

---

# **SRI MAHASAKTHI MILLS LIMITED**

## **FOURTEENTH ANNUAL REPORT - 2009 - 2010**

### **BOARD OF DIRECTORS**

**Sri. T. RAJKUMAR**

**Sri. K. DHANAKUMAR**

**Sri. T.K. DHANASHEKAR**

### **AUDITORS**

**Sri. R. Rajasekar**

Chartered Accountant

Coimbatore

### **REGISTERED OFFICE**

Mill Premises,  
Valianadukkalam  
Nattukkal Post,  
Chittur - Palakkad  
Kerala - 678 554

### **FACTORY**

Mill Premises,  
Valianadukkalam  
Nattukkal Post,  
Chittur - Palakkad  
Kerala - 678 554

### **BANKERS**

State Bank of Bikaner and Jaipur  
244-LGB Complex,  
B.B. Street, Coimbatore - 641 001.

**SRI MAHASAKTHI MILLS LIMITED**

---

**NOTICE TO SHARE HOLDERS**

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Company will be held on Wednesday, the 16th June, 2010, at 11.00 a.m. at the Registered Office of the Company to transact the following business:

**ORDINARY BUSINESS:**

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
- 2 Sri K Dhanakumar, Director of the company retires by rotation and being eligible, seeks re-appointment.
- 3 To appoint auditors and to fix their remuneration.

**Notes:**

1. *A member entitled to vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy MAY NOT BE a member of the Company.*
2. *The duly completed proxy forms shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.*

By Order of the Board

Place: Coimbatore  
Date : 17.05.2010

**T Rajkumar**  
Director

## DIRECTORS' REPORT

Dear members,

Your Directors have great pleasure in presenting the Fourteenth Annual Report of the Company along with the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ending on that date.

### Financial Results :

Rs. Lakhs

Particulars	2009-10	2008-09
Total Income	3333.84	2602.19
Total Expenditure	2870.95	2230.39
Operating Profit	462.89	371.80
Less : Interest	205.08	174.33
Profit Before Depreciation	257.81	197.47
Less : Depreciation	103.82	95.16
Net Profit for the Year	153.99	102.31

### Review of the Operations

Your Company has secured good customer base over the weaving centres based out of Tamilnadu, Maharashtra etc. Your Directors are glad to report a net profit of around Rs.154 lakhs for the year.

Your Directors wish to further modernise the mills through automation and are planning for the same. Your Directors also plan to approach banks for financing of the proposed modernisation.

Your Company has become a Subsidiary Company of New Horizon Leasing & Finance Limited under section 4(1)(b)(ii) of the Companies Act, 1956.

Your Directors are hopeful of reporting better profits for the current year in view of the improved demand in market conditions prevailing for the last six months.

### Dividend

Since your Directors wish to strengthen the working capital base of the Company, no dividend is recommended for the year under review.

## **SRI MAHASAKTHI MILLS LIMITED**

---

### **Statutory Information**

The Company has not accepted any Fixed Deposit during the year.

There is no employee drawing remuneration exceeding the limits specified under section 217(2A) of the Companies Act, 1956.

The particulars as required under section 217(1)(e) of the Companies Act, 1956 are annexed.

### **Directors' Responsibility Statement**

In compliance of Section 217(2AA) of the Companies Act, 1956, the Directors of your Company confirm that:

1. All applicable Accounting Standards have been followed in the preparation of the annual accounts and that there are no material departure;
2. Such accounting policies have been selected and applied consistently and such 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 as at 31st March 2010 and of the Profit of the Company for the year ended on that date;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

### **Retirement of Director**

Sri K Dhanakumar, Director of the Company retires by rotation and being eligible, seeks reappointment.

### **Appointment of Auditor**

Sri R Rajasekar, B.Com. FCA, the retiring auditor, being eligible for reappointment, offers himself for reappointment.

**Reply to Auditor's qualification**

Your Company is in process of finding a suitable candidate for appointment as full time Company Secretary.

**Acknowledgement**

Your Directors acknowledge with gratitude the co-operation received from the State Bank of Bikaner and Jaipur, Customers and Suppliers. Your Directors also wish to thank the members for their support and place on record their appreciation for the contribution made by the employees at all levels.

