



THANJAVUR SPINNING MILL LIMITED THANJAVUR

BOARD OF DIRECTORS

Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.,
(Chairman)

Dr.K.T. KRISHNAN, M.D.,
(Managing Director)

Shri K.T. RAMACHANDRAN

Shri P.R. VENKETRAMA RAJA

Shri S. KRISHNASWAMY KAMAYA NAICKER

Shri R. SIVASUBRAMANIAN

Shri R.T. IYENGAR

BANKERS

AXIS BANK

CANARA BANK

INDIAN BANK

KARUR VYSYA BANK

TAMILNAD MERCANTILE BANK

Registered Office

“Rajapalayam Mills Premises”,
P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117.
Tamil Nadu.

Factory

Vallam One Road,
Thanjavur - 613 005.
Tamil Nadu.

Auditors

Messrs N.A. Jayaraman & Co.,
Chartered Accountants,
9 Cedar Wood, No.11, 4th Main Road,
Raja Annamalaipuram,
Chennai - 600 028.

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THANJAVUR SPINNING MILL LIMITED

NOTICE TO THE MEMBERS

Notice is hereby given that the Forty Seventh Annual General Meeting of the Company will be held at 11.30 A.M on Thursday, the 6th August, 2009 at P.A.C. Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalayam to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2009, and the Balance Sheet as at that date and the Reports of the Directors' and Auditors' thereon.
2. a) To appoint a Director in the place of Shri.P.R. Ramasubrahmaneya Rajha who retires by rotation and is eligible for re-appointment.
b) To appoint a Director in the place of Shri.P.R.Venketrama Raja, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and, if thought fit, to pass with or without modification, the following Resolution as on ORDINARY RESOLUTION:

“RESOLVED that Sri R. Palaniappan, Prop. M/s. N.A. Jayaraman & Co., Chartered Accountants, Chennai be and are hereby appointed as Auditor of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting on remuneration of Rs. 65,000/- (Rupees Sixty five Thousand only) exclusive of out-of pocket expenses.”

By Order of the Board,
For THANJAVUR SPINNING MILL LIMITED,

RAJAPALAYAM,
25.05.2009

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN.

NOTES:

1. Every member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the Company.
2. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members of the Company will be closed from 01.08.2009 to 06.08.2009 (both days inclusive).
4. Under the provisions of Section 205 C of the Companies Act, 1956 dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund (IEP Fund) of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. Hence, the members who have not claimed their dividend relating to the year 2006-2007 and 2007-2008 may write to the Company for claiming the amount before it is so transferred to the fund.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 47th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2009 after charging all expenses but before deducting interest and depreciation has resulted in operating profit of Rs.3,47,95,073/-.

After deducting Rs.3,72,50,237/- towards interest cost and providing Rs.3,27,26,163/- towards Depreciation, the Net Loss for the year is Rs.3,51,81,327/-. Taking into account Deferred Tax Asset of Rs. 27,68,000/- and Fringe Benefit Tax of Rs. 2,20,000/- and the surplus of Rs. 14,65,835/- brought forward from the previous year, the net loss for the year is Rs. 3,11,67,492/-.

DIVIDEND

In view of loss incurred by the Company in the current year, your Directors are unable to recommend any Dividend.

TAXATION

The Company is not liable to pay income tax under regular method and there is no tax liability under Minimum Alternative Tax (MAT). An amount of Rs.2.20 lakhs has been provided for Fringe Benefit Tax (FBT) and an amount of Rs.27.68 Lakhs has been withdrawn from Deferred Tax Liability provided in the earlier years which is in accordance with the Accounting Standards.

TRADE CONDITIONS

The Textile Industry worldwide has been passing through the un-precedented crisis during the past 2 years. There was steep increase in the prices of cotton during the year and the cotton prices touched the high level because of various factors including the hike in Minimum Support Price by the Government of India for Cotton, huge capacity additions, which resulted in higher demand for cotton etc.,. The upward movement of dollar against rupee has made the import of cotton unviable. The yarn prices showed declining trend because of various reasons viz,

- (i) Global demand for Textile products has drastically come down due to Economic slow down. Nearly 30% of our production goes for export market. Because of the Global Economic meltdown, margins of exports came down drastically.
- (ii) The huge capacity spindle additions in short period resulted in mismatch between supply and demand. While the increased supply of yarn in the market, has brought down the selling prices. The increased demand for cotton had increased the cotton prices. The cumulative effect of the above factors had affected the working of the Company substantially.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

In addition to the above global crisis, there is severe power cut in Tamilnadu to the extent of 100% power cut for 4 Hours during 6 P.M. to 10 P.M and 40% during the rest of the hours, which affected the utilization and productivity levels to a greater extent. Timely decision taken by your Directors to install windmills in previous years and purchase of power from Third Party have helped the Company to operate the Mills at optimum utilization level and also helped the Company to tide over the power crises.

By implementing various cost reduction measures and production of flexible count pattern with more value added yarn, your Directors were able to bring down the loss in the current market scenario.

FINANCE

The Company has availed working capital loan in foreign currency and incurred exchange loss of Rs. 14 lakhs. This loss is because of rapid depreciation of rupee against dollar and the foreign currency loans were repaid at the higher exchange rate.

To conserve the cash accruals for working capital of the Company and also considering the current working, the Company has approached the Banks for reschedulement of Term Loan repayment installments of principal as per the norms suggested by the Reserve Bank of India. However the company is prompt in making the interest payment on due dates.

EXPORTS

On the export front during the year, we have made direct export of Cotton Yarn for a value of Rs 4.14 Crores and merchant export of Rs.7.97 Crores as against Rs. 7.77 Crores and Rs.1.83 Crores respectively of the previous year.

EXPANSIONS

As reported in the Director's Report in the previous year, the Company has successfully implemented the expansion of state of the art 8352 spindles at a project cost of Rs. 21 Crores. This project has been commissioned and went into commercial production in August, 2008.

The Company is establishing additional capacity of 16800 Spindles Ring Spinning unit to produce high quality yarn which will commence production in the current financial year. The estimated cost is Rs. 57 Crores.

The above projects are covered under Technology Upgradation Fund (TUF) Scheme.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

PROSPECTS FOR THE CURRENT YEAR

The cotton cost still has not come down as expected. The prices of yarn were stagnant due to recessionary trend in both domestic and global markets. The Interest rates are coming down because of various measures taken by Reserve Bank of India. However, the power cut imposed in Tamilnadu to the extent of 50% which is severely affecting the operations of the Company and also increased the power cost because of running Diesel Gensets. The Company is maintaining high standards of Quality Yarn, cost effective production, purchase of power from Third Party and stringent waste control measures. These measures strengthened the Company to face the challenges in the current scenario. By improving productivity, taking various measures for production of value added yarn and other cost reduction measures, your Directors are hopeful of achieving satisfactory results for the current year.

WINDMILL

The Wind Mill Division with an installed capacity of 5 M.W is working satisfactorily. There were interruptions in the grid availability due to insufficient infrastructure facility at the evacuation point and also lower wind velocity during the peak season, which resulted in lower generation of power. The Division has generated 88 Lakhs Kwh as compared to 89 Lakhs Kwh of the previous year. The income during the year from the Wind Mill Division was Rs.3.18 Crores as against Rs.3.29 Crores of previous year.

PERSONNEL

Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment.

Particulars of employees required to be furnished under Section 217 (2A) of the Companies Act, 1956, is not applicable to the Company.

INTERNAL CONTROL SYSTEM

Your Company has adequate internal control procedures commensurate with the size and nature of its operations. ERP System developed by Ramco Systems Ltd., has been installed for online monitoring of all functions and management information reports are being used to have better control and to take decisions in time.

DIRECTORS

The following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Shri P.R. Ramasubrahmaneya Rajha
2. Shri P.R. Venketrama Raja

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

PUBLIC DEPOSITS

The Company is accepting deposits from this year onwards and the total deposits outstanding as on 31st March, 2009 was Rs. 8.61 Lakhs. There was no deposits unclaimed / unpaid as on 31-03-2009.

SHARES

The Company's shares are listed in Madras Stock Exchange Ltd., Chennai. The Company has paid listing fees to the Stock Exchange for the financial year 2009-2010.

AUDITORS

Shri.R. Palaniappan, Proprietor, M/s.N.A. Jayaraman & Co., Chartered Accountants, Chennai, Auditors of the Company retire at the end of the 47th Annual General Meeting and are eligible for re-appointment.

COST AUDITOR

The Government has approved the Company's proposal to appoint Shri A.N. Raman, Cost Accountants, Chennai for audit of Company's cost accounts for the year ended 31st March, 2009 on a remuneration of Rs.20,000/- exclusive of out-of-pocket expenses. As per Central Government's direction, cost audit will be done every year.

CONSERVATION OF ENERGY, ETC.,

The Company continues to take keen interest in conservation of energy and the information required under Section 217(1) (e) of the Companies Act, 1956 read with the relevant Rules, with regard to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure I to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors Confirm that :-

- i) In the preparation of Annual Accounts for the year ended 31st March, 2009, the applicable accounting standards had been followed;
- ii) The selected accounting policies were applied consistently and judgements and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

- iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts were prepared on a going concern basis.

Secretarial Compliance Certificate issued by practicing Company Secretary u/s.383(A) of the Companies Act,1956 is given in Annexure II to this report.

ACKNOWLEDGEMENT

The Directors are grateful to the various Departments and agencies of the Central and State Governments for their help and co-operation. They are thankful to the Financial Institutions and Banks for their continued help, assistance and guidance. The Directors wish to place on record their appreciation of employees at all levels for their commitment and their contribution.

On behalf of the Board of Directors,
For THANJAVUR SPINNING MILL LIMITED,

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN.

RAJAPALAYAM,
25.05.2009

THANJAVUR SPINNING MILL LIMITED

ANNEXURE I TO DIRECTORS' REPORT

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

- | | |
|---|---|
| a) Energy conservation measures taken | The Company is continuously making efforts to conserve energy.

Energy saving devices have already been installed and energy consumption is constantly monitored. |
| b) Additional investments and proposals if any, being implemented for reduction of consumption of energy. | |
| c) Impact of measures at (a) and (b) above, for reduction of energy consumption and consequent impact on the cost of production of goods. | |
| d) Total energy consumption per unit of Production of goods. | |
- : Particulars given in Form "A"

B. TECHNOLOGY ABSORPTION

- e) Efforts made in Technology Absorption : Particulars given in Form "B"

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|---|--|
| f) i) Activities relating to Exports | : The Company has made direct exports for a value of about Rs. 4.05 Crores (FOB value) besides merchant exports for a value of Rs. 7.97 Crores during the year under review. |
| ii) Initiatives taken to increase exports | : The Company has taken steps to increase the yarn exports during the current year. |
| iii) Development of new export markets for products and service | The possibilities of exporting yarn to other Asian countries, Western countries including EEC countries are being explored. |
| iv) Export Plans | |
| g) i) Total foreign exchange used (Including Capital Goods) | : Rs. 3.72 Crores |
| ii) Total foreign exchange earned (FOB Value) | : Rs. 4.05 Crores |

THANJAVUR SPINNING MILL LIMITED

Form - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

		2008-2009	2007-2008
1. ELECTRICITY			
a) Purchased from Electricity Board			
Units	KWH	1,25,77,344	1,34,79,760
Total Amount	Rs.	5,35,66,875	5,69,75,683
Rate per unit	Rs.	4.26	4.23
b) Own Generation			
Through Diesel Generator			
Units	KWH	14,43,817	5,89,261
Units per litre of Diesel Oil	KWH	3.27	2.99
Diesel Cost per Unit	Rs.	11.16	11.18
c) Purchased from Third Party			
Units	KWH	6,24,376	—
Total Amount	Rs.	34,34,068	—
Rate per unit	Rs.	5.50	—

B. CONSUMPTION PER UNIT OF PRODUCTION

Products (with details)			
100% Cotton Yarn (40s Converted) Kgs.		26,98,706	25,72,958
Electricity Per Kg. of Production of Yarn (Based on 40s conversion (in units))		5.43	5.47

NOTE:

1. No standard rate of consumption is available.
2. As the Company is producing various counts separate details for each count are not given.

THANJAVUR SPINNING MILL LIMITED

Form - B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

RESEARCH AND DEVELOPMENT (R & D)

- | | |
|--|-------|
| <ol style="list-style-type: none">1. Specific areas in which R & D carried out by the Company2. Benefits derived as a result of the above R & D3. Future plan of action4. Expenditure on R & D<ol style="list-style-type: none">(a) Capital(b) Recurring(c) Total(d) Total R&D expenditure as a percentage of total turnover | } Nil |
|--|-------|

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | |
|--|------------------|
| <ol style="list-style-type: none">1. Efforts, in brief made towards technology absorption, adaptation and innovation.2. Benefits derived as a result of the above efforts e.g.product improvement, cost reduction, project development, import substitution, etc.,3. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information may be furnished<ol style="list-style-type: none">a) Technology importedb) Year of importc) Has technology been fully absorbed ?d) If not fully absorbed, areas where this has not taken place, reason therefor and future plans of action | } Not Applicable |
|--|------------------|

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2009

CIN: L17111TN1961PLC004505

Nominal Capital: Rs.5,00,00,000/-

To

The Members
THANJAVUR SPINNING MILL LIMITED
"Rajapalayam Mills Premises"
P.A.C. Ramasamy Raja Salai
Rajapalayam – 626117.

Sir,

I have examined the registers, records, books and papers of THANJAVUR SPINNING MILL LIMITED [the Company] as required to be maintained under the Companies Act, 1956, [the Act] and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31.03.2009 [financial year]. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies and Central Government within the time prescribed under the Act and the rules made there under.
3. The company is a public limited company and its paid up capital is Rs.2.70 Crores.
4. The Board of Directors duly met four times respectively on 18.06.2008, 25.07.2008, 25.10.2008 and 24.01.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 01.08.2008 to 06.08.2008 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 06.08.2008 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.

THANJAVUR SPINNING MILL LIMITED

9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that Section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. No duplicate Share Certificates were issued during the year.
13. The Company has:
 - i) Delivered all the certificates on lodgement thereof for transfer/transmission in accordance with the provisions of the Act; However there was no allotment of securities during the financial year.
 - ii) Deposited the amounts of dividend declared in a separate bank account on 06.08.2008 which is within five days from the date of declaration of such dividend.
 - iii) Paid/posted warrants for dividends to all the members within a period of 30 [Thirty] days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with HDFC Bank, Chennai on 07.09.2008.
 - iv) The company has no amounts in unpaid dividend account application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to be transferred to Investor Education and Protection Fund.
 - v) Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointment of Director has been duly made. There was no appointment of Alternate directors, Additional directors and Directors to fill casual vacancy during the financial year.
15. The reappointment of Managing Director with effect from 10.11.2005 has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act in the financial year ended 31.03.2006, which is valid upto 09.11.2010 .
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company has applied for approval of appointment of Cost Auditor for year ended 31.03.2009 and has filed Form 23C on 03.07.2008. However the Company was not required to obtain any approvals of the Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.

THANJAVUR SPINNING MILL LIMITED

19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares / debentures during the year. Hence the question of redemption of preference shares or debentures during the financial year does not arise.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has started accepting deposits during this financial year and has complied with the provisions of Section 58 A / 58AA read with Companies (Acceptance of Deposits) Rules 1975. The Company has filed statement in lieu of advertisement with the Registrar of Companies, Chennai on 14.11.2008.
24. The amount borrowed by the Company from Directors banks and others during the financial year ending 31.03.2009 are within the borrowing limits of the company and that necessary resolutions as per Section 293(1) (d) of the Act have been passed in duly convened Annual General Meeting held on 25.07.2007 for Rs.150 Crores.
25. The Company has made investments, in other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose. However the Company has not made any loans or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was/were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. Since Employees Provident Fund Act,1952 is applicable, Sec.418 is not applicable.

RAJAPALAYAM,
20.05.2009

M.R.L. NARASIMHA
Practicing Company Secretary
C.P. No: 799

THANJAVUR SPINNING MILL LIMITED

ANNEXURE 'A'

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2009.

THANJAVUR SPINNING MILL LIMITED

CIN: L17111TN1961PLC004505

Nominal Capital: Rs. 5,00,00,000

Registers as maintained by the Company:

- 1) Register of Members u/s.150.
- 2) Register of Directors u/s.303.
- 3) Register of Share Transfer.
- 4) Board Meeting Minutes u/s.193.
- 5) Annual General Meeting Minutes u/s.193.
- 6) Register of charges and documents evidencing creation of charges u/s.136.
- 7) Register of Contracts in which Directors are Interested u/s.301 and 301(3).
- 8) Register of Attendance cum Sitting Fees of Directors.
- 9) Share Transfer Committee Attendance Cum-Sitting Fees Register
- 10) Register of Investments.
- 11) AGM Attendance register.
- 12) Register of Directors Share holding u/s. 307.
- 13) Share Transfer Committee Minutes.
- 14) Remuneration committee minutes.
- 15) Register of Deposits under rule 7 of Companies (Acceptance of Deposit) Rule 1975.
- 16) Register of Proxies

RAJAPALAYAM,
20.05.2009

M.R.L. NARASIMHA
Practicing Company Secretary
C.P. No: 799

THANJAVUR SPINNING MILL LIMITED

ANNEXURE 'B'

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2009.

THANJAVUR SPINNING MILL LIMITED

CIN: L17111TN1961PLC004505

Nominal Capital: Rs. 5,00,00,000

Forms and Returns filed by the Company with the Registrar of Companies during the Financial Year Ending 31st March, 2009:

Sl. No.	Form No. Return	Filed U/s.	For	Date of Filing SRN.	Whether filed within prescribed time	If delay in Filing whether Requisite Additional fees paid.
1.	17	138	Satisfaction of charge	28.05.2008 A38473732	Yes	Not applicable
2.	32	303 (2)	Change in designation of Shri R.T. Iyengar from Additional Director to Director	19.08.2008 A43367747	Yes	Not applicable
3.	23AC, 23ACA	220	Profit and Loss Account and Balance Sheet as at 31.03.2008	04.09.2008 P20937504	Yes	Not applicable
4.	17	138	Satisfaction of charge	11.09.2008 A44691855	Yes	Not applicable
5.	20B	159	Annual Return made upto 06.08.2008	17.09.2008 P21324116	Yes	Not applicable
6.	62	Rules 4A of Companies (Acceptance of Deposit) Rules 1975	Statement in lieu of Advertisement	14.11.2008 P50063429	Yes	Not applicable

Central Government

1.	23C	233 (B)	Appointment of Cost Auditor for the year ended 31.03.2009	03.07.2008 A40667503	Yes	Not applicable
2.	1	233 (B) 600 (3) (b)	Filing of cost audit report for the year ended 31.03.2008	13.09.2008 A44855369	Yes	Not applicable

Regional Director and other authorities - Nil

RAJAPALAYAM,
20.05.2009

M.R.L. NARASIMHA
Practicing Company Secretary
C.P. No: 799

THANJAVUR SPINNING MILL LIMITED

AUDITORS' REPORT TO SHAREHOLDERS

1. We have audited the attached balance sheet of Thanjavur Spinning Mill Limited as at 31st March, 2009, the profit and loss account and also the cash flow statement 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 our audit in accordance with the 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 includes assessing the accounting principles used and 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 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:
 - (i) 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;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) 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;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) 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 generally accepted in India;
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2009;
 - (b) in the case of the profit and loss account, of the loss 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.

For N.A. JAYARAMAN & CO.,
Chartered Accountants

R. Palaniappan
Proprietor
Membership No. 205112

Rajapalayam,
25.05.2009.

THANJAVUR SPINNING MILL LIMITED

AUDITORS' REPORT TO SHAREHOLDERS

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to the member of Thanjavur Spinning Mill Limited (the Company) for the year ended March 31, 2009. We report that :

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The management is having a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories 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 is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company had taken loan from other companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.20 Crores and the year-end balance of loans taken from such parties was Rs.10.85 Crores.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (d) There is no overdue amount of loans taken from companies or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal controls.

THANJAVUR SPINNING MILL LIMITED

AUDITORS' REPORT TO SHAREHOLDERS

- (v) According to the information and explanations given to us, we are of opinion, that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act have been so entered, and the transactions have been made at prices which are reasonable with regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanation given to us ,the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales tax, customs duty, investor education and protection fund, wealth tax and any other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed dues payable in respect of income-tax, sales tax, service tax, wealth tax, customs duty and cess were outstanding at 31st March, 2009 for a period of more than six months from the date they became payable. According to the information and explanations given to us, there are no dues in respect of income tax, customs duty, wealth tax, excise duty, and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company does not have accumulated losses at the end of the financial year and has incurred cash losses in the financial year but not incurred cash loss in the financial year immediately preceding such financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the order is not applicable.
- (xiii) The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order are not applicable.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the order is not applicable.

THANJAVUR SPINNING MILL LIMITED

AUDITORS' REPORT TO SHAREHOLDERS

- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the order is not applicable.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (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 no funds raised on short-term basis have been used for long term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (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 Act. Accordingly, clause 4 (xviii) of the order is not applicable.
- (xix) The Company has not issued any debentures. Accordingly, clause 4 (xix) of the order is not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, clause 4 (xx) of the order is not applicable.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For N.A. JAYARAMAN & CO.,
Chartered Accountants

R. Palaniappan
Proprietor
Membership No. 205112

Rajapalayam,
25.05.2009.

THANJAVUR SPINNING MILL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

(In Rupees)

	Schedule	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2,70,00,000	2,70,00,000
Reserves and Surplus	2	<u>1,56,76,563</u>	<u>4,83,09,890</u>
		4,26,76,563	7,53,09,890
Loan Funds			
Secured Loans	3	59,66,10,157	55,29,42,684
Unsecured Loans	4	<u>10,93,61,000</u>	<u>5,00,00,000</u>
		70,59,71,157	60,29,42,684
Deferred Tax liability		<u>1,63,13,078</u>	<u>1,90,81,078</u>
		<u>76,49,60,798</u>	<u>69,73,33,652</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		71,39,50,378	67,91,81,948
Less: Depreciation		<u>18,49,45,542</u>	<u>15,74,72,066</u>
Net Block	6	52,90,04,836	52,17,09,882
Add: Capital work-in-progress		<u>11,79,83,093</u>	<u>1,46,38,593</u>
		64,69,87,929	53,63,48,475
Investments	7	2,500	2,500
Current Assets, Loans & Advances			
Inventories	8	6,70,35,003	9,64,48,860
Sundry Debtors		2,68,28,649	1,84,75,514
Cash & Bank Balances		17,26,075	52,38,493
Loans & Advances		<u>6,76,39,723</u>	<u>7,05,30,346</u>
		16,32,29,450	19,06,93,213
Less: Current Liabilities & Provisions			
Current Liabilities	5	3,21,65,051	1,43,91,974
Provisions		<u>1,35,14,931</u>	<u>1,63,23,163</u>
		4,56,79,982	3,07,15,137
Net Current Assets		11,75,49,468	15,99,78,076
Miscellaneous Expenditure		4,20,901	10,04,601
		<u>76,49,60,798</u>	<u>69,73,33,652</u>

SIGNIFICANT ACCOUNTING POLICIES 15

NOTES ON ACCOUNTS 16

The Schedules referred to above form part of the accounts

(As per our report annexed)

For N.A. JAYARAMAN & Co
Chartered Accountants
R. PALANIAPPAN
Proprietor.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

S. KRISHNASWAMY KAMAYA NAICKER
R. SIVASUBRAMANIAN
R.T. IYENGAR

Membership No.205112.

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

DIRECTORS

RAJAPALAYAM,
25.05.2009.

THANJAVUR SPINNING MILL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Year ended 31.03.2009	(In Rupees) Year ended 31.03.2008
INCOME			
Sales		36,68,92,036	35,56,25,334
Value of Power Generated from Wind Mills		3,18,21,359	5,03,13,348
Other Income	9	65,53,774	1,13,64,791
Increase/(Decrease) in Stock	10	(22,56,195)	(2,56,34,669)
		<u>40,30,10,974</u>	<u>39,16,68,804</u>
EXPENDITURE			
Raw Materials Consumed		21,84,80,576	18,77,14,239
Salaries, Wages & Other amenities to employees	11	3,62,60,248	3,23,30,312
Power & Fuel		7,31,08,147	6,36,29,734
Stores Consumed		70,92,797	70,20,883
Repairs & Maintenance	12	1,38,07,584	1,66,69,570
Interest & Finance Charges	13	3,72,50,237	2,78,37,895
Managing Director's Remuneration		7,62,000	7,62,000
Licences & Taxes		7,65,226	7,63,431
Deferred Revenue Expenses		5,83,700	—
Administrative Expenses	14	1,73,55,623	2,08,08,033
Depreciation		3,27,26,163	2,72,95,294
Provision for Taxation:			
Current Tax - MAT		—	7,50,000
Deferred Tax (Asset)/ Liability		(27,68,000)	2,00,000
Fringe Benefit Tax		2,20,000	2,50,000
		<u>43,56,44,301</u>	<u>38,60,31,391</u>
Profit / (Loss) for the year		(3,26,33,327)	56,37,412
Add: Balance brought forward from previous year		14,65,835	39,87,288
Balance		<u>(3,11,67,492)</u>	<u>96,24,700</u>
Appropriated as:			
Transfer to General Reserve		—	50,00,000
Proposed Dividend		—	27,00,000
Tax on Dividend		—	4,58,865
Balance carried to Balance Sheet		(3,11,67,492)	14,65,835
		<u>(3,11,67,492)</u>	<u>96,24,700</u>
Earnings per share (Basic & Diluted)		(12)	2
SIGNIFICANT ACCOUNTING POLICIES	15		
NOTES ON ACCOUNTS	16		
The Schedules referred to above form part of the accounts			

(As per our report annexed)

For N.A. JAYARAMAN & Co

Chartered Accountants

R. PALANIAPPAN

Proprietor.

Membership No.205112.

RAJAPALAYAM,

25.05.2009.

P.R. RAMASUBRAHMANEYA RAJHA

CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

S. KRISHNASWAMY KAMAYA NAICKER

R. SIVASUBRAMANIAN

R.T. IYENGAR

DIRECTORS

THANJAVUR SPINNING MILL LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

(In Rupees)

As at 31.03.2009

As at 31.03.2008

SCHEDULE 1

SHARE CAPITAL :

Authorised:

50,00,000 Equity Shares of Rs. 10/- each	5,00,00,000	5,00,00,000
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Issued, Subscribed and Paid-up:

27,00,000 Equity Shares of Rs.10/- each
(Of the above 9,00,000 shares were allotted
as fully paid bonus shares by way of
Capitalisation of Reserves)

	2,70,00,000	2,70,00,000
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SCHEDULE 2

RESERVES AND SURPLUS :

a) Share Premium	60,00,000	60,00,000
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b) General Reserve

As per last Balance Sheet	4,08,44,055	4,13,04,655
Less : Gratuity as per AS15 & Others	—	54,60,600
	4,08,44,055	3,58,44,055

Add: Transfer from Profit and Loss A/c	(3,11,67,492)	50,00,000
	96,76,563	4,08,44,055

c) Surplus

Balance in Profit & Loss Account	—	14,65,835
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	1,56,76,563	4,83,09,890
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SCHEDULE 3

SECURED LOANS:

i) TERM LOANS (Note 1)

Rupee Loans from Banks	54,61,96,241	47,06,55,198
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ii) WORKING CAPITAL (Note 2)

Rupee Loan from Bank	5,04,13,916	8,22,87,486
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	59,66,10,157	55,29,42,684
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Notes :

1. Secured by pari-passu first charge on the fixed assets of the company and pari-passu second charge on the current assets of the company. Rajapalayam Mills Ltd has given corporate guarantee of Rs. 21 crores, Rs.16 crores and 61.20 crores to Canara Bank, Karur Vysya Bank and Indian Bank respectively and Madras Cements Ltd has given corporate guarantee of Rs.10 crores to Axis Bank for the Term Loans sanctioned by them.

2. Secured by pari-passu first charge on current assets of the company and pari-passu second charge on the fixed assets of the company. Madras Cements Ltd has given corporate guarantee of Rs.11 crores for the Working Capital Loan sanctioned by Tamilnad Mercantile Bank.

THANJAVUR SPINNING MILL LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

(In Rupees)

As at 31.03.2009

As at 31.03.2008

SCHEDULE 4

UNSECURED LOANS:

Short Term loans - ICD	10,85,00,000	5,00,00,000
Cumulative Deposit	8,61,000	—
	<u>10,93,61,000</u>	<u>5,00,00,000</u>

SCHEDULE 5

CURRENT LIABILITIES & PROVISIONS:

A. CURRENT LIABILITIES:

a) Liability for purchases	1,96,73,420	37,26,420
b) Liability for Expenses	74,08,484	73,34,024
c) Liability for other finance	48,22,049	31,94,598
d) Unclaimed Dividend	2,46,275	1,36,932
e) Interest Accrued on CD	14,823	—
	<u>3,21,65,051</u>	<u>1,43,91,974</u>

B. PROVISIONS:

a) Provisions	1,35,14,931	1,31,64,298
b) Proposed Dividend	—	27,00,000
c) Provision for Tax on Dividend	—	4,58,865
	<u>4,56,79,982</u>	<u>3,07,15,137</u>

THANJAVUR SPINNING MILL LIMITED.
SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE 6

FIXED ASSETS:

(In Rupees)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS AT 01.04.2008	ADDITIONS	DELETIONS	COST AS AT 31.03.2009	UP TO 31.03.2008	FOR THE YEAR	WITHDRAWN	UPTO 31.03.2009	AS AT 31.03.2009	AS AT 31.03.2008
Land & Developments	73,94,798	—	—	73,94,798	—	—	—	—	73,94,798	73,94,798
Buildings	3,75,78,539	1,04,56,171	—	4,80,34,710	1,00,52,415	11,82,316	—	1,12,34,731	3,67,99,979	2,75,26,124
Plant & Machinery	59,83,99,513	2,86,97,792	79,17,480	61,91,79,825	12,70,42,002	2,94,26,634	52,52,687	15,12,15,949	46,79,63,876	47,13,57,511
Electrical Machinery	2,70,06,213	27,97,465	—	2,98,03,678	1,58,28,328	7,39,217	—	1,65,67,545	1,32,36,133	1,11,77,885
Computer Machinery	28,90,805	3,75,620	—	32,66,425	12,73,740	6,91,995	—	19,65,735	13,00,690	16,17,065
Furniture, Fixtures & Office Equipments	44,89,350	3,58,862	—	48,48,212	25,53,814	5,04,615	—	30,58,429	17,89,783	19,35,536
Vehicles	14,22,730	—	—	14,22,730	7,21,767	1,81,386	—	9,03,153	5,19,577	7,00,963
Total	67,91,81,948	4,26,85,910	79,17,480	71,39,50,378	15,74,72,066	3,27,26,163	52,52,687	18,49,45,542	52,90,04,836	52,17,09,882

THANJAVUR SPINNING MILL LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

(In Rupees)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 7		
INVESTMENTS:		
UNQUOTED (AT COST)		
Shares in Thanjavur Textiles		
Emp.Co-operative Stores Ltd.	2,500	2,500
SCHEDULE 8		
CURRENT ASSETS, LOANS & ADVANCES:		
A. CURRENT ASSETS:		
Interest accrued on Deposits	—	—
Inventories:		
Stock of stores and spares	20,40,764	17,46,517
Finished Goods-Yarn	1,44,44,685	1,82,24,513
Raw Materials	4,34,46,315	7,08,98,224
Saleable Cotton Waste	2,18,575	5,29,320
Process Stock	<u>68,84,664</u>	<u>50,50,286</u>
	6,70,35,003	9,64,48,860
Sundry Debtors:		
(Unsecured but considered good)		
Outstanding for more than six months	—	—
Other Debts	<u>2,68,28,649</u>	<u>1,84,75,514</u>
	2,68,28,649	1,84,75,514
Cash and Bank Balances:		
i) Cash on hand	68,687	62,224
ii) Bank balances:		
- in Current Account	14,11,113	50,39,337
- in Unclaimed Dividend 2006-07	1,31,688	1,36,932
- in Unclaimed Dividend 2007-08	<u>1,14,587</u>	—
	17,26,075	52,38,493
B. LOANS AND ADVANCES & DEPOSITS:		
(Unsecured but considered good)		
Advances recoverable in cash or in kind	4,47,24,353	4,73,28,636
Deposits with Govt. & other Deposits	86,49,660	93,14,800
Prepaid Expenses	16,55,954	19,90,367
Advance Income Tax and TDS	<u>1,26,09,756</u>	<u>1,18,96,543</u>
	6,76,39,723	7,05,30,346
	16,32,29,450	19,06,93,213
	<u>16,32,29,450</u>	<u>19,06,93,213</u>
SCHEDULE 9	For the year ended	For the year ended
OTHER INCOME:	31.03.2009	31.03.2008
Waste Cotton Sales	41,46,862	48,56,321
Interest Received (Tax Deducted at Source)	6,08,991	8,42,170
Export Incentives	15,41,603	38,07,332
Miscellaneous Income	55,496	72,443
Profit on sale of assets	<u>2,00,822</u>	<u>17,86,525</u>
	65,53,774	1,13,64,791
	<u>65,53,774</u>	<u>1,13,64,791</u>

THANJAVUR SPINNING MILL LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

	For the year ended 31.03.2009	For the year ended 31.03.2008
SCHEDULE 10		
INCREASE/(DECREASE) IN STOCKS:		
Closing Stock:		
Process Stock	68,84,664	50,50,286
Finished Goods - Yarn	1,44,44,685	1,82,24,513
Saleable Cotton Waste	2,18,575	5,29,320
	2,15,47,924	2,38,04,119
Opening Stock		
Process Stock	50,50,286	45,37,813
Finished Goods - Yarn	1,82,24,513	4,41,57,959
Saleable Cotton Waste	5,29,320	7,43,016
	2,38,04,119	4,94,38,788
	(22,56,195)	(2,56,34,669)
SCHEDULE 11		
SALARIES, WAGES AND OTHER AMENITIES TO EMPLOYEES:		
Salaries, Wages & Bonus	2,97,97,363	2,60,84,638
Contribution to Provident Fund and other Funds	45,19,799	46,43,103
Staff & Labour Welfare Expenses	19,43,086	16,02,571
	3,62,60,248	3,23,30,312
SCHEDULE 12		
REPAIRS & MAINTENANCE :		
Repairs to Buildings	21,26,775	28,52,981
Repairs to Machinery	1,09,41,943	1,30,52,372
Repairs - General	7,38,866	7,64,217
	1,38,07,584	1,66,69,570
SCHEDULE 13		
INTEREST & FINANCE CHARGES :		
Interest on Fixed Loans	2,90,98,909	2,33,78,556
Interest on Cumulative Deposits	15,816	—
Interest on Other Loans	81,35,512	44,59,339
	3,72,50,237	2,78,37,895
SCHEDULE 14		
ADMINISTRATIVE EXPENSES :		
Postage, Telegram & Telephone	6,10,060	4,82,586
Printing & Stationery	2,27,039	3,00,694
Travelling & Conveyance	5,35,673	5,03,367
Maintenance of Motor Car & Other Vehicles	2,69,270	3,67,548
Insurance	9,23,124	13,17,567
Bank charges	13,33,871	13,63,094
Sales Expenses & Commission	76,78,555	97,98,152
Export Sales Expenses	30,43,031	55,37,950
Exchange Fluctuations (Net)	13,71,982	35,133
Directors Sitting Fees	1,10,000	1,25,000
Rent	2,13,150	1,67,483
Audit, Accountancy & Legal Charges	7,22,606	4,24,029
Miscellaneous Expenses	3,17,262	3,85,430
	1,73,55,623	2,08,08,033

THANJAVUR SPINNING MILL LIMITED

SCHEDULE 15 :

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of Financial Statements

- (i) The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act 1956, as adopted consistently by the Company.
- (ii) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

2. Depreciation

(i) For Buildings, Plant & Machinery and Electrical Machineries

Depreciation has been provided on straight-line basis at the rate specified under Rules / Schedule XIV to the Companies Act, 1956, prevailing at the time of acquisition of the Asset.

(ii) On Other Assets

Under Written Down Value Method as per rates specified in Schedule XIV.

3. Investments

All Investments being long term & non-trade are stated at cost.

4. Fixed Assets

Fixed Assets are stated at cost (net of CENVAT/VAT wherever applicable) less accumulated Depreciation.

5. Inventories

- (i) Raw-materials, stores, spares, packing materials etc., are valued at cost, including the cost incurred in bringing the inventories to their present location and condition or net realizable value whichever is lower.
- (ii) Process stock is valued at cost including the cost of conversion. The cost of conversion includes direct costs.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

6. Sales

Net Sales exclude VAT / CST.

7. Income from Wind Mills

Units generated from windmills are adjusted against the consumption of power at our Mills. The monetary value of the units so adjusted, calculated at the prevailing EB rates net of wheeling charges has been included in power and fuel and the same value has been taken as Income from windmills in Profit and Loss Account. The value of unadjusted units as on Balance Sheet date has been included under Loans and Advances.

THANJAVUR SPINNING MILL LIMITED

SIGNIFICANT ACCOUNTING POLICIES

8. Employee Benefits

- i) Short-term employee benefit viz., Salaries and Wages, are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
- ii) Defined Contribution plan viz., Contributions to Provident fund and Superannuation fund are recognized as an expense in the profit and loss account for the year in which the employees have rendered services. The Company contributes to Provident fund administered by the Government on a monthly basis at 12% of employee's basic salary. The Company also contributed for superannuation a sum equivalent to 15% of the employee's eligible annual basic salary to funds administered by trustees and managed by LIC of India annually. There are no other obligations other than the above defined contribution plans.

iii) Defined Benefit Plan

Gratuity

The Company has its own approved Gratuity Fund. It is in the form of lumpsum payments to vested employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 day's basic salary payable for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to funds administered by trustees and managed by LIC of India, based on the actuarial valuation by an independent external actuary as at the Balance sheet date using the projected unit credit method.

Leave Encashment

The Company has a policy of encashing unavailed leaves for its employees. The obligation for the leave encashment is recognized based on an independent external actuarial valuation at the Balance Sheet date. The expense is recognized at the present value of the amount payable determined based on actuarial valuation using projected unit credit method.

9. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Un-provided contingent liabilities are disclosed in the Accounts by way of Notes. Contingent Assets are not recognized.

10. Research and Development

No such expenditure incurred during the year.

11. Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition, construction of qualifying assets are capitalized as part of the cost of those assets as per AS-16. All other borrowing costs are charged to revenue.

12. Government Subsidy / Grant

Interest subsidy under Technology Upgradation Fund Scheme (TUF) is credited to the Interest and Finance Charges.

THANJAVUR SPINNING MILL LIMITED

SIGNIFICANT ACCOUNTING POLICIES

13. Foreign Currency Transactions

- a. Transactions in Foreign Currency are accounted at the exchange rates prevailing during the period of transaction.
- b. Monetary assets and liabilities are valued at the rate prevailing on the Balance Sheet date. The exchange difference on account of this is recognized in the Profit and Loss Account as per Accounting Standard-11 (The Effects of Changes in Foreign Exchange Rates).
- c. There is no Exchange gain / Loss on account of forward exchange contract as the company has not entered any forward exchange contract.

14. Earnings Per Share

Net Profit / (Loss) after tax is divided by the number of equity shares as on Balance Sheet date.

15. Income Tax

The tax provision is considered as stipulated in Accounting Standard-22 (Accounting for Taxes on income) includes fringe benefit tax liability. There is however only Deferred tax asset based on unabsorbed depreciation of previous year.

16. Segment Reporting

The Company has disclosed business segment as the primary segment as per AS-17. The two reportable segments viz., Textiles and Power generation from Windmills were identified considering the nature of the products, the differing risks and returns. The valuation of inter segment transfers are based on prevailing market prices.

17. Miscellaneous Expenditure

Compensation paid under Voluntary Retirement Schemes have been included as Deferred Revenue Expenditure and amortized over a period not exceeding five years.

THANJAVUR SPINNING MILL LIMITED

NOTES ON ACCOUNTS

SCHEDULE: 16

NOTES ON ACCOUNTS:

1. Contingent Liabilities:

(i)	Liabilities on Letter of Credit opened	
	Capital Goods	NIL
	Others	NIL
(ii)	Estimated amount of contracts remaining to be executed on capital account not provided	Rs. 1272.83 Lakhs
(iii)	Liabilities on guarantees given by the bankers	NIL
(iv)	Liabilities on guarantees given to the bankers	NIL

2. Income Tax assessments have been completed up to the accounting year ended on 31.03.2005 i.e., Assessment year 2005-06.

3. Sales Tax Assessment upto year ended 31st March, 2006 has been completed.

4. Managing Director's Remuneration for the year ended 2008-2009:

Salary	Rs.	6,00,000
Contribution to Provident Fund	Rs.	72,000
Contribution to Superannuation Fund	Rs.	90,000
Total	Rs.	<u>7,62,000</u>

The total amount paid as stated above, is within the limit prescribed in Schedule XIII of the Companies Act, 1956.

5. As per the accounting policy followed by the Company in respect of payment under Voluntary Retirement Scheme to the employees, 1/5 of the expenditure amounting Rs. 5,83,700/- has been charged to current year's profit and loss account.

6. Contribution to Gratuity Fund related to past service liability has been provided in accordance with Accounting Standard - 15 (Revised)

7. Auditors' remuneration (Including Service Tax) & expenses:

Statutory Auditors		2008-2009	2007-2008
a) As Auditors	Rs.	55,150	56,180
b) In other capacities			
(i) For Tax Audit / Tax Representation	Rs.	33,708	43,090
(ii) Certification Work	Rs.	8,989	1,122
(iii) Expenses reimbursed	Rs.	34,943	36,850
Total		<u>1,32,790</u>	<u>1,37,242</u>

8. The Company's shares are listed in Madras Stock Exchange Limited, for which listing fee for the year 2009-2010 has been paid.

THANJAVUR SPINNING MILL LIMITED

NOTES ON ACCOUNTS

9. As at 31.03.2009, the company has no outstanding dues to Micro, Small and Medium Enterprises/ small-scale industrial undertaking. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act,2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
10. The unadjustable units generated from the Windmills as on 31.03.2009 are 0.52 Lakhs KWH (PY 1.49 Lakhs KWH) and its monetary value of Rs. 1.93 Lakhs (PY Rs. 5.50 Lakhs) has been included in Loans & Advances.
11. As per Accounting Standard - 15 (Revised 2005) "Employee Benefits", the disclosures of employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan:

Rs.in Lakhs

2008 - 09

Employer's Contribution to Provident Fund	27,85,660
Employer's Contribution to Superannuation Fund	1,06,429

Reconciliation of opening and closing balances of defined benefit plan:

	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit Obligation as on 01-04-2008	93.34	7.86
Current Service Cost	4.78	2.31
Interest Cost	7.09	0.53
Actuarial (gain) / loss	(-) 0.63	1.15
Benefits paid	(-) 9.53	(-) 2.44
Defined Benefit obligation as on 31-03-2009	95.04	9.41

Reconciliation of opening and closing balances of fair value of plan assets:

Fair value of plan assets as on 01-04-2008	56.79	Nil
Expected return on plan assets	5.44	Nil
Actuarial gain / (loss)	0.33	Nil
Employer Contribution	14.82	2.44
Benefits paid	(-) 9.53	(-) 2.44
Fair value of plan assets as on 31-03-2009	67.86	Nil

Actual Return of plan assets:

Expected return of plan assets	5.44	Nil
Actuarial gain / (loss) on plan assets	0.33	Nil
Actuarial return on plan assets	5.76	Nil

Reconciliation of fair value of assets and obligations:

Fair value of plan assets	67.86	Nil
Present value of obligation	95.04	9.41
Difference	27.19	9.41
Unrecognized transitional liability	Nil	Nil
Unrecognized past service cost non vested benefits	Nil	Nil
Amount recognized in Balance Sheet	27.19	9.41

Expense recognized during the year:

Current Service Cost	4.78	2.31
Interest Cost	7.09	0.53
Expected return on plan assets	(-) 5.44	Nil
Actuarial (gain) / loss	(-) 0.96	1.15
Transitional liability recognized in the year	Nil	Nil
Past service cost-non-vested benefits	Nil	Nil
Past Service cost-vested benefits	Nil	Nil
Net Cost	5.46	3.99

THANJAVUR SPINNING MILL LIMITED

NOTES ON ACCOUNTS

Investment Details as on 31-03-2009:	Gratuity (Funded)	Rs.in Lakhs Leave Encashment (Unfunded)
GOI Securities	Nil	Nil
State Government Securities	Nil	Nil
High Quality Corporate Bonds	Nil	Nil
Funds with LIC	100%	Nil
Bank balance	Nil	Nil
Others	Nil	Nil
Total	100%	Nil
Actuarial assumptions:		
LIC 1994-96 Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	8.00%	8.00%
Expected rate of return on plan assets p.a	9.15%	Nil
Rate of escalation in salary p.a	4.00%	4.00%

12. The Segment Information for the year ended 31st March, 2009 is detailed below: Rs.in Lakhs

Particulars	Textiles		Windmill Power		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
REVENUE						
External Sales (Net)	3668.92	3556.25	—	—	3668.92	3556.25
Inter Segment Sale	—	—	318.21	328.52	318.21	328.52
Total Sales	3668.92	3556.25	318.21	328.52	3987.13	3884.77
Other Income	65.54	113.65	—	174.61	65.54	288.26
Total Revenue	3734.46	3669.90	318.21	503.13	4052.67	4173.03
RESULT						
Segment Result	59.97	136.62	281.89	474.67	341.86	611.29
Unallocated Income						
Unallocated Expenses						
Operating Profit	59.97	136.62	281.89	474.67	341.86	611.29
Interest Expenses	245.94	142.96	126.56	135.42	372.50	278.38
Depreciation	216.58	162.29	110.67	110.67	327.25	272.96
Interest Income	6.08	8.42	—	—	6.08	8.42
Current Tax	—	7.50	—	—	—	7.50
Deferred Tax	(27.68)	2.00	—	—	(27.68)	2.00
Fringe Benefit Tax	2.20	2.50	—	—	2.20	2.50
Profit from ordinary activities						
Extraordinary Expenses						
Net Profit	(370.99)	(172.21)	44.66	228.58	(326.33)	56.37
OTHER INFORMATION						
Segment Assets	6445.84	5503.40	1656.33	1767.01	8102.17	7270.41
Unallocated Assets						
Total Assets	6445.84	5503.40	1656.33	1767.01	8102.17	7270.41
Segment Liabilities	6340.29	4973.11	1176.21	1363.46	7516.50	6336.57
Unallocated Liabilities						
Total Liabilities	6340.29	4973.11	1176.21	1363.46	7516.50	6336.57
Capital Expenditure	426.86	1685.59	—	—	426.86	1685.59
Unallocated Capital Expenditure						
Depreciation	216.58	162.29	110.67	110.67	327.25	272.96
Unallocated Depreciation						
Expenditure						
Non - Cash expenses other than Depreciation						

THANJAVUR SPINNING MILL LIMITED

NOTES ON ACCOUNTS

13. Earnings per Share:

Particulars	2008-2009 (Rs.)	2007-2008 (Rs.)
Net Profit / (Loss) after tax (A)	(3,26,33,327)	56,37,412
No. of Shares (B)	27,00,000	27,00,000
Basic & Diluted earnings per share for Rs.10/- each (A)/(B)	(12)	2

14. RELATED PARTY TRANSACTIONS

As per Accounting Standard -18 (Related Party Disclosures) issued by the Institute of Chartered Accountants of India, the Company's related parties are given below:

Key Management Personnel & Relatives

Shri P.R. Ramasubrahmanya Rajha, Chairman

Dr. K.T. Krishnan, Managing Director

The Company's transactions with the above persons are furnished below:

Enterprises over which the above persons exercise significant influences and with which the company had transactions during the year:

1. M/s. Madras Cements Ltd.
2. M/s. Rajapalayam Mills Ltd.
3. M/s. Sri Vishnu Shankar Mill Limited
4. M/s. The Ramaraju Surgical Cotton Mills Limited
5. M/s. Ramco Industries Ltd.
6. M/s. Sandhya Spinning Mill Ltd.
7. M/s. Rajapalayam Spinners Private Limited

The Company's transactions with the above related parties are summarised below:-

a. Inter Corporate Deposits Accepted:

(In Rupees)

Name of the Related Party	Maximum Outstanding during the year	Interest Paid During the year	Outstanding as on 31.03.2009	
			ICD	Interest
M/s Rajapalayam Mills Ltd.	20,00,00,000	1,11,11,919	10,85,00,000	NIL

THANJAVUR SPINNING MILL LIMITED

NOTES ON ACCOUNTS

b. Good Supplied / Services rendered: (In Rupees)

Name of the Related Party	Value	Outstanding as on 31.03.2009
M/s. The Ramaraju Surgical Cotton Mills Ltd.,	83,99,063	NIL
M/s. Sri Vishnu Shankar Mill Ltd.,	63,98,697	NIL
M/s. Sandhya Spinning Mill Ltd.,	21,24,670	NIL
M/s. Rajapalayam Mills Ltd.,	63,65,040	NIL
M/s. Ramco Industries Ltd.,	34,52,716	NIL
M/s. Rajapalayam Spinners Private Limited	6,34,489	NIL

c. Cost of Goods & Services purchased / availed: (In Rupees)

Name of the Related Party	Value	Outstanding as on 31.03.2009
M/s. The Ramaraju Surgical Cotton Mills Ltd.,	5,89,779	NIL
M/s. Rajapalayam Mills Ltd.,	9,38,581	NIL
M/s. Madras Cements Ltd.,	69,46,731	NIL
M/s. Ramco Industries Ltd.,	20,97,210	NIL
M/s. Ramco Systems Ltd.,	1,58,239	NIL

d. Investment made during the year: NIL

e. Investments sold during the year: NIL

15. Additional information pursuant to provision of paragraphs III & IV of part II of the Schedule VI of the companies Act, 1956.

a) Annual Capacities and Production:

Installed Capacity	UOM	2008-2009	2007-2008
Spindles	Nos	33,360	24,192
Rotors	Nos	688	672
Wind Mills	MW	5	5
Production			
Yarn	Kgs	27,73,850	26,84,661
Power from Wind Mills	Lakhs - KWH	88	89

b) Particulars in respect of Sales, Opening and Closing Stock of goods manufactured:

Yarn	UOM	2008-2009		2007-2008	
		Quantity	Value Rs.	Quantity	Value Rs.
Opening Stock	Kgs	1,07,422	1,20,35,034	3,46,081	4,41,57,959
Sales	Kgs	28,28,723	36,68,92,036	29,23,320	35,56,25,334
Closing Stock (Packed)	Kgs	52,549	64,39,883	1,07,422	1,20,35,034
(Unpacked)	Kgs	68,732	80,04,802	50,338	61,89,479

THANJAVUR SPINNING MILL LIMITED

NOTES ON ACCOUNTS

c) Raw Materials Consumed:

	UOM	2008-2009		2007-2008	
		Quantity	Value Rs.	Quantity	Value Rs.
Cotton & Cotton Waste	Kgs	37,91,936	21,84,80,576	36,79,748	18,77,14,239

d) Value of Imports calculated on CIF Value

	2008-2009 Rs.	2007-2008 Rs.
Raw Materials	1,61,17,365	2,09,74,818
Components and Spares	1,02,235	15,76,591
Capital Goods	2,00,81,758	11,44,83,675

e) Expenditure in Foreign Exchange during the year

	2008-2009 Rs.	2007-2008 Rs.
Total Value	9,25,195	4,75,488

f) Earnings in Foreign exchange (FOB Value)

	2008-2009 Rs.	2007-2008 Rs.
Export - Yarn	405 Lakhs	742 Lakhs

g) Value of Raw Materials, Stores & Spare parts consumed

	2008-2009		2007-2008	
	Rs.	%	Rs.	%
Cotton & Cotton waste				
Imported	1,63,35,789	7	2,14,69,951	11
Indigenous	20,21,44,787	93	16,62,44,288	89
Spares and Components				
Imported	1,47,056	1	21,65,466	9
Indigenous	2,07,53,325	99	2,15,24,987	91

16. Previous year figures have been regrouped / restated wherever necessary to make them comparable with the current year's figures.

17. Figures have been rounded off to the nearest rupee.

(Signature to Schedules 1 to 16)

(As per our report annexed)

For N.A. JAYARAMAN & Co

Chartered Accountants

R. PALANIAPPAN

Proprietor.

Membership No.205112.

RAJAPALAYAM,

25.05.2009.

P.R. RAMASUBRAHMANEYA RAJHA

CHAIRMAN

Dr. K.T. KRISHNAN

MANAGING DIRECTOR

S. KRISHNASWAMY KAMAYA NAICKER

R. SIVASUBRAMANIAN

R.T. IYENGAR

DIRECTORS

THANJAVUR SPINNING MILL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2009

(Rs.in Lakhs)

	2008-09	2007-08
A. Cash Flow from Operating Activities:		
Net Profit before tax and prior period & extraordinary items	(351.81)	68.37
Adjustments for:		
Depreciation	327.26	272.95
Interest paid	372.50	278.37
Interest received	(6.09)	(8.42)
Deferred revenue expenditure written off	5.84	8.84
Profit on Sale of Assets	(2.01)	(17.86)
Operating Profit before Working Capital changes	345.69	602.25
Adjustments for:		
Trade and Other Receivables	(54.61)	(187.62)
Inventories	294.13	74.33
Trade Payables	149.65	(475.65)
Cash generated from operations	734.86	13.31
Direct Taxes Paid	2.20	10.00
Profit on sale of Assets	2.01	17.86
Cash flow before prior period and extraordinary items	734.67	21.17
Prior period and extraordinary items	—	—
Net Cash from Operating Activities	734.67	21.17
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(1433.67)	(1639.30)
Interest Received	6.09	8.42
Net Cash used in Investing Activities	(1427.58)	(1630.88)
C. Cash Flow from Financing Activities		
Proceeds from Long term borrowings	820.14	1293.46
Proceeds from Short term borrowings	274.88	683.95
Repayment of Long term borrowings	(64.73)	(45.00)
Interest paid	(372.50)	(278.37)
Payment of Dividend and Tax thereon	—	(31.58)
Net Cash from Financing Activities	657.79	1622.46
Net increase in cash and cash equivalents (A+B+C)	(35.12)	12.75
Opening cash and cash equivalents (D)	52.38	39.63
Closing cash and cash equivalents (E)	17.26	52.38
Net increase in cash and cash equivalents (E-D)	(35.12)	12.75

(As per our report annexed)

For N.A. JAYARAMAN & Co

Chartered Accountants

R. PALANIAPPAN

Proprietor.

Membership No.205112.

RAJAPALAYAM,

25.05.2009.

P.R. RAMASUBRAHMANEYA RAJHA

CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

S. KRISHNASWAMY KAMAYA NAICKER

R. SIVASUBRAMANIAN

R.T. IYENGAR

DIRECTORS

THANJAVUR SPINNING MILL LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS :

Registration No. L 1 7 1 1 1 T N 1 9 6 1 P L C 0 0 4 5 0 5

Balance Sheet Date 3 1 0 3 2 0 0 9 State Code 1 8
Date Month Year

2. CAPITAL RAISED DURING THE YEAR :

(Rs. in Thousands)

Public issue N I L Right Issue N I L
 Bonus issue N I L Private Placement N I L

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Rs. in Thousands)

Total Liabilities 7 6 4 9 6 1 Total Assets 7 6 4 9 6 1

Sources of Funds

Paid up Capital 2 7 0 0 0 Reserves & Surplus 1 5 6 7 7

Secured Loans 5 9 6 6 1 0 Unsecured Loans 1 0 9 3 6 1

Deferred Tax Liability 1 6 3 1 3

Application of Funds

Net Fixed Assets 6 4 6 9 8 8 Investments 2

Net Current Assets 1 1 7 5 4 9 Misc. Expenditure 4 2 1

Accumulated Losses N I L

4. PERFORMANCE OF THE COMPANY : (Rs. in Thousands)

Turnover* 4 0 3 0 1 1 Total Expenditure 4 3 8 1 9 2

*Turnover includes Wind Mill Generation and Other Income

Profit before Tax 3 5 1 8 1 Profit After Tax 3 2 6 3 3
+ - / + - /

Earnings per share (Rs) - 1 2 Dividend Rate (%) - -

5. GENERIC NAMES OF PRINCIPAL PRODUCTS OF COMPANY (As per monetary terms)

Item Code No. (ITC Code) 5 2 0 5

Product Description C O T T O N Y A R N

THANJAVUR SPINNING MILL LIMITED

Registered Office: "Rajapalayam Mills Premises", P.A.C. Ramasamy Raja Salai,
RAJAPALAYAM --626117.

PROXY FORM

I/WeSon of/Wife of/Daughter of
residing at.....being
a member / members of THANJAVUR SPINNING MILL LIMITED do hereby appoint
Sri/Smt/Miss..... . Son of/Wife of/Daughter of
residing at.....or failing him
Sri/Smt/Miss.....Son of/Wife of/Daughter of.....
residing at.....as my/our proxy to vote
for me/us on my/our behalf at the 47th Annual General Meeting of the Company to be held on Thursday the
6th August, 2009 at 11.30 A.M. and at any adjournment thereof.

Signed thisday of..... 2009.

Folio No	No. of Shares

Affix 1 Rupee
Revenue
Stamp and
Sign over it



Note.: Any member entitled to attend and vote at the meeting is entitled to attend and either vote in person or by Proxy and that the Proxy need not be a member of the Company. This form thus completed should be deposited at the Registered Office of the Company at Rajapalayam before 11.30 A.M. on Tuesday the 4th August, 2009.

