BOARD OF DIRECTORS

R. Jagadeesan
Chairman & Managing Director
Mrs. Malathi Jagadeesan
M. Pugazhendhi
Ashok P. Shah

AUDITORS

M/s. Sankaran & Krishnan
Chartered Accountants
Chennai 600 034

REGISTERED OFFICE & UNIT I

Omalur Road
Jagir Ammapalayam Post
Salem 636 302

UNITS II & III

Opp. TNEB Sub Station
Udayapatti By-pass Road
Kamaraj Nagar Colony Post
Salem 636 014

REGISTRAR & TRANSFER AGENT

Cameo Corporate Services Limited
Subramanian Building, V Floor
No.1, Club House Road
Chennai 600 002

Directors' Report

To

The Members,

Your Directors have pleasure in presenting their 32nd Annual Report together with Audited Accounts for the year ended 31st March 2010

Financial Results

The financial results for the year under review are summarised below:

	2009-2010 Rs. in '000	2008-2009 Rs. in '000
Turnover	38,55,85	34,76,35
Profit before depreciation and taxation	1,20,13	2,19,58
Depreciation	64,20	45,81
Profit Before Taxation	55,93	1,73,77
Less Income Tax Paid	0	1,06
Net Profit	55,93	1,72,71
Less provision for FBT	0	1,62
Less Prior Period Expenses	0	2,13
Net Profit after Taxation and FBT Provision	55,93	1,68,96

Dividend

The Company made operating profit during the financial year. However, in view of the accumulated loss, your directors are unable to recommend any dividend for the year. Your Directors are confident that, barring unforeseen circumstances, the company will wipe out the accumulated loss in a few years and start paying dividend thereafter.

Performance

During the year under review, your company achieved a sales turnover of Rs.3856 lakhs compared to the sales turnover of Rs.3476 lakhs achieved in the previous year. The Company made Cash profit of Rs.120 lakhs for the financial year as against the Cash Profit of Rs. 220 lakhs in the previous year. The cash profit was drastically affected due to increase in cost of all inputs and also the interest.

Directors Report Contd…

Prospects and Future Plans

The Textile Industry faced problems on all fronts - increasing cotton prices, power shortages, and increase in cost of all essential inputs and services, stiff competition and un remunerative selling prices. All these factors made the functioning of Textile Mills more and more difficult. Your Directors are hopeful that, with the revival of the economy, the Textile Industry will fare well in the coming years.

The Indian Textile Industry is one of the largest and most important sectors in the economy of our country in terms of output, foreign exchange earnings and employment. The Profitability in textile industry is generally low (average 6.1% of sales before interest) compared to 9.5% for all industries, over the last three decades as per RBI bulletin.

The Technology Up-gradation Fund Scheme and the Technology Mission in Cotton launched by Government of India in 1999 have created a positive change for the Textile Industry. The various proactive measures introduced by the Government have given a new lease of life to the ailing Textile Industry. The recovery in the global business has also thrown opportunities to the Textile Industry Domestic market is slowly improving. There are signs that the textile industry can perform well in the coming years if the Government announces comprehensive policy on raw materials, especially fibre, export/import, cost of funding, particularly working capital, power, labour, etc. With the Industry's inherent strength and the needy supportive measures, the Indian Textile Industry could emerge as an ever shining industry in the coming years.

Deposits

Your company has not accepted any deposits during the period.

Directors

There was no change in the Board of Directors during the financial year.

In accordance with the provisions contained in the Articles of Association, Smt. Malathi Jagadeesan retires by rotation at the ensuing Annual General Meeting and, being eligible, she offers herself for reappointment.

Directors' Responsibility statement

The Directors confirm that in the preparation of the Annual Accounts for the year ended 31st March, 2010

(i) the applicable accounting standards had been followed and there were no material departures,

(ii) the selected accounting policies were applied consistently and judgments 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 the year,

Directors Report Contd…

(iii) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and

(iv) the annual accounts were prepared on a 'going-concern' basis.

Corporate Governance

In terms of listing agreement with the Stock Exchange, Compliance Report on Corporate Governance is given at Annexure-II. A certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance is also placed as Annexure-III.

Management Discussion and Analysis of the Operations

The management had a detailed discussion on the operational results for the year ended 31st March 2010 and analysed the factors that affected production, sales and profit. The management was satisfied with the efforts taken in the situation faced by the company and the adverse market conditions prevailed during the year.

Auditors

The Auditors of the Company, Messrs. Sankaran & Krishnan, Chartered Accountants, Chennai are due to retire at the ensuing Annual General Meeting of the Company. They are eligible for re-appointment. They have consented to act as the Auditors of the Company, if re-appointed.

Personnel

During the year under review, none of the employees of the Company was in receipt of remuneration which in the aggregate was in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 and the rules framed these under.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

In accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, a statement showing details of Conservation of Energy, Technology Absorption, Exports and Foreign Exchange Earnings and Outgo is enclosed as Annexure - I.

