

THANJAVUR SPINNING MILL LIMITED



FIFTIETH ANNUAL REPORT AND ACCOUNTS

2011 - 2012



SHRI. K. TIRUVENGADA MUDALIAR
Founder



SHRI P.A.C. RAMASAMY RAJA



THANJAVUR SPINNING MILL LIMITED

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.

MILLS :

Vallam One Road,
Thanjavur - 613 005.

AUDITORS :

M/s. 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 MEMBERS

NOTICE is hereby given that the 50th Annual General Meeting of the Company will be held at 11.30 A.M on Monday, the 06th August, 2012 at P.A.C. Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Profit and Loss for the year ended 31st March, 2012, 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 an ORDINARY RESOLUTION:

"RESOLVED that Shri 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."

4. SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution

"RESOLVED THAT the fact of erosion of 100% net worth of the Company as on 31st March, 2012, and the reasons for such erosion be and is hereby considered in accordance with the applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 in all aspects and that the reference in the prescribed format be made to the Board for Industrial and Financial Reconstruction (BIFR) within 60 days thereof."

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

RAJAPALAYAM,
28-05-2012.

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN

THANJAVUR SPINNING MILL LIMITED

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 Member and Share Transfer Register of the Company will be closed from 01.08.2012 to 06.08.2012 (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

ANNEXURE TO THE NOTICE

Explanatory Statement as required under Sec. 173(2) of the Companies Act, 1956

As at the end of the financial year 31st March, 2012, 100% of the Company's net worth has eroded. The accounts of the Company are being considered for adoption at the ensuing Annual General Meeting of the Company to be held on 6th August, 2012. The provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 apply to the Company and Section 23 requires such erosion to be considered by the Members of the Company at the General Meeting.

The reason for the erosion and steps taken for improvement has been explained in the report of the Directors. Your Directors will make the necessary reference to the Board as required under section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 within the time stipulated.

None of the Directors of the company may be deemed to be interested in the resolution.

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

RAJAPALAYAM,
28-05-2012.

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

To the Members

Your Directors wish to present the 50th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2012 after charging all expenses but before deducting finance cost and depreciation have resulted in operating loss of Rs.0.45 Lakhs.

After deducting Rs.1,666.35 Lakhs towards finance cost and providing Rs. 703.94 Lakhs towards Depreciation, the Loss for the year is Rs.2,370.74 Lakhs. After taking into account Rs.781 Lakhs towards Deferred Tax Asset, the Net Loss for the year is Rs.1,589.74 Lakhs.

DIVIDEND

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

TAXATION

The Company is not liable to pay income tax under regular method and there is no tax liability under Minimum Alternate Tax. An amount of Rs.671 Lakhs has been withdrawn from Deferred Tax liability provided in the earlier years which is in accordance with the Accounting Standards.

TRADE CONDITIONS

As reported in the Directors' Report in the previous year, Textile Industry especially Spinning Mills across the country are facing unprecedented crisis on account of inconsistent policies adopted by the Government of India with regard to export of cotton and cotton yarn. The cotton prices have gone up too steeply during the season 2010-11 due to unrealistic Government's decision to export huge quantity of cotton during peak cotton season. The Mills were forced to buy good quality cotton at abnormally higher prices during that season which was consumed during the financial year 2011-12. There was no parity between cotton cost and price of yarn sold. The Mills were forced to sell the yarn at very low price, though the yarn was produced with the stock of high-cost cotton procured during the season 2010-11.

The ban on cotton yarn exports for more than two months in the last quarter of the financial year 2010-11 and the declining domestic demand has resulted in piling up of huge stock of cotton yarn in the Mills. When export of cotton yarn was allowed in April 2011, the accumulated stock caused a crash of cotton yarn prices in the global and domestic markets. The mounting pressure of inventory with Indian Mills and their eagerness to get rid of their inventory before the arrival of new cotton, virtually pushed the global prices down by more than 30% within a month and the domestic cotton prices fell below the international levels resulting in the present crisis. The crisis in Europe had affected the exports from India and the export orders from European countries have started shrinking during the year under review.

The power cut in Tamilnadu has worsened during the year and severe power cut measures were announced and the power availability was only 25% from March 2012 and is still continuing. The mismatch between increased demand for electricity and shortage in the supply has affected the capacity utilization of Mills in Tamilnadu. Timely decision taken by your Directors to install Windmills in previous years and purchase of power from Third Party have helped the Company to tide over the power crisis.

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.

THANJAVUR SPINNING MILL LIMITED

The cumulative effect of the above factors have affected the performance of the Company substantially.

EXPORTS

On the export front during the year, we have made direct export of Cotton Yarn for a value of Rs. 19.59 Crores as against Rs. 12.65 Crores of the previous year.

PROSPECTS FOR THE CURRENT YEAR

The Central Government's frequent interventions in the form of imposition and removal of quantitative restrictions on export of raw cotton as well as cotton yarn without taking a comprehensive view of demand and supply requirements of various segments of textile industry has resulted in high volatility in cotton prices during the cotton season 2011-12. The cotton prices still ruling high at uneconomical levels.

The yarn prices are stagnant due to recessionary trend in both domestic and global markets. The power cut imposed in Tamilnadu to the extent of 75% is severely affecting the operations of the Company. The Government of Tamilnadu has also announced the increase in power tariff by more than 30%.

The increase in wages, power 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 are increasing steeply, the yarn price has not increased. 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 withstand the challenges in the current scenario.

WIND MILL

The Wind Mill Division with an installed capacity of 9 MW is working satisfactorily. The Division has generated 154 Lakhs Kwh as compared to 103 Lakhs Kwh of the previous year. The full benefit of windmills purchased during September, 2010 with the capacity of 4 MW has accrued during the year. The income during the year from the Wind Mill Division was Rs. 6.38 Crores as against Rs.4.20 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. The scarcity of skilled labour and heavy absenteeism in labour attendance are causing loss of production. We are striving our best to retain them by implementing attractive incentive schemes to labours to achieve better attendance.

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

PUBLIC DEPOSITS

The total deposits from the public outstanding with the Company as on 31st March, 2012 was Nil. There was no deposits unclaimed / unpaid as on 31-03-2012.

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 2012-13.

