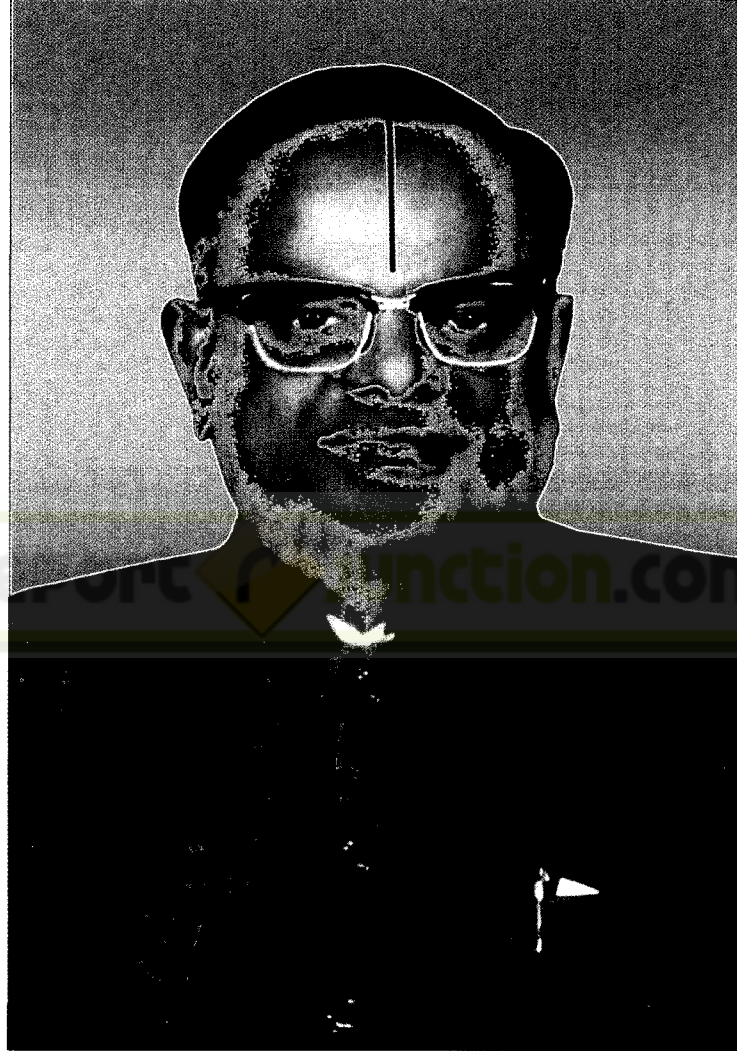


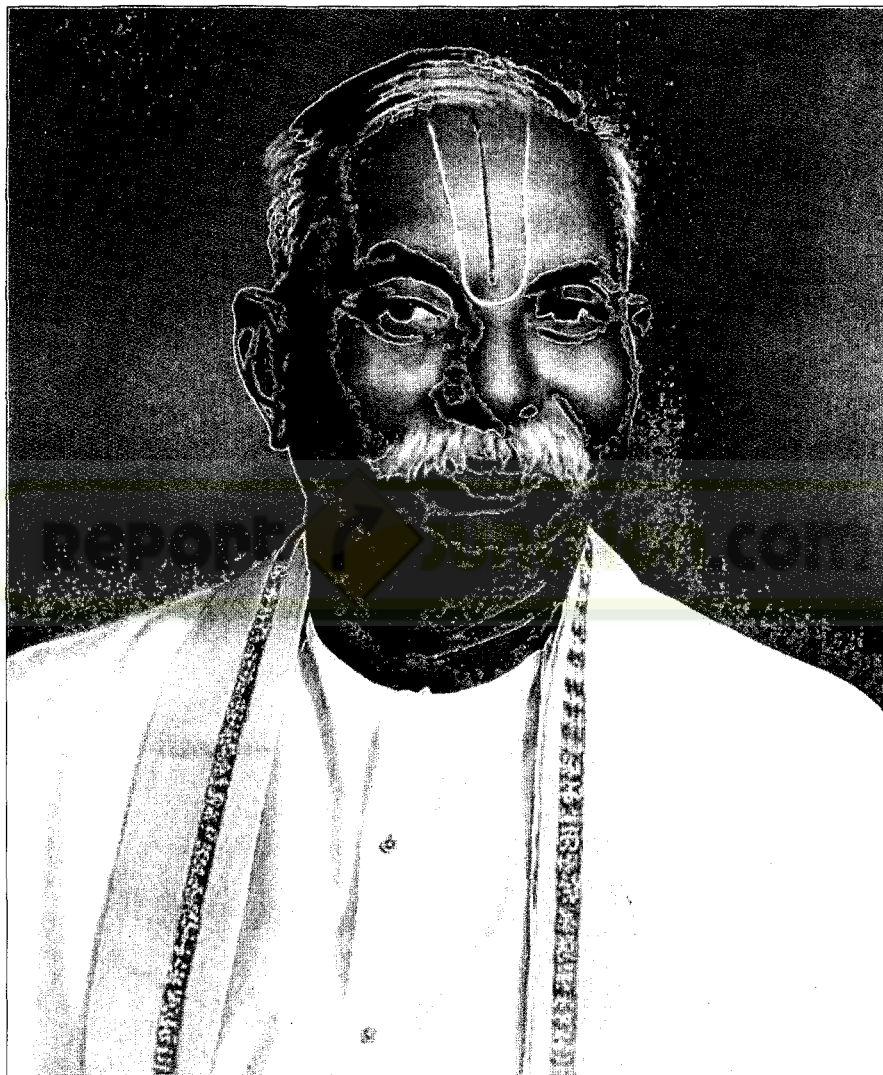
THANJAVUR SPINNING MILL LIMITED



FORTY SEVENTH ANNUAL REPORT AND ACCOUNTS 2008 - 2009



SHRI. K. TIRUVENGADA MUDALIAR
Founder



SHRI P.A.C. RAMASAMY RAJA



THANJAVUR SPINNING MILL LIMITED THANJAVUR

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

CANARA BANK

INDIAN BANK

KARUR VYSYA BANK

TAMILNAD MERCANTILE BANK

Registered Office

"Rajapalayam Mills Premises",
P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117.
Tamil Nadu.

Factory

Vallam One Road,
Thanjavur - 613 005.
Tamil Nadu.

Auditors

Messrs 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 THE MEMBERS

Notice is hereby given that the Forty Seventh Annual General Meeting of the Company will be held at 11.30 A.M on Thursday, the 6th August, 2009 at P.A.C. Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalayam to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2009, 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 on ORDINARY RESOLUTION:

"RESOLVED that Sri 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."

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

RAJAPALAYAM,
25.05.2009

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN.

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 Members of the Company will be closed from 01.08.2009 to 06.08.2009 (both days inclusive).
4. Under the provisions of Section 205 C of the Companies Act, 1956 dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund (IEP 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.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 47th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2009 after charging all expenses but before deducting interest and depreciation has resulted in operating profit of Rs.3,47,95,073/-.

After deducting Rs.3,72,50,237/- towards interest cost and providing Rs.3,27,26,163/- towards Depreciation, the Net Loss for the year is Rs.3,51,81,327/-. Taking into account Deferred Tax Asset of Rs. 27,68,000/- and Fringe Benefit Tax of Rs. 2,20,000/- and the surplus of Rs. 14,65,835/- brought forward from the previous year, the net loss for the year is Rs. 3,11,67,492/-.

DIVIDEND

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

TAXATION

The Company is not liable to pay income tax under regular method and there is no tax liability under Minimum Alternative Tax (MAT). An amount of Rs.2.20 lakhs has been provided for Fringe Benefit Tax (FBT) and an amount of Rs.27.68 Lakhs has been withdrawn from Deferred Tax Liability provided in the earlier years which is in accordance with the Accounting Standards.

