

NOTICE

NOTICE is hereby given that the Twentieth 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

PRADEEP AGARWAL

Date : 03rd September, 2009

DIRECTOR

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:

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'

Besides, he placed the following facts before the Board.

The Company,

1. During the year, no fraud on or any assets of the Company has either been noticed or reported.
2. The Company has identified all the related parties in accordance with Accounting Standard (AS) 18 "Related Party Disclosures" and transactions with all such parties. The information provided in the financial statements is completed in all respects, the disclosures made in the financial statements are adequate having regard to the framework under the financial statements have been drawn and they are free from material misstatements including omission with regard to related parties and transactions with related parties.
3. The Company has complied with the requirements of Accounting Standard 20 "Earning Per Share". The Basic and Diluted earning per share for the period ended 31st March, 2009.
4. No personal expenses other than those incurred under contractual obligations or accepted business practices, have been incurred by the Company and charged to the Profit and Loss Account.
5. There are no liabilities contingent or otherwise as on March 31, 2009 which have not been taken into account in the accounts of the Company for the year ended on

that date and we have no knowledge of any law suits, tax or other claims or litigation pending against the Company, other than those shown as such in the balance sheet.

6. Income Tax expense comprises current tax and deferred tax charge or credit. The deferred tax charge or credit recognized using current tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the year and available case law, to reassess realization/liabilities.

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

Auditors of the Company M/s Deloitte Haskins & Sells, Chartered Accountants, Mumbai shall retire at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. A confirmation has been received from them that if reappointed, their reappointment shall be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

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 since 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

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

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 23.07.2007 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

A 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	10000.00	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 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 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. However, Limited Review/Results for the quarters could not taken within the stipulated time.

8. Management Discussion and Analysis Report:

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

9. Shareholders Information:

Annual General Meeting:

Date : 30th September, 2009

Time : 11.00 a.m.

Venue : Company's Registered Office at Shop Nos. FF 7 – 9, Advance Plaza
F.P.No.105, Outside Delhi Gate, Shahibaug road, Ahmedabad-380 004

AUDITORS' REPORT TO THE MEMBERS OF THE AHMEDABAD ADVANCE MILLS LIMITED

1. We have audited the attached Balance Sheet of The Ahmedabad Advance Mills Limited as at March 31, 2009 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - a) *Provision for retrenchment compensation and compensation for closure period aggregating to Rs. 47,383,235/ in respect of employees who have yet to tender their resignation, has not been made in view of the obligating event having taken place by way of the order of Honorable High Court of Gujarat which held that closure declared by the management is legal and valid. Had the provision been made for this amount, loss for the year and adverse balance carried forward in the profit and loss account would have been higher by Rs. 47,383,235 (see Note 6 of Schedule 18).*
 - b) *The Company had given Inter Corporate Deposits (ICD) up to March 31, 2008 to two Companies and a partnership firm (in which a director of the Company is interested) aggregating Rs. 36,250,000 and fresh ICD of Rs.5,500,000 during the current year. Approval of the central government in respect of the aggregating ICD amounting to Rs.41,750,000 has not been obtained as required by Section 295 of the Companies Act 1956. Out of the aforesaid, ICDs aggregating to Rs.40,800,000 has been repaid upto 31.3.09. The amount of ICDs outstanding as at March 31, 2009 is Rs. 950,000. (as indicated in Note 2(a) of Schedule 18). No application has been made by Company to the Central Government under section 295.*

Deloitte Haskins & Sells

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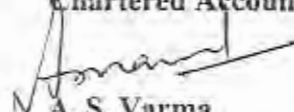
- c) *There are no approval given by the Board of Directors authorizing the ICD given aggregating to Rs.80,528,050 during the year ended March 31, 2009 as required under section 292(1)(e) of the Companies Act, 1956 (see Note 2(b) of Schedule 18).*
- d) *The management has represented that the market value of its freehold land is adequate to meet its contingent and ascertained liabilities. The Company has also received an undertaking from its promoters to support the Company to meet its obligations. However in view of suspension of operations as described in note I-B on Schedule 18, the significant loss made by the Company during the year, negative net worth (after considering the non-provisioning of retrenchment and closure compensation as described in 4(a) above) and the absence of any formal business plan, we are unable to state whether the Company will be able to continue in operation as a going concern in the foreseeable future.*

5. a) *Subject to the matters referred to in paragraph (4) above:*

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
- c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, *except for our comments on the appropriateness of the going concern assumption under Accounting Standard 1 in paragraph 4(d) above and for non-provisioning of retrenchment and closure compensation under Accounting Standard 29 in paragraph 4(a) above,* comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and *except for our inability to assess if the going concern assumption has been followed appropriately as stated in paragraph 4(d) above, and its impact on these accounts, if any, not ascertainable,* give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;

- (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
6. We further report that, on the basis of the written representations received from the directors as on March 31 2009, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2009 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

**For DELOITTE HASKINS & SELLS
Chartered Accountants**



**A. S. Varma
Partner**

Membership No. 15458

MUMBAI: 25 SEP 2009



Annexure to the Auditors' report

Annexure referred to in paragraph 3 of our report of even date to the members of The Ahmedabad Advance Mills Limited on the financial statements for the year ended March 31, 2009

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) There was no disposal of fixed assets during the year. Therefore, the provisions of clause 4(i)(c) of the Order are not applicable to the Company.
- (ii) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories and there were no discrepancies noticed on physical verification.
- (iii) (a) As per information and explanations given to us, the Company has granted unsecured loans aggregating Rs. 5,500,000 to three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs. 52,337,033 and the period end balance of such loans was Rs. 950,000.
- (b) As per the information and explanations given to us, the rate of interest and other terms and conditions at which the loans have been given to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company having regard to the market yields.
- (c) As per the information and explanations given to us, the Company is regular in receipt of the principal amount and interest thereon.

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- (d) As per the information and explanations given to us, the Company has taken reasonable steps for the recovery of the overdue principal amount and interest thereon.
 - (e) The Company has taken unsecured loans aggregating to Rs. 156,868,625 from four parties covered in the register maintained under section 301 of the Act, 1956. The maximum amount involved during the year was Rs. 223,092,120 and the yearend balance is Rs. 61,474,719.
 - (f) As per the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the Company having regard to the market yields.
 - (g) As per the information and explanations given to us, the Company is regular in payment of the principal amount and interest thereon.
- (iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions in excess of Rs. 5 lakhs made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public to which the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply. Accordingly, the provisions of clause 4 (vi) of the Order are not applicable to the Company. As informed to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

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- (vii) In our opinion and according to the information and explanations given to us, whilst the Company has an internal audit system, *the scope of which needs to be extended to make it commensurate with the size and nature its business.*
- (viii) In our opinion and according to the information and explanations given to us, the cost records as prescribed under clause (d) of sub-section (1) of section 209 of the Act have not been maintained by the Company during the period, as there was no manufacturing activity except on job work basis.
- (ix) (a) According to the records of the Company and information and explanations given to us, provident fund, employees state insurance, income tax, sales tax, service tax, cess and other material statutory dues as applicable to it have generally been regularly deposited during the year under audit with the appropriate authorities. As explained to us, the Company did not have any dues on account of investor education and protection fund, customs duty, excise duty and wealth tax.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance (E.S.I.C), income tax, sales tax, service tax, cess and other material statutory dues as applicable were in arrears, as at March 31, 2009 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of Income Tax/ Sales Tax/ Service Tax/ Customs Duty/ Wealth Tax/ Excise Duty or Cess that have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses at the end of the financial year are more than fifty per cent of its net worth. The Company has incurred cash losses during the financial year covered by our audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) Based on the examination of our records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.