Industrial Relations

The industrial relations in the Company continued to be cordial during the year.

Acknowledgement

Your Directors place on record their appreciation of the continued co-operation and unstinted support extended to the Company by the Company's customers, suppliers, employees and shareholders.

By Order of the Board
for Thambbi Modern Spinning Mills Limited

Salem
04th June 2010

R. Jagadeesan
Chairman & Managing Director

ANNEXURE I

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988

Conservation of Energy, Technology absorption and Research and Development and Foreign exchange earnings and outgo

(a) Conservation of Energy

Our company is always on the lookout for potential areas for energy conservation towards reduction in manufacturing cost and takes all measures to conserve energy. The cost of energy is kept at the minimum level and consumption is reduced wherever possible.

(b) Power and Fuel Consumption

	2009-2010 (12 Months)	2008-2009 (8 Months)
1. Electricity		
(a) Purchased		
Total Units (in '000 Kwh)	6932.657	7487.436
Total amount (Rs. In 000)	33499.001	33665.826
Rate per unit (Rs.)	4.84	4.49
(b) Own Generation (Through Generators)		
Units (in '000 Kwh)	1327.236	1061.253
Units per litre of Diesel	3.16	3.25
Cost per Unit (Rs.)	11.15	11.19
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Other/Internal generation	Nil	Nil
Consumption per unit of production (Production of various counts has been converted to the Standard count of 40s).		
Consumption per kg. (in Kwh)	6.07	5.93

c.	Technology Absorption and Research and Development	NIL	-
d.	Foreign Exchange Earnings and Outgo		
i.	Earnings in Foreign Exchange	NIL	NIL
ii.	Expenditure in Foreign Exchange on Imports		
	a) Spares	Rs. 1,47,540	NIL
iii.	Expenditure in foreign currency on account of Travel and other matters	Rs. 4,90,384	Rs. 8,07,752

By Order of the Board of Directors
R. Jagadeesan
Chairman & Managing Director

Salem
04th June 2010

ANNEXURE II

Report on Corporate Governance

The Report on the Corporate Governance pursuant to Clause 49 of the listing agreement is furnished below

Company's philosophy on Corporate Governance

The company believes in preserving core values and ethical conduct of business towards maximizing shareholder value on a sustained basis. The company seeks to achieve professionalism, transparent process and reporting systems and go beyond the mandated Corporate Governance Code in the interest of its stake holders.

Board of Directors

The Board is composed in accordance with clause 49 of the listing agreement The Board of directors comprise of Chairman cum Managing Director and three non-executive Directors

During the year under review six board meetings were held on 11/05/2009, 30/06/2009, 31/07/2009, 31/10/2009, 30/01/2010 and 22/03/2010. The maximum gap between any two meetings was less than four months as stipulated under clause 49 of the listing agreement.

Attendance of each director at the board meetings and the Last Annual General Meeting and details of outside directorship and committee position held by each of the director is given below.

Name of the Director	Category of Directorship	No of Board Meetings Attended	Attendance at last AGM held on 07/09/2009	No of other companies in which director	No of committees other than the company in which chairman/ member
R.Jagadeesan	Executive/ Chairman & Managing Director	6	No	2	–
Mrs. Malathi Jagadeesan	Non-Executive	6	No	2	–
Ashok P Shah	Non-Executive/ Independent	6	Yes	–	–
M.Pugazhendhi	Non-Executive/ Independent	6	No	–	–

Remuneration to Directors

Director	Sitting Fees
Mrs. Malathi Jagadeesan	Rs. 6000/-
Ashok P Shah	Rs. 6000/-
M. Pugazhendhi	Rs. 6000/-

COMMITTEES OF THE BOARD

Remuneration Committee

The present committee comprises of the following directors as members:

1. M. Pugazhendhi Chairman (Non-Executive & Independent)
2. Ashok P Shah Member (Non-Executive & Independent)

No meeting of the committee was held during the year.

The terms of reference of the Remuneration Committee cover determination of remuneration package to directors including Executive Directors and Managing Director and revision thereof.

Audit Committee

During the year ended March 31st 2010, four Meetings were held. The dates on which the said meetings were held are 30/06/2009, 31/07/2009, 31/10/2009 and 30/01/2010.

The constitution of the committee and the attendance of each member of the committee are given below.

Name	Designation	No of Meetings attended
R. Jagadeesan	Member (Executive)	4
Ashok P Shah	Chairman (Non-Executive & Independent)	4
M. Pugazhendhi	Member (Non-Executive & Independent)	4

The terms of reference of this committee are wide enough covering the matters specified for audit committee under the listing agreement, which includes, interalia, the following:

A. To hold periodic discussions with the statutory auditors, internal auditors of the company concerning the accounts of the company, internal control system, review the quarterly, half yearly and annual financial results of the company.

B. Carrying out any other function as is mentioned in the terms of reference of the Audit committee covering matters prescribed as role for the Audit committee.

Share holder / Investor Relations Committee

Terms of Reference

The committee meets at frequent intervals to approve inter-alia, transfer / transmission of shares, issue of duplicate share certificate and review of investors grievances.

Composition

The present shareholder/investor Relations committee comprises the following directors as members.

1. M.Pugazhendhi Chairman
2. Ashok P Shah Member

Sri R.Jagadeesan Chairman cum Managing Director is the compliance officer of the company.

The committee met 7 times during the period 2009-10 to approve share transfers/transmissions. The company has no shares pending for transfer at the close of the period.

Annual General Body Meetings

Details of the location and time of the Annual General Body Meeting during the last Three years.

Year	Date and Time	Venue
2007	22/09/2007 10:00 am	Unit II, Opp TNEB Sub Station, Udayaptti By-Pass Road, Kamaraj Nagar Colony, Salem -636014
2008	14/07/2008 10:00 am	--Do--
2009	07/09/2009 10:00 am	--Do--

*No Special Resolution passed
No Special Resolutions were passed through Postal Ballot.

Disclosures

1. Related party transactions

   The company has not entered into any transactions of material nature with the promoters, directors, etc' that may have potential conflict with the interest of the company.

2. Compliance by the company

   The company has complied with the requirements of the stock exchanges, SEBI, etc… on all matters related to capital markets. No penalties or strictures have been imposed on the company by the Stock Exchanges, SEBI or any statutory authority on any matter related to capital market during the last three years.

   The company has put in place a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

Means of communication

The quarterly, Half Yearly and Annual Financial results of the company are announced and are published in English and Tamil Newspapers.

GENERAL SHAREHOLDERS INFORMATION

(i) Annul General Meeting

AGM Date, Time & Venue	Monday 20th September 2010 at 10:00 a.m at Unit II, Opp TNEB Sub Station, Udayaptti By-Pass Road, Kamaraj Nagar Colony, Salem -636014

(i) Financial Calendar

Quarter ending 30th June 2010	- 2nd Week of August 2010
Half Year Ending 30th September 2010	- 2nd Week of November 2010
Quarter ending 31st December 2010	- 2nd Week of February 2011
Year ending 31st March 2011	- Last Week of May 2011
AGM for the year ending March 31st 2011	- September 2011

(ii) Date of Book Closure : From 13 .09.2010 to 20.09.2010 (inclusive of both days)

Listing on stock Exchange - The Mumbai Stock Exchange
The Company has paid the listing fees.

Physical ISIN Number for NSDL and CDSL - INE830 D01016

Stock Market Data

As traded at The Stock Exchange - Mumbai

Month	High (Rs.)	Low (Rs.)
April 2009	5.56	4.20
May 2009	6.67	4.54
June 2009	8.30	6.04
July 2009	7.52	5.61
August 2009	5.88	4.58
September 2009	8.56	5.55
October 2009	8.29	6.11
November 2009	8.10	6.08
December 2009	10.55	7.63
January 2010	9.99	8.48
February 2010	10.00	8.26
March 2010	9.15	7.71

Distribution of shareholding as on 31st March, 2010.

Slab of Shareholding	Shareholders	%	No. of Shares	%
1 - 100	3778	78.3497	360330	6.2537
101 - 500	689	14.2886	214380	3.7200
501 - 1000	182	3.7743	148302	2.5734
1001 - 2000	80	1.6590	120722	2.0948
2001 - 3000	21	0.4355	53681	0.9315
3001 - 4000	20	0.4147	66106	1.1471
4001 - 5000	10	0.2073	46499	0.8068
5001 - 10000	19	0.3940	137146	2.3798
10001 - above	23	0.4769	4615604	80.0929
Total	4822	100.0000	5762770	100.0000

SHARE HOLDING PATTERN AS ON 31st MARCH 2010

Category	No of Shares Held	% of Shareholding
A Promoter's Holding		
1 Promoters		
Indian Promoters	28,71,270	49.8250
Foreign Promoters	--	--
2 Person Acting in Concert	--	--
SUB TOTAL	**28,71,270**	**49.8250**
B Non-Promoter's Holding		
3. Institutional Investors		
a. Mutual Funds & UTI	3,100	0.0537
b. Banks, Financial institutions, Insurance Companies (Central/State Govt. Institutions/Non-Govt. Institutions	20,300	0.3522
c. FIIS	--	--
SUB TOTAL	**23,400**	**0.4059**
C Others		
a. Private Corporate Bodies	7,14,771	12.4032
b. Indian Public	21,51,456	37.3335
c. NRIs /OCBs	1,380	00.0239
d. Clearing Member	493	00.0085
SUB TOTAL	**28,68,100**	**49.7691**
GRAND TOTAL	**57,62,770**	**100.000**

Plant Location :

Spinning Mill Unit I : Omalur Main Road, Jagir Ammapalayam, Salem - 636 302

Spinning Mill Unit II & III : Opp. TNEB Sub Station, Udayapatti By-pass Road, Kamaraj Nagar Colony Post, Salem 636 014

Investor Correspondence:

Registrars and Share Transfer Agents : Cameo Corporate Services Limited
Subramanian Building, V Floor,
No.1, Club House Road, Chennai 600 002.