TRADE CONDITIONS

The Textile Industry worldwide has been passing through the un-precedented crisis during the past 2 years. There was steep increase in the prices of cotton during the year and the cotton prices touched the high level because of various factors including the hike in Minimum Support Price by the Government of India for Cotton, huge capacity additions, which resulted in higher demand for cotton etc.,. The upward movement of dollar against rupee has made the import of cotton unviable. The yarn prices showed declining trend because of various reasons viz,

- (i) Global demand for Textile products has drastically come down due to Economic slow down. Nearly 30% of our production goes for export market. Because of the Global Economic meltdown, margins of exports came down drastically.
- (ii) The huge capacity spindle additions in short period resulted in mismatch between supply and demand. While the increased supply of yarn in the market, has brought down the selling prices. The increased demand for cotton had increased the cotton prices. The cumulative effect of the above factors had affected the working of the Company substantially.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

In addition to the above global crisis, there is severe power cut in Tamilnadu to the extent of 100% power cut for 4 Hours during 6 P.M. to 10 P.M and 40% during the rest of the hours, which affected the utilization and productivity levels to a greater extent. Timely decision taken by your Directors to install windmills in previous years and purchase of power from Third Party have helped the Company to operate the Mills at optimum utilization level and also helped the Company to tide over the power crises.

By implementing various cost reduction measures and production of flexible count pattern with more value added yarn, your Directors were able to bring down the loss in the current market scenario.

FINANCE

The Company has availed working capital loan in foreign currency and incurred exchange loss of Rs. 14 lakhs. This loss is because of rapid depreciation of rupee against dollar and the foreign currency loans were repaid at the higher exchange rate.

To conserve the cash accruals for working capital of the Company and also considering the current working, the Company has approached the Banks for reschedulement of Term Loan repayment installments of principal as per the norms suggested by the Reserve Bank of India. However the company is prompt in making the interest payment on due dates.

EXPORTS

On the export front during the year, we have made direct export of Cotton Yarn for a value of Rs 4.14 Crores and merchant export of Rs.7.97 Crores as against Rs. 7.77 Crores and Rs.1.83 Crores respectively of the previous year.

EXPANSIONS

As reported in the Director's Report in the previous year, the Company has successfully implemented the expansion of state of the art 8352 spindles at a project cost of Rs. 21 Crores. This project has been commissioned and went into commercial production in August, 2008.

The Company is establishing additional capacity of 16800 Spindles Ring Spinning unit to produce high quality yarn which will commence production in the current financial year. The estimated cost is Rs. 57 Crores.

The above projects are covered under Technology Upgradation Fund (TUF) Scheme.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

PROSPECTS FOR THE CURRENT YEAR

The cotton cost still has not come down as expected. The prices of yarn were stagnant due to recessionary trend in both domestic and global markets. The Interest rates are coming down because of various measures taken by Reserve Bank of India. However, the power cut imposed in Tamilnadu to the extent of 50% which is severely affecting the operations of the Company and also increased the power cost because of running Diesel Gensets. The Company is maintaining high standards of Quality Yarn, cost effective production, purchase of power from Third Party and stringent waste control measures. These measures strengthened the Company to face the challenges in the current scenario. By improving productivity, taking various measures for production of value added yarn and other cost reduction measures, your Directors are hopeful of achieving satisfactory results for the current year.

WINDMILL

The Wind Mill Division with an installed capacity of 5 M.W is working satisfactorily. There were interruptions in the grid availability due to insufficient infrastructure facility at the evacuation point and also lower wind velocity during the peak season, which resulted in lower generation of power. The Division has generated 88 Lakhs Kwh as compared to 89 Lakhs Kwh of the previous year. The income during the year from the Wind Mill Division was Rs.3.18 Crores as against Rs.3.29 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.

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

DIRECTORS' REPORT

PUBLIC DEPOSITS

The Company is accepting deposits from this year onwards and the total deposits outstanding as on 31st March, 2009 was Rs. 8.61 Lakhs. There was no deposits unclaimed / unpaid as on 31-03-2009.

SHARES

The Company's shares are listed in Madras Stock Exchange Ltd., Chennai. The Company has paid listing fees to the Stock Exchange for the financial year 2009-2010.

AUDITORS

Shri.R. Palaniappan, Proprietor, M/s.N.A. Jayaraman & Co., Chartered Accountants, Chennai, Auditors of the Company retire at the end of the 47th Annual General Meeting and are eligible for re-appointment.

COST AUDITOR

The Government has approved the Company's proposal to appoint Shri A.N. Raman, Cost Accountants, Chennai for audit of Company's cost accounts for the year ended 31st March, 2009 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.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors Confirm that :-

- i) In the preparation of Annual Accounts for the year ended 31st March, 2009, 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;

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

- 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 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,
25.05.2009

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN.