

BOOK POST



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**REGISTRARS & TRANSFER AGENTS**

**M/s. Sharepro Services (India) Private Limited,  
Near Asoka Mills, Narora Road,  
Ahmedabad.**



**THE AHMEDABAD ADVANCE MILLS**  
**LIMITED**

*21<sup>st</sup> Annual Report 2010*

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

Shri Pradeep Agarwal (till 30.10.2009)  
Shri Phulchand Agarwal (w.e.f. 31.10.2009)  
Shri S.D.Vyas  
Shri V.S. Didwania  
Shri S. Srinivasan  
Shri M.S. Bhardwaj

**COMPANY SECRETARY**

R. Vijaykumar

**AUDITORS**

Dhiren Shah & Co.,  
Chartered Accountants,

**BANKERS**

ING VYSYA BANK  
IDBI BANK

**REGISTERED OFFICE**

7-9, Advance Plaza,  
Shahibaug Road,  
Outside Delhi Gate,  
Ahmedabad – 380 004  
Tel No.  
Fax No.  
E-mail Id: [aam1000@gmail.com](mailto:aam1000@gmail.com)

**CORPORATE OFFICE**

Nirlon House, 4<sup>th</sup> Floor,  
254-B, Dr. Annie Besant Road,  
Worli, Mumbai- 400 030  
Tel No. +91-22-42319900  
Fax No. +91-22-42319950  
E-mail Id: [pel@pel.in](mailto:pel@pel.in)

**REGISTRARS & TRANSFER AGENTS**

M/s Sharepro Servoces (India) Private Limited,  
Near Asoka Mills,  
Narora Road,  
Ahmedabad.

## NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of **The Ahmedabad Advance Mills Limited** will be held at 11.00 a.m. on Saturday, the 31<sup>st</sup> July, 2010 at the Registered Office of the Company at F.F.7-9, Advance Plaza, 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 31<sup>st</sup> March 2010 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. Srinivasan, 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.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an **Special 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 Phulchand Agarwal as Managing Director of the Company for a period of five years commencing from 31.10.2009.

5. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri M.S. Bhardwaj who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956 at the end of this Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director and eligible for reappointment, be and is hereby appointed as Director of the Company."

For and on behalf of the Board.

Sd/-

PHULCHAND AGARWAL  
MANAGING DIRECTOR

Place: Ahmedabad  
Date : 31<sup>ST</sup> May, 2010

### 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 26.07.2010 ( Monday ) to 31.07.2010 (Saturday) (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 Sharepro Servoces (India) Private Limited, Near Asoka Mills, Narora Road, Ahmedabad.

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

**Item No.4:**

**SPECIAL RESOLUTION**

Shri Phulchand Agarwal is a promoter Director. In the meeting held on 31.10.2009, Board appointed him as a Director of the Company and retirable by rotation and eligible for re-appointment. The Board proposes to appoint him as Managing Director of the Company for a period of five years from 01.10.2009 to 30.09.2014. Therefore, the Board recommends his appointment.

None of the Directors except Shri Phulchand Agarwal himself, is concerned or interested in passing the said Resolution.

**Item No.5**

**ORDINARY RESOLUTION**

Shri M.S. Bhardwaj was appointed as an Additional Director with effect from 29.01.2010, pursuant to Section 260 of the Companies Act, 1956. He holds Office of Director only upto the date of ensuing Annual General Meeting. As required under section 257 of The Companies Act, 1956 a notice has been received from a member signifying his intention to propose his appointment as Director. He is having more than 25 years of experience in legal matters. Therefore, the Board recommends his appointment.

None of the Directors except Shri M.S. Bhardwaj, is concerned or interested in passing the said Resolution.

For and on behalf of the Board  
Sd/-

PHULCHAND AGARWAL  
MANAGING DIRECTOR

Place: Ahmedabad  
Date : 31ST May, 2010

**THE AHMEDABAD ADVANCE MILLS LIMITED**

**F.F.No.7-9, Advance Plaza, Shahibaug, Ahmedabad-380004**

**ATTENDANCE SLIP**

Shareholders attending the Meeting in person or by proxy are requested to complete the attendance slip and hand over at the entrance of the meeting hall.

I hereby record my presence at the Twenty First Annual General Meeting of the Members of **The Ahmedabad Advance Mills Limited** will be held at 11.00 a.m. on Saturday, the 31<sup>st</sup> July, 2010 at the Registered Office of the Company at F.F.7-9, Advance Plaza, Shahibaug Road, Outside Delhi Gate, Ahmedabad – 380 004.

.....  
Full Name of the Shareholder (In Block Letters)      Signature of the Shareholder

Folio: .....

.....  
Full Name of Proxy (In Block Letters)      Signature of Proxy

**THE AHMEDABAD ADVANCE MILLS LIMITED**

**F.F.No.7-9, Advance Plaza, Shahibaug, Ahmedabad-380004**

**PROXY FORM**

I/We ..... of ..... in the District of ..... being a member/members of the above named company hereby appoint ..... of ..... in the District of ..... as my/our proxy to vote for me/us on my/our behalf at the 21<sup>st</sup> Annual General Meeting of the Company, to be held on Saturday, the 31<sup>st</sup> July, 2010 at 11.00 hours and/or at any adjournment thereof.

Signed this ..... day of ..... 2010

.....  
Signature of the Shareholder

**Notes:**

1. A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself. The proxy need not be a member of the Company.
2. The proxy form duly completed should be deposited at the Registered Office of the Company at least 48 hours before the meeting.

<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid	(716,809)	-	(22,779,850)
Net Cash generated from / (used in) financing Activities (c) Net increase /(decrease) in Cash & Cash Equivalents (a+b+c)	(22,349,337)	(22,349,337)	(90,659,208)
Cash & Cash Equivalents as at the commencement of the period	7,251,506	7,251,506	7,018,862
Cash & Cash Equivalents as at the end of the period	3,595,366	3,595,366	7,251,506
Net increase/(decrease) as disclosed above	(3,656,140)	(3,656,140)	232,644

Note: 1) The Cash Flow has been prepared under the (Indirect Method) as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

2) Cash and Cash equivalents comprise of cash and bank balances per schedule 8 of Balance Sheet.

3) Previous period figures have been regrouped wherever necessary.

As Per our report attached to the Balance Sheet

For, Dhiren Shah & Co.,  
Chartered Accountants

For The Ahmedabad Advance Mills Limited

Sd/-

Sd/-

Sd/-

Sd/-

(Dhiren Shah)

R.Vijaykumar

Phulchand Agarwal

S.D.Vyas

Proprietor  
Membership No. 35824  
Firm Regn. No. 114633W

Company Secretary  
And  
Manager ( Finance)

Managing Director

Director

Place: Ahmedabad  
Date : 31-05-2010

Place: Ahmedabad  
Date : 31-05-2010

## THE AHMEDABAD ADVANCE MILLS LIMITED

### DIRECTORS' REPORT

Your Directors have pleasure in presenting the 21st Annual Report and the Audited Accounts for the Financial Year ended 31st March, 2010.

#### FINANCIAL RESULTS:

The highlights of Financial Results of the Company for the financial year ended 31st March, 2010 are as under:

Financial Results	2009-2010 Rs.in lacs	2008-2009 Rs.in lacs
Total Income	1246.70	282.54
Depreciation	1.44	1.56
Profit/Loss before Tax	361.44	-698.19
Provision for Tax	0	0
Fringe Benefit Tax	0	0.50
Income tax Provision written back	0.03	547.81
Profit after Taxation	361.41	-150.88
Loss brought forward from last year	-370.19	-219.31
Balance Loss carried forward to Balance Sheet	-8.78	-370.19

#### OPERATIONS AND FUTURE PLANS:

The operations for the year under review show a Profit of Rs.361.41 lacs (after taxation).

#### DIVIDEND:

Due to inadequacy of profits, the Directors do not recommend any dividend.

