096	-
<b>Sub -Total -II</b>	<b>4,04,11,872</b>	<b>5,64,91,968</b>
<b>Revaluation Reserve (Building &amp; Machinery)</b>		
As per last Balance Sheet	7,62,66,656	8,74,81,220
Less: Adjustment on assets sold during the year	52,15,789	39,42,780
	7,10,50,867	8,35,38,440
Depreciation on Revaluation surplus of Building, Plant & Machinery transferred to Profit and Loss Account	62,91,331	72,71,784
<b>Sub -Total -III</b>	<b>6,47,59,536</b>	<b>7,62,66,656</b>
<b>Total - I+II+III</b>	<b>21,32,78,453</b>	<b>24,08,65,669</b>
<b>SCHEDULE 3 - SECURED LOANS</b>		
<b>1 From Banks</b>		
a) Cash Credit Account	3,17,17,315	9,86,20,371
b) Working Capital Term Loan	2,00,00,000	-
c) Inland Letters of Credit	6,10,69,965	3,01,17,297
d) Bills Scheme	43,89,905	-
e) Interest accrued and due	2,56,286	49,96,055
<b>2. From Others</b>		
Clearwater Capital Partners India Private Ltd (CCPI PVT LTD)	11,26,54,991	26,76,24,283
ICICI Bank Limited - Hire purchase Loan	13,20,058	18,43,315
Kotak Mahindra Prime Ltd., - Hire purchase loan	14,68,472	-
<b>Total</b>	<b>23,28,76,992</b>	<b>40,32,01,321</b>
<b>Details of Security:</b>		
1. Term Loan from CCPI Pvt Ltd is secured by first mortgage/charge on immovable and movable properties present and future and second charge of the immovable and movable properties is extended to The South Indian Bank Ltd., Promoters have pledged 3656525 of their equity shares of the company as collateral for this term loan with CCPI Pvt.Ltd		
2. Loans from The South Indian Bank Ltd are secured by first charge on hypothecation of stock-in-trade, and Book Debts, and second charge of the same is given to CCPI PVT LTD.		
3. Hire Purchase Loans are secured by Hypothecation of respective assets.		
4. Aggregate amount of loans guaranteed by Chairman & Managing Director		
	(Rs.Lacs)	
i) Term Loan from CCPI Pvt Ltd	3893/-	
ii) Bank Borrowing for Working Capital	1575/-	
<b>SCHEDULE 4 - UNSECURED LOANS</b>		
<b>Trade Deposits</b>	<b>2,45,29,279</b>	<b>2,37,97,849</b>
<b>Total</b>	<b>2,45,29,279</b>	<b>2,37,97,849</b>



**SCHEDULES ANNEXED TO THE BALANCE SHEET (CONTD.,)**

**SCHEDULE 5 - FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2009	Additions during the year	Sales/ Withdrawals during the year	As at 31.03.2010	As at 31.03.2009	Provided during the year	Withdrawn during the year	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>TANGIBLE ASSETS:</b>										
LAND: COST	10,00,856 (10,00,856)	-	7,405	<b>9,93,451</b> (10,00,856)	-	-	-	-	<b>9,93,451</b> (10,00,856)	10,00,856
REVALUED	5,64,91,968 (5,64,91,968)	-	1,60,80,096	<b>4,04,11,872</b> (5,64,91,968)	-	-	-	-	<b>4,04,11,872</b> (5,64,91,968)	5,64,91,968
BUILDING :COST	8,09,09,923 (8,09,09,923)	77,194	1,05,98,074	<b>7,03,89,043</b> (8,09,09,923)	6,08,44,317 (5,91,71,694)	14,55,372 (16,72,623)	89,75,878	<b>5,33,23,811</b> (6,08,44,317)	<b>1,70,65,232</b> (2,00,65,606)	2,00,65,606
REVALUED	8,18,00,694 (8,18,00,694)	-	1,49,02,252	<b>6,68,98,442</b> (8,18,00,694)	4,05,02,063 (3,59,13,326)	36,08,284 (45,88,737)	96,86,463	<b>3,44,23,884</b> (4,05,02,063)	<b>3,24,74,558</b> (4,12,98,631)	4,12,98,631
PLANT & MACHINERY-COST	47,29,05,646 (49,50,84,617)	6,32,834 (12,97,468)	2,22,533 (2,34,76,439)	<b>47,33,15,947</b> (47,29,05,646)	33,55,13,325 (33,77,02,672)	1,49,18,004 (1,54,36,029)	2,16,492 (1,76,25,376)	<b>35,02,14,837</b> (33,55,13,325)	<b>12,31,01,110</b> (13,73,92,321)	13,73,92,321
REVALUED	5,08,15,292 (5,64,30,292)	-	-	<b>5,08,15,292</b> (5,08,15,292)	1,58,47,267 (1,48,36,440)	26,83,047 (26,83,047)	-	<b>1,85,30,314</b> (1,58,47,267)	<b>3,22,84,978</b> (3,49,68,025)	3,49,68,025
FURNITURE	52,68,342 (45,74,600)	1,38,500 (7,13,742)	-	<b>54,06,842</b> (52,68,342)	38,35,396 (32,79,302)	4,65,398 (5,71,513)	-	<b>43,00,794</b> (38,35,396)	<b>11,06,048</b> (14,32,946)	14,32,946
MOTOR VEHICLES	49,71,011 (53,14,941)	30,14,299	2,60,603 (3,43,930)	<b>77,24,707</b> (49,71,011)	20,53,135 (22,47,336)	15,92,564 (1,38,257)	2,59,613 (3,32,458)	<b>33,86,086</b> (20,53,135)	<b>43,38,621</b> (29,17,876)	29,17,876
LIBRARY	1,921 (1,921)	-	-	<b>1,921</b> (1,921)	1,908 (1,907)	-	-	<b>1,908</b> (1,908)	<b>13</b> (13)	13
<b>INTANGIBLE ASSETS:</b>										
SOFTWARE	19,01,951 (-)	-	-	<b>19,01,951</b> (19,01,951)	3,55,497	4,75,789 (3,55,497)	-	<b>8,31,286</b> (3,55,497)	<b>10,70,665</b> (15,46,454)	15,46,454
<b>TOTAL</b>	<b>75,60,67,604</b>	<b>38,62,827</b>	<b>4,20,70,963</b>	<b>71,78,59,468</b>	<b>45,89,52,908</b>	<b>2,51,98,458</b>	<b>1,91,38,446</b>	<b>46,50,12,920</b>	<b>25,28,46,548</b>	<b>29,71,14,696</b>

Note : 1) Land Revalued as on 30.09.2003  
Building and Plant & Machinery revalued as on 30.09.2002  
2) Figures in brackets indicate previous year's.

	<b>As at 31.03.2010 Rs.</b>	As at 31.03.2009 Rs.
<b>SCHEDULE 6 - INVESTMENTS (At Cost)</b>		
<b>NON-TRADE INVESTMENTS</b>		
<b>Quoted</b>		
3800 Equity Shares of Rs.10/- each fully paid up in State Bank Of Travancore	<b>2,28,000</b>	2,28,000
<b>NON-TRADE INVESTMENTS</b>		
<b>UN-QUOTED</b>		
25 Shares of Rs.10/- each fully paid up in Sri Ramakrishna Mills Co-op Stores Ltd	<b>250</b>	250
2000 Equity Shares of Rs.10/- each fully paid up in Sentra Yarns Ltd	<b>20,000</b>	20,000
7 year National Savings Certificate	<b>1,000</b>	1,000
6 year National Savings certificate	<b>62,000</b>	62,000
Indira Vikas Patra	<b>1,100</b>	1,100
Capital Investment In Dove Real Estates: (A firm in which the company is a partner)		
Capital Account	<b>15,000</b>	15,000
<b>TOTAL</b>	<b>3,27,350</b>	3,27,350
Net Aggregate Value of quoted Investments		
Cost:	<b>2,28,000</b>	228,000
Market Value:	<b>23,27,880</b>	8,06,930
Aggregate Value of Unquoted Investments		
Cost:	<b>99,350</b>	99,350
<b>SCHEDULE 7 - DEFERRED TAX ASSET</b>		
As per last Balance Sheet	<b>10,94,47,410</b>	10,94,47,410
<b>TOTAL</b>	<b>10,94,47,410</b>	10,94,47,410

# SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

## SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT 31st MARCH, 2010

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs
<b>SCHEDULE 8 - INVENTORIES</b>		
(As per list certified by the Managing Director)		
Stock of Stores	61,18,316	68,36,690
Raw Materials	1,38,56,493	83,30,122
Process Stock	141,15,951	95,79,037
Waste	9,29,853	10,72,823
Finished Goods	2,82,94,764	1,77,54,243
Stock in Trade - Land	-	8,64,05,616
<b>TOTAL</b>	<b>6,33,15,377</b>	<b>12,99,78,531</b>
(For method of Valuation refer Statement on Significant Accounting Policy)		
<b>SCHEDULE 9 - SUNDRY DEBTORS</b>		
Unsecured, considered good:		
More than six months	3,56,30,859	9,69,61,182
Less than Six Months	4,11,05,593	2,76,17,140
<b>TOTAL</b>	<b>7,67,36,452</b>	<b>12,45,78,322</b>
<b>SCHEDULE 10 - CASH AND BANK BALANCES</b>		
Cash on hand	3,18,203	13,41,644
Stamps on hand	2,228	1,019
Bank balances with Scheduled banks:		
In current Account	23,35,666	14,76,045
In Margin Money Deposit Account	70,04,116	36,23,397
In Deposit Account	-	5,000
<b>TOTAL</b>	<b>96,60,213</b>	<b>64,47,105</b>
<b>SCHEDULE 11 - OTHER CURRENT ASSETS</b>		
Interest accrued on deposits	3,41,666	6,47,779
Conversion Charges Receivable	90,235	3,68,768
Income Receivable	3,370	1,428
<b>TOTAL</b>	<b>4,35,271</b>	<b>10,17,975</b>
<b>SCHEDULE 12 - LOANS AND ADVANCES</b>		
Unsecured, considered good:		
Advances Recoverable in cash or in kind or for value to be received :		
Due from Partnership Firm in which Company is Partner	1,60,338	1,58,097
Due from Companies in which Directors are interested	3,04,21,198	2,85,90,700
Due from Employees	30,98,192	44,83,229
Advance to Suppliers	1,55,73,584	3,69,01,809
Advance for purchase of Capital Assets	10,94,20,161	12,40,24,906
Advance Income Tax (Net) (Provision Income Tax Rs.Nil)	-	18,88,387
MAT Credit Entitlement	1,33,00,000	-
Balances with Excise Department , Sales tax , Customs etc	9,68,814	32,13,207
Sundry Deposits	1,73,08,563	2,41,15,792
Prepaid Expenses	15,47,203	12,25,035
<b>TOTAL</b>	<b>19,17,98,053</b>	<b>22,46,01,162</b>
<b>SCHEDULE 13 - CURRENT LIABILITIES</b>		
Liabilities for Purchases:		
Due to Micro, Small & Medium Enterprises	-	-
Others	5,81,23,067	7,29,57,742
Liabilities for expenses	2,58,55,612	1,68,53,536
Liabilities for other finance	6,12,15,832	16,11,30,643
Interest accrued but not due	7,93,790	12,842
<b>TOTAL</b>	<b>14,59,88,301</b>	<b>25,09,54,763</b>
<b>SCHEDULE 14 - PROVISIONS</b>		
Provision for Income Tax(Net) (Advance Tax Rs. 26,47,129/-)	1,06,52,871	-
Provision for FBT (Net) (Advance FBT - Current year Rs. 4,36,653 - Previous year Rs. 3,77,853)	-	58,800
Provision for Gratuity:		
Managerial Personnel	17,67,500	9,92,819
Others	1,44,77,864	1,34,89,060
<b>TOTAL</b>	<b>2,68,98,235</b>	<b>1,45,40,679</b>



**SCHEDULES ANNEXED TO THE BALANCE SHEET (CONTD)**

	<b>As at 31.03.2010 Rs.</b>	As at 31.03.2009 Rs
<b>SCHEDULE 15 - MISCELLANEOUS EXPENDITURE</b>		
<b>Deferred Revenue Expenditure</b>		
Voluntary Retirement Scheme :		
As per last Balance Sheet	<b>2,99,26,080</b>	4,16,01,416
Add: Paid During the Year	-	-
	<b>2,99,26,080</b>	4,16,01,416
Less : Written Off this year	<b>2,99,26,080</b>	1,16,75,336
<b>TOTAL</b>	<b>-</b>	<b>2,99,26,080</b>

**SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT**

	<b>For the year 31.03.2010 Rs.</b>	For the year 31.03.2009 Rs
<b>SCHEDULE 16 - SALES</b>		
Yarn	<b>51,53,43,820</b>	47,32,10,001
Waste	<b>28,19,024</b>	1,40,74,067
Conversion Charges Receipts	<b>1,21,71,640</b>	2,47,83,776
<b>TOTAL</b>	<b>53,03,34,484</b>	<b>51,20,67,844</b>
Tax deducted at source: On Conversion Charges	<b>2,73,527</b>	1,30,005
<b>SCHEDULE 17 - OTHER INCOME</b>		
Interest receipts	<b>12,35,287</b>	15,70,540
Miscellaneous Income	<b>6,18,416</b>	5,89,586
Profit/(Loss) on sale of assets(Net)	<b>9,34,88,375</b>	(21,78,858)
Dividend receipts from long term Investments	<b>49,400</b>	38,000
Lease Rent	<b>17,24,410</b>	15,37,025
Share of Profit/(Loss) from partnership firm	<b>(7,760)</b>	34,94,415
Loss on Sale of Stock in Trade (Land)	<b>(14,05,616)</b>	-
Foreign Exchange Fluctuation	<b>(640)</b>	(192)
Extraordinary Income (OTS)	-	6,00,00,000
<b>TOTAL</b>	<b>9,57,01,872</b>	<b>6,50,50,516</b>
Tax deducted at source:		
On Interest	<b>1,59,876</b>	3,20,569
On Rent	<b>2,34,094</b>	2,99,000
<b>SCHEDULE 18 - RAW MATERIAL CONSUMPTION</b>		
Opening Stock	<b>83,30,122</b>	2,87,96,198
Less: Rejected	<b>44,865</b>	-
Add: Purchases	<b>25,42,85,422</b>	28,12,55,422
	<b>26,25,70,679</b>	31,00,51,620
Less: Sales	<b>51,960</b>	21,77,717
	<b>26,25,18,719</b>	30,78,73,903
Less: Closing Stock	<b>1,38,56,493</b>	83,30,122
<b>TOTAL</b>	<b>24,86,62,226</b>	<b>29,95,43,781</b>
<b>SCHEDULE 19 - PERSONNEL COST</b>		
Salaries, Wages, Bonus etc.,	<b>8,37,69,754</b>	5,62,78,797
Contribution to PF, ESI and other funds	<b>61,29,911</b>	50,03,810
Managerial Remuneration	<b>22,97,601</b>	15,77,420
Workmen and Staff Welfare Expenses	<b>44,95,598</b>	39,65,225
<b>TOTAL</b>	<b>9,66,92,864</b>	<b>6,68,25,252</b>
<b>SCHEDULE 20 - FINANCIAL CHARGES</b>		
Interest : on Fixed Loans	<b>2,07,09,563</b>	4,56,73,941
on others	<b>1,15,60,152</b>	1,07,44,442
Bank charges	<b>26,34,040</b>	23,91,875
<b>TOTAL</b>	<b>3,49,03,755</b>	<b>5,88,10,258</b>

# SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

## SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT (CONTD.)

	For the year 31.03.2010 Rs.	For the year 31.03.2009 Rs.
<b>SCHEDULE 21 - REPAIRS AND MAINTENANCE</b>		
Buildings	5,96,290	3,78,990
Machinery	41,55,715	30,77,253
Others	19,66,198	19,25,289
<b>TOTAL</b>	<b>67,18,203</b>	<b>53,81,532</b>
<b>SCHEDULE 22 - OTHER EXPENSES</b>		
Printing & Stationery	3,23,884	3,21,886
Postage, Telegram & Telephones	5,51,681	5,12,296
Travelling and maintenance of vehicles	21,34,898	19,61,252
Insurance	3,98,611	6,93,253
Advertisement, Subscription and Periodicals	2,78,373	2,10,640
Taxes & Licences	35,66,803	32,24,185
Brokerage on yarn sales	17,10,928	13,52,880
Rent	-	28,800
Filing Fees	10,442	6,232
Directors sitting fees	18,000	23,000
Auditors Remuneration	1,35,463	1,03,507
Yarn sales expenses other than Brokerage	18,91,666	27,20,525
Legal and Professional Charges	3,81,678	11,46,417
Miscellaneous Expenses	1,47,027	2,70,160
Bad debts Written Off	1,79,28,783	-
<b>TOTAL</b>	<b>2,94,78,237</b>	<b>1,25,75,033</b>
<b>SCHEDULE 23 - DEPLETION/(ACCRETION) IN STOCK</b>		
Opening Stock :		
Finished Goods	1,77,54,243	3,17,57,912
Process Stock	95,79,037	1,28,12,331
Waste	10,72,823	12,77,056
<b>Sub Total - I</b>	<b>2,84,06,103</b>	<b>4,58,47,299</b>
Closing Stock :		
Finished Goods	2,82,94,764	1,77,54,243
Process Stock	1,41,15,951	95,79,037
Waste	9,29,853	10,72,823
<b>Sub Total - II</b>	<b>4,33,40,568</b>	<b>2,84,06,103</b>
<b>Depletion/(Accretion) in stock Net I - II</b>	<b>(1,49,34,465)</b>	<b>1,74,41,196</b>
<b>SCHEDULE 24 - PRIOR YEAR ITEMS</b>		
Prior Year Adjustments	(22,09,662)	(20,64,554)
Sundry Credits Forfeited	-	5,82,544
<b>TOTAL</b>	<b>(22,09,662)</b>	<b>(14,82,010)</b>



## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2010

### SIGNIFICANT ACCOUNTING POLICIES:

#### AS-1 DISCLOSURE AND BASIS OF ACCOUNTING

- The Financial statements have been prepared under the Historical Cost Convention except for Land, Building, Plant and Machinery which is in accordance with the provisions of the Companies Act, 1956. The Company has complied with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.
- The company has been consistently following the accrual basis of accounting in respect of Income and Expenditure
- The accounts are prepared on the basis of Going Concern concept only.

#### AS-2 VALUATION OF INVENTORIES

Inventories are valued at lower of Cost and net realizable value, where,

- Cost of raw material is determined on Specific Identification method
- Stock of Stores and Spares is determined on Weighted Average Cost
- Finished Goods and Work in Progress is determined under FIFO where cost includes conversion and other costs incurred in bringing the inventories to their present location and condition.

#### AS-3 CASH FLOW STATEMENTS:

Cash flows are reported using Indirect Method whereby Profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and Cash equivalents include cash on hand and balances with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent that are not available for use by the company.

#### AS-5 NET PROFIT/LOSS FOR THE PERIOD AND PRIOR YEAR ITEMS

- All items of income and expenses pertaining to the year are included in arriving at the net profit for the year unless specifically mentioned elsewhere in the financial statement or as required by Accounting Standards.
- Prior year items are disclosed separately in the Profit & Loss Account below the line.

#### AS-6 DEPRECIATION ACCOUNTING

Depreciation on Fixed Assets has been provided as per Schedule XIV of the Companies Act, 1956 adopting the methods as under:-

- Plant and Machinery - Straight Line Method as applicable to continuous process plants
- Building, Motor Vehicles, Furniture and Library - Written down Value Method
- Depreciation in respect of Revaluation Surplus is deducted from Revaluation Reserve.

#### AS-9 REVENUE RECOGNITION

- Income and Expenditure are recognized and accounted on accrual basis as and when they are earned and incurred. Revenue from sale transaction is recognized as and when significant risks and rewards attached to ownership in the goods is transferred to the buyer and is net of Sales Tax and Transportation charges.
- Revenue from service transactions are recognized on the completion of the contract at the contracted rates when no significant uncertainty as to its measurability or collectability exists.
- Other Incomes are accounted on accrual basis except interest on NSC and dividend income.

#### AS-10 ACCOUNTING FOR FIXED ASSETS

- Land : Shown at revalued figure .
- Building, Plant & Machinery is shown at revalued figure Net of Cenvat Credit/ Value Added tax less accumulated depreciation and impairment losses, if any.
- Replacements of parts of capital equipments like Spindles, Bobbins, Rings, Rotors etc., are capitalised from 01.10.2003.
- Other fixed assets are shown at cost less accumulated depreciation.

#### AS-11 FOREIGN CURRENCY TRANSACTIONS

Foreign Currency transactions are recorded at the prevailing exchange rates at the time of initial recognition . Exchange differences arising on final settlement are recognized as income or expense in the profit and loss account. Outstanding balances of Monetary items denominated in Foreign Currency are restated at closing rates and the difference is adjusted as income or expense in the profit and loss account. The premium or discount arising at the inception of forward contract is accounted as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expense in the period in which they arise.

#### AS-13 ACCOUNTING FOR INVESTMENTS

Long Term Investments are stated at cost. A provision for diminution, if any, is made to recognize a decline, other than temporary in the value of long term investments.

#### AS-15 EMPLOYEE BENEFITS

- Short term employee benefits (other than terminal benefits) which are payable within 12 months after the end of the period in which the employees render service are accounted on accrual basis.

#### Defined Contribution Plans

Continuation Fund and Employees' State Insurance Fund are recognised in the Profit and

Method which considers each period of service as giving rise to an additional unit of  
Past services are recognised on a straight line basis over the average period until the  
ely in the statement of Profit and Loss Account as income or expense. Obligation is

ized fully this year as required under the standard.

# SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2010 (Contd.,)

### AS-16 BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

All other borrowing costs are charged to revenue.

### AS-19 LEASES

The lease income under operational lease agreement is accounted on straight line basis over the lease term.

### AS-20 EARNINGS PER SHARE

The Earnings considered in ascertaining the Company's earnings per share comprises of Net Profit after tax and includes post tax adjustments of prior year and extraordinary items.