The Company has enlisted the equity shares in NSDL & CDSL and ISIN No. is INE715M01010 and also appointed M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club house Road, Chennai-600002 as Registrar for the Depository Services relating to both NSDL & CDSL and also for the Share Transfer Registry Services in respect of shares held in physical form.

In view of the advantages offered by the Depository System, the Members are requested to avail the facility of dematerialization of the shares held by them.

EROSION OF NET WORTH & THE REASON FOR THE EROSION

As on 31st March, 2012, 100% of the net worth of the company has been eroded. There was steep increase in the cotton prices during the cotton season 2010-11 and the company was forced to buy good quality cotton at abnormally high prices during that season which was consumed during the financial year 2011-12. There was no parity between cotton cost and price of yarn sold. The company was forced to sell the yarn at very low price. Though the yarn was produced with the stock of high cost cotton procured during the season 2010-11 there was crash in yarn prices due to recession in domestic and global markets. The power cut and unscheduled power shutdowns imposed by Electricity board affected the utilization and productivity. The increase in borrowing costs due to upward revision of interest rates by Reserve Bank of India to tighten the monetary policy also contributed to the unprecedented loss during the year 2011-12.

STEPS TAKEN FOR IMPROVEMENT :

The company expects improvement in yarn prices during the year 2012-13. The cotton prices are coming down. The company is taking steps to improve the utilization of machinery and productivity. The company is hopeful of turnaround during the current year.

REFERENCE TO THE BIFR:

Consequent to the erosion of networth, the Company has attracted the provisions of Section 3(1)(o) of the Sick Industrial Companies(Special Provisions) Act, 1985, which necessitates the Company to make a reference to the Board for Industrial and Financial Reconstruction.

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 50th Annual General Meeting and are eligible for re-appointment.

COST AUDITORS

The Government has approved the Company's proposal to appoint Raman & Associates, Cost Accountants of Chennai for audit of Company's cost accounts for the year ended 31-03-2012 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. For the year ended 31st March 2011, the due date of filing the cost audit report was 30th September 2011, and the actual date of filing the cost audit report was 20th September,2011.

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.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors Confirm that -

- i) In the preparation of Annual Accounts for the year ended 31st March 2012, 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.
- 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 a 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,

RAJAPALAYAM,
28-05-2012.

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN

THANJAVUR SPINNING MILL LIMITED

ANNEXURE I TO DIRECTORS' REPORT

Information as per 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.
Particulars given in Form A |
| (b) Additional investments and proposals if any, being implemented for reduction of consumption of energy | : | |
| (c) Impact of the 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 good | : | |

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.1,917.19 Lakhs (FOB value) besides merchant exports for a value of Rs.1,585.24 Lakhs 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 services | : | } 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. 187.26 Lakhs |
| (ii) Total foreign exchange earned (in FOB Value) | : | Rs.1,917.19 Lakhs |

THANJAVUR SPINNING MILL LIMITED

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION:

		2011-12	2010-11
1. Electricity			
(a) Purchased from Electricity Board			
Unit	Lakhs KWH	205.16	200.98
Total amount	Rs. In Lakhs	977.02	968.29
Rate / Unit	Rs.	4.76	4.82
(b) Own Generation			
Through diesel generator Units	Lakhs KWH	2.26	10.35
Unit per Litre of Diesel Oil	KWH	3.30	3.23
Diesel Cost per unit	Rs.	11.16	11.79
(c) Purchased from Third Party			
Units	Lakhs KWH	22.26	53.26
Total amount	Rs. In Lakhs	160.62	318.48
Rate / Unit	Rs.	7.22	5.98
2. DIESEL OIL			
Quantity	Lakhs Ltrs	0.68	3.20
Total Cost	Rs.in Lakhs	25.18	122.00
Average Cost per Litre	Rs.	36.84	38.11

B. CONSUMPTION PER UNIT OF PRODUCTION:

Product : Cotton Yarn			
Unit : Kg. (40s Converted)			
Electricity unit / Kg.		5.80	5.39
(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.

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development (R&D)

- | | | |
|--------------------------------------------------------------|---|-------|
| 1. Specific areas in which R & D carried out by the Company | } | |
| 2. Benefits derived as a result of the above R & D | | |
| 3. Future plan of action | | |
| 4. Expenditure on R & D | | |
| a. Capital | | } Nil |
| b. Recur | | |
| d. Total R & D expenditure as a percentage of total turnover | | |

Technology absorption, adaptation and innovation

- | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-------|
| 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, product 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. | | |
| a. Technology imported. | | |
| b. Year of import | | } Nil |
| c. Has technology been fully absorbed? | | |
| d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action | | |

THANJAVUR SPINNING MILL LIMITED

COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2012

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 31.03.2012 [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 thereunder.
- 3) The company is a public limited company and its paid up capital is Rs.2.70 crore.
- 4) The Board of Directors duly met four times respectively on 28.05.2011, 11.08.2011, 09.11.2011 and 10.02.2012 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 15.07.2011 to 20.07.2011 (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, 2011** was held on **20.07.2011** 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.
- 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.

THANJAVUR SPINNING MILL LIMITED

- 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 31.03.2012 and has filed Form 23C on 30.05.2011 and 19.07.2011 and since withdrawn vide letter dated 10.02.2012 and 19.03.2012. A fresh Form 23C was filed on 27.04.2012 vide SRN:S08486300. 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.
 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 20.07.2011. The Company has also filed Return of Deposits with Registrar of Companies, Chennai on 11.06.2011.
 24. The amount borrowed by the Company from members, public, banks and others during the financial year ending 31.03.2012 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.
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THANJAVUR SPINNING MILL LIMITED

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.

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

Place : RAJAPALAYAM,
Date : 25.05.2012

THANJAVUR SPINNING MILL LIMITED

ANNEXURE 'A'

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2012.

Name of the Company: 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

Place: RAJAPALAYAM,
Date: 25.05.2012

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, 2012

Name of the Company: 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, 2012.