#### REVIEW:

In terms of the agreement executed between the Textile Labour Association, a recognized representative Union of the Mill workers and the Order both dated 11.2.2008, the Company has received resignations from 491 workers. During the year under review, four criminal complaints filed by the ESI Corporation and one complaint filed by the Government of Gujarat were withdrawn and disposed off respectively.

#### DIRECTORS:

Shri V.S. Didwania, resigned as a Director on 29.01.2010. On 29.1.2010, the Board appointed Shri M.S. Bhardwaj as Additional Director on the Board to hold office till the date of ensuing Annual General Meeting and being eligible, offers himself for appointment as Director. Shri S.Srinivasan, Director 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.Srinivasan, no other Director is interested in his appointment.

The Company proposes to appoint Shri Phulchand Agarwal as Managing Director of the Company for a period of five years from 01.10.2009-30.09.2014. He is a promoter Director and having rich experience in business for more than sixty years. Directors recommend his appointment as Managing Director. Except Shri Phulchand 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:-

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- 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, 2010 and of the Profit of the Company for the year ended on that date.
- 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
- 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 Dhiren Shah & Company, Chartered Accountants, Ahmedabad retire at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

### 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 sincere appreciation of continuous support received by the Company from the Textile Labour Association, and all others concerned.

Place: Ahmedabad  
Date: 31<sup>st</sup> May, 2010

By Order of the Board of Directors  
PHULCHAND AGARWAL  
CHAIRMAN

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

PARTICULARS	Rs.	Current Year	Previous Period
		Rs.	Rs.
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>	-	-	-
Net Profit Before Tax		<b>36,144,073</b>	(69,819,141)
Adjustments for :			
Depreciation	<b>143,635</b>		156,695
Interest Expense/ (Income) (net)	<b>(1,943,703)</b>		(2,295,451)
Sundry Balances Written off (net)	<b>(3,226,074)</b>		(670,070)
Profit on sale of Land	<b>(86,278,324)</b>		-
		<b>(91,304,466)</b>	(2,808,826)
Operating Profit Before Working Capital Changes		<b>(55,160,393)</b>	(72,627,967)
Adjustments for :			
Decrease / (Increase) in Trade and Other Receivable	<b>(27,761,390)</b>		9,257,827
Decrease/ (Increase) in Inventories & Property Cost	-		-
Increase/(Decrease) in Trade Payable	<b>12,037,001</b>		(9,670,400)
		<b>(15,724,389)</b>	(412,573)
Cash used in operating activities		<b>(70,884,782)</b>	(73,040,540)
Direct taxes (paid) / refunded (net)/Interest on Refund		<b>(652,450)</b>	3,839,466
Net Cash used in operating activities (a)		<b>(71,537,232)</b>	(69,201,074)
<b><u>CASH FLOW FROM INVESTING ACTIVITIES :</u></b>	-	-	-
Interest received	<b>4,488,111</b>		27,600,020
TDS paid on Interest received	<b>(726,246)</b>		(2,763,672)
Receipt of ICD			134,956,578
Receipt from Sale of Land	<b>86,487,070</b>		-
Purchase of fixed assets	<b>(18,506)</b>		-
Advance received back against capital work in progress	-		300,000
		<b>90,230,429</b>	160,092,926
Net cash generated from investing activities (b)		<b>90,230,429</b>	160,092,926

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010**

10. Additional information pursuant to the provisions of paragraphs 3 and 4 of Part II of Schedule VI to the Companies Act, 1956.