By Order of the Board

Place: Coimbatore

Date : 17.05.2010

**T Rajkumar**

Director

**ANNEXURE TO DIRECTORS' REPORT**

Particulars required under Section 217(1)(e) of the Companies Act, 1956

**Conservation of Energy**

Conservation of energy continues to receive increased emphasis. Our technicians for identifying the opportunities for saving energy periodically review the ongoing processes.

**Research & Development**

The mill is a member of the South India Textile Research Association. The Association conducts wide range of researches applicable to textile industry.

**Technology Absorption**

Wherever applicable, the mill adopts advices of the South India Textile Research Association. Also, in order to gain updated knowledge, the technicians of the mill are frequently interacting with those belong to our sister concerns and other groups of mills.

**Form A**

**Conservation of Energy**

<b>A. Power and Fuel Consumption</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
<b>1. Electricity</b>		
a) Purchased		
Units	<b>4390897</b>	3780576
Amount – Rs	<b>22437462</b>	19230824
Rate per Unit – Rs	<b>5.11</b>	5.08
<b>2. Own Generation</b>		
a) Through Diesel Generator		
Amount	<b>4097063</b>	1136668
Units per litre of Diesel Oil	<b>3.12</b>	3.45
Cost per Unit – Rs	<b>9.73</b>	9.51
<b>3. Other Fuels</b>	Not Used	Not Used
<b>B. Consumption per Kg of yarn:</b>		
(Production considered at actual counts)		
Electricity ( KWH )	<b>2.54</b>	3.02

**AUDITORS' REPORT  
TO THE MEMBERS OF  
SRI MAHASAKTHI MILLS LIMITED**

Ladies and Gentlemen,

1. We report that we have audited the Balance Sheet of SRI MAHASAKTHI MILLS LIMITED as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date annexed thereto. 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 the 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, disclosures in the financial statements, assessing the accounting principles used, significant estimates made by 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 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in 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 in Paragraph 1 & 2 above, we state that :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for our Audit.
  - b) In our opinion, proper books of account as required by law have been kept so far as appears from our examination of those books.
  - c) The Balance Sheet and Profit & Loss Account referred to in this Report are in agreement with the Books of Account.
  - d) In our opinion the Profit & Loss Account and Balance Sheet read together with the notes thereon comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

**SRI MAHASAKTHI MILLS LIMITED**

---

- e) On the basis of written representation received from all the Directors as of 31st March, 2010 and taken on record by the Board of Directors, We report that none of the Directors are disqualified as of 31st March, 2010 from being appointed as Directors in terms of Section 274(1)(g) of the Companies Act, 1956.
- f) In our opinion and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, the said Balance Sheet and Profit & Loss Account read together with the Notes thereon 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 generally accepted in India
- (i) in the case of the Balance Sheet, of the STATE OF AFFAIRS as at 31st March, 2010
- and
- (ii) in the case of the Profit & Loss Account, of the PROFIT for the period ended on that date
- (iii) *The company has not appointed a full time Company Secretary*

Place : Coimbatore  
Date : 17.05.2010

**R Rajasekar**  
Chartered Accountant  
M.No. 028404



**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE REPORT  
OF EVEN DATE OF THE AUDITORS TO THE MEMBERS OF  
SRI MAHASAKTHI MILLS LIMITED**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of fixed assets.
- (ii) (a) The Stock in trade (including raw material) and stores, spare parts of the Company at all its locations have been physically verified by the Management during the year.
- (b) In our opinion, the procedures for physical verification of stock followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material.
- (iii) In our opinion, the internal control procedures of the Company relating to purchases of stores, raw materials including components, plant & machinery, equipments and other similar assets and for sale of goods & services are commensurate with its size and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems.
- (iv) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevalent market prices at the relevant time.

## **SRI MAHASAKTHI MILLS LIMITED**

---

- (v) The Company has not accepted deposits from public and hence the provisions of Sections 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.
- (vi) In our opinion, the Company's internal audit system is commensurate with its size and nature of its business.
- (vii) The provisions of the Companies Act for maintenance of Cost Records under Section 209(1)(d) are not applicable to the Company.
- (viii) (a) The Company is regular in depositing with the appropriate authorities the undisputed statutory dues relating to income tax, sales tax, service tax, excise duty, cess and other material statutory dues applicable to it.  
  
(b) According to the information and explanations given to us and the records of the company examined by us there are no dues of income tax, excise duty, cess and service tax which have not been deposited on account of any dispute.
- (ix) The Company has not incurred cash losses during the financial year covered by our audit.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xi) The Company has not granted loans and advances on the basis of security of pledge of shares, debentures and other securities.
- (xii) The provisions of any special statute applicable to a chit fund / nidhi / mutual benefit fund / society are not applicable to the Company.
- (xiii) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xiv) The Company has not given guarantees for loans taken by others from bank or financial institutions.

- (xv) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvi) According to the cash flow statement and other records examined by us and the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xvii) According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any debentures.
- (xviii) According to the information and explanations given to us, the Company has not raised funds by public issues during the year covered by our audit report.
- (xix) According to the information and explanations given to us and on the basis of our examination of books & records of the Company in accordance with the generally accepted auditing practices, no fraud on or by the Company has been noticed or reported during the year.

Place : Coimbatore

Date : 17.05.2010

**R Rajasekar**  
Chartered Accountant  
M.No. 028404

**SRI MAHASAKTHI MILLS LIMITED****BALANCE SHEET AS ON 31st MARCH 2010**

PARTICULARS	SCHEDULE	As at 31.03.2010 Rs	As at 31.03.2009 Rs
<b>SOURCES OF FUNDS</b>			
Share Capital	1	87,492,200	87,492,200
Reserves & Surplus	2	66,224,317	56,124,754
Secured Loans	3	99,014,831	107,272,053
Unsecured Loans		11,438,302	156,256
Deferred Taxation		10,710,212	7,826,234
<b>TOTAL - A</b>		<b>274,879,862</b>	<b>258,871,497</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
Fixed Assets	5	207,715,485	193,304,961
Less : Depreciation		60,193,166	49,811,255
		<b>147,522,319</b>	<b>143,493,706</b>
Current Assets, Loans & Advances	6		
Current Assets			
Closing Stock		122,797,307	94,756,181
Sundry Debtors		41,527,640	23,550,309
Cash & Bank Balances		16,305,214	13,430,207
Loans & Advances		15,829,433	40,691,408
		<b>196,459,594</b>	<b>172,428,105</b>
Less : Current Liabilities & Provisions	4	69,102,051	57,050,314
Net Current Assets		<b>127,357,543</b>	<b>115,377,791</b>
<b>TOTAL - B</b>		<b>274,879,862</b>	<b>258,871,497</b>

As per my report of even date

For and on behalf of the Board

**R Rajasekar**  
Chartered Accountant  
M.No. 028404

**T Rajkumar**  
Director

Place : Coimbatore  
Date : 17.05.2010

**K Dhanakumar**  
Director

**ANNUAL REPORT 2010**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010**

PARTICULARS	SCHEDULE	As at 31.03.2010 Rs	As at 31.03.2009 Rs
<b>INCOME</b>			
Sales	7	340,728,630	245,471,360
Increase / decrease in stock-in-trade	8	(7,975,548)	14,723,677
Other Income		631,280	24,387
<b>TOTAL</b>		<b>333,384,362</b>	<b>260,219,424</b>
<b>EXPENDITURE</b>			
Raw Material Consumption	9	227,090,902	176,579,005
Wages & Salaries	10	17,314,458	13,417,987
Repairs & Maintenance	11	1,649,851	1,571,896
Other Manufacturing Expenses	12	33,351,834	25,287,239
Interest & Financial Charges	13	20,507,782	17,433,505
Administrative Expenses	14	4,430,656	3,378,903
Marketing Expenses	15	2,897,475	2,442,880
Directors Remuneration		360,000	360,000
Depreciation	5	10,381,911	9,516,820
<b>TOTAL</b>		<b>317,984,869</b>	<b>249,988,235</b>
Net Profit For The Year		15,399,493	10,231,189
Prior Year Income (+) / Expenditure (-)	16	(43,442)	(12,445)
Provision For Income tax		(2,372,510)	(696,057)
Deferred Tax		(2,883,978)	(1,718,375)
Profit transferred to Balance Sheet		10,099,563	7,804,312

