

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of **The Ahmedabad Advance Mills Limited** will be held on Wednesday, the 30th September, 2009 at 11.00 a.m. at the Registered Office of the Company at F.P.No.105, Shahibaug Road, Outside Delhi Gate, Ahmedabad – 380 004 to transact the following business:

ORDINARY BUSINESS:-

1. To receive, consider and adopt the report of the Board of Directors and Balance Sheet as at 31st March 2009 and Profit and Loss Account for the year ended on that date and Auditors' Report thereon.
2. To appoint a Director in place of Shri S.D. Vyas, who retires by rotation and offers himself for re-appointment.
3. To appoint M/s Dhiren Shah & Co. Chartered Accountants, Ahmedabad as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration, in the vacancy caused by the outgoing Auditors viz. M/s Deloitte Haskins & Sells, Chartered Accountants, Mumbai upon the completion of their term.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to provisions of Articles of Association, Sections 198, 269, 309 of the Companies Act, 1956 ("the Act/said Act) read with Schedule XIII of the said Act and other applicable provisions if any of the Act, the Company hereby accords its consent and approval for the appointment of Shri Pradeep Agarwal as Managing Director of the Company for a period of five years commencing from 01.10.2009 and for the payment of remuneration to him as per the mutually agreeable terms and conditions of the Board of Directors.

For and on behalf of the Board

Place: Ahmedabad
Date : 03rd September, 2009

PRADEEP AGARWAL
DIRECTOR

FOR, THE AHMEDABAD ADVANCE MILLS LTD.

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AUTHORISED SIGNATORY

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before commencement of the meeting.
2. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed herewith.
3. The Register of Members and Share Transfer Book of the Company will remain closed from 21.09.2009 to 30.09.2009 (Both days inclusive).
4. Any member requiring further information on accounts at the meeting is requested to send the queries in writing so as to reach the Registered Office of the Company at least two days before the meeting.
5. The members are requested to notify change of their address, if any, to the Company at the Registered Office or to the Company's Share Transfer Agents viz. M/s Pinnacle Share Registry Private Limited, Near Asoka Mills, Narora Road, Ahmedabad.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2)
OF THE COMPANIES ACT, 1956**

Item No.4

ORDINARY RESOLUTION

Shri Pradeep Agarwal is a promoter Director. He was earlier appointed as Managing Director for a period of five years from 28.09.2003 to 27.09.2008. In the Annual General Meeting held on 30.09.2006, he was reappointed as a director retireable by rotation and eligible for re-appointment. Now, the Company proposes to appoint him as Managing Director of the Company for a period of five years from 01.10.2009 to 30.09.2014. Terms of his remuneration may be decided by the Board of Directors.

None of the Directors except Shri Pradeep Agarwal himself is concerned or interested in passing the said Resolution.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 19th Annual Report and the Audited Accounts for the Financial Year ended 31st March, 2009.

FINANCIAL RESULTS:

The highlights of Financial Results of the Company for the financial year ended 31st March, 2009 are as under:

	2008-2009	2007-2008
	Rs.in lacs	Rs.in lacs
Gross Profit/Loss before Interest and Depreciation	-719.82	-47.23
Interest	22.95	67.88
Depreciation	1.56	1.52
Profit/Loss after Depreciation	-698.43	-19.13
Provision for Tax	0	6.80
Fringe Benefit Tax	0.50	0.90
Income tax Provision written back	548.10	0
Profit after Taxation	-150.83	-11.43
Loss brought forward from last year	-219.31	-230.74
Balance Loss carried forward to Balance Sheet	-370.14	-219.31

DIVIDEND:

Due to the losses incurred, the Directors do not recommend any dividend.

Subsequent to the execution of agreement between the Textile Labour Association, a recognized representative Union of the Mill workers and the Hon.ble High Court passed an Order on 11.02.2008 the Company has been receiving good response from the workers.

COMMENTS OF THE MANAGEMENT TO THE AUDITOR'S REPORT

With reference to the observations/qualifications of Auditors in respect of the accounts for the year ended 31st March, 2009, the Board is of the view in relation to the paragraphs of Draft Auditors' Report that:

FOR THE AHMEDABAD ADVANCE MILLS LTD.


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Para Nos. and comments thereto:

- 4 (a) Policy of the Company is to create liability for the workers as and when they submit resignation to the Company. This is in order of the Order of Hon.ble High Court made on 11.02.2008.
- 4 (b) Application is being made to the Government of India for securing necessary permission/approval under Section 295 of the Companies Act, 1956.
- 4 (c) Approval of Board have been taken stating as investments in ICDs. Further all the loans granted by the company during the year 2008-09 have been ratified by the Board in this meeting. Besides, the Company has given sanction letters and collected the acceptance to/of the parties to whom ICDs have been given. All these sanction letters were signed by the Director and accepted by the authorized person of the borrowing entities.
- 4 (d) The Company is in possession of surplus land at Ahmedabad and based on the government guideline rates, the value of the land is more than adequate, to meet all the liability including the liability of Rs. 4,73,83,235/ not provided for. As the Company will realise much higher value than the liabilities, therefore, the Company has good potential for good return. Therefore, the Company should be construed as a 'going concern'

DIRECTORS:

Shri S.D.Vyas is liable for retirement by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment as Director. Except Shri S.D. Vyas, no other Director is interested in his appointment.

The Company proposes to appoint Shri Pradeep Agarwal as Managing Directors of the Company for a period of five years from 01.10.2009-30.09.2014. He is a promoter Director and because of his hard work and contribution, the came was deregistered from the Hon.ble BIFR. Directors recommend his appointment as Managing Director. Except Shri Pradeep Agarwal, no other Director is interested in his appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of The Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:-

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
2. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company as at March 31, 2009 and of the Profit of the Company for the year ended on that date.
3. the Directors have taken proper and sufficient care 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
4. the Directors have prepared the annual accounts of the Company on a going concern basis.

CORPORATE GOVERNANCE

The Company has been complying with the principles and practices of good corporate governance. The Company has ensured that the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges are duly complied with. A separate Statement on Corporate Governance is given elsewhere in this Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

Provisions of the Section 217 (e) of The Companies Act, 1956 for disclosure of information on Conservation of Energy and Technology Absorption is presently not applicable to the Company. There is no Foreign Exchange earning during the year under consideration.

AUDITORS

Your Company's Auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, Mumbai vide their letter dated 13th August, 2009 have expressed not to be re-appointed after the forthcoming Annual General Meeting. Your Directors would like to appoint M/s Dhiren Shah & Co. Chartered Accountants, Ahmedabad as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next

Annual General Meeting, in the vacancy caused by the outgoing Auditors upon the completion of their term. The Company has received a letter from M/s Dhiren Shah & Co. confirming that their appointment, if made would be within the limits prescribed under Section 224 (1B) of The Companies Act, 1956. The members are requested to approve their appointment and authorize the Board of Directors to fix their remuneration.

PARTICULARS OF EMPLOYEES:

There were no employees drawing salaries in excess of limits prescribed under Section 217 (2A) of The Companies Act, 1956 read with Companies (Particulars of Employees Rules, 1975) as amended and hence no information is furnished thereto.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their sincere appreciation of continuous support received by the Company from the Textile Labour Association, and all others concerned.

By Order of the Board of Directors

Place: Ahmedabad

PRADEEP AGARWAL

Date: 3rd September, 2009

CHAIRMAN

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STATEMENT ON CORPORATE GOVERNANCE (2008-2009)

The Company is committed to doing business in an efficient, responsible, honest and ethical manner. Good Corporate Governance goes beyond compliance and involves a Company wide commitment. This commitment starts with the Board of Directors, which executes its corporate governance responsibilities by focusing on the Company's strategic and operational excellence and in the best interests of all our stakeholders, in particular shareholders, employees and our customers in a balanced fashion with long term benefits to all.

1. **Board of Directors:**

a) Composition and category of Directors:

The Board of Directors of the Company consists of four Directors. The composition and the category of Directors are as under:

No. of Board Meetings:

Four Board Meetings were held during the year 2008-2009 on the following dates.

11.04.2008, 30.08.2008, 30.12.2008 and 28.03.2009

b) Attendance of Directors at Board Meetings and the last Annual General Meeting.

Category	Name of the Directors	Name of Other Director-Ships	No. of Memberships of other Board Committees (Excluding Alternate Directorships)	No. of other Board/ Committees of which the Director is a Chairperson
Chairman	Shri Pradeep Agarwal	4	NIL	1 (Share Transfer)
Non-Executive Director	Shri S.D.Vyas	4	2 (Share Transfer and Audit)	-
Non-Executive Director	Shri V.S. Didwania	NIL	NIL	NIL

Non-Executive Director	Shri S. Srinivasan	4	1 (Audit)	NIL
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The Audit Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising following two independent Directors and the Managing Director.

The terms of reference of the Audit Committee are:

- a) To review financial statements and pre-publication announcements before submission to the Board;
- b) To ensure compliance of internal control systems and action taken on internal audit reports;
- c) To apprise the Board on the impact of accounting policies, accounting standards and legislation;
- d) To hold periodical discussion with statutory auditors on the scope and content of the audit.
- e) To review the Company's financial and risk management policies.

2. Meetings of Management Audit Committee:

During the year, one meeting of Management Audit Committee was conducted on 30.08.2008 as against the requirement of at least three Committee Meetings in a year as per Clause 49 of the Listing Agreement.

Names of the Directors	Dates of Committee Meetings and attendance
Shri S.D. Vyas	30.08.2008 and 18.07.2009
Shri S. Srinivsan	30.08.2008 and 18.07.2009

3. Shareholders' Grievance Committee:

The Shareholders' Grievance Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising the following members:

Shri Pradeep Agarwal and Shri S.D. Vyas

Meeting of the Shareholders' Grievance Committee were held on 11.04.2008, 30.08.2008, 30.12.2008 and 28.03.2009 where Members of the Committee were present. It was reported in the Meeting that no complaint was received.

To expedite the process of Share Transfers, the board has delegated powers of Share Transfers to Share Transfer Agents and they are attending to the share transfer formalities at least once in a fortnight.

4. Remuneration Committee:

The Remuneration Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising the following members:

Shri Pradeep Agarwal and Shri S.D. Vyas

No meeting of remuneration committee was held during the year.

Details of Remuneration paid to Directors.

S.No.	Name of the Director	Relationship with other Directors	Sitting Fee for Board & Committee Meetings	Salary/ Perquisites & Commission
1.	Shri.S. Srinivsan	NIL	10,000/-	NIL

5. General Body Meetings:

Year	AGM	Location	Date	Time
2005-06	17 th	Registered Office	30.09.2006	11.00 a.m.
2006-07	18 th	Registered Office	29.09.2007	11.00 a.m.
2007-08	19 th	Registered Office	30.09.2008	11.00 a.m.

6. (a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

In terms of Section 299 (3) of the Companies Act, 1956, the General Notices of disclosure of interest are obtained from the