S.No	Description	Current Period		Previous Period	
		Units	Rs.	Units	Rs.
	<b>TURNOVER</b>				
I	Carded Cotton	NIL	NIL	NIL	NIL
	Yarn	NIL	NIL	NIL	NIL
	Cloth (Traded Goods)	192,770 Mts	33,188,857	242,275 Mtrs.	25,261,491
	<b>PRODUCTION</b>				
II	Carded Cotton	NIL	NIL	NIL	NIL
	Yarn	NIL	NIL	NIL	NIL
	<b>CLOSING STOCK OF FINISHED GOODS</b>				
III	Carded Cotton	NIL	NIL	NIL	NIL
	Yarn	NIL	NIL	NIL	NIL
	<b>RAW MATERIAL CONSUMPTION - Cotton</b>				
IV		NIL	NIL	NIL	NIL
	<b>PURCHASES (Traded Goods)- Cloth</b>				
V		192,770 Mtrs.	30,829,761	242,275 Mtrs.	25,019,217

11. The company has not received information from any of its suppliers that they are registered Micro or Small enterprises and therefore the amount due to such suppliers, if any has not been identified by the company.

12. Figures for the previous period have been regrouped wherever necessary.

Sd/-  
R. Vijaykumar  
Company Secretary  
and Manager (Finance)

Sd/-  
Phulchand Agarwal  
Managing Director

Sd/-  
S. D. Vyas  
Director

Place: Ahmedabad  
Date: 31.05.2010

## THE AHMEDABAD ADVANCE MILLS LIMITED

**STATEMENT ON CORPORATE GOVERNANCE**

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:

- To review financial statements and pre-publication announcements before submission to the Board;
- To ensure compliance of internal control systems and action taken on internal audit reports;
- To apprise the Board on the impact of accounting policies, accounting standards and legislation;
- To hold periodical discussion with statutory auditors on the scope and content of the audit.
- 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. Srinivasan	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. Srinivasan	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. Srinivasan	NIL	33000.00	NIL
2.	Shri M.S. Bhardwaj	NIL	3000.00	NIL

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010**

Outstanding Balances	As at 31.03.2010		As at 31.03.2009	
	Associate Promoter Rs.	Other enterprises under common control Rs.	Associate Promoter Rs.	Other enterprises under common control Rs.
Inter corporate unsecured loans outstanding as at the end of the period: 1) Prateek Spintex Limited. 2) Phulchand Exports Ltd.	-- 21,08,751	19,83,741 --	-- --	61,474,719 --
Inter corporate deposits placed outstanding as at the end of the period (including accrued interest): 1) Prateek Realty Pvt. Ltd	--	--	--	950,000

**8 (B) List of related party and their nature of relationship:**

Sr. No.	Nature of Relationship	Name of the Parties
1.	Associate Promoter	Phulchand Exports Limited
2.	Other enterprises under common control	1. Prateek Realty Private Limited 2. Prateek Spintex Limited
3.	Key Management Personnel	1. Phulchand Agarwal (Appointed from 31-10-2009) 2. S. D. Vyas 3. M.S. Bharadwaj 4. S. Srinivasan 5. Pradip Agarwal (Retired from 26-10-2009) 6. V.S. Didwania (Retired from 29-01-2010)

**9. Segment reporting:**

The Company is principally engaged in single business segment – manufacturing and trading of Textiles and operates materially in one geographical segment as per Accounting Standard 17 on segment reporting and therefore no segment information is required to be disclosed.



**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010****8 (A). Transactions with Related parties:**

	Year ended 31.03.2010		Year ended 31.03.2009	
	Associate Promoter	Other enterprises under common control	Associate Promoter	Other enterprises under common control
	Rs.	Rs.	Rs.	Rs.
Inter corporate unsecured loan repayment of unsecured loan taken:				
1)Anjani Commercial Corpn	--	--	--	100,000
2)Rivian International P Ltd.	--	--	--	30,200,000
3)Phulchand Exports Ltd	10,20,85,000	--	190,125,000	--
4) Prateek Spintex Limited	--	7,96,59,720	--	4,015,000
Inter corporate unsecured Loan received:				
1) Phulchand Exports Ltd.	10,41,93,751	--	90,125,000	--
2) Prateek Spintex Limited	--	2,01,68,740	--	64,626,736
3)Anjani Commercial Corp.	--	--	--	100,000
4)Rivian International P Ltd.	--	--	--	2,000,000
Inter Corporate Deposit (ICDs) Placed repaid by the Parties.				
1) Prateek Realty Pvt. Ltd.	--	9,50,000	--	--
2) Phulchand Exports Pvt. Ltd.	3,07,50,000	--	--	--
Inter corporate Deposits (ICDs) placed:				
1)Anjani Commercial Corpn	--	--	--	2,850,000
2) Prateek Realty Pvt. Ltd.	--	--	--	50,000
3) Prateek Spintex Limited	--	--	--	2,600,000
4)Phulchand Exports Pvt. Ltd.	3,07,50,000	--	--	--
Interest on unsecured loan Paid :				
1) Phulchand Exports Ltd.	23,43,057	--	7,611,602	--
2) Prateek Spintex Limited	--	22,04,157	--	12,40,982
3) Rivian International P. Ltd.	--	--	--	6,89,308
Interest on ICDs placed:				
1)Anjani Commercial Corpn	--	--	--	609,436
Reimbursement of Expenses:				
1) Prateek Spintex Limited	--	--	--	101,966

## THE AHMEDABAD ADVANCE MILLS LIMITED

**5. General Body Meetings:**

Year	AGM	Location	Date	Time
2006-07	18 <sup>th</sup>	Registered Office	29.09.2007	11.00 a.m.
2007-08	19 <sup>th</sup>	Registered Office	30.09.2008	11.00 a.m.
2008-09	20 <sup>th</sup>	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**

ANNUAL REPORT 2009-10

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 <sup>st</sup> 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	<b>Ahmedabad Stock Exchange,</b> Kamdhenu, Panjara Pole, Ahmedabad - 380015  <b>Bombay Stock Exchange</b> 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

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010**

The Honourable High Court further held that the closure declared by the Mill Management is legal and valid.

The Company has provided for Gratuity relating to all the employees amounting to Rs. Nil (Previous year Rs. 1, 05, 23,624) during the year.

Consequent to Honourable High Court's order dated 11/2/2008, the company has already provided the provision for gratuity relating to all employees in earlier years of the closure of the years 1/4/1997 to 31/3/2007. The liability (other than gratuity) in respect of retrenchment compensation and salary, the company has made the payment to the workers on the basis of resignation received from the employees and accounted for in the books in earlier years. During the year, the company has made the provisions for all unresigned employees including employees from whom resignations are yet to be received in terms of the order of High Court dated 11.02.2008 which is amounting to Rs. 4, 73, 83,235.

**6. (A). Contingent Liabilities not provided for:**

Income-tax liability for accounting year 2006-07 relevant to A.Y.2007-08 raised by the Income-tax department of Rs.4,08,07,057/- against which an appeal is preferred and filed before the CIT(A), for which hearing is pending.

(B) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advance paid) is 8,750,000/- (Previous Year - Rs. 8,750,000/-).

**7. Earnings per share (EPS):**

	<b>Current Year</b>	<b>Previous Period</b>
(Loss) / Profit after tax available to equity shareholders (*)	<b>40,239,197</b>	Rs.(15,088,096)
Weighted average number of equity shares for Basic EPS	<b>3,112,875</b>	3,112,875
Weighted average number of equity shares for Diluted EPS (considering Share Application Money)	3,112,875	3,112,875
Basic EPS – (*)	Rs.12.93	Rs. (4.85)
Diluted EPS –(*)	Rs.12.93	Rs. (4.85)
Face value per share	Rs.10.00	Rs.10.00

(\*) Subject to adjustments in respect of qualifications contained in the Auditors' report.

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010**

1-B The Company had suspended its operations at Ahmedabad since March 13, 1995 due to financial constraints and labour unrest. The Company was declared as a Sick Unit within the meaning of Section 3(1) (o) of the Sick Industrial (Special Provisions) Act, 1985 (SICA). The Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated August 22, 2006 has discharged the Company from the purview of SICA.

