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TMS

THAMBBI MODERN SPINNING MILLS LIMITED

TÜV NORD
TUV India Private Ltd.
ISO 9001

31st ANNUAL REPORT

2008-2009

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Thambbi Modern Spinning Mills Limited

Registered Office : Omalur Road, Jagir Ammapalayam, Salem 636 302

THAMBBI T.M.S.

Attendance Slip

Name of the Member		DP ID	
Name of the Proxy			
Folio No.		Client ID	
No. of Shares			

I hereby record my presence at the 31st Annual General Meeting to be held on 07.09.2009 at 10:00 a.m. at Unit II Premises, Opp. TNEB Sub Station, Udayapatti By-pass Road, Kamaraj Nagar Colony Post, Salem 636 014.

.....

Signature of attending Member/Proxy

Note : Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the Meeting and hand it over at the entrance duly filled and signed.

Thambbi Modern Spinning Mills Limited

Registered Office : Omalur Road, Jagir Ammapalayam, Salem 636 302

THAMBBI T.M.S.

PROXY

I/We ..... of ..... in the district of.....being a member/ members of THAMBBI MODERN SPINNING MILLS LIMITED, hereby appoint ..... of ..... in the district of ..... or failing him ..... of ..... in the district of ..... as my/our proxy to attend and vote for me/us on my/our behalf at the 31st Annual General Meeting to be held on 07.09.2009 at 10:00 a.m. at Unit II Premises, Opp. TNEB Sub Station, Udayapatti By-pass Road, Kamaraj Nagar Colony Post, Salem 636 014 and at any adjournment thereof.

Signed this..... day of..... 2009

Re 1/- Revenue Stamp

Signature

FOR OFFICE USE ONLY	
Folio No.	DP ID No.
No.of Shares	CLIENT ID No.
Date of Receipt	
Proxy No.	

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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

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NOTICE

NOTICE is hereby given that the Thirty first Annual General Meeting of the Company will be held at the Company's Mill Premises at Unit II, Opp. TNEB Sub Station, Udayapatti By-pass Road, Kamaraj Nagar Colony Post, Salem 636 014 on Monday 07th September 2009 at 10.00 a.m to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st March 2009, the Balance Sheet as at that date, and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Ashok P. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider the re-appointment of retiring auditors Messrs. Sankaran & Krishnan, Chartered Accountants, Chennai 600034 to hold office from the conclusion of this Annual General Meeting, till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board of Directors

Salem
30th June 2009

R. Jagadeesan
Chairman & Managing Director

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NOTES :

(a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER.

(b) Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.

(c) The Instrument appointing a proxy, in order to be effective, must be deposited at the Company's Registered Office at Omalur Road, Jagir Ammapalayam Post, Salem 636 302 not less than 48 hours before the meeting.

(d) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday 01st September 2009 to Monday 07th September 2009 (both days inclusive).

(e) In terms of clause 49 of the listing agreement with stock exchanges, a brief resume of director who is proposed to be appointed / re-appointed at this meeting is given below.

Mr. Ashok P. Shah is 47 years of age. He is a Cotton Merchant with vast experience in the field of Textiles. He is associated with the company from June 2002 as Director on the Board.

By Order of the Board of Directors

Salem
30th June 2009

R. Jagadeesan
Chairman & Managing Director

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Directors' Report

To

The Members,

Your Directors have pleasure in presenting their 31st Annual Report on the business and operations of the Company with the Audited Statement of Accounts for the year ended 31st March 2009

The accounts under review for the financial year 2008-09 cover a period of twelve months from 1st April 2008 to 31st March 2009.The previous year's figures cover a period of eight months only, and are not therefore strictly comparable with the figures for the twelve months period ended 31st March 2009.

Financial Results

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

	2008-2009 (12 Months) Rs. in '000	2007-2008 (8 Months) Rs. in '000
Turnover	34,76,35	19,89,49
Profit before depreciation and taxation	2,19,58	1,13,94
Add Depreciation	45,81	37,49
Profit Before Taxation	1,73,77	76,45
Less Income Tax Paid	1,06	--
Net Profit	1,72,71	76,45
Less provision for FBT	1,62	1,06
Less Prior Period Expenses	2,13	--
Net Profit after Taxation and FBT Provision	1,68,96	75,39

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 hopeful that, in the coming years, the company will be able to wipe out the accumulated loss and start paying dividend thereafter.

Performance

During the year under review, your company achieved a sales turnover of Rs.3476 lakhs (for 12 months) compared to the sales turnover of Rs.1989 lakhs (for eight months) achieved in the previous year. The Company made Cash profit of Rs 220 lakhs (for 12 Months) for the financial year as against the Cash Profit of Rs. 114 lakhs (for 8 months) in the previous year.

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Directors Report Contd...

Prospects and Future Plans

The Textile Industry continues to face problems on all fronts - increasing cotton prices, power shortages, and increase in price level of other essential inputs and services and the general slackness in demand. All these factors, coupled with the prevailing recessionary conditions, competition and unremunerative selling prices, makes the functioning of Textile Mills more and more difficult. Your Directors are hopeful that, with the revival of the economy in the near future, the demand for Textiles will increase and the prospects will improve.

The company has proposed to carry out certain need-based modernization related measures during the current year and with these and the other steps already taken by the Company to improve its competitive edge, your Directors are confident that, barring unforeseen circumstances, the company would be able to maintain a steady growth and improve profitability in the coming years.

Deposits

Your company has not accepted any deposits during the year.

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, Sri Ashok P. Shah retires by rotation at the ensuing Annual General Meeting and he, being eligible, offers himself for reappointment.

Directors' Responsibility statement

The Directors confirm that in the preparation of the Annual Accounts for the year ended 31st March, 2009 that -

(i) the applicable accounting standards had been followed along with proper explanation relating to material departures, if any,

(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,

(iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 had been taken 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.

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Directors Report Contd...

Corporate Governance

In terms of listing agreement with the Stock Exchange, a 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 2009 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. Being 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 have been cordial.

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
30th June 2009

R. Jagadeesan
Chairman & Managing Director

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ADDENDUM TO DIRECTORS' REPORT

The Auditors, in their report dated 30th June 2009, for the year ended on 31st March 2009, have made the following comments in Clause (d) and (h).

d) 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.11)

e) 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 and subject to Note No.11 regarding recognition of Deferred Tax Asset of Rs.1020.27 lakhs, which in our opinion is not in accordance with the AS 22 issued by ICAI, 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 2009

ii) In the case of the Profit and Loss Account, of the PROFIT for the year ended 31st March 2009

iii) In the case of Cash Flow Statement, of the cash flow for the year ended 31st March 2009

The Board's reply to the above two comments, which are of the same nature, are given below.

a) The complete details in respect of Deferred Taxation are given in Note No.11 of the Notes on Accounts, forming part of the Balance Sheet and Profit & Loss Account. Consequently, the same is recognised in the accounts of the company.

b) *The Note No.11 referred to above is reproduced below.*

"Deferred Taxation
Deferred Tax Asset as on 31.03.2009 is as below

	(Rs.in Lakhs)
Opening Balance a/o 01/04/2008	1080.17
(-) withdrawals on account of set off of carried forward losses	60.48
(+) Addition on account of Sec 43B disallownaces & depreciation difference	.58
Closing Balance a/o 31/03/2009	1020.27

Accordingly a sum of Rs 59.90 lakhs (Net) is withdrawn from D.T.A"

c) Considering the fact that the company has already started earning profits, on account of the growth plans, the company is confident of adjusting the unabsorbed business losses and depreciation as determined under the Income Tax Act against the taxable income for the future years.

By Order of the Board
for Thambbi Modern Spinning Mills Limited

Salem
30th June 2009

R. Jagadeesan
Chairman & Managing Director

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ANNEXURE I

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

A. Conservation of Energy

Energy conservation measures taken

Our company is always on the lookout potential areas for energy conservation towards reduction in manufacturing cost.

(a) The following areas the company has identified potential area.

1. The company plans to reduce the compressor power up to 50% from the existing power consumption.
2. The company plans to reduce the Lighting power up to 30% from the existing power consumption with the help of stabilizer and Electronic Ballast.
3. The company plans to reduce the power consumption from the Humidification plant up to 40% from the Existing Power
4. Power factor will be maintained above 0.996 in order to get incentive from the EB Bill.
5. The company plans to reduce the power consumption from the spinning machine with the help of Energy Efficient motor so as to reduce power consumption up to 10% from the existing spinning power consumption.
6. The company plans to adhere strictly to the procedure of preventive maintenance to get power savings.
7. The company plans to replace the fans in spinning frames with MFL weightless fans.

(b) Impact of measures (a) for reduction of Energy consumption and consequent impact on the cost of production of goods

The cost of Energy is kept at the minimum level and consumption is reduced wherever possible

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(c) Total energy consumption and energy consumption per unit of production in FORM A

	2008-2009 (12 Months)	2007-2008 (8 Months)
Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Total Units (in '000 Kwh)	7487.436	6230.997
Total amount (Rs. In 000)	33665.826	28567.415
Rate per unit (Rs.)	4.49	4.58
(b) Own Generation (Through Generators)		
Units (in '000 Kwh)	1061.253	56.717
Units per litre of Diesel	3.25	3.03
Cost per Unit (Rs.)	11.19	11.14
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)	5.93	5.75

B. Technology absorption

(a) Research and Development (R&D)

The Company has an in-house Research and Development and a Quality Control Department with potential to bring out new varieties of yarn and for improving the productivity and quality. The company is doing continuously new development and trying to adopt new process of fancy yarn. The company is concentrating to develop finer counts of Mélange, 100% organic Mélange as well as slub, 100% bamboo, soya/bamboo and 100% colour bamboo yarns.

(b) Technology absorption, adoption and innovation

The Company has not imported any technology.

C. Foreign Exchange earnings and outgo : The required details are given in **Item #19 of Schedule 18** to the accounts (Notes on Accounts)

By Order of the Board of Directors

Salem
30th June 2009

R. Jagadeesan
Chairman & Managing Director

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