S. 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 Charges TMB Rs.33 Crores	06.04.2011 B09421892	Yes	Not Applicable
2	8	135	Modification of Charges Canara Bank Rs.46 Crores	27.04.2011 B10890143	Yes	Not Applicable
3	17	138	Satisfaction of Charges 3i Infotech Rs. 5 Crores	28.04.2011 A10988913	Yes	Not Applicable
4	62	Rule 10 of Companies (Acceptance of deposits) Rules,1975	Return of Deposits as on 31.03.2011	11.06.2010 B14009260	Yes	Not Applicable
5	62	Rule 4A of Companies (Acceptance of deposits) Rules,1975	Statement in Lieu of Advertisement	20.07.2011 B16495350	Yes	Not Applicable
6	66	383A	Secretarial Compliance Certificate for the year ended 31.03.2011	22.07.2011 P68616572	Yes	Not Applicable
7	8	125	Creation of Charges TMB Rs. 25 Crores	26.08.2011 B19012137	Yes	Not Applicable
8	20B	159	Annual Return made upto 20.07.2011	09.09.2011 P70146543	Yes	Not Applicable
9	8	125	Creation of Charges Indian Bank Rs.3.35 Crores	20.10.2011 B23251564	Yes	Not Applicable
10	8	125	Creation of Charges Indian Bank Rs. 10 Crores	20.10.2011 B23251713	Yes	Not Applicable

THANJAVUR SPINNING MILL LIMITED

S. 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
11	23AC, XBRL 23ACA XBRL	220	XBRL Documents in respect of Balance Sheet, P&L A/c. as at 31.03.2011	30.11.2011 P81822058	Yes	Not Applicable
12	8	135	Modification of Charges TMB Rs.33 Crores	27.12.2011 B28216976	Yes	Not Applicable
13	8	125	Creation of Charges TMB Rs. 15 Crores	27.12.2011 B28235430	Yes	Not Applicable
14	DIN4	Rule 7 of the Companies (Director identification Number) Rules,2006	Information of change in particulars of Director Shri. R.T.Iyengar	31.05.2011 S05183181 20.12.2011 B27778364	Yes	Not Applicable
15	DIN4	-do-	Information of change in particulars of Managing Director Dr.K.T. Krishnan	18.06.2011 B14449110	Yes	Not Applicable
16	DIN4	-do-	Information of change in particulars of Director Shri.S.Krishnnaswamy Kamaya Naicker	30.08.2011 B19235019	Yes	Not Applicable
17	DIN4	-do-	Information of change in particulars of Director Shri. R. Sivasubramanian	29.08.2011 B19220615	Yes	Not Applicable
18	DIN4	-do-	Information of change in particulars of Director Shri K.T. Ramachandran	20.09.2011 B20809240	Yes	Not Applicable

Central Government :

1	23C	233(B)(2)	Appointment of Cost Auditor for the year ended 31.03.2012 for Textiles	30.05.2011 S05150016	Yes	Not Applicable
2	23C	233(B)(2)	Appointment of Cost Auditor for the year ended 31.03.2012 for Electricity (Wind Power)	19.07.2011 S05533146	Yes	Not Applicable
3	1	233(B)(4) 600(3) (b)	Filing of cost audit report for the year ended 31.03.2011	20.09.2011 B20743704	Yes	Not Applicable

Regional Directors and other authorities : NIL

Place : RAJAPALAYAM,
Date: 25.05.2012

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 2012, the statement of profit and loss and 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the balance sheet, statement of profit and loss 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, 2012;
 - (b) in the case of the statement of profit and loss, 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
28.05.2012

THANJAVUR SPINNING MILL LIMITED

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to the member of Thanjavur Spinning Mill Limited (the Company) for the year ended March 31, 2012. 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 35 Crores and the year-end balance of loans taken from such party was Rs.15 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.
- (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.

THANJAVUR SPINNING MILL LIMITED

- (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, 2012 for a period of more than six months from the date they became payable.
- (x) The Company has accumulated losses at the end of the financial year and has incurred cash losses in the financial year and has 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.
- (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.

THANJAVUR SPINNING MILL LIMITED

- (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.
- (xxii) The Company is a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Sec 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

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

R. PALANIAPPAN
Proprietor.
Membership No. 205112

RAJAPALAYAM
28.05.2012

THANJAVUR SPINNING MILL LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2012

		(Rs. in Lakhs)	
	Note	As at 31-03-2012	As at 31-03-2011
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	270.00	270.00
(b) Reserves and Surplus	2	<u>(1,417.24)</u>	<u>172.50</u> 442.50
(2) Non Current Liabilities			
(a) Long Term Borrowings	3	11,312.72	9,495.75
(b) Deferred Tax Liabilities	4	-	670.63
(c) Long Term Provisions	5	<u>14.55</u>	<u>12.92</u> 10,179.30
(3) Current Liabilities			
(a) Short Term Borrowings	6	1,391.46	5,270.06
(b) Trade Payables	7	129.42	51.99
(c) Other Current Liabilities	8	1,752.18	2,409.74
(d) Short Term Provisions	9	<u>84.78</u>	<u>240.41</u> 7,972.20
TOTAL		<u><u>13,537.87</u></u>	<u><u>18,594.00</u></u>
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	11,377.26	11,787.14
(ii) Intangible Assets	10	1.63	2.56
(iii) Capital Work-in-Progress		<u>4.92</u>	<u>53.51</u>
		11,383.81	11,843.21
(b) Non Current Investments	11	0.03	0.03
(c) Long-Term Loans and Advances	12	138.48	96.52
(d) Other Non-Current Assets	13	0.22	0.91
(e) Deferred Tax Assets	4	110.37	-
(2) Current Assets			
(a) Inventories	14	952.69	4,734.32
(b) Trade Receivables	15	712.17	1,137.62
(c) Cash and Bank Balances	16	15.11	106.14
(d) Short Term Loans and Advances	17	61.46	223.95
(e) Other Current Assets	18	<u>163.53</u>	<u>451.30</u> 6,653.33
TOTAL		<u><u>13,537.87</u></u>	<u><u>18,594.00</u></u>
Significant Accounting Policies	26		
Notes on Financial Statements	27		

The notes form an integral part of these financial statements

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

R. PALANIAPPAN
Proprietor
Membership No.205112
RAJAPALAYAM,
28th May, 2012

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

R.T. IYENGAR

R. SIVASUBRAMANIAN

S. KRISHNASWAMY KAMAYA NAICKER
DIRECTORS

THANJAVUR SPINNING MILL LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		(Rs. in Lakhs)		
	Note	For the year ended 31-03-2012	For the year ended 31-03-2011	
I	Revenue from Operations	19	10,592.85	9,102.33
II	Other Income	20	99.20	144.47
III	Total Revenue (I+II)		<u>10,692.05</u>	<u>9,246.80</u>
IV	EXPENSES			
	Cost of Materials Consumed	21	6,047.07	6,080.48
	Changes in Inventories of Finished Goods and Work-in-process	22	1,890.10	(2,071.49)
	Employee Benefit Expenses	23	726.18	636.47
	Finance Costs	24	1,666.35	1,177.88
	Depreciation		703.94	621.82
	Other Expenses	25	2,029.15	2,175.99
	Total Expenses		<u>13,062.79</u>	<u>8,621.15</u>
V	Profit / (Loss) Before Exceptional and Extraordinary items and Tax (III-IV)		<u>(2,370.74)</u>	625.65
VI	Exceptional & Extraordinary items		-	-
VII	Profit / (Loss) Before Tax (V-VI)		<u>(2,370.74)</u>	625.65
VIII	Tax Expenses			
	Current Tax - MAT		-	127.00
	Deferred Tax Liability / (Asset)		(781.00)	576.50
IX	Loss for the year (VII-VIII)		<u>(1,589.74)</u>	<u>(77.85)</u>
X	Earnings per Equity Share of Rs. 10/- each			
	Basic & Diluted (in Rupees)		(59)	(3)
	Significant Accounting Policies	26		
	Notes on Financial Statements	27		

The notes form an integral part of these financial statements

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

R. PALANIAPPAN
Proprietor
Membership No.205112
RAJAPALAYAM,
28th May, 2012

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

R.T. IYENGAR

R. SIVASUBRAMANIAN

S. KRISHNASWAMY KAMAYA NAICKER
DIRECTORS

THANJAVUR SPINNING MILL LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-12	(Rs in Lakhs) 2010-11
A. Cash flow from Operating activities		
Net Profit / (Loss) before tax and prior period and extraordinary items	(2,370.74)	625.65
Adjustments for :		
Depreciation	703.94	621.81
Interest paid	1,666.35	1,177.88
Interest Received	(13.76)	(7.53)
Dividend Received	(0.01)	-
Deferred revenue expenditure written off	0.69	1.06
Profit on sale of assets	(70.00)	(96.13)
Operating Profit / (Loss) before Working capital Changes	(83.53)	2,322.74
Adjustments for :		
Trade Receivables	425.45	(734.21)
Loans and Advances	249.42	-
Inventories	3,781.63	(2,800.83)
Trade Payables & Current liabilities	2,270.77	59.55
Cash generated from Operations	6,643.74	(1,152.75)
Income Tax Paid	(0.72)	(127.00)
Net Cash from Operating activities	A 6,643.02	(1,279.75)
B. Cash flow from Investing activities :		
Purchase of fixed assets	(258.27)	(2,367.43)
Sale of assets	83.73	97.69
Interest received	13.76	7.53
Dividend received	0.01	-
Net Cash used in Investing activities	B (160.77)	(2,262.21)
C. Cash flow from Financing activities :		
Proceeds from Long Term borrowings	1,183.03	1,686.98
Repayment of Long Term Loan	(2,211.36)	(466.30)
Increase / (Decrease) in working capital borrowings	(3,878.60)	3,487.57
Interest Paid	(1,666.35)	(1,177.88)
Net cash from / (used) in financing activities	C (6,573.28)	3,530.37
Net Increase / (Decrease) in Cash and Cash Equivalents	(A+B+C) (91.03)	(11.59)
Opening balance of Cash and Cash Equivalents (Ref to Note No.16)	D 106.14	117.73
Closing balance of Cash and Cash Equivalents (Ref to Note No.16)	E 15.11	106.14
Net Increase / (Decrease) in Cash and Cash Equivalents	(E-D) (91.03)	(11.59)

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

R. PALANIAPPAN
Proprietor
Membership No.205112

RAJAPALAYAM,
28th May, 2012

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

R.T. IYENGAR

R. SIVASUBRAMANIAN

S. KRISHNASWAMY KAMAYA NAICKER

DIRECTORS

THANJAVUR SPINNING MILL LIMITED
NOTES ON FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2012

As at
31-03-2011

Note 1

SHARE CAPITAL

Authorised

50,00,000 Equity Shares of Rs.10/- each (PY 50,00,000 Equity Shares of Rs.10/- each)	500.00	500.00
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Issued, Subscribed and fully paid-up

27,00,000 Equity Shares of Rs.10/- each (PY 27,00,000 Equity Shares of Rs.10/- each)	270.00	270.00
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	270.00	270.00
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a. Issued, subscribed and fully paid up shares includes 9,00,000 Shares of Rs. 10/- each were allotted as fully paid Bonus Shares by Capitalisation of Reserves.

b. Reconciliation of the number of shares outstanding

Number of shares at the beginning	2,700,000	2,700,000
Number of shares at the end	2,700,000	2,700,000

c. List of Shareholders holding more than 5 percent in the Company :

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No. of shares	% of holding	No. of shares	% of holding
Shri. P.R. Ramasubrahmaneya Rajha	441,234	16.34	441,234	16.34
Smt. Nalina Ramalakshmi	270,000	10.00	270,000	10.00
Smt. S. Sharada Deepa	270,000	10.00	270,000	10.00
Mr. P.V. Abinav Ramasubramaniam Raja	213,300	7.90	213,300	7.90

Note 2

RESERVES AND SURPLUS

Securities Premium Reserve

Opening Balance	60.00	60.00
	60.00	60.00

General Reserve

Opening Balance	112.50	118.76
Add : Transfer from Surplus Account	(1589.74)	(6.26)
	(1477.24)	112.50

Surplus in the statement of profit and loss

Opening Balance	-	
Add: Loss for the Year	(1589.74)	
Less: Transfer to General Reserve	1589.74	-
	(1417.24)	172.50

THANJAVUR SPINNING MILL LIMITED
NOTES ON FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2012	As at 31-03-2011
Note 3		
LONG TERM BORROWINGS		
Term Loan from Banks, Secured	9,812.72	7,495.75
Loan from Related Party, Unsecured (<i>Refer to Note 27</i>)	1,500.00	2,000.00
	11,312.72	9,495.75
a) Term Loan from Banks are secured by <i>pari-passu</i> first charge on the fixed assets and <i>pari-passu</i> second charge on the current assets of the Company, backed by Corporate Guarantee of M/s. Rajapalayam Mills Ltd.		
b) Working Capital Term Loans with Tamilnad Mercantile Bank are secured by <i>pari-passu</i> second charge on the fixed and current assets of the Company and backed by Corporate Guarantee of M/s. Madras Cements Ltd. to an extent of Rs. 15 Crores.		
c) The Term Loans from Banks are repayable in quarterly instalments. The year wise repayment of Term Loans are as follows:		
Year	Amount	Amount
2011-12	-	2211.36
2012-13	1,683.03	1,266.36
2013-14	2,849.69	1,266.36
2014-15	2,849.69	1,266.36
2015-16	1,675.84	1,259.17
2016-17	1,101.66	1,101.66
2017-18	1,044.65	1,044.65
2018-19	251.45	251.45
2019-20	39.74	39.74
	11,495.75	9,707.11
Less: Amount disclosed under current-liabilities (current maturities)	1,683.03	2,211.36
	9,812.72	7,495.75
Note 4		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	1,989.93	1,631.00
Deferred Tax Asset		
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(2,100.30)	(960.37)
Net Deferred Tax Liability / (Asset)	(110.37)	670.63
Note 5		
LONG TERM PROVISION		
Provision for Other Employee Benefits	14.55	12.92
	14.55	12.92

THANJAVUR SPINNING MILL LIMITED
NOTES ON FINANCIAL STATEMENTS

	As at 31-03-2012	As at 31-03-2011
(Rs. in Lakhs)		
Note 6		
SHORT TERM BORROWINGS		
Secured		
Loan Repayable on Demand from Banks *	1,391.46	2,757.13
Unsecured		
Loan Repayable on Demand from Banks	-	2,500.00
Deposits	-	12.93
	1,391.46	5,270.06
	1,391.46	5,270.06
<p>* Working Capital Loans from Banks are secured by <i>pari-passu</i> first charge on current assets and <i>pari-passu</i> second charge on the fixed assets of the Company. Loans with Canara Bank and Indian Bank are backed by Corporate Guarantee of M/s. Rajapalayam Mills Ltd. and the loan with Tamilnadu Mercantile Bank is backed by Corporate Guarantee of M/s. Madras Cements Ltd.</p>		
Note 7		
TRADE PAYABLES		
Trade Payables	129.42	51.99
	129.42	51.99
Note 8		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debts	1,683.03	2,211.36
Interest Accrued but not Due on Borrowings	2.32	102.23
Unpaid Dividends	2.39	2.39
Liabilities for Other Finance	64.44	93.76
	1,752.18	2,409.74
	1,752.18	2,409.74
Note 9		
SHORT TERM PROVISIONS		
Provision for Employee Benefits	84.78	80.81
Provision for Taxation	-	159.60
	84.78	240.41
	84.78	240.41

THANJAVUR SPINNING MILL LIMITED
NOTES ON FINANCIAL STATEMENTS

Note 10
FIXED ASSETS (Rs. in Lakhs)

Particulars	Gross Block			Depreciation			Net Block			
	Cost as at 01-04-2011	Additions during the year	Sold / withdrawn during the year	Cost as at 31-03-2012	Up to 31-03-2011	For the year	Withdrawn	Up to 31-03-2012	As at 31-03-2012	As at 31-03-2011
Tangible Assets										
Land	86.03	-	-	86.03	-	-	-	-	86.03	86.03
Buildings	1,763.32	27.78	-	1,791.10	179.73	54.88	-	234.61	1,556.49	1,583.59
Plant and machinery	11,964.79	223.75	136.69	12,051.85	2,336.23	612.06	123.32	2,824.97	9,226.88	9,628.56
Electrical machinery	629.73	53.56	0.74	682.55	173.69	29.10	0.38	202.41	480.14	456.04
Furniture & Office Equipments	44.13	1.56	-	45.69	26.03	2.58	-	28.61	17.08	18.10
Vehicles	19.94	-	-	19.94	11.06	2.16	-	13.22	6.72	8.88
Computer Machinery	31.97	0.21	-	32.18	26.03	2.23	-	28.26	3.92	5.94
Total - Tangible Assets	14,539.91	306.86	137.43	14,709.34	2,752.77	703.01	123.70	3,332.08	11,377.26	11,787.14
Intangible Assets										
Computer software	16.80	-	-	16.80	14.24	0.93	-	15.17	1.63	2.56
Grand Total	14,556.71	306.86	137.43	14,726.14	2,767.01	703.94	123.70	3,347.25	11,378.89	11,789.70
Total Tangible Assets for Previous year	12,218.25	2,349.88	28.22	14,539.91	2,159.17	620.27	26.67	2,752.77	11,787.14	10,059.08
Intangible Assets for Previous year	16.80	-	-	16.80	12.69	1.55	-	14.24	2.56	4.11

THANJAVUR SPINNING MILL LIMITED
NOTES ON FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2012	As at 31-03-2011
Note 11		
NON-CURRENT INVESTMENTS		
Shares in Thanjavur Textiles		
Emp. Co-operative Stores Ltd.,	<u>0.03</u>	<u>0.03</u>
Note 12		
LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
Security Deposits	<u>138.48</u>	<u>96.52</u>
Note 13		
OTHER NON-CURRENT ASSETS		
Misc. Expenditure to the extent not written off	<u>0.22</u>	<u>0.91</u>
Note 14		
INVENTORIES		
Finished Goods	317.12	2,003.05
Rawmaterials - Cotton & Cotton Waste	450.78	2,338.41
Stores and Spares	29.80	33.69
Work-in-Process	<u>154.99</u>	<u>359.17</u>
	<u>952.69</u>	<u>4,734.32</u>
<i>Mode of valuation of inventories are disclosed in Accounting Policies in Note 26.</i>		
Note 15		
TRADE RECEIVABLES		
Unsecured, considered good		
Other Trade Receivables	<u>712.17</u>	<u>1,137.62</u>