Address for Correspondence : The Chairman & Managing Director,
Omalur Main Road, Jagir Ammapalayam,
Salem - 636 302

ANNEXURE III

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Thambbi Modern Spinning Mills Limited
Salem.

We have examined the compliance of conditions of Corporate Governance by M/s. Thambbi Modern Spinning Mills Limited, for the period ended 31/03/2010, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For SANKARAN & KRISHNAN
Chartered Accountants
Firm Rigistration No: 003582S

M. Balachandran
Partner
Membership No. 16271

Salem
04th June 2010

AUDITORS' REPORT TO THE SHAREHOLDERS OF M/s. THAMBBI MODERN SPINNING MILLS LTD

WE have audited the attached Balance Sheet of M/S.THAMBBI MODERN SPINNING MILLS LIMITED, for the year ended 31st March 2010 and the Profit and Loss Account and also the cash flow statement of the Company 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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.

Further to our comments in the Annexure referred to above. We report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.

c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

d) In our opinion the Balance Sheet, Profit & Loss account and Cash Flow Statement comply with the Accounting Standards referred to in subsection 3C of section 211 of the Companies Act, 1956, except AS 22 with regard to Deferred Tax Asset (Refer Note No.10)

e) There are no observations/comments which has adverse effect on the functioning of the company.

f) In our opinion and according to the information and explanations given to us the Directors of this company are not disqualified from being appointed as director under clause (g) of sub section (1) of section 274 of the Companies Act 1956.

g) Since the Government has not notified the rate at which Cess payable U/s 441A, the details of amount of cess has not been paid / provided.

h) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

   i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010

   ii) In the case of the Profit and Loss Account, of the PROFIT for the year ended 31st March 2010

   iii) In the case of Cash Flow Statement, of the cash flow for the year ended 31st March 2010.

For SANKARAN & KRISHNAN
Chartered Accountants
Firm Rigistration No: 003582S

M. BALACHANDRAN
Partner
Membership No.16271

Chennai
04th June 2010

ANNEXURE TO THE AUDITORS' REPORT

i) a) In our opinion, the company is maintaining proper records to show full particulars including quantitative details and situation of Fixed Assets.

b) These fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed in such verification.

c) No substantial part of Fixed Assets has been disposed off during the year.

ii) a) Inventories have been physically verified by the Management, at reasonable intervals.

b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on such verification as compared to the book records.

iii) The company has not taken / granted any loans, secured or unsecured from / to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act 1956.

iv) In our opinion, there is an adequate Internal Control System commensurate with the size of the company and nature of business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit no major weakness has been noticed in the internal system.

v) a) In our opinion, and according to the information and explanations provided to us, there are no contracts or arrangements, which need to be entered in the register maintained under section 301 of the Companies Act, 1956.

b) In our opinion, and according to the information and explanations given to us, the Company has not sold goods, materials and services exceeding Rs.5,00,000 to any party listed in the register maintained under section 301 of the Companies Act, 1956.

vi) The Company has not accepted any deposits from Public during the year and hence the clause relating to acceptance of Fixed Deposits is not applicable.

vii) In our opinion, the Company has an adequate Internal Audit System commensurate with its size and nature of business.

viii) As per the information and explanations furnished to us, the company has maintained the cost records as prescribed by the Central Government under Sec.209 (1) (d) of the Companies act, 1956.

ix) a) In our opinion and according to the information and explanations provided to us, there are no undisputed statutory dues as at 31.03.2010, outstanding for a period exceeding 6 months from the date they became payable.

b. As per the information and explanations provided to us there are no disputed statutory dues outstanding as on 31.03.10, except towards entry tax on car purchase of Rs.4.65 lakhs pending before the High Court of Chennai.

x) The accumulated losses of the company at the end of the Financial Year are more than 50% of its net worth. The Company has not incurred cash losses during the year and in the immediately preceding financial year.

xi) The Company has taken Term Loan from a Bank and has not defaulted in repayment of dues during the Financial Year. The company has no Debentures.

xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.

xiii. The Company is not a Chit, Nidhi / Mutual Benefit Fund/Society.

xiv. The Company is not dealing or trading in shares, securities, debentures and other investments.

xv. In our opinion, the company has not given guarantees for loans taken by others from banks or financial institutions.

xvi. The company has borrowed term loan during the year and utilized the same for the purpose for which it is obtained.

xvii) On an overall examination of the financial statements of the company, we report that no funds raised on short term basis have been used for long term investment.

xviii) There has been no preferential allotment of shares by the company during the year, to any party.

xix) The company has not issued any debentures, during the year.

xx) The company has not raised any money by public issue of shares or other securities during the year.

xxi) According to the information and explanations given to us, no frauds on or by the company has been noticed or reported during the year.

For SANKARAN & KRISHNAN
Chartered Accountants
Firm Rigistration No: 003582s

M. BALACHANDRAN
Partner
Membership No.16271

Chennai
04th June 2010

BALANCE SHEET AS AT 31st MARCH 2010

	Schedules	31st March 2010 Rs.	31st March 2009 Rs.
SOURCES OF FUNDS			
Shareholder's funds	1	**57627700**	57627700
Reserves and Surplus	2	**81801652**	78700734
		139429352	136328434
Loan Funds			
Secured Loans	3	**85781278**	90145920
Unsecured Loans	4	**69657966**	55657966
		155439244	145803886
TOTAL		**294868596**	282132320
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	**381797036**	313310250
Less: Depreciation		**250760276**	246848922
Add: Capital Work in Progress		**0**	46786628
Net Block		**131036760**	113247956
Deferred Tax Asset		**99534494**	102026982
Deferred Tax Asset, Current Assets, Loans and Advances			
Inventories	6	**58268349**	64417192
Sundry Debtors	7	**15186527**	22269729
Cash and Bank Balances	8	**688283**	1841006
Loans and Advances	9	**10365564**	16295178
		84508723	104823105
Less: Current Liabilities and Provisions	10	**20211381**	37965723
Net Current Assets		**64297342**	66857382
Total		**294868596**	282132320

Significant Accounting policies and notes on Accounts 17 & 18

Schedules referred to above from an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date

For Sankaran & Krishnan
Chartered Accountants
Firm Rigistration No. 003582S

M. Balachandran
Partner
Membership No.16271

Chennai
04th June 2010

For and on Behalf of the board

R. Jagadeesan
Chairman & Managing Director

Malathi Jagadeesan
Director

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2010

	Schedules	**31st March 2010 Rs.**	31st March 2009 Rs.
INCOME			
Income from Operations	11	**380054740**	341341293
Variations in Stocks	12	**(6594478)**	(4930264)
Other Income	13	**2169786**	2910228
		375630048	339321257
EXPENDITURE			
Raw Materials	14	**219558834**	192957651
Personnel Cost	15	**35396596**	31849823
Other Expenses	16	**91458330**	81630273
Interest		**17203013**	10925411
Depreciation		**6419869**	4580672
		370036642	321943830
Profit Before Tax		**5593406**	17377427
Less: Prior Period Expenses		**0**	212852
Provision for FBT		**0**	162050
Income Tax Paid		**0**	106513
Deferred Tax Asset		**2492488**	5990479
Profit carried over to B/S		**3100918**	10905533

Significant Accounting policies and notes on Accounts 17 & 18
Schedules referred to above from an integral part of the Profit & Loss Account
This is the Profit & Loss Account referred to in our report of even date

For Sankaran & Krishnan
Chartered Accountants
Firm Rigistration No. 003582S

M. Balachandran
Partner
Membership No.16271

Chennai
04th June 2010

For and on Behalf of the board

R. Jagadeesan
Chairman & Managing Director

Malathi Jagadeesan
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT AS AT 31st MARCH 2010

	31st March 2010 Rs.	31st March 2009 Rs.
1. SHARE CAPITAL		
AUTHORISED		
1,40,00,000 Equity shares of Rs.10/-each	**140000000**	140000000
ISSUED,SUBSCRIBED AND PAID UP		
57,62,770 Equity shares of Rs. 10/-each	**57627700**	57627700
	57627700	57627700

Note : Of the above shares

a) 84,090 equity shares of Rs.10/- each allotted under an agreement without payment being received in cash

b) 29,80,240 equity shares of Rs. 10/- each where allotted as fully paid up Bonus Shares by capitalization of Rs. 2,98,02,400 from General Reserve.

2. RESERVES AND SURPLUS

	Balance as at 31.03.2009	Additions	Deductions	Balance as at 31.03.2010
Investment Allowance Utilisation Reserve	7139000	--	--	7139000
Share Premium Account	74579000	--	--	74579000
General Reserve	51672515	--	--	51672515
Capital Reserve	241737095	--	--	241737095
Profit & Loss Account	(296426876)	3100918	--	(293325958)
	78700734	3100918	--	81801652

(Schedules contd...)

	31st March 2010 Rs.	31st March 2009 Rs.
3. SECURED LOANS		
Union Bank of India., Salem - Cash Credit	39731380	40129478
Kotak Mahindra Bank Ltd., Salem - Over Draft	--	20260770
Kotak Mahindra Bank Ltd., Salem - Term Loan	43270830	29755672
HDFC Bank Ltd., (Vehicle Loan)	2779068	--
	85781278	90145920
4. UNSECURED LOANS		
From Directors	26157966	26157966
Trade Deposits	43500000	29500000
	69657966	55657966

5. FIXED ASSETS

	COST			DEPRECIATION			WRITTEN DOWN VALUE	
DESCRIPTION OF ASSETS	AS ON 31.03.09 Rs.	ADDITIONS (DEDUCTION) Rs.	AS ON 31.03.10 Rs.	AS ON 01.04.09 Rs.	ADDITIONS (DEDUCTION) Rs.	AS ON 31.03.10 Rs.	AS ON 31.03.10 Rs.	AS ON 01.03.09 Rs.
Land	3450828		3450828	0	0	0	3450828	3450828
Buildings	66633021	9225582	75858603	32420873	2178615	34599488	41259115	34212148
Machinery-General	211201307	56426954	264987719	188027470	3267500	188786455	76201264	23173837
		(2640542)			(2508515)			
Machinery-Electricals	17093433	62400	17155833	13676873	395830	14072703	3083130	3416560
Generator Sets	7923506	0	7923506	7294983	25987	7320970	602536	628523
Vehicles	359385	4931892	5291277	229573	328369	557942	4733335	129812
Furniture & Fixtures	792106		792106	650032	28298	678330	113776	142074
Office Equipments	5856664	480500	6337164	4549118	195270	4744388	1592776	1307546
Total	313310250	71127328 (2640542)	381797036	246848922	6419869 (2508515)	250760276	131036760	66461328
Previous Year	306451932	6858318	313310250	243652986	3195936	246848922	66461328	62798946

(Schedules contd...)

	31st March 2010 Rs.	31st March 2009 Rs.
6. INVENTORIES:		
(As per inventory taken, valued and certified by management)		
Finished goods - Yarn (At lower of cost or net realizable value)	**14572870**	21178265
Saleable Waste - (At lower of cost or net realizable value)	**193222**	182305
Cotton-in-process - (At cost)	**14177164**	13456379
Raw materials - (At cost)	**26596767**	27030425
Stores and spares - (At cost)	**2728326**	2569818
	58268349	64417192
7. DEBTORS (Unsecured)		
Considered good:		
Outstanding for a period exceeding six months	**6700817**	6700817
Others	**15072606**	22155808
	21773423	28856625
Less: Provision for Doubtful Debts	**6586896**	6586896
	15186527	22269729
8. CASH AND BANK BALANCES		
Cash on hand	**267108**	126499
Balance with Scheduled Banks:		
On Current Accounts	**421175**	284507
On Fixed Deposits (under lien for Letter of Credit)	**0**	1430000
	688283	1841006
9. LOANS AND ADVANCES		
Unsecured - Considered good:		
Advances recoverable in cash or in kind or for value to be received	**3477930**	5512013
Deposits with Government Departments	**6061600**	9649445
Pre-paid expenses	**299044**	314372
Tax Deducted at Source	**526990**	819348
	10365564	16295178

(Schedules contd...)

	31st March 2010 Rs.	31st March 2009 Rs.
10. CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
For purchases :		
To SSI Units	**1522875**	339587
Others	**17243159**	37039207
For Expenses	**1395775**	435964
Fringe Benefit Tax (Net) Opening Balance	**49572**	150965
	20211381	37965723
11. SALES		
Yarn	**379019423**	336544682
Waste	**6565543**	11090570
	385584966	347635252
Less: Sales tax	**5530226**	6293959
	380054740	341341293
12. VARIATIONS IN STOCK		
Opening Stock		
Yarn	**21178265**	26195821
Salable Waste	**182305**	95013
	21360570	26290834
Closing Stock		
Yarn	**14572870**	21178265
Salable Waste	**193222**	182305
	14766092	21360570
Variations in Stock	**(6594478)**	(4930264)
13. OTHER INCOME		
Interest (Gross)	**966233**	565564
Conversion Charges Received	**--**	2316631
Profit on Sale of Assets	**1114973**	22953
Miscellaneous income	**88580**	5080
	2169786	2910228

(Schedules contd...)

	31st March 2010 Rs.	31st March 2009 Rs.
14. RAW MATERIALS		
Opening Stock		
Cotton and usable waste cotton	**27030425**	5010117
Cotton-in-process	**13456379**	11559986
	40486804	16570103
Add: Purchase of cotton	**219845961**	216874352
	260332765	233444455
Less: Closing Stock		
Cotton and usable waste cotton	**26596767**	27030425
Cotton-in -process	**14177164**	13456379
	40773931	40486804
Raw materials consumed	**219558834**	192957651
15. PERSONNEL COST		
Salaries, wages and bonus	**33297404**	29689975
Contribution to provident fund and other funds	**1191150**	1249171
Welfare expenses	**908042**	910677
	35396596	31849823
16. OTHER EXPENSES		
Consumption of stores and spares	**15163905**	15108851
Power cost	**46550858**	40440121
Repairs and maintenance	**17260338**	11942990
Insurance	**639604**	576931
Travelling and conveyance	**1981770**	2968280
Selling expenses	**6298927**	5252522
Rates and taxes	**558908**	412516
Directors sitting fees	**18000**	25000
Bank Charges	**265542**	334335
Administrative Expenses	**2720478**	4568727
	91458330	81630273

17. SIGNIFICANT ACCOUNTING POLICIES

(a) General

The accounts have been prepared under historical cost convention and conform to the statutory provisions and prevailing practices.