### AS-22 ACCOUNTING FOR TAXES ON INCOME

Deferred tax resulting from timing differences between book and tax profits is accounted under liability method as enacted or substantially enacted rate as on the date of balance sheet. Deferred tax asset, other than those arising on account of unabsorbed depreciation or carry forward of losses under tax laws are recognised and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

Deferred tax asset, arising on account of unabsorbed depreciation or carry forward of loss under tax laws are recognised and carried forward subject to consideration of prudence only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

### AS-26 INTANGIBLE ASSETS

- a) Software is being amortized over a period of 4 years
- b) VRS is being written off fully this year.

### AS-28 IMPAIRMENT OF ASSETS

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting year is reversed if there has been a change in the estimate of the recoverable amount.

### AS-29 CONTINGENT LIABILITY

- a) A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reasonable estimate can be made. Provisions are not discounted to the present value and are determined based on Management estimate. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.
- b) Contingent liabilities are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.
- c) Contingent liability under various fiscal laws includes those in respect of which the Company/Department is on appeal.

### OTHERS

#### i) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted Accounting Principles requires Management to make estimates and assumptions that affects the reported amounts of assets and liabilities and the disclosures of contingent liabilities as at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to the estimates is recognized prospectively.

#### (ii) CENVAT

- a) The Value of CENVAT benefit is being reduced from the value of purchase of materials. Consumption of materials is arrived at accordingly.
- b) The value of CENVAT benefit eligible in respect of capital item is reduced from the cost and depreciation is claimed accordingly.

#### (iii) SUNDRY DEBTORS AND ADVANCES

Doubtful advances are disclosed by way of notes.

		Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
1.	Estimated amount of contracts remaining to be executed on Capital account (Net of Advance)	9,80,86,659	9,80,86,659
2.	Contingent Liabilities not provided for in accounts:		
a)	Bills discounted with Banks pending realisation:-		
	[i] Export Bills	Nil	Nil
	[ii] Domestic Bills	43,89,905	Nil
b)	Following Sales Tax assessments are contested before Madras High Court and stayed:-		
	Asst. Year		Disputed Demand (Rs. in Lakhs)
		31.03.2010	31.03.2009
	1995-96	54.59	54.59
	1998-99	61.66	61.66
		(Rs.31/- lacs since paid as per Madras High Court Order.)	
	1999-00	89.37	89.37
	2000-01	121.97	121.97
	1.4.2004 to 31.12.2006	7.43	7.43
		TNGST Demand	
		TNGST Demand	
		TNGST Pre-assessment Demand	
		TNGST, Additional Sales Tax	
		TNGST Additional Sales Tax	

**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2010 (Contd.,)**

- c) Customs department filed an appeal before Madras High Court against the orders of Settlement Commission under Advance Licence Scheme in respect of reduction of Interest of Rs.8.26 lakhs allowed to us.
3. a) Income Tax assessments are completed upto Assessment year 2007-08
- b) Sales Tax Assessments pending:
- |                       |   |                      |
|-----------------------|---|----------------------|
| a) Under TNGST        | : | 1999-00 to 2000-01   |
| b) Under TNGST        | : | 2004-05 to 31.12.06  |
| c) Under TNVAT        | : | 01.01.07 to 31.03.10 |
| d) Under CST (TN)     | : | 1999-00 to 2009-10   |
| e) Under KGST         | : | 2005-06              |
| f) Under CST (Kerala) | : | 2005-06              |
| g) Under APVAT        | : | 2009-10              |
| h) Under CST (AP)     | : | 2009-10              |

**4. QUANTITATIVE INFORMATION:**

		<b>YEAR ENDED 31.03.2010</b>	YEAR ENDED 31.03.2009
Additional Information pursuant to Part II of Schedule VI to the Companies Act, 1956			
a) Licensed Capacity		<b>Not Applicable</b>	Not Applicable
b) Installed Capacity	Spindles Rotors	<b>62,780 1,104</b>	62,780 1,104
Installed capacities are as furnished by the Managing Director on which the Auditors have relied.			
c) Production of Finished Goods :			
Yarn – Own	Kgs.	<b>34,47,742</b>	34,53,083
Conversion to others	Kgs.	<b>3,85,114</b>	8,74,123
5. I. a) Sale of Finished Goods:			
Yarn	Kgs. Rs.	<b>34,04,981 51,53,43,820</b>	34,98,619 47,32,10,001
Conversion to others	Kgs. Rs.	<b>3,85,114 1,21,71,640</b>	8,74,123 2,47,83,776
b) Sale of Waste :			
Cotton Waste	Kgs. Rs.	<b>2,53,201 28,19,024</b>	6,22,245 1,40,74,067
II. Raw materials consumed :			
Cotton and Cotton Waste	Kgs. Rs.	<b>37,63,729 24,86,62,226</b>	41,78,785 29,95,43,781
III. Stock of Finished Goods :			
Opening :			
Yarn	Kgs. Rs.	<b>1,63,304 1,77,54,243</b>	2,08,840 3,17,57,912
IV Stock of finished goods :			
Closing :			
Yarn	Kgs. Rs.	<b>2,06,065 2,82,94,764</b>	1,63,304 1,77,54,243
V Stock of Waste:			
a) Stock of opening			
Cotton Waste / Yarn Waste	Kgs. Rs.	<b>30,369 10,72,823</b>	43,853 12,77,056
b) Stock of closing			
Cotton Waste / Yarn Waste	Kgs. Rs.	<b>39,784 9,29,853</b>	30,369 10,72,823
6. Value of Imports:			
I CIF Value:			
a. Raw materials	Rs.	-	-
b. Components & Spares	Rs.	<b>3,46,103</b>	-
c. Capital Goods	Rs.	-	-
II Consumption	<b>31.03.2010 Value (Rs.)</b>	%	31.03.2009 Value (Rs.)
a. Raw materials :			
Imported	-	-	-
Indigenous	<b>24,86,62,226</b>	<b>100</b>	29,95,43,781
Total	<b>24,86,62,226</b>	<b>100</b>	29,95,43,781
b. Stores, Spares & Components :			
Imported	<b>4,46,431</b>	<b>4.34</b>	-
Indigenous	<b>98,28,682</b>	<b>95.66</b>	1,29,23,568
Total	<b>1,02,75,113</b>	<b>100</b>	1,29,23,568



# SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2010 (Contd..)

	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009	
7. The amount remitted during the year in			
i. Foreign Currencies on account of dividends:-			
a. Number of Non-resident shareholders	14	9	
b. Number of shares held by them	10,44,146	10,06,522	
c. The years to which the dividend related	Nil	Nil	
d. The amount remitted in foreign currencies	Nil	Nil	
ii. Earnings in Foreign Exchange			
a. Export of goods :			
i. Foreign currency exports:			
FOB Value Rs.	-	9,558	
ii. Rupee Exports	Nil	Nil	
FOB Value (Rs.)	Nil	Nil	
b. Royalty, know-how, professional and consultation fees	Nil	Nil	
c. Interest and dividends	Nil	Nil	
d. Other Incom. if any	Nil	Nil	
iii. Expenditure in foreign currencies during the financial year on account of			
Travelling (Rs.)	1,07,840	69,993	
Subscription to periodicals (Rs.)	-	797	
8. CALCULATION OF MANAGERIAL REMUNERATION :			
Net Profit / Loss (-) as per Profit and Loss A/c.	7,31,26,726	(3,65,67,885)	
Add / Less:			
Managerial remuneration charged	22,97,601	15,77,420	
Depreciation charged in Books	1,89,07,127	1,81,73,920	
	9,43,31,454	(1,68,16,545)	
Add / Less :			
Waiver of Advance received (underOTS)	-	6,00,00,000	
Profit on sales of assets	(9,34,88,375)	(21,78,858)	
Prior year adjustment ( Net)	(22,09,662)	(14,82,010)	
Depreciation under Sec.350	(1,89,07,127)	(1,81,73,920)	
Balance of Profit / (Loss)	(2,02,73,710)	2,13,48,667	
(Loss) under Sec.349 brought forward	(72,28,10,295)	(74,41,58,962)	
Net (Loss) under Sec. 349	(74,30,84,005)	(72,28,10,295)	
Due to inadequacy of profits, only minimum remuneration is paid as below:			
Salary	13,08,000	13,08,000	
PF Contribution	18,720	18,720	
Superannuation / Gratuity	9,70,881	2,50,700	
Total	22,97,601	15,77,420	
9. Balance of Sundry Debtors and Sundry Creditors are subject to confirmation, reconciliation and consequent adjustments thereof.			
10. In the opinion of Directors, current assets, loans and advances have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.			
11. Sales Tax collections not included in the Sales for the year ended 31.03.2010 is Rs.95,35,049/-	31.03.2010	31.03.2009	
12. Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:		(Rs. in Lakhs)	
a) Principal amount due Interest due on the above	Nil	Nil	
Interest due on the above	Nil	Nil	
b) Interest paid during the period beyond the appointed day	Nil	Nil	
c) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	Nil	Nil	
d) Amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil	
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	Nil	Nil	
The above information and that given in Schedule 13 "Current Liabilities" regarding micro enterprises and small enterprises has been determined on the basis of information available with the Company. This has been relied upon by the Auditors.			
13. Building, Plant & Machinery had been revalued as on 30 <sup>th</sup> September 2002 and land had been revalued as on 30 <sup>th</sup> September 2003 ( by approved valuers, since their original costs no longer gave a true and fair view of their then values) and surplus (arisen on revaluation of Building, Plant & Machinery) amounting to Rs.15,56,26,170/- and Rs.6,88,20,020/- respectively were credited to Revaluation Reserve Account.			
14. Particulars regarding investment of Rs.15,000/- in the capital of the partnership firm of M/s.Dove Real Estates:			
Sl.No.	Name of the Partner	Capital Contribution	Share Ratio
1	Sri Ramakrishna Mills (Cbe) Ltd.	Rs.15,000/-	98%
2	Sri D Lakshminarayananaswamy	Rs. 5,000/-	1%
3	Smt L.Nagaswama	Rs. 5,000/-	1%
	<b>Total</b>	<b>Rs.25,000/-</b>	<b>100%</b>
15. Auditors Remuneration:	31.03.2010	31.03.2009	
	Rs.	Rs.	
Audit fees	71,695	55,150	
Tax Audit fee	16,545	11,030	
IT Representation fee	16,545	11,700	
Certificate fees	28,128	21,297	
Travelling Expenses	2,550	4,330	
<b>Total</b>	<b>1,35,463</b>	<b>1,03,507</b>	



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2010 (Contd.,)**

**Disclosures under Accounting Standards:**

16. Details of prior year items (AS-5) charged to Profit & Loss account below the line:-

(Amount in Rupees)

	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Expenses	Income	Expenses	Income
<b>A Prior Year Expenses</b>				
i) EPCG Interest	21,62,458		—	
ii) ESI contribution	—		23,564	
iii) Bonus paid for prior year	—		15,90,944	
iv) Others	12,360		13,505	
v) Electricity Tax	3,06,989		4,00,050	
vi) Sales Tax	—		6,81,884	
<b>B Prior Year Income</b>				
Excess Provision reversed		—		6,45,393
Others		2,72,145		—
<b>TOTAL</b>	<b>24,81,807</b>	<b>2,72,145</b>	27,09,947	6,45,393
<b>Net</b>	<b>22,09,662</b>		20,64,554	

17. Employee Benefits (AS-15):

Gratuity (unfunded)

I. Defined Benefit Plans	31.03.2010	31.03.2009	31.03.2008
<b>A. Expense recognised in the Profit and Loss Account for the year ended</b>			
1. Current Service cost	7,95,342	8,48,545	1,06,94,463
2. Interest cost	10,32,868	10,43,678	11,78,132
3. Settlement Cost	Nil	Nil	Nil
4. Expected return on planned assets	Nil	Nil	Nil
5. Net actuarial (Gain) / Loss recognised during the year	3,39,685	(12,25,334)	(56,60,002)
6. Expenses / (Income) recognised in the Profit & Loss Account	21,67,895	6,66,889	62,12,593
<b>B. Actual return on Plan assets for the year ended</b>			
1. Expected return on plan assets	Nil	Nil	Nil
2. Actuarial (Gain) / Loss on Plan assets	Nil	Nil	Nil
3. Actual return on plan assets	Nil	Nil	Nil
<b>C. Net Asset/(Liability) recognised in the Balance Sheet as at</b>			
1. Present value of obligation	1,44,77,864	1,34,89,060	1,32,61,341
2. Fair value of plan assets	Nil	Nil	Nil
3. Net Asset/(Liability) recognised in the Balance Sheet	(1,44,77,864)	(1,34,89,060)	(1,32,61,341)
<b>D. Change in Defined Obligation during the year ended</b>			
1. Present value obligation at the beginning of the year	1,34,89,060	1,32,61,341	2,21,14,720
2. Current service cost	7,95,342	8,48,545	1,06,94,463
3. Interest cost	10,32,868	10,43,678	11,78,132
4. Benefits paid	11,79,091	4,39,170	1,50,65,972
5. Actuarial (gain) loss	3,39,685	(12,25,334)	(56,60,002)
6. Present value obligation at the end of the year	1,44,77,864	1,34,89,060	1,32,61,341
<b>E. Changes in Fair Assets during the year ended</b>			
1. Fair value of plan assets as at 1.04.2009	Nil	Nil	Nil
2. Expected return on plan assets	Nil	Nil	Nil
3. Contributions made	Nil	Nil	Nil
4. Benefits paid	Nil	Nil	Nil
5. Actuarial gain / (loss) on plan assets	Nil	Nil	Nil
6. Fair value of plan assets as at 31.03.2010	Nil	Nil	Nil
<b>F. Major categories of plan assets as a percentage of total planned assets</b>			
1. Central Government Securities	Nil	Nil	Nil
2. State Government Securities	Nil	Nil	Nil
3. Private Sector Bonds	Nil	Nil	Nil
4. Special Deposit Scheme	Nil	Nil	Nil
5. Cash at Bank	Nil	Nil	Nil
6. Investments in Insurance Companies	Nil	Nil	Nil
7. Others	Nil	Nil	Nil
<b>G. Actuarial Assumptions</b>			
1. Discount rate	8%	8%	8%
2. Expected rate of return on plan assets	Nil	Nil	Nil
3. Salary escalation	6%	6%	6%
4. Mortality rate	LIC (94-96)	LIC (94-96)	LIC (94-96)
Valuation taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.			
	32,69,860	28,80,892	47,28,695
	1,96,200	1,96,200	1,96,200

# SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED

## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2010 (Contd.,)

### 18. Segmental Reporting (AS-17):

The Company has only Single Reportable Business Segment, i.e. "Yarn Segment" in terms of requirements of AS-17.

### 19. Related party disclosure (AS-18)

(As identified by the Management)

#### i. Related party Relationships :

Associates	Key Management Personnel	Relatives of Key Management Personnel
Sri Jaganatha Ginning & Oil Mills	Sri R Doraiswami	Smt R Suhasini
Sri Jaganatha Textiles Ltd	Sri D Lakshminarayanawamy	Smt L Swathy
Suhasini Spinners Ltd	Smt L Nagaswar na	
Swathy Processors Ltd		
Sri Ramakrishna Yarn Carriers Ltd		
Dove Real Estates		

#### ii. Transactions with Related Parties / Concerns :

	31.03.2010			31.03.2009		
	Associates Rs.	Key Management Personnel Rs.	Relatives of Key Management personnel Rs.	Associates Rs.	Key Management Personnel Rs.	Relatives of Key Management personnel Rs.
Managerial Remuneration	—	22,97,601	—	—	15,77,420	—
Salaries	—	—	2,50,630	—	—	2,46,688
Lease Rent Paid	—	—	—	—	—	—
Lease Rent Received	3,00,945	—	—	1,23,000	—	—
Yarn Conversion Charges Received	24,45,180	—	—	35,25,553	—	—
Yarn Conversion charges paid	4,74,06,284	—	—	5,16,50,132	—	—
Purchase of Assets	1,45,600	—	—	—	—	—
Sale of Assets	—	—	—	36,740	—	—
Share of Profit / (Loss) from Firm	(7,760)	—	—	34,94,415	—	—
Cotton and Other Purchases	5,06,704	—	—	21,07,702	—	—
Sale of Cotton Waste	—	—	—	10,54,186	—	—
Hank Yarn Obligation Paid	76,766	—	—	38,209	—	—
Hank Yarn Obligation Received	3,312	—	—	—	—	—
Interest on Trade Deposit	32,69,069	—	—	22,58,039	—	—
<b>Reimbursement of Expenses Paid</b>						
Oil & Grease	32,05,342	—	—	34,08,140	—	—
Lorry Freight Charges	88,020	—	—	3,52,775	—	—
<b>Reimbursement of Expenses Received</b>						
Telephone Charges	19,185	—	—	—	—	—
<b>Outstanding Balance -</b>						
Payable	2,55,22,040	—	—	2,37,67,350	—	—
Receivable	12,80,50,200	—	—	14,30,74,595	—	—

### 20. Lease (AS-19)

The Lease Agreement provides for an option to the company to renew the lease period for a further period varying from 1 to 2 years at the end of the period provided atleast three months prior notice is given:

Future Minimum lease rent to be received:

	31.03.2010 Rs.	31.03.2009 Rs.
Not later than 1 year	3,29,280	1,54,980
Later than 1 year but not more than 5 years	7,60,317	19,36,700
More than 5 years	36,49,241	46,97,314

### 21. Earnings Per Share (AS-20)

Net Profit after tax	7,31,26,726	(3,68,47,030)
Less: Adjustments	(22,09,662)	(14,82,010)
Net Profit after tax & adjustments (including extraordinary income)	7,09,17,064	(3,83,29,040)
Net Profit after tax and adjustments (excluding extraordinary income)	7,09,17,064	(9,83,29,040)
<b>BASIC &amp; DILUTED EPS</b>		
Weighted average number of shares	71,18,330	71,18,330
Nominal Value share	Rs.10/-	Rs.10/-
Basic EPS – including extraordinary income	9.96	(5.38)
- excluding extraordinary income	9.96	(13.81)

22. a) The company has not provided for Deferred tax asset as on 01.04.2001

b) The company has also not provided for Deferred tax asset on account of prudence for the current year as there is no virtual certainty that sufficient future taxable income will be available against which such Deferred Tax Asset can be realized.

23. The figures have been rounded off to the nearest rupee and previous year's figures have been re-grouped and re-classified wherever necessary.

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I Registration Details**

Registration No. : L17111TZ1946PLC000175  
 State code : 18.  
 Balance Sheet Date : 31.03.2010

**II Capital Raised during the year(Amount in Rs.Thousands)**

Public Issue : Nil Rights Issue : Nil  
 Bonus Issue : Nil Private Placement : Nil

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities : 7,14,755 Total Assets : 7,14,755

**Sources of Funds:**

Paid-up Capital : 71,183  
 Reserves & Surplus : 2,13,278  
 Secured Loans : 2,32,877  
 Unsecured Loans : 24,529

**Application of Funds:**

Net Fixed Assets : 2,52,846  
 Investments : 327  
 Deferred Tax : 1,09,447  
 Net Current Assets / Liabilities : 1,69,059  
 Accumulated Losses : 10,188

**IV Performance of Company(Amount in Rs.Thousands)**

Turnover / Income : 6,31,651 Total Expenditure : 5,58,524  
 Profit / (Loss) before tax : 73,127 Profit / (Loss) after tax : 73,127  
 Earning per share (Face value Rs.10/-) : 9.96 Dividend Rate (Equity)% : Nil

**V Generic Names of Three Principal Products/Services of the Company (as Per monetary terms)**

Item Code No. (ITC Code)	Product Description
5205	Cotton Yarn containing 85% or more by weight of Cotton
5509	Yarn of synthetic staple fibre cotton waste
5202	Cotton Waste

(Sd.) **R.Doraiswami**  
 Chairman

(Sd.) **D.Lakshminarayananaswamy**  
 Managing Director

(Sd.) **N.Narasimhalu**  
 CFO - Vice President

(Sd.) **S.A. Subramanian**  
 Company Secretary

**Place : Coimbatore**  
**Date : 28.06.2010**

“ As per our report of even date”  
**For M.S.JAGANNATHAN & VISVANATHAN**

Chartered Accountants,  
 Firm Regd.No.001209S

(Sd.) **M.J.VIJAYARAGHAVAN**

Partner  
 M.No. 7534

(Sd.) **Sasirekha Vengatesh**  
 Chartered Accountant  
 Internal Auditor  
 MNO 200464

**SRI RAMAKRISHNA MILLS (COIMBATORE) LTD.**  
Regd. Office : No. 3, Bhavani River Street, Ariappampalayam, Sathyamangalam - 638402

**ATTENDANCE SLIP**

( Particulars to be completed by Member / Proxy )

Name of the Member : \_\_\_\_\_

(IN BLOCK LETTERS)

Member Folio Number / ID No. : \_\_\_\_\_

Name of Proxy : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I hereby record my presence at the 63<sup>rd</sup> Annual General Meeting of the Company at Registered Office at No.3, Bhavani River Street, Ariappampalayam, Sathyamangalam - 638 402 on Wednesday, 11th day of August, 2010.

\_\_\_\_\_  
Signature of the Member / Proxy

**NOTE:**

1. The meeting is for Members of the Company only. Members are requested not to bring non members or children.
2. The Company will accept only the attendance slip of person personally attending the meeting as a Member or a valid proxy duly registered with the company.

**SRI RAMAKRISHNA MILLS (COIMBATORE) LTD.**

Regd. Office : No. 3, Bhavani River Street, Ariappampalayam, Sathyamangalam – 638402

**PROXY FORM**

**63rd Annual General Meeting**

I/We ..... of ..... being a member/members of the above named Company, hereby appoint .....or failing him ..... as my/our Proxy to attend and vote for me/us and on my/our behalf at the 63<sup>rd</sup> Annual General Meeting of the Company, to be held on Wednesday, the 11<sup>th</sup> August, 2010 and at any adjournment thereof.

Signed this ..... day of ..... 2010.

Signature :.....

Affix  
Re. 1/-  
Revenue  
Stamp

**Folio No/ Client ID No:** \_\_\_\_\_

**No. of Shares :** \_\_\_\_\_

**DP ID:** \_\_\_\_\_

Note : The Form, complete in all respects, must be deposited at the Registered Office of the Company not less than 48 hours before the time of meeting..

Book-Post

**Under Certificate of Posting**

If undelivered please return to

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Post Box No. 2007 ● Ganapathy Post

Coimbatore - 641 006