

STATEMENT ON CORPORATE GOVERNANCE
(2009-2010)

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:

Seven Meetings of the Board of Directors, were held during the year 200-2010 on the following dates.

29.06.2009, 18.07.2009, 03.09.2009, 25.09.2009, 31.10.2009, 29.01.2010 and 20.03.2010

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	No.of other Board/ Committees of which the Director is a Chairperson
Chairman	Shri Pradeep Agarwal (till 30.10.2009)	4		1 (Share Transfer)
Chairman and Managing Director	Shri Phulchand Agarwal (w.e.f. 31.10.2009)	1		
Non-Executive Director	Shri S.D.Vyas	4	2 (Share Transfer and Audit)	-
Non-Executive Director / Independent	Shri V.S. Didwania	NIL	NIL	NIL
Non-Executive Director /Independent	Shri S. Srinivasan	3	2 (Audit)	1
Non-Executive Director/Independent	Shri M.S. Bhardwaj	Nil	Nil	Nil

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, four meetings of Management Audit Committee were conducted on 18.07.2009, 03.09.2009, 31.10.2009 and 29.01.2010 as per Clause 49 of the Listing Agreement.

Names of the Directors	Category	Dates of Committee Meetings and attendance
Shri S. Srinivsan	Chairman, Non-Executive / Independent	18.7.2009, 3.9.2009, 31.10.2009, 29.1.2010
Shri V. S. Didwania	Non-Executive / Independent	3.9.2009
Shri S.D. Vyas	Non-Executive	18.7.2009, 3.9.2009, 31.10.2009, 29.1.2010

3. Shareholders' Grievance Committee:

Names of the Directors	Category	Dates of Committee Meetings and attendance
Shri S. Srinivsan	Chairman, Non-Executive / Independent	15.09.2009, 15.10.2009, 31.12.2009, 28.02.2010,31.03.2010
Shri M. S. Bharadwaj	Non-Executive / Independent	15.09.2009, 15.10.2009, 31.12.2009, 28.02.2010,31.03.2010
Shri S.D. Vyas	Non-Executive	15.09.2009, 15.10.2009, 31.12.2009, 28.02.2010,31.03.2010

The Shareholders' Grievance Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising two Directors of the Company.

A meeting of the Shareholders' Grievance Committee were held on 15.09.2009, 15.10.2009, 31.12.2009, 28.02.2010, 31.03.2010 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. 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	33000.00	NIL
2.	Shri M.S. Bhardwaj	NIL	3000.00	NIL

5. General Body Meetings:

Year	AGM	Location	Date	Time
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.
2008-09	20 th	Registered Office	30.09.2009	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 Directors and accordingly, the Register of Contracts under Section 301 of the Companies Act, 1956 is tabled and signed.

(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

In the year 2001, the shares of the Company were put under suspension by the Bombay Stock Exchange. The Company has approached the Bombay Stock Exchange and is completing the formalities for revoking the listing.

Otherwise, no strictures and penalties have ever been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities, on matters related to capital markets.

7. Means of Communication:

Quarterly/Half Yearly Financial Results of the Company are forwarded to the Ahmedabad and Mumbai Stock Exchanges as and when taken on record by the Board and Audit Committee. The Company does not have any website and therefore, no information is displayed on the same.

8. Management Discussion and Analysis Report:

Overall review, industry Structure and Developments:

Presently the business and industrial environment is favourable in the State of Gujarat.

Opportunities and Threat

There are ample opportunities for business in the fields of real estate and infrastructure. However, chances of increase of interest is an interest dampener.

Segment wise Performance

During the year under review, the Company made trading in clothes and also sold surplus land

Out Look

Because of entry of TATA's with NANO Car project in Ahmedabad, business environment is favourable and real estate and infrastructure business looks viable.

Internal control System

We have engaged a Chartered Accountant for carrying out internal audit and internal control of systems followed by the Company.

Human relations

As the business activities will increase in the coming years, we will start hiring staff.

The Company was a Sick Unit and was discharged from BIFR in June 2006.

Caution:

From the prevailing business environment, it is felt to keep the external debts low since servicing of principals by payment of interest will not be prudent.

9. General Shareholders Information:

1.	Registered Office	F.F.7-9, Advance Plaza, Shahibaug Road, Outside Delhi Gate, Ahmedabad – 380004
2.	Date, time and Venue of the 21 st Annual General Meeting (AGM)	Saturday, July 31, 2010, 11.00 a.m. at the above address
3.	Dividend for F.Y. 2009-2010	NIL
4.	Date of book closure	26.07.2010 to 31.07.2010 (Both days inclusive).
5.	Financial Calendar Financial reporting for Quarter ending June 30, 2010 Quarter ending Sept. 30,2010 Quarter ending Dec. 31, 2010 Year ending March, 31, 2011	Second week of August, 2010 Second week of October, 2010 Second week of February, 2010 Last week of May, 2011
6.	The equity shares of Rs.10/- each are listed at	Ahmedabad Stock Exchange, Kamdhenu, Panjara Pole, Ahmedabad - 380015 Bombay Stock Exchange Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001
7.	Listing Fees	Listing Fees have been paid for both the Stock Exchanges for 2009-2010 and 2010-2011
8.	Stock Market data	BSE- Suspended from trading since 2001 ASE- No trade has taken place
9.	Stock Exchange Security Code and other related information	
	Bombay Stock Exchange Limited	521048
	Ahmedabad Stock Exchange Limited	02000
10.	Corporate Identification Number (CIN)	L17110GJ1988PLC011139

Distribution of Shareholding as on

No. of equity Shares held	31 st March, 2010			31 st March, 2009		
	No. of Shares	No. of Share-holders	% of Share-holders	No. of Shares	No. of Share-holders	% of Share-holders
1 - 500	408775	6616	97.22	409585	6615	97.19
501 - 1000	88458	124	1.82	89008	125	1.84
1001- 2000	45483	32	0.47	44533	31	0.46
2001- 3000	25716	11	0.16	25716	11	0.16
3001- 4000	7900	2	0.03	7900	2	0.03
4001- 5000	42460	9	0.13	42460	9	0.13
5001- 10000	27327	3	0.04	27327	3	0.04
10001 & above	2466756	8	0.13	2466346	10	0.15
Total	3112875	6805	100.00	3112875	6806	100

Dematerialisation of Shares:

The Shares of the Company are yet to be made in the demat form.

a) Shareholding Pattern as on March 31, 2010

Category	No. of shares held	Percentage of shareholding
A. Promoters holding		
Individuals/	1685153	54.13
Bodies Corporate	779320	25.04
Foreign	NIL	NIL
Sub-Total of A	2464473	79.17
B. Public Shareholding		
Financial Institutions/ Banks	824	0.03
Insurance Companies	238	0.01
Sub-Total (B)	1062	0.03
Bodies Corporate	10533	0.34
Individuals-		
I. Individual shareholders holding	636827	20.46
Sub-Total(B)(2)	647360	20.80
Total Public shareholding (B)	648422	20.83
GRAND TOTAL (A)+(B)	3112895	100.00

CEO & CFO CERTIFICATION

The Board of Directors
The Ahmedabad Advance Mills Limited
F.F.7-9 Advance Plaza
Shahibaug
Ahmedabad-380004

Re-financial Statements for the year 2009-2010 Certification

We, Phulchand Agarwal, Chairman & Managing Director and R. Vijaykumar, Company Secretary and Manager Finance (Officiating as CFO) , on the basis of the review of the financial statements and the cash flow statements for the

Financial year ending 31.03.2010 and to the best of our knowledge and belief, thereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are to the best of our knowledge and belief, no transaction entered into by the company during the year ended 31.03.2010 which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
 - (a) There have been no significant changes in the internal control over financial reporting during this year.
 - (b) There have been no significant changes in accounting policies during this year and that the same have been disclosed in the notes to the financial statements.

(c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Sd/-
Phulchand Agarwal
Chairman & Executive Director

Sd/-
R.Vijaykumar
CFO

Place: Mumbai
Date: 31.05.2010

DECLARATION – COMPLIANCE WITH THE CODE OF CONDUCT

In accordance with clause 49 of the Listing Agreement with the Stock Exchanges, Phulchand Agarwal, Chairman & Executive Director of the Company, hereby declare that the Board Members and senior Management Personnel have affirmed compliance with the said Code of Conduct, as mentioned in this report, for the year ended 31.03.2010.

Place: Mumbai
Date: 31.05.2010

For The Ahmedabad Advance Mills Limited
Sd/-
Phulchand Agarwal
Chairman & Managing Director