(b) Fixed Assets

Expenditure, which results in the creation of new independent assets with an economic life of a sizeable period and considering the nature of the assets is capitalised. Fixed Assets are depreciated on Straight Line Method (SLM) at the rates prescribed for the corresponding assets under Schedule XIV of the Companies Act, 1956.

(c) Inventories

(i) Stores, packing materials, cotton and usable waste cotton are valued at Cost. Cost includes all expenditure incurred till the stage of putting them into use for the purpose for which it is intended.

(ii) Yarn and saleable waste are valued at lower of cost or net realisable value.

(d) Employee Benefits

(i) Gratuity

Provision is made based on the actuarial valuation obtained in accordance with AS15 (Revised)

(iii) Leave Salary/Wages

The Company does not have the policy of accumulation and encashment of Leave.

e) Foreign Currency Transactions

Foreign currency transactions are recorded at the rates prevailing at the date of transactions. Any exchange difference on realisation is accounted in the Profit and Loss Account. Outstanding balances are converted at the exchange rates on the last date of the financial year and the difference is adjusted in the Profit and Loss Account.

18. NOTES ON ACCOUNTS

a. SECURED LOANS

(i) Cash credit from Union Bank of India secured primarily by Hypothecation of existing Plant & Machinery installed at Unit II & III, stock of Raw Materials, WIP and Finished Goods and collaterally by creation of Registered mortgage of land and building of Unit II & III.

(ii) Term Loan from Kotak Mahindra Bank Ltd are secured by Mortgage of properties of Unit I Land & Building on all present and future plant and machineries. These loans are guaranteed by Two Directors.

(iii) Term Loan from HDFC Bank is secured by Hypothecation of a Vehicle.

b. Unsecured loan from Directors is interest free loan.

c. Confirmations are awaited in respect of letters circulated by the Company to its Debtors. In the opinion of the management, these are correctly stated.

d. EMPLOYEE BENEFITS:

A. GRATUITY

The Gratuity liability ascertained as per the Actuarial Valuation in accordance with revised AS 15 issued by ICAI has been provided for in the books as detailed below:

i. Reconciliation of opening and closing balances of Defined Benefit obligation: (Funded)

	(Rs. Funded) 2009-2010
Defined Benefit obligation at beginning of the year	20,16,998
Interest Cost	2, 23,353
Current Service Cost	16,64,030
Actuarial (gain)/loss	(10,29,747)
Settlement Cost	--
Defined Benefit obligation at year end	24,04,452

ii. Reconciliation of opening and closing balances of fair value of plan assets

	(Rs. Funded) 2009-2010
Fair Value of plan assets at beginning of the year	20,16,998
Expected return on plan assets	31,274
Actuarial gain /(loss)	(30,511)
Employer Contribution	9,952
Benefits Paid	(4,70,182)
Settlement Cost	--
Fair value of plan assets at year end	15,57,531

iii. Reconciliation of fair value of assets and obligations

	(Rs. Funded) 2009-2010
Fair Value of plan assets	15,57,531
Present value of obligation	24,04,452

iv. Expense recognised during the year

	(Rs. Funded) 2009-2010
Current Service Cost	16,64,030
Interest Cost	2,23,353
Expected return on plan assets.	31,274
Acturial (gain)/ loss	(9,99,236)
Net Cost	8,56,873

V. Actuarial assumptions

	(Rs.Funded) 2009-2010
Mortality Table (LIC)	1994-96
Discount rate (per annum)	8.00%
Expected rate of return on plan assets (per annum)	Does not arise
Rate of escalation in salary (per annum)	2%

B. A provision of 8.33% of salary has been made towards Bonus.

e) Sundry Creditors includes the following amounts due to SSI units exceeding Rs. 1 lakh for more than 30 days, but within the agreed terms:

i.	Anil Packaging Industry, Salem	Rs.1,72,532/-
ii.	Sri Vinayaga Cones, Erode	Rs.3,52,064/-
iii.	Tiruppur Velavan Cones, Tiruppur	Rs.1,34,354/-

f) The company is in the process of identifying Micro, Small & Medium enterprises as defined in the Micro, Small & Medium Enterprises Development Act 2006. Hence the amount overdue as on 31.03.2010 to Micro, Small & Medium Enterprises on account of principal amount together with interest is not ascertained.

g) Income tax assessment has been completed up to assessment year 2008-2009 U/S 143(i) (a)

h) Provision for Taxation both u/s 115JB and under conventional method is not considered necessary in view of the brought forward book depreciation as well as loss under Income Tax Act, 1961 available for set off.

i) Remuneration to Managing Director Rs.15,00,000/- (Previous Year -Rs.9,00,000/-) Contribution of Provident fund Rs. 7,020/-(previous year -Rs.9,360/-) Total Rs.15,07,020/- (previous year - Rs.9,09,360/-)

j) Administrative Expenses in Other Expenses - (Schedule 16) include Payment to Auditors for(i)(a) Statutory Audit Rs.71,695 (Previous year Rs. 71,695) (b) Taxation Work - Rs.16,545 (Previous year Rs.16,545); (c) Other Certification work Rs.23,163 (Previous year Rs.16,751); (ii) Expenses reimbursed -Rs.24,383 (Previous year Rs.32,128)

k. Deferred Taxation

Deferred Tax Asset as on 31.03.2010 is as below (Rs. in Lakhs)

Opening Balance a/o 01/04/2009	1020.27
(-) withdrawals on account of :	
a) Set off of carried forward losses	17.28
b) Sec 43B disallowances & depreciation difference (net)	7.64
Closing Balance a/o 31/03/2009	995.35

Accordingly a sum of Rs.24.92 lakhs (Net) is withdrawn from D.T.A

l. Segment Information

The Company is principally engaged in the business of the Manufacturing of Cotton yarn. Accordingly there are no other reportable segments as per Accounting Standard No.17 issued by the ICAI on 'Segment Reporting'.

m. Related Party Disclosures:

I. List of related parties with whom no transactions have taken place:
   i. M/s Sunrise Jewellers P.Ltd., Chennai
   ii. M/s Jagadeesh Apartments P.Ltd., Salem

II. List of related parties with whom transaction have taken place:
   i. Transaction with key management personel:
      1. Mr. R.Jagadeesan - Managing Director Remuneration Rs.15,07,020/-
   ii. Transaction with relative of Key Management Personnel:
      1. Mr. R.Jagadeesan & Mrs. Malathi Jagadeesan - Fixed Deposit outstanding Rs. 2,02,66,059/-

n) Contingent liabilities on account of Letter of Credit Rs.NIL

o) Estimated amount of contracts remaining to be executed on capital account and not provided for (after adjusting advances made thereof)
Rs. 1,93,84,228/- (Last Year Rs. 2,89,91,591/-)

p) Claims against the company not acknowledged as debts - On account of - Sales Tax, E.B etc...
Rs.56,63,322/- (Last Year Rs. 75,40,409/-)

q) Previous year's figures have been regrouped/rearranged wherever necessary.

		31st March 2010	31st March 2009
(17) Information on Capacities			
(a) Installed*		25,536 Spindles	25,536 Spindles
*As certified by the Management			
(18) (a) Raw Materials			
Opening Stock			
Cotton and Usable Waste	Kgs.	3,44,803	52,678
Cotton in process	Kgs.	89,617	79,605
Purchases	Kgs.	26,61,505	2,471,818
Closing Stock:-			
Cotton and Usable Waste	Kgs.	3,35,343	3,44,803
Cotton in Process	Kgs.	85,936	89,617
Consumption - Cotton	Kgs.	26,74,646	21,69,681
(b) Finished Goods - YARN)			
Opening Stock	Kgs	88,991	1,59,834
Own Production	Kgs	22,56,067	18,99,816
From outside job Work	Kgs	NIL	NIL
Purchases	Kgs	NIL	NIL
Sales	Kgs	22,84,870	19,70,659
Closing Stock	Kgs	60,188	88,991
c) Yarn Production on conversion basis	Kgs	NIL	9,476
(19) Consumption of Cotton			
Indigenous	Rs.	21,95,58,834	19,29,57,651
	%	100%	100%

For Sankaran & Krishnan
Chartered Accountants
Firm Rigistration No. 003582S

M. Balachandran
Partner
Membership No.16271

Chennai
04th June 2010

For and on Behalf of the board

R. Jagadeesan
Chairman & Managing Director

Malathi Jagadeesan
Director

Balance sheet Abstract and Company's General Business Profile

Additional information under part IV to schedule VI of the Companies Act, 1956

I. REGISTRATION DETAILS

Registration Number	000776 1977	State Code	18
Balance Sheet as at	31032010 (DDMMYYYY)		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs.Thousands)

Public issue	NIL	Right issue	NIL
Bonus issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.Thousands)

TOTAL LIABILITIES	294869	Total Assets	294869
SOURCES OF FUNDS			
Paid up capital	57628	Reserves & Surplus	81802
Secured Loans	85781	Unsecured Loans	69658
Application of Funds			
Net Fixed Assets	131037	Deferred Tax Asset	99535
Net Current Assets	64297	Misc.expenditure	NIL

IV. Performance of the company (Amount in Rs.Thousands)

Turnover (including other income)	375630	Total Expenditure	370037
Profit before tax	5593	Profit after tax	5593
Earnings per share (in Rs.)	0.97	Divided Rate %	NIL

V. Generic names of three principal products / services of the company (as per monetary terms)

Item code number	5204.11.00
Product Description	COTTON YARN

For Sankaran & Krishnan
Chartered Accountants
Firm Rigistration No. 003582S

M. Balachandran
Partner
Membership No.16271

Chennai
04th June 2010

For and on Behalf of the board

R. Jagadeesan
Chairman & Managing Director

Malathi Jagadeesan
Director