

TMS

**THAMBBI MODERN
SPINNING MILLS LIMITED**

Report  junction.com

30th

ANNUAL REPORT

2007-2008

(01.08.2007 to 31.03.2008)

Thambbi Modern Spinning Mills Limited

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

**THAMBBI
ITMS.****Attendance Slip**

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

I hereby record my presence at the 30th Annual General Meeting to be held on Monday 14th July 2008 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
ITMS.****PROXY**

I/We of
in the district ofbeing 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 30th Annual General Meeting to be held on **Monday 14th July 2008** 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..... 2008

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

Re 1/-
Revenue
Stamp

Signature

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

NOTICE

NOTICE is hereby given that the *Thirtieth 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 14th July 2008 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 period ended 31st March 2008, 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. M. Pugazhendhi, 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.

Special Business :

4. To consider and if thought fit to pass with or without modification the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to Sections 269, 198 and 309, Schedule XIII and other applicable provisions of the Companies Act 1956, Shri R. Jagadeesan, be and is hereby reappointed as Chairman and Managing Director of the company for a period of five years from 01/04/2009 to 31/03/2014 on the following terms of remuneration and perquisites.

1. SALARY :

Salary of Rs. 1,25,000 (Rupees One Lac and Twenty five Thousand) per month.

2. PERQUISITES:

- (a) Contributions to provident fund, superannuation fund or annuities fund to the extent these, either singly or put together, are not taxable under the Income tax Act 1961.
- (b) Gratuity payable at the rate of half a month's salary for each completed year of service.
- (c) Encashment of unavailed leave at the end of the tenure"

By Order of the Board of Directors

Salem
30th April 2008

R. Jagadeesan
Chairman & Managing Director

THAMBBI MODERN SPINNING MILLS LIMITED - ANNUAL REPORT (2007-2008)



NOTES :

- (a) In respect of item No.4 under Special Business, explanatory statement pursuant to Section 173(2) of the Companies Act 1956 is annexed hereto.
- (b) 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.
- (c) Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- (d) 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.
- (e) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 08th July, 2008 to Monday, 14th July, 2008 (both days inclusive).
- (f) 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. M. Pugazhendhi is 43 years of age. He is a Mechanical Engineer having expertise and experience in the field of Textiles. He is associated with the Company from June 2002 onwards as Director on the Board.

Salem
30th April 2008

By Order of the Board of Directors

R.Jagadeesan
Chairman & Managing Director

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

The following explanatory statement sets out the material facts relating to item no.4 of the accompanying Notice dated 30th April 2008.

SPECIAL BUSINESS ITEM NO. 4

The current term of office of Shri R. Jagadeesan, Chairman and Managing Director of the company, is due to expire on 31st March 2009. Having regard to the vast knowledge and experience of Shri R. Jagadeesan in the textile industry and the strenuous and timely steps taken by him to bring the company to the path of progress in spite of extremely adverse conditions that prevailed during the last several years, and the need for his continued stewardship, the Board of Directors has decided to reappoint Shri R. Jagadeesan as Chairman and Managing Director of the company for a further period of five years commencing from 1.4.2009 on the terms of remuneration as recommended by the Remuneration Committee, details of which are set out in the special resolution proposed.

The proposed re-appointment of Shri R. Jagadeesan and the proposed terms of remuneration payable to him are in accordance with the provisions of Schedule XIII of the Companies Act 1956.

Shri R. Jagadeesan is interested in the resolution to the extent of his reappointment and the remuneration and perquisites payable to him. Smt. Malathi Jagadeesan, Director, being relative of Shri R. Jagadeesan, may be deemed to be concerned or interested in the resolution. No other director is concerned or interested in the resolution.

The text of the resolution together with its relative explanatory statement may be considered as an abstract of the terms of appointment of Shri R. Jagadeesan as the Chairman and Managing Director of the Company under Section 302 of the Companies Act 1956.

By Order of the Board of Directors

Salem
30th April 2008

R. Jagadeesan
Chairman & Managing Director

THAMBBI MODERN SPINNING MILLS LIMITED - ANNUAL REPORT (2007-2008)



Directors' Report

To

The Members,

Your Directors have pleasure in presenting their 30th Annual Report on the business and operations of the Company with the Audited Statement of Accounts for the period ended 31st March 2008.

The accounts under review for the financial year 2007-2008 cover a period of eight months from 1st August 2007 to 31st March 2008. The previous year's figures cover a period of sixteen months, and are not therefore strictly comparable with the figures for the eight month period ended 31st March 2008.

Financial Results

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

	2007-2008 (8 Months) Rs. in '000	2006-2007 (16 Months) Rs. in '000
Turnover	19,89,49	46,75,87
Profit before depreciation and taxation	1,13,94	6,02,74
Add Depreciation	37,49	75,45
Profit Before Taxation	76,45	5,27,29
Add Provision for Taxation	—	—
Net Profit	76,45	5,27,29
Less provision for FBT	1,06	1,36
Add Provision no longer required	—	41,07
	75,39	5,67,00
Add Prior Period adjustments	—	18,50,15
	75,39	24,17,15

Dividend

The Company was able to make operating profit during the financial year. However, in view of the accumulated loss, your directors are unable to recommend any dividend for the period. Your Directors are confident that the company will be in the Dividend list in the near future.

Performance

During the year under review, your company was able to achieve a total sales turnover of Rs. 2036 lakhs (08 months) as against Rs. 4959 Lakhs (16 months) in the previous year. The Company made Cash profit of Rs 114 lakhs (08 Months) for the financial year as against the Cash Profit of Rs. 603 lakhs (16 months) in the previous year. The margin was under heavy pressure due to increase in cost of almost all inputs. Further frequent power cut and various similar other adverse factors contributed to the severe erosion in the profitability of the company's operations, a phenomenon suffered by the textile industry in the area as a whole.

Directors Report Contd...**Future Plan**

With the implementation of the modernization related measures as envisaged during the current year and with the steps already taken by the Company to improve its competitive edge, your Directors are hopeful that, barring unforeseen circumstances, the company would be able to maintain a steady growth with a satisfactory rate of profitability in the ensuing 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 of the Articles of Association, Sri M. Pugazhendi 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 period ended 31st March, 2008.

- (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 that period;
- (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.

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 period ended 31st March 2008 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 period.

THAMBBI MODERN SPINNING MILLS LIMITED - ANNUAL REPORT (2007-2008)

**Directors Report Contd...****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 period 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 there 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

R. Jagadeesan
Chairman & Managing Director

Salem
30th April 2008

ADDENDUM TO DIRECTORS' REPORT

The Auditors, in their report dated 30th April 2008, for the year ended on 31st March 2008, have made the following comments in Clause (d) and (h).

- 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.12)
- h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant Accounting Policies the Notes on Account thereon and subject to Note No.12 regarding recognition of Deferred Tax Asset of Rs.1080.04 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 in conformity with the accounting principles generally accepted in India:

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.12 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.12 referred to above is reproduced below.

"Deferred Taxation

Deferred Tax Asset as on 31.03.2008 is as below

(Rs.in Lakhs)

Opening Balance a/o 01/08/2007	1418.66
(-) withdrawals on account of set off of carried forward losses	344.47
(+) Addition on account of Sec 43B disallowances & depreciation difference	5.85
Closing Balance a/o 31/03/2008	1080.04

Accordingly a sum of Rs 338.49 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 April 2008

R. Jagadeesan
Chairman & Managing Director