



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 LTD

CANARA BANK

INDIAN BANK

ICICI BANK LTD

KARUR VYSYA BANK LTD

TAMILNAD MERCANTILE BANK LTD

REGISTERED OFFICE :

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

MILLS :

Vallam One Road,
Thanjavur - 613005.

AUDITORS :

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

CONTENTS

Notice to the Members	2
Directors' Report	3
Auditors' Report	16
Balance Sheet	20
Profit & Loss Account.....	21
Schedules to Balance Sheet.....	22
Schedules to Profit & Loss Account.....	26
Significant Accounting Policies.....	27
Notes on Accounts	30
Cash flow Statement	37
Balance Sheet Abstract	38

THANJAVUR SPINNING MILL LIMITED

NOTICE TO THE MEMBERS

Notice is hereby given that the Forty Ninth Annual General Meeting of the Company will be held at 11.30 A.M on Wednesday, the 20th July, 2011 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, 2011, 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 R.Sivasubramanian, who retires by rotation and is eligible for re-appointment.
b) To appoint a Director in the place of Shri R.T.Iyengar, 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 an 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.”

RAJAPALAYAM,
28.05.2011

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

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN.

NOTE:

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 Member and Share Transfer Register of the Company will be closed from 15.07.2011 to 20.07.2011 (both days inclusive).
4. Under the provisions of Section 205C of the Companies Act, 1956 dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection 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. The details of due dates for transfer of such unclaimed dividend to the said fund are:

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid dividend	Due date for transfer to IEP Fund
31.03.2007	25.07.2007	24.07.2014	22.08.2014
31.03.2008	06.08.2008	05.08.2015	03.09.2015

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

RAJAPALAYAM,
28.05.2011

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 49th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2011 after charging all expenses but before deducting interest and depreciation have resulted in operating profit of Rs.24,25,35,037/-

After deducting Rs.11,77,88,230/- towards interest cost and providing Rs.6,21,81,744/- towards Depreciation, the Net Profit for the year is Rs.6,25,65,063/-. After providing Rs. 1,27,00,000/- towards Current Tax - MAT and Rs. 5,76,50,000/- towards Deferred Tax Liability, and adding the Surplus of Rs.71,58,619/- brought forward from the previous year, the Net Loss for the year is Rs.6,26,318/-

DIVIDEND

Due to the provision of Deferred tax liability for Rs.577 Lakhs, the company has incurred Net Loss (after tax) of Rs.78 Lakhs, your Directors are unable to recommend any Dividend for the current year.

TAXATION

An amount of Rs.127 Lakhs towards current tax (MAT) and Rs.577 Lakhs towards Deferred Tax Liability has been provided for the year. The tax paid under MAT will be available for set off in the year of regular income tax liability.

TRADE CONDITIONS

Your Directors are glad to inform that the performance of the Company during the year is better, inspite of the unprecedented increase in cotton prices. The financial year 2010-11 witnessed a very difficult trade conditions due to the following reasons:

A) Cotton

There has been unprecedented rise in the cotton prices during the cotton season started from October,2010 and the cotton prices have gone up by more than 100% as compared to the previous cotton season. Cotton, often referred as "White Gold" has recorded the historic highest prices. The Government of India has allowed export of more than 15% of Cotton produced in India and the good quality of cotton was shipped out of India within 3 months. This has resulted in mismatch between demand and supply of cotton and the domestic spinning mills were forced to pay higher prices for good quality cotton.

B) Electricity

The power cut in Tamilnadu continued to the extent of 100% for 4 hours during 6 P.M. to 10 P.M. and 30% during the rest of the hours, in addition to unannounced power shutdowns. This has forced the Company to operate captive Gensets in order to maintain the optimum utilization level. The power cost has increased substantially as compared to previous year. 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 crisis.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

C) Inflation & Impact on Cost of borrowing

In order to contain the inflation in India, The Reserve Bank of India has tightened the monetary policy by increasing the lending and borrowing rates. Because of these measures, all the Banks have hiked the rate of interest by 2% to 3% for all our term loans and working capital loans.

D) Cotton Yarn Export brought under Quota System

The export of cotton yarn was under Quota Raj till 1995. When the textiles and clothing were brought into the mainstream under the WTO, the quota system was abolished and export of yarn was allowed without any restriction.

The Domestic and the International Yarn markets have started improving specifically after a long spell of sluggishness witnessed due to Global Economic Crisis during the period from 2008 to 2010. However, the Government of India has suddenly restricted the export of Cotton Yarn during Dec-2010 to Mar-2011 and re-introduced the Quota system. This has affected the Yarn Market both in Domestic as well as Export, which resulted in sluggishness of yarn prices & yarn movements in India.

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

FINANCE

The increase in interest cost in recent period is a matter of concern, however with good standing of your company with the lenders, the company is confident of securing loans at optimum costs.

EXPORTS

On the export front during the year, we have made direct export of Cotton Yarn for a value of Rs.12.65 Crores and merchant export of Rs.1.96 Crores as against Rs.3.06 Crores and Rs.10.77 Crores respectively in the previous year.

PROSPECTS FOR THE CURRENT YEAR

The cotton prices during cotton season 2010-11 are very volatile. The cotton prices which have gone up too steeply during the peak cotton season have fallen suddenly during May 2011. As a result, the Yarn prices have also been crashed. Due to sluggishness in garment/fabric market, the demand for yarn has come down unexpectedly. The Government's decision to re-introduce the Quota system for export of cotton yarn is very unfortunate, which in turn has affected the market share & profitability of the Indian Spinning Mills due to uncertain Government Policies.

The increase of wage cost, fuel prices & interest cost and the increase in the power cuts in recent period definitely pose a challenge. While the cost of major inputs increased steeply, the yarn price has started declining due to decrease in demand. The cumulative effect of the above factors would affect the performance of the Company substantially. Your Directors are therefore unable to predict the profitability of the Company in the current year. However, the Company is maintaining high standards of Quality Yarn, cost effective production and stringent waste control measures. These measures strengthened the Company to face the challenges in the current scenario.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

WIND MILL

The Division has generated 103 Lakhs Kwh as compared to 105 Lakhs Kwh of the previous year. The income during the year from the Wind Mill Division was Rs. 4.20 Crores as against Rs.3.93 Crores of previous year. During the year, 5 Nos. of Wind Electric Generators for an aggregate capacity 4 MW were purchased from M/s. Madras Cements Ltd., With this, the capacity of the Wind Mills has increased to 9 MW comprising of 9 Wind Electric Generators.

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 R.Sivasubramanian
2. Shri R.T.Iyengar

PUBLIC DEPOSITS

The total deposits from the public outstanding with the Company as on 31st March, 2011 were Rs.12.93 Lakhs including the deposits renewed in accordance with Section 58A of the Companies Act, 1956. There was no deposits unclaimed / unpaid as on 31-03-2011.

SHARES

The Company's shares are listed in Madras Stock Exchange Limited. The Company had paid listing fees to the Stock Exchange for the financial year 2011-12.

AUDITORS

Mr. R. Palaniappan Proprietor of M/S. N.A.Jayaraman & Co, Chartered Accountants, Chennai, Auditor of the Company retire at the end of the 49th Annual General Meeting and are eligible for re-appointment.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

COST AUDITORS

The Government has approved the Company's proposal to appoint Shri.A.N. Raman, Cost Accountant, Chennai for audit of Company's cost accounts for the year ended 31-03-2011 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 2011, 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 profit of the Company for that period.
- 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,
28.05.2011

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. 12.33 Crores (FOB value) besides merchant exports for a value of Rs. 1.96 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 outgo (Including Capital Goods) | : Rs. 0.32 Crores |
| ii) Total foreign exchange earned (FOB Value) | : Rs. 12.33 Crores |

THANJAVUR SPINNING MILL LIMITED

Form - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

		2010-2011	2009-2010
1. ELECTRICITY			
a) Purchased from Electricity Board			
Units	Lakhs KWH	200.98	119.44
Total Amount	Rs. in Lakhs	968.29	553.16
Rate per unit	Rs.	4.82	4.63
b) Own Generation			
Through Diesel Generator			
Units	Lakhs KWH	10.35	3.45
Units per litre of Diesel Oil	KWH	3.23	3.45
Cost per Unit	Rs.	11.79	10.74
c) Purchased from Third Party			
Units	Lakhs KWH	53.26	44.75
Total Amount	Rs. in Lakhs	318.48	246.10
Rate per unit	Rs.	5.98	5.50
2. DIESEL OIL			
Quantity	Lakhs Ltrs	3.20	0.99
Total Cost	Rs. in Lakhs	122.00	36.30
Average Cost per Litre	Rs.	38.11	36.34

B. CONSUMPTION PER UNIT OF PRODUCTION

Products : Cotton Yarn			
Unit : Kgs. (40s Converted).		49,11,955	30,15,180
Electricity unit / Kg.		5.39	5.56
(Based on 40s converted production).			

NOTE:

1. No standard rate of consumption can be given as several factors enter into the picture.
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 REGARD 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 | } | Nil |
|---|---|-----|

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2011

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 31.03.2011 [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 28.05.2010, 03.08.2010, 28.10.2010 and 03.02.2011 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 29.07.2010 to 04.08.2010 (both days inclusive) 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, 2010** was held on **04.08.2010** 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) The Company has not deposited any dividend in a separate bank account as no dividend was declared during the financial year.
 - iii) The Company was not required to post warrants to any members of the company as no dividend was declared during the financial year.
 - 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. 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 10.11.2010 has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act in the financial year ended 31.03.2011, which is valid upto 09.11.2015.
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 31.03.2011 and has filed Form 23C on 08.06.2010 and approved by Advisor (Cost) vide letter dated 06.07.2010. 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.
19. The Company has not issued any shares, debentures or other securities during the financial year.

THANJAVUR SPINNING MILL LIMITED

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 complied with the provisions of Section 58 A / 58AA read with Companies (Acceptance of Deposits) Rules 1975 in respect of deposits accepted by the company during the year and the company has filed statement in lieu of advertisement with the Registrar of Companies, Chennai on 04.08.2010. The Company has also filed return of deposits with Registrar of Companies, Chennai on 12.06.2010.
24. The amount borrowed by the Company from Members, public, banks and others during the financial year ending 31.03.2011 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 04.08.2010 for Rs.250 Crores.
25. The Company has made investments, in other bodies corporate in compliance with the provisions of the Act in the earlier years 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,
24.05.2011

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, 2011

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
- 17) Register for issue of share certificates

RAJAPALAYAM,
24.05.2011

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, 2011

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, 2011:

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.	8	135	Modification of Charge	28.04.2010 A83900126	Yes	Not applicable
2.	62	Rule 10 of Companies (Acceptance of deposits) Rules, 1975	Return of Deposits as on 31.03.2010	12.06.2010 A86974250	Yes	Not applicable
3.	23	192	Reappointment of Managing Director by the Board of Directors	22.06.2010 A87548889	Yes	Not applicable
4.	62	Rule 4A of Companies (Acceptance of deposits) Rules, 1975	Statement in Lieu of Advertisement	04.08.2010 A90558750	Yes	Not applicable
5.	66	383A	Secretarial Compliance Certificate for the year ended 31.03.2010	07.08.2010 A49343031	Yes	Not applicable
6.	23	192	Increase in Borrowing limits of Board of Directors u/s 293 (1)(d) and Reappointment of Managing Director by Members at Annual General Meeting	18.08.2010 A91740233	Yes	Not applicable
7.	23AC, 23ACA	220	Balance Sheet, P&L A/c. as at 31.03.2010	27.08.2010 P50484617	Yes	Not applicable
8.	20B	159	Annual Return made upto 06.08.2010	08.09.2010 P52032992	Yes	Not applicable
9.	8	125	Creation of Charges	08.09.2010 A93604650	Yes	Not applicable

THANJAVUR SPINNING MILL LIMITED

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.
10.	8	125	Creation of Charges	19.10.2010 A96259767	Yes	Not applicable
11.	17	138	Satisfaction of Charges	19.10.2010 A96261417	Yes	Not applicable
12.	25C	269(2)	Return of Re-appointment of Managing Director	10.11.2010 A97799829	Yes	Not applicable
13.	8	135	Modification of Charges	23.11.2010 A98856180	Yes	Not applicable

Central Government

1.	23C	233 (B)	Appointment of Cost Auditor for the year ended 31.03.2011	08.06.2010 A86676848	Yes	Not applicable
2.	1	233 (B) (4) 600 (3) (b)	Filing of cost audit report for the year ended 31.03.2010	16.09.2010 A94154812	Yes	Not applicable

Regional Director and other authorities - Nil

RAJAPALAYAM,
24.05.2011

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

THANJAVUR SPINNING MILL LIMITED

AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached balance sheet of Thanjavur Spinning Mill Limited as at 31st March 2011, 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 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 representation received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - (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
FRN - 001310S

R. Palaniappan
Proprietor
Membership No. 205112

RAJAPALAYAM,
28.05.2011.

THANJAVUR SPINNING MILL LIMITED

AUDITORS' REPORT TO THE MEMBERS

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to the member of Thanjavur Spinning Mill Limited (the Company) for the year ended March 31, 2011. 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) No Substantial part of the fixed assets of the company has been disposed off during the year.
- (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 and have been dealt with in the books of accounts.
- (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.39.50 Crores and the year-end balance of loans taken from such parties was Rs.20 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 THE MEMBERS

- (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 the 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, 2011 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 any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and 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 THE MEMBERS

- (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.
- (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.

RAJAPALAYAM,
28.05.2011.

For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN - 001310S

R. Palaniappan
Proprietor
Membership No. 205112

THANJAVUR SPINNING MILL LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

(In Rupees)

	Schedule	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2,70,00,000	2,70,00,000
Reserves and Surplus	2	<u>1,72,50,245</u>	<u>2,50,35,182</u>
		4,42,50,245	5,20,35,182
Loan Funds			
Secured Loans	3	124,64,24,582	97,07,70,855
Unsecured Loans	4	<u>45,12,93,000</u>	<u>25,61,22,000</u>
		169,77,17,582	122,68,92,855
Deferred Tax Liability			
		<u>6,70,63,078</u>	<u>94,13,078</u>
		<u>180,90,30,905</u>	<u>128,83,41,115</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		145,56,71,229	122,35,05,602
Less: Depreciation		<u>27,67,01,097</u>	<u>21,71,86,323</u>
Net Block	6	117,89,70,132	100,63,19,279
Add: Capital work-in-progress		<u>53,50,863</u>	<u>35,94,665</u>
		118,43,20,995	100,99,13,944
Investments			
	7	2,500	2,500
Current Assets, Loans & Advances			
Interest Accrued on Deposits		22,316	10,041
Inventories		47,34,31,324	19,33,48,957
Sundry Debtors		11,41,06,073	3,97,21,525
Cash & Bank Balances		1,06,14,585	1,17,73,229
Loans & Advances		<u>7,73,47,766</u>	<u>7,83,23,485</u>
		67,55,22,064	32,31,77,237
Less: Current Liabilities & Provisions			
Current Liabilities		3,24,28,900	3,16,00,157
Provisions		<u>1,84,76,655</u>	<u>1,33,50,014</u>
		5,09,05,555	4,49,50,171
Net Current Assets			
		62,46,16,509	27,82,27,066
Miscellaneous Expenditure			
		<u>90,901</u>	<u>1,97,605</u>
		<u>180,90,30,905</u>	<u>128,83,41,115</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
FRN - 001310S

R. PALANIAPPAN
Proprietor.

Membership
No.205112.

RAJAPALAYAM,
28.05.2011.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA
R.T. IYENGAR

R. SIVASUBRAMANIAN

S. KRISHNASWAMY KAMAYA NAICKER

DIRECTORS

THANJAVUR SPINNING MILL LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

		Year ended 31.03.2011	(In Rupees) Year ended 31.03.2010
INCOME			
Sales		85,74,32,648	47,61,74,487
Value of Power Generated from Wind Mills		4,19,85,105	3,93,25,848
Other Income	9	2,52,61,834	1,93,02,846
Increase in Stock	10	20,71,49,333	75,24,427
		<u>113,18,28,920</u>	<u>54,23,27,608</u>
EXPENDITURE			
Raw Materials Consumed		60,80,47,785	27,68,40,966
Salaries, Wages & Other amenities to employees	11	6,36,47,651	4,47,59,550
Power & Fuel		14,08,76,343	8,35,51,732
Packing Materials Consumed		1,26,93,912	86,40,977
Repairs & Maintenance	12	3,05,51,824	1,70,83,434
Interest & Finance Charges	13	11,77,88,230	5,28,41,122
Managing Director's Remuneration		28,20,983	7,62,000
Licences & Taxes		15,23,135	10,20,191
Deferred Revenue Expenses		1,06,704	2,23,296
Administrative & Selling Expenses	14	2,90,25,546	1,83,71,562
Depreciation		6,21,81,744	3,52,74,159
Provision for Taxation:			
Current Tax - MAT		1,27,00,000	5,00,000
Deferred Tax Liability/(Asset)		5,76,50,000	(69,00,000)
		<u>113,96,13,857</u>	<u>53,29,68,989</u>
Profit / (Loss) for the year		(77,84,937)	93,58,619
Add: Balance brought forward from previous year		71,58,619	—
Balance		<u>(6,26,318)</u>	<u>93,58,619</u>
Appropriated as:			
Transfer to General Reserve		—	22,00,000
Balance carried to Balance Sheet		(6,26,318)	71,58,619
		<u>(6,26,318)</u>	<u>93,58,619</u>
Earnings per share (Basic & Diluted)		(3)	3
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
FRN - 001310S

R. PALANIAPPAN
Proprietor.
Membership

No.205112.

RAJAPALAYAM,
28.05.2011.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA
R.T. IYENGAR
R. SIVASUBRAMANIAN
S. KRISHNASWAMY KAMAYA NAICKER

DIRECTORS

THANJAVUR SPINNING MILL LIMITED
SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011

		(In Rupees)	
		As at 31.03.2011	As at 31.03.2010
SCHEDULE 1			
SHARE CAPITAL :			
Authorised:			
50,00,000 Equity Shares of Rs. 10/- each	<u>5,00,00,000</u>		<u>5,00,00,000</u>
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)	<u>2,70,00,000</u>		<u>2,70,00,000</u>
SCHEDULE 2			
RESERVES AND SURPLUS :			
a) Share Premium	60,00,000		60,00,000
b) General Reserve			
As per last Balance Sheet	1,18,76,563	96,76,563	
Add: Transfer from Profit and Loss A/c	<u>(6,26,318)</u>	<u>22,00,000</u>	
	1,12,50,245		1,18,76,563
c) Surplus			
Balance in Profit & Loss Account	—		71,58,619
	<u>1,72,50,245</u>		<u>2,50,35,182</u>
SCHEDULE 3			
SECURED LOANS:			
Loans and Advances from Banks	124,64,24,582		97,07,70,855

Notes :

- Term Loans from Banks are 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. Term Loan from Canara Bank Rs. 1,844 Lakhs (P.Y. Rs. 1,870 Lakhs), Karur Vysya Bank Rs. 945 Lakhs (P.Y. Rs. 959 Lakhs) and Indian Bank Rs. 5,918 Lakhs (P.Y. Rs. 4,658 Lakhs) are backed by corporate guarantee of M/s. Rajapalayam Mills Ltd. Term Loan from Axis Bank Rs. 1,000 Lakhs (P.Y. Rs. 1,000 Lakhs) is backed by corporate guarantee of M/s Madras Cements Ltd.
- Working Capital Borrowings from Tamilnad Mercantile Bank, an amount of Rs. 1,952 Lakhs (P.Y. Rs.221 Lakhs) from Canara Bank Rs.804 Lakhs (P.Y. Rs. NIL) are secured by pari-passu first charge on current assets of the company and pari-passu second charge on the fixed assets of the company is backed by corporate guarantee of M/s. Madras Cements Ltd and M/s. Rajapalayam Mills Ltd., respectively.

THANJAVUR SPINNING MILL LIMITED
SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011

	(In Rupees)	
	As at 31.03.2011	As at 31.03.2010
SCHEDULE 4		
UNSECURED LOANS:		
Short Term loans	45,00,00,000	25,50,00,000
Cumulative Deposits	12,93,000	11,22,000
	45,12,93,000	25,61,22,000
SCHEDULE 5		
CURRENT LIABILITIES & PROVISIONS:		
A. CURRENT LIABILITIES:		
a) Liability for purchases	16,36,957	1,61,18,517
b) Liability for Expenses	1,64,98,313	1,18,28,550
c) Liability for other finance	1,38,16,378	32,89,030
d) Unclaimed Dividend	2,39,354	2,40,434
e) Interest Accrued on CD	2,37,898	1,23,626
	3,24,28,900	3,16,00,157
B. PROVISIONS:		
a) Provisions	1,84,76,655	1,33,50,014
	5,09,05,555	4,49,50,171

THANJAVUR SPINNING MILL LIMITED.
SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 6

FIXED ASSETS:

(In Rupees)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	COST AS AT 01.04.2010	ADDITIONS	DELETIONS	COST AS AT 31.03.2011	UP TO 31.03.2010	FOR THE YEAR	WITHDRAWN	UPTO 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
Land & Developments	73,94,210	12,09,341	405	86,03,146	—	—	—	—	86,03,146	73,94,210
Buildings	16,80,84,825	82,46,945	—	17,63,31,770	1,26,67,507	53,05,746	—	1,79,73,253	15,83,58,517	15,54,17,318
Plant & Machinery	97,82,30,650	21,82,48,716	—	119,64,79,366	18,01,29,254	5,34,93,565	—	23,36,22,819	96,28,56,547	79,81,01,396
Electrical Machinery	5,93,92,782	62,69,588	26,89,473	6,29,72,897	1,74,42,508	24,60,772	25,34,343	1,73,68,937	4,56,03,960	4,19,50,274
Computer Machinery	33,94,525	1,30,125	—	35,24,650	24,87,414	3,67,815	—	28,55,229	6,69,421	9,07,111
Furniture, Fixtures & Office Equipments	52,99,880	4,65,404	—	57,65,284	34,04,799	3,69,735	—	37,74,534	19,90,750	18,95,081
Vehicles	17,08,730	4,18,129	1,32,743	19,94,116	10,54,841	1,84,111	1,32,627	11,06,325	8,87,791	6,53,889
Total	122,35,05,602	23,49,88,248	28,22,621	145,56,71,229	21,71,86,323	6,21,81,744	26,66,970	27,67,01,097	117,89,70,132	100,63,19,279

THANJAVUR SPINNING MILL LIMITED
SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011

(In Rupees)

	As at 31.03.2011	As at 31.03.2010
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	22,316	10,041
Inventories:		
Stock of stores and spares	33,68,619	24,52,296
Finished Goods-Yarn	19,95,05,074	1,57,12,837
Raw Materials	23,38,41,021	16,18,24,310
Saleable Cotton Waste	7,99,484	5,88,800
Process Stock	3,59,17,126	1,27,70,714
	<u>47,34,31,324</u>	<u>19,33,48,957</u>
Sundry Debtors:		
(Unsecured but considered good)		
Outstanding for more than six months	—	—
Other Debts	11,41,06,073	3,97,21,525
	<u>11,41,06,073</u>	<u>3,97,21,525</u>
Cash and Bank Balances:		
i) Cash on hand	1,01,077	1,07,736
ii) Bank balances:		
- in Current Account	1,02,74,154	1,14,25,059
- in Unclaimed Dividend 2006-07	1,28,940	1,29,588
- in Unclaimed Dividend 2007-08	1,10,414	1,10,846
	<u>1,06,14,585</u>	<u>1,17,73,229</u>
B. LOANS & ADVANCES AND DEPOSITS:		
(Unsecured but considered good)		
Advances recoverable in cash or in kind	4,56,99,317	5,10,03,781
Deposits with Govt. & other Deposits	96,51,880	1,12,76,920
Prepaid Expenses	24,49,628	32,47,947
Advance Income Tax and TDS	1,95,46,941	1,27,94,837
	<u>7,73,47,766</u>	<u>7,83,23,485</u>
	<u>67,55,22,064</u>	<u>32,31,77,237</u>
SCHEDULE 9		
	For the year ended 31.03.2011	For the year ended 31.03.2010
OTHER INCOME:		
Waste Cotton Sales	98,31,769	46,39,644
Interest Received (TDS Rs.1,32,706/-)	7,53,421	6,74,628
Export Incentives	9,82,946	—
Miscellaneous Income	36,21,737	1,29,734
Exchange Fluctuation Gain (Net)	3,95,926	4,83,009
Profit on sale of Assets	96,13,035	1,33,54,420
Packing & Forwarding Collected	63,000	21,411
	<u>2,52,61,834</u>	<u>1,93,02,846</u>

THANJAVUR SPINNING MILL LIMITED
SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

	For the year ended 31.03.2011	(In Rupees) For the year ended 31.03.2010
SCHEDULE 10		
INCREASE IN STOCK:		
Closing Stock:		
Process Stock	3,59,17,126	1,27,70,714
Finished Goods - Yarn	19,95,05,074	1,57,12,837
Saleable Cotton Waste	7,99,484	5,88,800
	<u>23,62,21,684</u>	2,90,72,351
Opening Stock		
Process Stock	1,27,70,714	68,84,664
Finished Goods - Yarn	1,57,12,837	1,44,44,685
Saleable Cotton Waste	5,88,800	2,18,575
	<u>2,90,72,351</u>	2,15,47,924
	<u>20,71,49,333</u>	<u>75,24,427</u>
SCHEDULE 11		
SALARIES, WAGES AND OTHER AMENITIES TO EMPLOYEES:		
Salaries, Wages & Bonus	4,94,98,302	3,39,13,103
Contribution to Provident Fund and other Funds	72,15,198	68,28,809
Staff & Labour Welfare Expenses	69,34,151	40,17,638
	<u>6,36,47,651</u>	<u>4,47,59,550</u>
SCHEDULE 12		
REPAIRS & MAINTENANCE :		
Repairs to Buildings	25,04,741	21,33,398
Repairs to Machinery	2,52,97,808	1,26,29,018
Repairs - General	27,49,275	23,21,018
	<u>3,05,51,824</u>	<u>1,70,83,434</u>
SCHEDULE 13		
INTEREST & FINANCE CHARGES :		
Interest on Fixed Loans	7,52,93,729	3,43,74,397
Interest on Other Loans	4,23,65,941	1,83,57,922
Interest on Cumulative Deposits	1,28,560	1,08,803
	<u>11,77,88,230</u>	<u>5,28,41,122</u>
SCHEDULE 14		
ADMINISTRATIVE & SELLING EXPENSES :		
Postage, Telegram & Telephone	6,99,391	6,05,029
Printing & Stationery	3,36,879	3,08,611
Travelling & Conveyance	7,95,401	6,32,107
Maintenance of Motor Car & Other Vehicles	6,19,814	3,87,387
Insurance	11,11,628	8,43,746
Bank charges	19,51,465	15,08,664
Sales Expenses & Commission	1,91,50,858	1,05,17,127
Export Sales Expenses	25,88,254	20,52,678
Directors Sitting Fees	1,00,000	90,000
Rent	2,03,000	2,70,583
Audit, Accountancy & Legal Charges	9,39,651	6,15,026
Miscellaneous Expenses	5,29,205	5,40,604
	<u>2,90,25,546</u>	<u>1,83,71,562</u>

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 represents 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 subject to a maximum of Rs. 1 Lakh per employee 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. 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.

11. Government Subsidy / Grant

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

12. Foreign Currency Transactions

- a. Transactions in Foreign Currency are accounted at the exchange rates prevailing at the time of transactions.
- b. Covered liabilities in foreign currencies are accounted at the rate at which they have been covered.

THANJAVUR SPINNING MILL LIMITED

SIGNIFICANT ACCOUNTING POLICIES

13. Earning Per Share

Net Loss after tax is divided by the number of equity shares outstanding as on Balance Sheet date.

14. Income Tax

The tax provision is considered as stipulated in Accounting Standard-22 (Accounting for Taxes on income) and includes current tax (MAT) and deferred tax liability. The Company recognizes the deferred tax liability based on the accumulated timing difference using the current tax rate.

15. 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.

The Segment information for the year ended 31st March, 2011 is detailed below:

Rs.in Lakhs

Particulars	Textiles		Windmill Power		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
REVENUE						
External Sales (Net)	8574.32	4761.74	—	—	8574.32	4761.74
Inter Segment Sale	—	—	419.85	393.26	419.85	393.26
Total Sales	8574.32	4761.74	419.85	393.26	8994.17	5155.00
Other Income	252.61	193.02	—	—	252.61	193.02
Total Revenue	8826.93	4954.76	419.85	393.26	9246.78	5348.02
RESULT						
Segment Result	2059.67	561.05	358.14	342.94	2417.81	903.99
Unallocated Income						
Unallocated Expenses						
Operating Profit					2417.81	903.99
Interest Expenses					1177.88	528.41
Depreciation					621.81	352.74
Interest Income					7.53	6.75
Current Tax - MAT					127.00	5.00
Deferred Tax (Asset) / Liability					576.50	(69.00)
Profit from ordinary activities						
Extraordinary Expenses						
Net Profit					(77.85)	93.59
OTHER INFORMATION						
Segment Assets	15068.55	11785.25	3529.89	1545.66	18598.44	13330.91
Unallocated Assets						
Total Assets	15068.55	11785.25	3529.89	1545.66	18598.44	13330.91
Segment Liabilities	14605.43	11562.28	2880.80	1156.14	17486.23	12718.42
Unallocated Liabilities						
Total Liabilities	14605.43	11562.28	2880.80	1156.14	17486.23	12718.42
Capital Expenditure	212.87	5150.15	2137.01	—	2349.88	5150.15
Unallocated Capital Expenditure						
Depreciation	469.02	242.07	152.79	110.67	621.81	352.74
Unallocated Depreciation						
Expenditure						
Non - Cash expenses other than Depreciation						

16. 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

SCHEDULE: 16

NOTES ON ACCOUNTS:

(Rs. In Lakhs)

1. Contingent Liabilities:	As at 31-03-2011	As at 31-03-2010
(i) Liabilities on Letter of Credit opened :		
Capital Goods	142.90	NIL
Others	NIL	NIL
(ii) Estimated amount of contracts remaining to be executed on capital account not provided	NIL	17.91
(iii) Liabilities on guarantees given by the bankers	10.60	NIL
(iv) Liabilities on guarantees given to the bankers	NIL	NIL

2. The tax liability for the company for the financial year 2010-11 is under MAT which works out to Rs.127 Lakhs.

Income tax assessments have been completed up to the accounting year ended on 31-03-2009 i.e., Assessment year 2009-10.

The break up of Net Deferred tax Liability of Rs. 577 Lakhs as at 31-03-2011 is as under:

Timing differences on account of:	Deferred tax liability Rs. in Lakhs
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	1631
Tax effect on carry over Loss (Deferred Tax Liability)	960
Deferred tax liability as on 31/03/2011	671
Less : Already provided	94
Balance Tax Liability	577

Deferred Tax Liability includes reversal of Deferred Tax Asset on account of lapse of carry forward business loss as per Income Tax Act.

3. Sales Tax Assessment upto the year ended 31st March, 2007 has been completed.

4. Managing Director's Remuneration for the year 2010-2011:

Salary	Rs.	11,87,500
Contribution to Provident Fund	Rs.	1,42,500
Contribution to Superannuation Fund	Rs.	1,00,000
Commission	Rs.	13,90,983
Total	Rs.	<u>28,20,983</u>

Computation of Net Profits in accordance with Section 349 of the Companies Act, 1956 for the purpose of calculating Managing Director's Remuneration for the year ended 31.03.2011.

THANJAVUR SPINNING MILL LIMITED

NOTES ON ACCOUNTS

(In Rupees)

Net Profit Before Tax as per Profit & Loss Account		6,25,65,063
Add : Sitting fees to Directors	1,00,000	
Managing Director's Remuneration	<u>28,20,983</u>	<u>29,20,983</u>
		6,54,86,046
Less : Capital Profit on sale of Machinery	1,58,000	
Profit on sale of Land	<u>89,08,395</u>	<u>90,66,395</u>
		<u>5,64,19,651</u>

Remuneration to Managing Director @ 5 % of the above **28,20,983**

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. 1,06,704/- 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:

	2010-2011 (Rs.)	2009-2010 (Rs.)
Statutory Auditors		
a) As Auditors	71,695	71,695
b) In other capacities		
(i) For Tax Audit / Tax Representation	63,090	58,090
(ii) Certification Work	64,198	30,333
(iii) Expenses reimbursed	41,272	36,588
Total	<u>2,40,255</u>	<u>1,96,706</u>

8. The Company's shares are listed in Madras Stock Exchange Limited, for which listing fee for the year 2010-2011 has been paid.
9. As at 31.03.2011, 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 31.03.2011 are 2.30 Lakhs KWH (PY 10.26 Lakhs KWH) and its monetary value of Rs. 9.66 Lakhs (PY Rs. 29.83 Lakhs) has been included in Loans & Advances.
11. As per Accounting Standard - 15 "Employee Benefits", the disclosures of employee benefits as defined in the Accounting Standard are given below:

	Rs. in Lakhs	
	2010-11	2009-10
Employer's Contribution to Provident Fund	40.29	33.54
Employer's Contribution to Superannuation Fund	1.72	1.55

THANJAVUR SPINNING MILL LIMITED

NOTES ON ACCOUNTS

Details of the post retirement gratuity plan (Funded) are as follows :

Reconciliation of opening and closing balances of defined benefit plan:

	2010-11	Rs. in Lakhs 2009-10
Defined Benefit Obligation as on 01-04-2010	103.30	95.04
Current Service Cost	6.92	5.56
Interest Cost	7.88	7.15
Actuarial (gain) / loss	1.16	6.90
Benefits paid	(-) 9.71	(-) 11.34
Defined Benefit obligation as on 31-03-2011	109.55	103.30

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

Fair value of plan assets as on 01-04-2010	97.85	67.86
Expected return on plan assets	9.21	7.24
Actuarial gain / (loss)	0.20	0.18
Employer Contribution	15.35	33.91
Benefits paid	(-) 9.71	(-) 11.34
Fair value of plan assets as on 31-03-2011	112.89	97.85

Actual Return of plan assets:

Expected return of plan assets	9.21	7.24
Actuarial gain / (loss) on plan assets	0.20	0.18
Actuarial return on plan assets	9.41	7.42

Reconciliation of fair value of assets and obligations:

Fair value of plan assets	112.89	97.84
Present value of obligation	109.55	103.30
Difference	(-) 3.35	5.46
Unrecognized transitional liability	Nil	Nil
Unrecognized past service cost non vested benefits	Nil	Nil
Amount recognized in Balance Sheet	0.00	5.46

Expense recognized during the year:

Current Service Cost	6.92	5.56
Interest Cost	7.88	7.15
Expected return on plan assets	(-) 9.21	(-) 7.24
Actuarial (gain) / loss	0.96	6.72
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	6.79	12.19

Investment Details as on 31-03-2011:

GOI Securities	Nil	Nil
State Government Securities	Nil	Nil
High Quality Corporate Bonds	Nil	Nil
Funds with LIC	100%	100%
Bank balance	Nil	Nil
Others	Nil	Nil
Total	100%	100%

THANJAVUR SPINNING MILL LIMITED

NOTES ON ACCOUNTS

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%	9.15%
Rate of escalation in salary p.a	4.00%	4.00%

Details of Leave encashment plan (Unfunded) are as follows :

Reconciliation of opening and closing balances of defined benefit plan :

	2010-11	2009-10
Defined Benefit Obligation as on 01-04-2010	10.86	9.41
Current Service Cost	3.22	2.72
Interest Cost	0.71	0.64
Actuarial (gain) / loss	2.02	0.94
Benefits paid	(-) 3.89	(-) 2.85
Defined Benefit obligation as on 31-03-2011	12.92	10.86

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

Fair value of plan assets as on 01-04-2010	Nil	Nil
Expected return on plan assets	Nil	Nil
Actuarial gain / (loss)	Nil	Nil
Employer Contribution	3.89	2.85
Benefits paid	(-) 3.89	(-) 2.85
Fair value of plan assets as on 31-03-2011	Nil	Nil

Actual Return of plan assets:

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

Reconciliation of fair value of assets and obligations:

Fair value of plan assets	Nil	Nil
Present value of obligation	12.92	10.86
Difference	12.92	10.86
Unrecognized transitional liability	Nil	Nil
Unrecognized past service cost non vested benefits	Nil	Nil
Amount recognized in Balance Sheet	12.92	10.86

Expense recognized during the year:

Current Service Cost	3.22	2.72
Interest Cost	0.71	0.64
Expected return on plan assets	Nil	Nil
Actuarial (gain) / loss	2.02	0.94
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	5.95	4.30

Investment Details as on 31-03-2011:

GOI Securities	Nil	Nil
State Government Securities	Nil	Nil
High Quality Corporate Bonds	Nil	Nil
Funds with LIC	Nil	Nil
Bank balance	Nil	Nil
Others	Nil	Nil
Total	Nil	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	Nil	Nil
Rate of escalation in salary p.a	4.00%	4.00%

THANJAVUR SPINNING MILL LIMITED

NOTES ON ACCOUNTS

12. Earning per Share:

(In Rupees)

Particulars	2010-2011	2009-2010
Net Profit / (Loss) after tax (A)	(77,84,937)	93,58,619
No. of Shares (B)	27,00,000	27,00,000
Basic & Diluted earning per share for Rs.10/- each (A)/(B)	(3)	3

13. 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. Ramasubrahmaneya 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:

M/s. Madras Cements Ltd.,

M/s. Rajapalayam Mills Ltd.,

M/s. Sri Vishnu Shankar Mill Ltd.,

M/s. Ramco Industries Ltd.,

M/s. Sandhya Spinning Mill Ltd.,

M/s. The Ramaraju Surgical Cotton Mills Ltd.,

M/s. Ramco Systems Ltd.,

M/s Sri Harini Textiles Ltd.,

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	Outstanding as on 31.03.2011	
			ICD	Interest
M/s Rajapalayam Mills Ltd.,	25,00,00,000	1,73,23,290	20,00,00,000	NIL
M/s Sri Vishnu Shankar Mill Ltd.,	7,50,00,000	46,45,891	NIL	NIL
M/s Sandhya Spinning Mill Ltd.,	4,00,00,000	5,09,453	NIL	NIL
M/s The Ramaraju Surgical Cotton Mills Ltd.,	3,00,00,000	2,81,096	NIL	NIL

THANJAVUR SPINNING MILL LIMITED

NOTES ON ACCOUNTS

b. Cost of Goods Supplied / Services rendered: (In Rupees)

Name of the Related Party	Value	Outstanding as on 31.03.2011
M/s. Rajapalayam Mills Ltd.,	40,43,388	NIL
M/s. The Ramaraju Surgical Cotton Mills Ltd.,	39,01,437	NIL
M/s Sandhya Spinning Mill Ltd.,	52,18,426	NIL
M/s Sri Vishnu Shankar Mill Ltd.,	30,97,142	NIL
M/s Sri Harini Textiles Ltd.,	31,11,028	NIL

c. Cost of Goods purchased / Services availed:

Name of the Related Party	Value	Outstanding as on 31.03.2011
M/s. Rajapalayam Mills Ltd.,	5,93,82,889	NIL
M/s. Madras Cements Ltd.,	1,88,93,168	NIL
M/s. Ramco Industries Ltd.,	28,54,515	NIL
M/s. Ramco Systems Ltd.,	2,80,024	NIL
M/s. Sri Vishnu Shankar Mill Ltd.,	1,81,874	NIL
M/s. Sandhya Spinning Mill Ltd.,	49,540	NIL
M/s. The Ramaraju Surgical Cotton Mills Ltd.,	81,38,236	NIL

d. Purchase of Wind Electric Generators with capacity of 800 KVA :

Name of the Related Party	No. of Machines	Value	Outstanding as on 31-03-2011
M/s. Madras Cements Ltd	5 Nos	21,80,07,603	NIL

14. 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	2010-2011	2009 - 2010
Spindles	Nos	50,160	50,160
Rotors	Nos	776	776
Wind Mills	MW	9	5
Production			
Yarn	Kgs	50,11,587	34,56,501
Power from Wind Mills	Lakhs - KWH	103	105

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

Yarn	UOM	2010-2011		2009-2010	
		Quantity	Value Rs.	Quantity	Value Rs.
Opening Stock	Kgs	53,163	80,16,905	52,549	64,39,883
Sales	Kgs	43,30,990	85,74,32,648	34,55,887	47,61,74,487
Closing Stock (Packed)	Kgs	7,33,760	17,24,19,124	53,163	80,16,905
(Unpacked)	Kgs	1,18,159	2,70,85,950	51,496	76,95,932

THANJAVUR SPINNING MILL LIMITED

NOTES ON ACCOUNTS

c) Raw Materials Consumed:

	UOM	2010-2011		2009-2010	
		Quantity	Value Rs.	Quantity	Value Rs.
Cotton & Cotton Waste	Kgs	73,74,493	60,80,47,785	48,65,123	27,68,40,966

d) Value of Imports calculated on CIF Value:

	2010-2011 Rs.	2009-2010 Rs.
Raw Materials	—	4,69,49,666
Components and Spares	11,70,155	15,10,364
Capital Goods	16,44,000	12,91,56,512

e) Expenditure in Foreign Exchange during the year:

	2010-2011 Rs.	2009-2010 Rs.
Total Value	3,43,905	10,46,440

f) Earnings in Foreign exchange (FOB Value):

	2010-2011 Rs in Lakhs	2009-2010 Rs in Lakhs
Export -Cotton Yarn	1,233	299

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

	2010-2011		2009-2010	
	Rs.	%	Rs.	%
Raw Materials				
Imported	—	—	4,79,71,218	17
Indigenous	60,80,47,785	100	22,88,69,748	83
Spares and Components				
Imported	15,11,748	5	3,95,103	2
Indigenous	2,90,40,076	95	1,66,88,331	98

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

16. 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
FRN - 001310S
R. PALANIAPPAN
Proprietor.
Membership
No.205112.
RAJAPALAYAM,
28.05.2011.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA
R.T. IYENGAR
R. SIVASUBRAMANIAN
S. KRISHNASWAMY KAMAYA NAICKER

DIRECTORS

THANJAVUR SPINNING MILL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2011

(Rs.in Lakhs)

	2010-11	2009-10
A. Cash Flow from Operating Activities:		
Net Profit before tax and prior period & extraordinary items	625.65	29.59
Adjustments for:		
Depreciation	621.81	352.74
Interest paid	1177.88	528.41
Interest received	(7.53)	(6.75)
Deferred revenue expenditure written off	1.06	2.23
Profit on Sale of Assets	(96.13)	(133.54)
Operating Profit before Working Capital changes	<u>2322.74</u>	<u>772.68</u>
Adjustments for:		
Trade and Other Receivables	(734.21)	(235.88)
Inventories	(2800.83)	(1263.13)
Trade Payables	59.55	(7.03)
Cash generated from operations	<u>(1152.75)</u>	<u>(733.63)</u>
Direct Taxes Paid	127.00	5.00
Profit on sale of Assets	96.13	133.54
Cash flow before prior period and extraordinary items	<u>(1183.62)</u>	<u>(605.09)</u>
Prior period and extraordinary items		
Net Cash from Operating Activities (A)	<u>(1183.62)</u>	<u>(605.09)</u>
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(2367.43)	(4006.27)
Sale of Fixed Assets	1.56	24.27
Interest Received	7.53	6.75
Net Cash used in Investing Activities (B)	<u>(2358.34)</u>	<u>(3975.25)</u>
C. Cash Flow from Financing Activities		
Proceeds from Long term borrowings	1686.98	2777.44
Proceeds from Short term borrowings	3487.57	2184.75
Repayment of Long term borrowings	(466.30)	247.03
Interest paid	(1177.88)	(528.41)
Payment of Dividend and Tax thereon	—	—
Net Cash used in Financing Activities (C)	<u>3530.37</u>	<u>4680.81</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<u>(11.59)</u>	<u>100.47</u>
Opening cash and cash equivalents (D)	117.73	17.26
Closing cash and cash equivalents (E)	<u>106.14</u>	<u>117.73</u>
Net increase/(decrease) in cash and cash equivalents (E-D)	<u>(11.59)</u>	<u>100.47</u>

(As per our report annexed)

For N.A. JAYARAMAN & Co
Chartered Accountants
FRN - 001310S

R. PALANIAPPAN
Proprietor.

Membership
No.205112.

RAJAPALAYAM,
28.05.2011.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA
R.T. IYENGAR
R. SIVASUBRAMANIAN
S. KRISHNASWAMY KAMAYA NAICKER

DIRECTORS

THANJAVUR SPINNING MILL LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS : L 1 7 1 1 1 T N 1 9 6 1 P L C 0 0 4 5 0 5

Registration No.

Balance Sheet Date 3 1 0 3 2 0 1 1
Date Month Year

State Code 1 8

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	1 8 0 9 0 3 1	Total Assets	1 8 0 9 0 3 1
-------------------	---------------	--------------	---------------

Sources of Funds

Paid up Capital	2 7 0 0 0	Reserves & Surplus	1 7 2 5 0
Secured Loans	1 2 4 6 4 2 5	Unsecured Loans	4 5 1 2 9 3
Deferred Tax Liability	6 7 0 6 3		

Application of Funds

Net Fixed Assets	1 1 8 4 3 2 1	Investments	2
Net Current Assets	6 2 4 6 1 7	Misc. Expenditure	9 1
Accumulated Losses	N I L		

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

Turnover*	1 1 3 1 8 2 9	Total Expenditure	1 0 6 9 2 6 4
-----------	---------------	-------------------	---------------

*Turnover includes Wind Mill Generation and Other Income

Profit before Tax	6 2 5 6 5	Profit After Tax	7 7 8 5
Earnings per share (Rs)	-3	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

(As per our report annexed)
 For N.A. JAYARAMAN & Co
 Chartered Accountants
 FRN - 001310S

R. PALANIAPPAN
 Proprietor.
 Membership
 No.205112.

RAJAPALAYAM,
 28.05.2011.

P.R. RAMASUBRAHMANEYA RAJHA
 CHAIRMAN

Dr. K.T. KRISHNAN
 MANAGING DIRECTOR

P.R. VENKETRAMA RAJA
 R.T. IYENGAR
 R. SIVASUBRAMANIAN
 S. KRISHNASWAMY KAMAYA NAICKER

DIRECTORS

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 49th Annual General Meeting of the Company to be held on Wednesday the
20th July, 2011 at 11.30 A.M. and at any adjournment thereof.

Signed thisday of..... 2011.

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 before 11.30 A.M. on 18-07-2011.