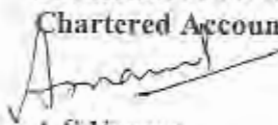
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- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to information and explanations given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4 (xv) of the Order are not applicable to the Company.
- (xvi) The Company has not taken any term loans during the year under audit. Accordingly, the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by way of public issues. Accordingly, the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For DELOITTE HASKINS & SELLS
Chartered Accountants


A.S. Varma

Partner

Membership No. 15458

MUMBAI: 25 SEP 2009





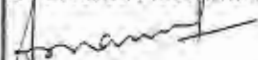
THE AHMEDABAD ADVANCE MILLS LIMITED

BALANCE SHEET AS AT MARCH 31, 2009

	SCHEDULE NO.	AS AT 31.3.2009 Rs.	AS AT 31.3.2008 Rs.
<u>SOURCES OF FUNDS</u>			
SHAREHOLDERS' FUNDS			
Share Capital	1	31,128,750	31,128,750
Reserves and Surplus	2	28,962,983	28,962,983
		<u>60,091,733</u>	<u>60,091,733</u>
LOAN FUNDS			
Secured Loans	3	157,809	352,110
Unsecured Loans	4	61,474,719	141,767,401
		<u>61,632,528</u>	<u>142,119,511</u>
	TOTAL	<u>121,724,261</u>	<u>202,211,244</u>
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS			
Gross Block	5	3,044,685	3,044,685
Less: Accumulated Depreciation		863,880	707,185
Net Block		<u>2,180,805</u>	<u>2,337,500</u>
CURRENT ASSETS, LOANS AND ADVANCES			
Property Constructed		1,424,943	1,424,943
Sundry Debtors	6	25,263,028	30,372,935
Cash and Bank Balances	7	7,251,506	7,018,862
Loans and Advances	8	111,216,809	263,105,900
		<u>145,156,286</u>	<u>301,922,640</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	9	61,401,854	67,749,824
Provisions	10	680,000	55,680,000
		<u>62,081,854</u>	<u>123,429,824</u>
NET CURRENT ASSETS		83,074,432	178,492,816
PROFIT AND LOSS ACCOUNT - debit balance	11	36,469,024	21,380,928
	TOTAL	<u>121,724,261</u>	<u>202,211,244</u>
Notes on balance sheet and profit and loss account	18		

As Per our report attached of even date

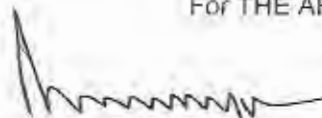
For Deloitte Haskins & Sells
Chartered Accountants


A. S. Varma
Partner

Place : Mumbai

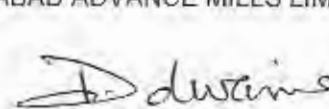

Date : **25 SEP 2009**

For THE AHMEDABAD ADVANCE MILLS LIMITED


R. Vijaykumar
Company Secretary
and Manager(Finance)

Place : Mumbai

Date : 03.09.2009

 
V.S. Didwania
Director
S.D. Vyas
Director

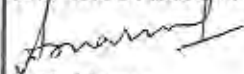
THE AHMEDABAD ADVANCE MILLS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	SCHEDULE NO.	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME :			
Sales	12	25,261,491	30,711,391
Other Income	13	697,439	276,318
Interest Income (net)	14	2,295,451	6,788,188
	TOTAL	28,254,381	37,775,897
EXPENDITURE :			
Material Cost	15	25,019,217	30,620,835
Employees cost	16	70,495,577	542,038
Other Expenses	17	2,402,033	4,547,890
Depreciation	5	156,695	151,924
	TOTAL	98,073,522	35,862,687
(Loss)/ Profit before taxation		(69,819,141)	1,913,210
Provision for taxation			
Current Tax (Refer Notes 4 and 5 of Schedule 18)		-	680,000
Fringe Benefit Tax		50,000	90,000
Income tax Provision Written Back (Refer Note 4 ; Schedule 18)		(54,781,045)	-
(Loss)/ Profit after taxation		(15,088,096)	1,143,210
Adverse balance brought forward		(21,930,928)	(23,074,138)
Adverse balance carried to balance sheet		(37,019,024)	(21,930,928)
Basic (Loss)/ Earnings per share		(Rs.4.85)	Rs 0.37
Diluted (Loss)/ Earnings per share		(Rs.4.85)	Rs.0.37
Face value per share (Refer Note 8 ; Schedule 18)		Rs.10.00	Rs.10.00

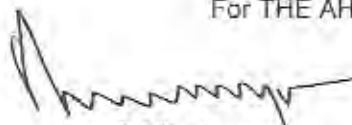
Notes on balance sheet and profit and loss account 18

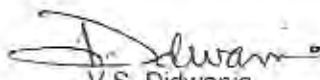
As Per our report attached of even date


For Deloitte Haskins & Sells
Chartered Accountants


A. S. Varma
Partner

For THE AHMEDABAD ADVANCE MILLS LIMITED


R. Vijaykumar
Company Secretary
and Manager(Finance)


V.S. Didwania
Director


S.D. Vyas
Director

Place : Mumbai
Date:

25 SEP 2009

Place : Mumbai
Date : 03.09.2009

THE AHMEDABAD ADVANCE MILLS LIMITED			
Schedules forming part of Balance Sheet as at March 31, 2009			
SCHEDULE	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.	
<u>Schedule 1 - Share Capital</u>			
Authorised:			
25,000,000 Equity Shares of Rs.10/- each	250,000,000	250,000,000	
	<u>250,000,000</u>	<u>250,000,000</u>	
Issued and Subscribed:			
3,112,875 Equity Shares of Rs.10/- each	31,128,750	31,128,750	
(Of the above 345,805 Shares are allotted as fully paid pursuant to a contract without payments being received in cash)			
	<u>31,128,750</u>	<u>31,128,750</u>	
<u>Schedule 2 - Reserves and Surplus</u>			
Capital Reserve as per last Balance Sheet	28,962,983	28,962,983	
General Reserve as per last Balance Sheet	550,000	550,000	
Less: Reduced from debit balance in Profit and loss account per contra	<u>(550,000)</u>	<u>(550,000)</u>	
	<u>28,962,983</u>	<u>28,962,983</u>	
<u>Schedule 3 - Secured Loan</u>			
From a Bank (Secured by way of hypothecation of Motor Car)	157,809	352,110	
	<u>157,809</u>	<u>352,110</u>	
<u>Schedule 4 - Unsecured Loans</u>			
- Repayable within a year	-	-	
From Others :			
Inter Corporate Deposits (ICD)	60,514,943	128,200,000	
Interest accrued on ICD	959,776	13,567,401	
	<u>61,474,719</u>	<u>141,767,401</u>	

THE AHMEDABAD ADVANCE MILLS LIMITED

Schedules forming part of Balance Sheet as at March 31, 2009

(Figures in Rs.)

SCHEDULE 5 - FIXED ASSETS											
No	PARTICULARS	GROSS BLOCK (at cost)			DEPRECIATION				NET BLOCK		
		AS AT 31.03.2008	ADDITIONS / ADJUSTMENTS	DEDUCTIONS	AS AT 31.03.2009	AS AT 31.03.2008	FOR THE YEAR	DEDUCTIONS / ADJUSTMENTS	AS AT 31.03.2009	AS AT 31.03.2009	AS AT 31.03.2008
1	Land	390,235	-	-	390,235	-	-	-	-	390,235	390,235
2	Buildings	961,747	-	-	961,747	261,057	15,676	-	276,733	685,014	700,690
3	Plant and Machinery	250,843	-	-	250,843	76,786	11,915	-	88,701	162,142	174,057
4	Furniture and fixtures	485,018	-	-	485,018	152,661	30,702	-	183,363	301,655	332,357
5	Motor Cars and Cycles	763,049	-	-	763,049	102,308	72,490	-	174,798	588,251	660,741
6	Computers	193,793	-	-	193,793	114,373	25,912	-	140,285	53,508	79,420
	TOTAL	3,044,685	-	-	3,044,685	707,185	158,695	-	863,880	2,180,805	
	PREVIOUS YEAR	2,988,285	56,400	-	3,044,685	555,261	151,924	-	707,185		2,337,500

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THE AHMEDABAD ADVANCE MILLS LIMITED

Schedules forming part of Balance Sheet as at March 31, 2009

SCHEDULE	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<u>Schedule 6 - Sundry Debtors</u>		
Unsecured :		
Over six months :		
- Considered Good	1,537	118,700
- Considered Doubtful	-	-
Other debts (Considered Good)	25,261,491	30,254,235
	<u>25,263,028</u>	<u>30,372,935</u>
<u>Schedule 7 - Cash and Bank Balances</u>		
Cash on hand	40,354	384,969
Bank Balances with scheduled banks :		
a) In Current Accounts	4,599,051	4,023,388
b) In Fixed Deposit Accounts (Includes Rs.12,101/- (Previous Year Rs. 10,505/-) under lien with sales tax)	2,612,101	2,610,505
	<u>7,251,506</u>	<u>7,018,862</u>

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THE AHMEDABAD ADVANCE MILLS LIMITED

Schedules forming part of Balance Sheet as at March 31, 2009

SCHEDULE	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
Schedule 8 - Loans and Advances		
Unsecured and Considered good unless otherwise stated		
Advances recoverable in Cash or in kind or for value to be received (after deducting provision for doubtful advances Rs.1,495,345/-; Previous Year Rs.1,495,345/-)	184,319	339,739
Interest Accrued on Bank Deposits and ICDs*	5,691,073	20,823,417
Deposits	41,560	41,560
Inter Corporate Deposits (ICD)*	74,946,247	209,902,825
Advance for Property Purchase	21,000,000	21,300,000
Advance Payment of Taxes	9,353,610	10,698,359
	<u>111,216,809</u>	<u>263,105,900</u>
* Includes amount due from:		
(i) Firm in which directors have interest Rs.Nil(Previous Year: Rs.39,998,769);		
(ii) Company in which directors have interest Rs.950,000(Previous Year: Rs.1,400,000).		
Schedule 9 - Current Liabilities		
Sundry Creditors (See note 12 of Schedule 18)		
Total Outstanding dues of Micro, Small and Medium Enterprises :	-	-
Total Outstanding dues of Creditors other than Micro, Small and Medium Enterprises :	25,147,276	30,777,610
Sundry deposits and advances	155,160	99,990
Property development booking advance	105,269	105,269
Other liabilities (includes in respect of Gratuity Rs.13,100,818; Previous year Rs. 14,601,687)	32,674,996	33,427,828
Maintenance deposits	3,319,153	3,339,118
	<u>61,401,854</u>	<u>67,749,824</u>
Schedule 10 - Provisions		
Provision for tax	680,000	55,680,000
	<u>680,000</u>	<u>55,680,000</u>
Schedule 11 - Profit and Loss Account		
Debit balance in the Profit and Loss Account	37,019,024	21,930,928
Less: transferred from General Reserve - per contra (Refer Schedule 2)	550,000	550,000
	<u>36,469,024</u>	<u>21,380,928</u>

THE AHMEDABAD ADVANCE MILLS LIMITED

Schedules forming part of the Profit and Loss Account
for the year ended March 31, 2009

	Current Year Rs.	Previous year Rs.
<u>Schedule 12 - Sales</u>		
Sale of Yarn	-	513,709
Sale of Cloth	25,261,491	30,197,682
	<u>25,261,491</u>	<u>30,711,391</u>
<u>Schedule 13 - Other Income</u>		
undry balance written back	670,070	-
Job charges	26,769	91,177
Miscellaneous Income	600	8,100
Provision for doubtful debts written back	-	177,041
	<u>697,439</u>	<u>276,318</u>
<u>Schedule 14 - Interest</u>		
Interest Income :		
- from Bank	230,107	202,503
- from income tax on refund	453,904	-
- from Inter Corporate Deposits (Tax Deducted at Source Rs. 2,763,672; Previous year Rs. 6,592,776)	11,783,665	28,642,400
Less :		
- Interest paid on Bank Overdraft	-	4,195,456
On Others (On Fixed Period Loan Rs. 24,219; Previous Year Rs. 41,159)	<u>10,172,225</u>	<u>17,981,250</u>
	<u>10,172,225</u>	<u>22,056,715</u>
Interest Income / (Expense) (net)	<u>2,295,451</u>	<u>6,788,188</u>
<u>Schedule 15 - Material Cost</u>		
Purchase of cloth	25,019,217	30,107,832
Raw material consumed	-	36,731
Decrease / (Increase) in Inventory	-	476,272
	<u>25,019,217</u>	<u>30,620,835</u>

THE AHMEDABAD ADVANCE MILLS LIMITED

**Schedules forming part of the Profit and Loss Account
for the year ended March 31, 2009**

	Current Year Rs.	Previous Year Rs.
Schedule 16 - Employees Cost		
Salaries, Wages and Bonus	862,800	502,320
Retrenchment Expenses	59,083,718	6,374
Gratuity Expenses	10,523,624	-
Welfare expenses	25,435	33,344
	<u>70,495,577</u>	<u>542,038</u>
Schedule 17 - Other Expenses		
Repairs and maintenance - others	29,797	5,439
Rates and Taxes	29,381	24,005
Auditors' Remuneration		
- Audit fees	275,750	280,900
- Other services	166,995	168,540
- Out of Pocket Expense	<u>5,000</u>	-
	447,745	449,440
Insurance	18,254	6,343
Electricity Expenses	95,811	72,849
Sundry expenses	126,709	283,239
Legal and Professional fees	805,393	2,564,358
Travelling, Conveyance and Hotel	426,881	589,641
Office maintenance expenses	73,570	56,737
Repairs and maintenance of motor vehicles	165,679	166,816
Telephone expenses	102,054	107,366
Postage, Printing and Stationery	35,475	32,126
Bank charges	45,284	12,490
Bad Debts	-	177,041
TOTAL	<u>2,402,033</u>	<u>4,547,890</u>

1-A SIGNIFICANT ACCOUNTING POLICIES:

(i) **Basis of Accounting:**

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the generally accepted accounting principles (GAAP) and applicable accounting standards issued by Institute of Chartered Accountants of India referred in section 211(3C) and provisions of Companies Act, 1956.

(ii) **Use of Estimates:**

The preparation of financial statements in conformity with generally Accepted Accounting Principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount the revenue and expenses during the reporting period. Actual results could differ from these estimates and the difference between actual results and estimates are recognized in the period in which the results are known/materialize.

(ii) **Fixed Assets and Depreciation:**

Fixed assets including structural changes/major improvements are stated at cost of acquisition including incidental expenses related to acquisition and installation less accumulated depreciation.

Depreciation is provided on the straight-line method at the rates and method specified in Schedule XIV of the Companies Act, 1956.

(iii) **Inventories:**

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence. The cost of inventories is arrived at based on first-in-first-out basis.

(iv) **Revenue recognition:**

- a. Property constructed represents costs of premises remaining with the Company on completion of a property development project, the income of which is recognised on completion of the sale of such premises.
- b. Revenue from sale of textiles is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of sales tax and other levies.
- c. Interest Income is recognised on a time proportion basis.