As per my report of even date

For and on behalf of the Board

**R Rajasekar**  
Chartered Accountant  
M.No. 028404

**T Rajkumar**  
Director

Place : Coimbatore  
Date : 17.05.2010

**K Dhanakumar**  
Director

**SRI MAHASAKTHI MILLS LIMITED**

**SCHEDULES TO BALANCE SHEET AS ON 31st MARCH 2010**

PARTICULARS	As at 31.03.2010 Rs	As at 31.03.2009 Rs
<b>SCHEDULE - 1 SHARE CAPITAL</b>		
Authorised Capital		
90,00,000 Equity Shares of Rs.10/- each	90,000,000	90,000,000
1,00,000 Preference Shares of Rs.100/- each	10,000,000	10,000,000
	<b>100,000,000</b>	<b>100,000,000</b>
Issued, Subscribed and Paid-up		
80,00,000 Equity Shares of Rs.10/- each	80,000,000	80,000,000
74,922 Preference Shares of Rs.100/- each	7,492,200	7,492,200
	<b>87,492,200</b>	<b>87,492,200</b>
<b>SCHEDULE - 2 RESERVES AND SURPLUS</b>		
Capital Subsidy	1,500,000	1,500,000
Profit & Loss Account	64,724,317	54,624,754
	<b>66,224,317</b>	<b>56,124,754</b>
<b>SCHEDULE - 3 SECURED LOANS</b>		
Term Loans with SBBJ	48,935,238	59,549,805
Cash Credit with SBBJ	50,079,593	47,722,248
	<b>99,014,831</b>	<b>107,272,053</b>
<b>SCHEDULE - 4 CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors	58,963,134	52,422,503
Liabilities for Expenses	4,240,803	1,226,520
Liabilities for Other Finances	372,833	248,520
Provisions	5,525,281	3,152,771
	<b>69,102,051</b>	<b>57,050,314</b>

## SCHEDULE : 5 FIXED ASSETS SCHEDULE FOR THE YEAR ENDED MARCH 2009

Particulars	Gross Block				Depreciation			Net Block	
	As on 01.04.2009	Additions	Sales	As on 31.03.2010	Upto 01.04.2009	For the Period	Upto 31.03.2010	W.D.V. as on 31.03.2010	W.D.V. as on 1.04.2009
	Land	3,463,243	-	-	3,463,243	-	-	-	3,463,243
Buildings	24,340,593	-	-	24,340,593	6,107,675	812,976	6,920,651	17,419,942	18,232,918
Plant & Machinery	140,170,965	13,824,917	-	153,995,882	37,087,257	8,130,983	45,218,240	108,777,642	103,083,708
Electrical Fittings	23,953,100	-	-	23,953,100	6,416,352	1,264,724	7,681,076	16,272,024	17,536,748
Vehicles	1,045,210	585,607	-	1,630,817	99,295	154,928	254,223	1,376,594	945,915
Furniture & Fixtures	128,378	-	-	128,378	28,229	8,126	36,355	92,023	100,149
Office Equipments	203,473	-	-	203,473	72,447	10,174	82,621	120,852	131,026
Total	193,304,961	14,410,524	-	207,715,485	49,811,255	10,381,911	60,193,166	147,522,319	143,493,706

**SRI MAHASAKTHI MILLS LIMITED**

**SCHEDULES TO BALANCE SHEET AS ON 31st MARCH 2010**

PARTICULARS	As at 31.03.2010 Rs	As at 31.03.2009 Rs
<b>SCHEDULE - 6 CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS</b>		
Stock-in-Trade		
- Cotton 70,971,600		
- Work-in-process	8,219,325	
- Yarn	42,233,100	
- Waste	683,740	
- Stores 689,542	<u>122,797,307</u>	94,756,181
Sundry Debtors		
- Outstanding for more than six months	—	
- Others 41,527,640	<u>41,527,640</u>	23,550,309
Cash in hand and with banks	427,382	317,355
<b>DEPOSITS</b>		
- Electricity Board	688,052	
- Telephone Department	7,650	
- Salestax	10,000	
- Deposit with Banks	<u>15,172,130</u>	13,112,852
<b>LOANS &amp; ADVANCES</b>		
- Staff and Labour Advances	433,115	
- Advance for Purchase & Others	14,843,854	
- Rent Advances	31,000	
- Other Advances	193,824	
- Pre-paid Expenses	<u>327,640</u>	40,691,408
	<u>15,829,433</u>	
	<u>196,459,594</u>	<u>172,428,105</u>



**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR  
ENDED 31st MARCH 2010**

PARTICULARS	As at	As at
	31.03.2010	31.03.2009
	Rs	Rs
<b>SCHEDULE - 7 SALES</b>		
Yarn Sales	337,389,770	242,943,005
Waste Sales	3,338,860	2,528,355
	<u>340,728,630</u>	<u>245,471,360</u>
<b>SCHEDULE - 8 INCREASE / DECREASE IN STOCKS</b>		
Closing Stock		
- Yarn	42,233,100	48,792,000
- Work-in-process	8,219,325	9,724,000
- Waste	<u>683,740</u>	<u>595,713</u>
Less : Opening Stock		
- Yarn	48,792,000	
- Work-in-process	9,724,000	
- Waste	<u>595,713</u>	<u>44,388,036</u>
	<u>(7,975,548)</u>	<u>14,723,677</u>
<b>SCHEDULE - 9 RAW MATERIAL CONSUMPTION</b>		
Opening Stock	35,029,500	21,678,573
Add : Purchases less Returns	262,814,610	189,618,392
Add : Purchase & Cleaning Expenses	218,392	311,540
Less : Closing Stock	<u>70,971,600</u>	<u>35,029,500</u>
	<u>227,090,902</u>	<u>176,579,005</u>
<b>SCHEDULE - 10 WAGES AND SALARIES</b>		
Salaries and Wages	15,424,728	11,877,607
Training Expenses	638,649	488,396
Staff & Labour Welfare	<u>1,251,081</u>	<u>1,051,984</u>
	<u>17,314,458</u>	<u>13,417,987</u>

**SRI MAHASAKTHI MILLS LIMITED**

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR  
ENDED 31st MARCH 2010**

PARTICULARS	As at 31.03.2010 Rs	As at 31.03.2009 Rs
<b>SCHEDULE - 11 REPAIRS &amp; MAINTENANCE</b>		
Building Maintenance	636,155	515,977
Machinery Maintenance	571,114	659,369
Electricals Maintenance	395,646	384,075
Office Maintenance	46,936	12,475
	<b>1,649,851</b>	<b>1,571,896</b>
<b>SCHEDULE - 12 OTHER MANUFACTURING EXPENSES</b>		
Power and Fuel	26,534,525	20,367,492
Stores and Consumables		
- Opening Stock	614,968	
- Add : Purchases	6,635,143	
- Add : Freight Inwards	256,740	
- Less: Closing Stock	689,542	
	<b>6,817,309</b>	<b>4,919,747</b>
	<b>33,351,834</b>	<b>25,287,239</b>
<b>SCHEDULE - 13 INTEREST AND FINANCIAL CHARGES</b>		
Interest and Bank Charges	19,683,591	15,893,433
Other Financial Charges	824,191	1,540,072
	<b>20,507,782</b>	<b>17,433,505</b>
<b>SCHEDULE - 14 ADMINISTRATIVE EXPENSES</b>		
Auditor Fees	45,000	65,000
Rent & Rates	118,945	117,911
Security charges	350,910	342,823
Insurance Charges & Subscription	482,149	362,478
Licenses & Taxes	501,228	193,270
Legal & Professional Charges	67,450	63,450
Electricity Charges-Office	36,415	32,435
Postage, Telegrams & Telephones	290,165	214,555
Printing & Stationery	257,249	281,007
Travelling Expenses	1,167,594	1,022,860
Vehicle Maintenance	495,256	364,664
Hank Yarn Premium	311,230	147,183
Donation	111,076	50,369
General Expenses	195,989	120,898
	<b>4,430,656</b>	<b>3,378,903</b>

**SCHEDULES TO BALANCE SHEET AS ON 31st MARCH 2010**

PARTICULARS	As at 31.03.2010 Rs	As at 31.03.2009 Rs
<b>SCHEDULE - 15 MARKETING EXPENSES</b>		
Freight Outwards	157,820	101,195
Commission	1,190,985	
Consignment Sales Expenses	1,548,670	2,341,685
	<u>2,897,475</u>	<u>2,442,880</u>
<b>SCHEDULE - 16 PRIOR YEAR INCOME &amp; EXPENDITURE</b>		
Income	-	-
Less : Expenditure		
- Prior Year Expenses	43,442	12,445
	<u>(43,442)</u>	<u>(12,445)</u>

As per my report of even date

For and on behalf of the Board

**R Rajasekar**  
Chartered Accountant  
M.No. 028404

**T Rajkumar**  
Director

Place : Coimbatore  
Date : 17.05.2010

**K Dhanakumar**  
Director

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 31st MARCH 2010**

**I. Significant Accounting Policies**

**a) General**

The financial statements are prepared on historical cost basis and as per the fundamental accounting assumptions viz., going concern, consistency and accrual.

**b) Fixed Assets**

Fixed Assets have been stated at historical cost of acquisition, installation and commissioning less accumulated depreciation and modvat benefits on capital goods. Depreciation is charged on straight-line method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

**c) Inventories**

Raw materials are valued at cost. Work in progress and finished goods are valued at selling price or net realizable value whichever is lower. Stores and spares are valued at cost.

**II. Notes on Accounts**

<b>1. Installed Capacity</b>	31.03.2010	31.03.2009
a) Installed Capacity in Spindles	19320	19320
b) There is no foreign currency transaction during the year.		
c) There are no outstandings to small scale industrial undertakings for more than 30 days		
d) Expenditure in foreign currency – Nil (Previous year – Nil)		
e) Income in foreign currency – Nil (Previous year – Nil)		
<b>2. Quantitative Particulars</b>	31.03.2010	31.03.2009
<b>A) Raw Materials (kgs) Cotton</b>		
i) Opening Stock	538,915	285,244
ii) Purchase during the year	4,168,804	3,160,306
iii) Consumption	3,712,381	2,906,635
iv) Sales	-	-
v) Closing Stock	995,338	538,915
<b>B) Production &amp; Sales – Kgs Yarn</b>		
i) Opening Stock	436,560	281,695
ii) Production	2,486,597	2,014,515
iii) Sales	2,543,785	1,859,650
iv) Closing Stock	379,372	436,560

**Waste**

i) Opening Stock	57,470	59,588
ii) Production	279,967	164,322
iii) Sales	284,513	166,440
iv) Closing Stock	52,924	57,470

3. The Company has obtained Term Loan from State Bank of Bikaner And Jaipur for Rs.831 Lakhs (Outstanding as on 31.3.2010 is Rs.489 Lakhs) and also obtained Cash Credit facility for Rs.500 Lakhs (Outstanding as on 31.3.2010 is Rs.500 Lakhs ) by hypothecation of machinery, land, buildings along with personal guarantee by the directors.
4. Taking into consideration in time gap due to claiming depreciation, deferred taxation for Rs.28,83,978/-(Previous Year Rs.17,18,375/-) has been claimed in the books.
5. Sundry Debtors are considered good and unsecured consisting of the following.
  1. Sundry Debtors includes debts from the same management within the meaning of Section 379(IB) of the Companies Act, 1956 is Nil (Previous Year = Nil)
  2. Debts outstanding for more than 6 months is Nil (Previous Year=Nil)
6. Amounts due from officers of the company under staff advance is Rs.4,33,115/- (Previous Year = Rs.1,83,580/-)
7. There is no claim against the company not acknowledged as debt.
8. Auditor remuneration Rs.45,000/- per annum. (Last year–Rs.35,000/-)
9. Commission paid to New Horizon Leasing & Finance Limited is Rs.738450/- (Previous Year - Nil) TDS deducted is Rs.73845/-(Previous Year - Nil)
10. In my opinion the Balance Sheet, Profit and Loss Account referred in my report comply with accounting standards referred in Section 211 of the Companies Act, 1956.
11. Previous year figures have been re-grouped wherever necessary.

As per my report of even date

For and on behalf of the Board

**R Rajasekar**  
Chartered Accountant  
M.No. 028404

**T Rajkumar**  
Director

Place : Coimbatore  
Date : 17.05.2010

**K Dhanakumar**  
Director

**SRI MAHASAKTHI MILLS LIMITED**

---

**BALANCE SHEET ABSTRACT AND COMPANY'S  
GENERAL BUSINESS PROFILE**

**I Registration Details**

Registration Number	16570	State Code	9
Balance Sheet Date	31.03.2010		

**II Capital Raised During the Year**

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

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

Total Liabilities	274,880	Total Assets	274,880
-------------------	---------	--------------	---------

**Sources of Funds**

Paid up Capital & Application Money	87,492	Reserves & Surplus	66,224
Secured Loans	99,015	Un-secured Loans	11,438

**Application of Funds**

Net Fixed Assets	147,522	Investments	Nil
Net Current Assets	127,835	Misc. Expenditure	Nil

**IV Performance of the Company**

Total Income	333,384	Total Expenditure	317,985
Profit Before Tax	15,399	Profit After Tax	10,100
Earnings per Share	1.26	Dividend Rate %	-

**V Generic Names of Three Principal Products**

Item Code No.(ITC Code)	5205.11	Product Description	Cotton Yarn
-------------------------	---------	---------------------	-------------