THANJAVUR SPINNING MILL LIMITED
NOTES ON FINANCIAL STATEMENTS

	As at 31-03-2012	As at 31-03-2011
(Rs. in Lakhs)		
Note 16		
CASH AND BANK BALANCES		
Cash on Hand	0.93	1.01
Balance with Bank:		
In Current Account	10.42	71.03
In Deposit Account for Margin Money	1.37	31.71
In Unclaimed Dividend Warrant Account	2.39	2.39
	15.11	106.14
Note 17		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advance to Suppliers	23.61	27.22
Advance Income-Tax & TDS and Refund Due	37.85	196.73
	61.46	223.95
Note 18		
OTHER CURRENT ASSETS		
Accrued Income	134.19	338.43
Prepaid Expenses	28.61	24.50
Other Current Assets	0.73	88.37
	163.53	451.30
Particulars	For the year ended 31-03-2012	For the year ended 31-03-2011
Note 19		
REVENUE FROM OPERATIONS		
Sale of Products		
Yarn	9,610.84	8,574.33
Waste Cotton	198.70	98.32
	9,809.54	8,672.65
Other Operating Revenues		
Value of Power Generated from Wind Mills	645.14	419.85
Export Incentive	138.17	9.83
	10,592.85	9,102.33

THANJAVUR SPINNING MILL LIMITED
NOTES ON FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	For the year ended 31-03-2012	For the year ended 31-03-2011
Note 20		
OTHER INCOME		
Interest Received	13.76	7.53
Dividend Income	0.01	-
Carbon Credit Sale	7.01	-
Miscellaneous Income	1.06	6.15
Profit on Sale of Cotton	-	30.70
Profit on Sale of Assets	70.00	96.13
Exchange Gain on Foreign Currency Transactions (Net)	7.36	3.96
	99.20	144.47
	99.20	144.47
Note 21		
COST OF MATERIALS CONSUMED		
Raw Materials Consumed		
Cotton & Cotton Waste	6,047.07	6,080.48
	6,047.07	6,080.48
	6,047.07	6,080.48
Note 22		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROCESS		
Opening stock		
Finished Goods	2,003.05	163.02
Work-in-Process	359.17	127.71
	2,362.22	290.73
Less:		
Closing Stock		
Finished Goods	317.12	2,003.05
Work-in-Process	155.00	359.17
	472.12	2,362.22
	1,890.10	(2,071.49)
	1,890.10	(2,071.49)
Note 23		
EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and Bonus	563.84	494.98
Contribution to Provident and Other Funds	77.44	72.28
Staff and Labour Welfare Expenses	84.90	69.21
	726.18	636.47
	726.18	636.47

THANJAVUR SPINNING MILL LIMITED
NOTES ON FINANCIAL STATEMENTS

	For the year ended 31-03-2012	For the year ended 31-03-2011
(Rs. in Lakhs)		
Note 24		
FINANCE COSTS		
Interest Expenses	1,658.52	1,165.93
Other Borrowing Costs	7.83	11.95
	<u>1,666.35</u>	<u>1,177.88</u>
Note 25		
OTHER EXPENSES		
Manufacturing Expenses		
Power and Fuel	1,162.82	1,429.41
Packing Materials	138.43	126.94
Repairs to Buildings	11.75	25.05
Repairs to Plant and Machinery	132.81	148.14
Repairs - General	146.41	132.33
Jobwork Charges Paid	<u>35.62</u>	<u>0.01</u>
	1,627.84	1,861.88
Establishment Expenses		
Managing Director's Remuneration	24.52	28.21
Rates and Taxes	19.41	15.31
Insurance	11.27	11.12
Postage and Telephone	9.98	6.99
Printing and Stationery	3.25	3.37
Travelling Expenses	6.23	7.95
Vehicle Maintenance	8.23	6.20
Directors Sitting Fees	1.05	1.00
Rent	2.96	2.03
Audit and Legal Expenses	8.41	9.40
Deferred Revenue Expenditure	0.69	1.07
Miscellaneous Expenses	<u>131.16</u>	<u>53.12</u>
	227.16	145.77
Selling Expenses		
Sales Commission	104.75	115.18
Export Expenses	33.05	25.88
Other Selling Expenses	<u>36.35</u>	<u>27.28</u>
	174.15	168.34
	<u>2,029.15</u>	<u>2,175.99</u>

THANJAVUR SPINNING MILL LIMITED

NOTES ON FINANCIAL STATEMENTS

Note 26

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 notified under the Companies (Accounting Standards) Rules, 2006 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. Use of Estimates

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future periods.

4. Tangible Fixed Assets

- (i) Tangible Fixed Assets are stated at cost of acquisition (net of CENVAT/VAT wherever applicable) less accumulated depreciation/amortisation and impairment losses if any, except freehold land which is carried at cost less impairment losses if any. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the asset beyond its previously assessed standard of performance. All other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.
- (ii) Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of such assets are recognised in the statement of profit and loss.

5. Intangible Assets

The cost of computer software that were installed are accounted at cost for acquisition of such software and are carried at cost less accumulated amortisation and impairment, if any. Internally generated software is not capitalized and the expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

6. Investments

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

7. Inventories

- (a) 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.
- (b) Work-in-Process is valued at cost including the cost of conversion. The cost of conversion includes direct costs.
- (c) 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.

THANJAVUR SPINNING MILL LIMITED

NOTES ON FINANCIAL STATEMENTS

8. Revenue recognition

- (a) Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (b) Sale of products is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sale value excludes Excise duty, Education Cess, Secondary and Higher education cess, VAT and CST.
- (c) Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.
- (d) 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 & fuel. The value of unadjusted units as on the Balance Sheet date has been included in Accrued Income under the note, Other Current Assets.

9. Employee Benefits

- (i) Short-term employee benefit viz., Salaries and Wages, are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss 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 Statement of Profit and Loss 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 lump sum 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 allowing encashment of unavailed leave 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.

10. 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.

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 Accounting Standard-16 (Borrowing Costs). All other borrowing costs are charged to revenue.

12. Government Subsidy / Grant

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

THANJAVUR SPINNING MILL LIMITED

NOTES ON FINANCIAL STATEMENTS

13. Foreign Currency Transactions

Transactions in Foreign Currency are accounted at the exchange rates prevailing at the time of transaction.

14. Earnings per share

Net Loss after tax is divided by number of equity shares as stipulated in Accounting Standard - 20 (Earnings per share).

15. Income tax

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

16. Segment Reporting

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

Note 27

OTHER DISCLOSURES

1. Contingent Liabilities

	As at 31-03-2012	(Rs. in Lakhs) As at 31-03-2011
(i) Liability on guarantees given by the bankers	6.86	10.60
(ii) Liability on guarantees given to the bankers	-	-

2. Commitments

(i) Estimated amount of contracts remaining to be executed on capital account not provided	-	-
(ii) Other Commitments		
Liability on Letter of Credit opened for :		
Capital Goods	11.14	142.90
Others	-	-

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

4. Contribution to Gratuity Fund related to past service transitional liability in accordance with Accounting Standard -15 (Employee Benefits).

5. Auditors' remuneration (including Service Tax) and expenses:

	2011-12	(Rs. in Lakhs) 2010-11
A. Statutory Auditors:		
a. As Auditors		
- Fees	0.73	0.72
- Expenses reimbursed	0.17	0.41
b. In other Capacities		
- Tax Audit Fees	0.33	0.63
c. Certification Work - Fees	0.24	0.64
	1.47	2.40
B. Cost Auditors :		
As Auditors	0.22	0.22
	1.69	2.62

THANJAVUR SPINNING MILL LIMITED

NOTES ON FINANCIAL STATEMENTS

6. Company's shares are listed in Madras Stock Exchange Limited for which listing fee for the year 2012-13 has been paid.
7. There are no dues to micro and small enterprises as at 31-03-2012 (PY: NIL). 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.
8. The unadjusted units generated from the Windmills as on 31-03-2012 are 1.40 Lakhs KWH (PY 2.30 Lakhs KWH) and its monetary value of Rs. 5.88 Lakhs (PY Rs. 9.66 Lakhs) has been included in Other Current Assets.
9. As per Accounting Standard -15 (Employee Benefits), the disclosures of employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan:	(Rs. in Lakhs)	
	2011-12	2010-11
Employer's Contribution to Provident Fund	44.57	40.29
Employer's Contribution to Superannuation Fund	2.10	1.72

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

Reconciliation of opening and closing balances of defined benefit plan:

Defined Benefit Obligation as on 01-04-2011	109.55	103.30
Current Service Cost	6.28	6.92
Interest Cost	8.92	7.88
Actuarial (gain) / loss	(-)6.49	1.16
Past Service Cost - (Vested Benefits)	NIL	NIL
Benefits paid	(-)16.30	(-)9.71
Defined Benefit obligation as on 31-03-2012	101.96	109.55

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

Fair value of plan assets as on 01-04-2011	112.89	97.85
Expected return on plan assets	10.68	9.21
Actuarial gain / (loss)	0.17	0.20
Employer Contribution	21.44	15.35
Benefits paid	(-)16.30	(-)9.71
Fair value of plan assets as on 31-03-2012	128.87	112.89

Actual Return of plan assets:

Expected return of plan assets	10.68	9.21
Actuarial gain / (loss) on plan assets	0.17	0.20
Actual return on plan assets	10.85	9.41

Reconciliation of fair value of assets and obligations:

Fair value of plan assets	128.87	112.89
Present value of obligation	101.95	109.55
Difference	(-)26.92	(-)3.35
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	NIL	NIL

THANJAVUR SPINNING MILL LIMITED
NOTES ON FINANCIAL STATEMENTS

	2011-12	(Rs. in Lakhs) 2010-11
Expense recognized during the year:		
Current Service Cost	6.28	6.92
Interest Cost	8.92	7.88
Expected return on plan assets	(-)10.68	(-)9.21
Actuarial (gain) / loss	(-)6.65	0.96
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	(-)2.38	6.79
Investment Details :		
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%	100.00%
Actuarial assumptions:		
LIC 1994-96 Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	8.80%	8.00%
Expected rate of return on plan assets p.a	9.25%	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 Obligation:		
Defined Benefit Obligation as on 01-04-2011	12.92	10.86
Current Service Cost	3.36	3.22
Interest Cost	0.78	0.71
Actuarial (gain) / loss	3.73	2.02
Benefits paid	(-)6.25	(-)3.89
Defined Benefit obligation as on 31-03-2012	14.55	12.92
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2011	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	6.25	3.89
Benefits paid	(-)6.25	(-)3.89
Fair value of plan assets as on 31-03-2012	NIL	NIL

THANJAVUR SPINNING MILL LIMITED
NOTES ON FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2011-12	2010-11
Actual Return of plan assets:		
Expected return of plan assets	NIL	NIL
Actuarial gain / (loss) on plan assets	NIL	NIL
Actual 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	14.55	12.92
Difference	14.55	12.92
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	14.55	12.92
Expense recognized during the year:		
Current Service Cost	3.36	3.22
Interest Cost	0.78	0.71
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	3.74	2.02
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	7.88	5.95
Investment Details as on 31-03-2012:		
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	8.80%	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 FINANCIAL STATEMENTS

10. The Segment Information for the year ended 31st March, 2012 is detailed below : (Rs. in Lakhs)

Particulars	Textiles		Windmill Power		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
REVENUE						
External Sales (Net)	9947.71	8682.48	–	–	9947.71	8682.48
Inter Segment Sale	–	–	645.14	419.85	645.14	419.85
Total Sales	9947.71	8682.48	645.14	419.85	10592.85	9102.33
Other Income	99.20	144.47	–	–	99.20	144.47
Total Revenue	10046.91	8826.95	645.14	419.85	10692.05	9246.80
RESULT						
Segment Result	(590.83)	2059.67	576.62	358.14	(14.21)	2417.81
Unallocated Income					–	–
Unallocated Expenses					–	–
Operating Profit					(14.21)	2417.81
Interest Expenses					1666.35	1177.88
Depreciation					703.94	621.81
Interest Income					13.76	7.53
Current Tax - MAT					–	127.00
Deferred Tax (Asset) / Liability					(781.00)	576.50
Profit from ordinary activities					–	–
Extraordinary Expenses					–	–
Net Profit / (Loss)					(1589.74)	(77.85)
OTHER INFORMATION						
Segment Assets	10121.10	15064.11	3306.40	3529.89	13427.50	18594.00
Unallocated Assets	–	–	–	–	110.37	–
Total Assets	10121.10	15064.11	3306.40	3529.89	13537.87	18594.00
Segment Liabilities	12170.06	14600.07	2515.05	2880.80	14685.11	17480.87
Unallocated Liabilities	–	–	–	–	–	670.63
Total Liabilities	12170.06	14600.07	2515.05	2880.80	14685.11	18151.50
Capital Expenditure	306.86	212.87	–	2137.01	306.86	2349.88
Unallocated Capital Expenditure	–	–	–	–	–	–
Depreciation	480.46	469.02	223.48	152.79	703.94	621.81
Unallocated Depreciation	–	–	–	–	–	–
Non-Cash Expenses other than depreciation	–	–	–	–	–	–

11. Earning per Share

Particulars	2011-12	2010-11
Net Profit / (Loss) after tax (A) - (Rs. in Lakhs)	(1,589.74)	(77.85)
Number of Equity shares (B) (In Nos.)	27,00,000	27,00,000
Basic & Diluted earnings per share for Rs.10/- each (A)/(B) (in Rs.)	(59)	(3)

THANJAVUR SPINNING MILL LIMITED

NOTES ON FINANCIAL STATEMENTS

12. 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:

a. Key Management Personnel & Relatives

Shri. P.R. Ramasubrahmaneya Rajha, Chairman

Dr. K.T. Krishnan, Managing Director

b. 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.,

M/s. Rajapalayam Spinners Ltd

The Company's transactions with the above Related Parties are summarized below:

(a) Inter Corporate Deposits Accepted: (Rs. in Lakhs)

Name of the Related Parties	Maximum Outstanding		Outstanding as on	
	2011-12	2010-11	31-03-2012	31-03-2011
Rajapalayam Mills Ltd.	3500	2500	1500	2000
Sri Vishnu Shankar Mill Ltd.	-	750	-	NIL
Sandhya Spinning Mill Ltd.	-	400	-	NIL
The Ramaraju Surgical Cotton Mills Ltd.	-	300	-	NIL

Interest on Inter Corporate Deposits

Name of the Related Parties	Interest		Outstanding as on	
	2011-12	2010-11	31-03-2012	31-03-2011
Rajapalayam Mills Ltd.	233.19	173.23	NIL	NIL
Sri Vishnu Shankar Mill Ltd.	-	46.46	NIL	NIL
Sandhya Spinning Mill Ltd.	-	5.09	NIL	NIL
The Ramaraju Surgical Cotton Mills Ltd.	-	2.81	NIL	NIL

THANJAVUR SPINNING MILL LIMITED
NOTES ON FINANCIAL STATEMENTS

(Rs. in Lakhs)

(b) Goods Supplied / Services rendered:

Name of the Related Party	Value		Outstanding as on	
	2011-12	2010-11	31-03-2012	31-03-2011
Rajapalayam Mills Ltd.	82.06	40.43	NIL	NIL
Ramco Industries Ltd.	188.62	28.55	NIL	NIL
Madras Cements Ltd.	63.91	NIL	NIL	NIL
The Ramaraju Surgical Cotton Mills Ltd.	79.99	39.01	NIL	NIL
Sandhya Spinning Mill Ltd.	199.75	52.18	NIL	NIL
Sri Vishnu Shankar Mill Ltd	3.17	30.97	NIL	NIL
Sri Harini Textiles Ltd	13.04	31.11	NIL	NIL

(c) Cost of Goods Purchased / Services availed:

Name of the Related Party	Value		Outstanding as on	
	2011-12	2010-11	31-03-2012	31-03-2011
Rajapalayam Mills Ltd.	30.48	593.83	NIL	NIL
Ramco Industries Ltd.	51.22	NIL	NIL	NIL
Sri Vishnu Shankar Mill Ltd.	0.07	1.82	NIL	NIL
Sandhya Spinning Mill Ltd.	17.59	0.50	NIL	NIL
The Ramaraju Surgical Cotton Mills Ltd.	0.00	81.38	NIL	NIL
Rajapalayam Spinners Ltd.	0.33	NIL	NIL	NIL
Madras Cements Ltd.	146.28	188.93	NIL	NIL
Ramco Systems Ltd.	3.20	2.80	NIL	NIL

(d) Purchase of Wind Electric Generators with capacity of 800 KVA :

Name of the Related Party	Value		Outstanding as on	
	2011-12	2010-11	31-03-2012	31-03-2011
Madras Cements Ltd.	NIL	2180.08	NIL	NIL

(e) Corporate Guarantee received:

Name of the Related Party	Guarantee Amount	
	31-03-2012	31-03-2011
Rajapalayam Mills Ltd.	12,675	13,680
Madras Cements Ltd.	5,800	3,100

THANJAVUR SPINNING MILL LIMITED
NOTES ON FINANCIAL STATEMENTS

13. Other Additional information pursuant to the Revised Schedule VI of the Companies Act,1956.

(a) Value of Imports calculated on CIF Value : (Rs. in Lakhs)

	2011-12	2010-11
Raw Materials	-	-
Components and Spares	15.31	11.70
Capital Goods	142.90	16.44

(b) Expenditure in Foreign Exchange during the year

	2011-12	2010-11
Export Sales Commission	29.05	3.44

(c) Value of Raw Materials, Stores & Spare parts consumed : (Rs. in Lakhs)

	2011-12		2010-11	
	Rs.	%	Rs.	%
Raw Materials				
Imported	-	-	-	-
Indigenous	6,047.07	100	6,080.48	100
Spares and Components				
Imported	19.34	7	15.11	5
Indigenous	271.64	93	290.40	95

(d) Earnings in Foreign exchange (FOB Value) : (Rs. in Lakhs)

	2011-12	2010-11
Export on Yarn	1,917	1,233

14. The Financial Statement for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI of the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the Financial Statement for the year ended 31st March, 2012 are prepared under Schedule VI. Accordingly the previous year's figures have also been reclassified to confirm to the current year's classification.

15. Figures have been rounded off to lakhs with two decimals.

(Signatures to Note 1 to 27)

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

R. PALANIAPPAN
Proprietor
Membership No.205112

RAJAPALAYAM,
28th May, 2012

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

R.T. IYENGAR

R. SIVASUBRAMANIAN

S. KRISHNASWAMY KAMAYA NAICKER

DIRECTORS

THANJAVUR SPINNING MILL LIMITED

Regd. Office: Rajapalayam Mills Premises, P.A.C. Ramasamy Raja Salai, RAJAPALAYAM - 626 117

PROXY FORM

I/We Son 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 50th Annual General Meeting of the Company to be held on Monday the 6th August, 2012
at 11.30 A.M. and any adjournment thereof.

Signed thisday of 2012.

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 that the proxy need not be a member of the Company. The form thus completed should be deposited at the Registered Office of the Company before 11.30 A.M. on 04-08-2012.



A view of the new Crosrol MK7 Carding Machine installed at our Mill.