**NOTES:**

2. During the year the Company has given Inter Corporate Deposit to one Company aggregating to Rs. 3,07,50,000/- for which approval of Central Government has not been obtained as required by Section 295 of the Companies Act, 1956. The whole amount has been repaid by the said Company during the year.
3. 'Other liabilities', which include worker's dues have been ascertained on the basis of available records with the Company and are subject to adjustments. Pending final settlement of dues, the payments to workers included in advance to employees, as per court order amounting to Rs. 27,89,006/- (Previous period Rs. 35,60,006/-) made in earlier years has been adjusted against liability provided/paid in pursuance of the Order.
4. The Company had vide its letter dated September 19, 2005 applied to the Income tax department for granting relief and concessions in accordance with the sanctioned Revival Scheme of BIFR vide their Order dated January 23, 2004. Further the BIFR vide its discharge Order dated August 22, 2006, issued directives to the Income tax department to exempt the Company from payment of capital gains tax and permit the Company to set off the capital gains, if any, against accumulated losses of the Company. However, the Income tax department filed an appeal before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the said directives of BIFR which was rejected by AAIFR vide its order dated 10<sup>th</sup> June 2008. In the Financial Year 2006-07 relevant to A.Y.2007-08 the Assessing Officer has interpreted the order of BIFR and AAIFR that set-off of accumulated business loss against the capital gain beyond 8 years is not allowable and accordingly the demand raised by the Income-tax Department of Rs.4,08,07,057/- which is challenged by the company by filing appeal before the CIT (Appeal).
5. The Company and the Textile Labour Union arrived at a settlement in respect of employees' dues on 11/2/2008 and the same has been modified by the Honourable High Court of Gujarat on 15/02/2008, as a result of which the Company is liable to pay in respect of such settlement, an amount aggregating Rs. 15 crores (approx.) to 848 employees on the condition precedent, that the payment will be made to the concerned employee within sixty days after his resignation is received and in respect of the employees concerned having hut/chhapra/room/quarter in the mill premises and he is a beneficiary of the settlement/ order, he shall have to first vacate the hut/chhapra/room/quarter occupied by him in the mill premises and shall have to first handover possession thereof to the Mill Management and thereafter, within sixty days period, the Mill Management will pay the amount to the concerned employee as per the consent terms.

## THE AHMEDABAD ADVANCE MILLS LIMITED

**10. Distribution of Shareholding as on**

No. of equity Shares held	31 <sup>st</sup> March, 2010			31 <sup>st</sup> 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
<b>Total</b>	<b>3112875</b>	<b>6805</b>	<b>100.00</b>	<b>3112875</b>	<b>6806</b>	<b>100</b>

**11. Dematerialisation of Shares:****1. Board of Directors:**

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
<b>A. Promoters holding</b>		
Individuals/	1685153	54.13
Bodies Corporate	779320	25.04
<b>Foreign</b>	NIL	NIL
<b>Sub-Total of A</b>	<b>2464473</b>	<b>79.17</b>
<b>B. Public Shareholding</b>		
Financial Institutions/ Banks	824	0.03
Insurance Companies	238	0.01
<b>Sub-Total (B)</b>	<b>1062</b>	<b>0.03</b>
Bodies Corporate	10533	0.34
Individuals-		
I. Individual shareholders holding	636827	20.46
<b>Sub-Total(B)(2)</b>	<b>647360</b>	<b>20.80</b>
Total Public shareholding (B)	<b>648422</b>	<b>20.83</b>
<b>GRAND TOTAL (A)+(B)</b>	<b>3112895</b>	<b>100.00</b>

## ANNUAL REPORT 2009-10

**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

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010****(vi) Employee Benefits:**

The Company's contribution paid/payable during the year to the Provident Fund/Gratuity Fund is charged to the Profit and Loss Account. The gratuity liability, as per Payment of Gratuity Act is payable up to 13.3.1995 to all eligible workers.

In terms of the Order dated 23.01.2004, of the Honourable BIFR, and order dated 11.02.2008, of the Honourable High Court of Ahmedabad, provision for Gratuity to all the eligible workers have been provided for on an arithmetic calculation basis.

**(vii) Retrenchment Expenses:**

Retrenchment compensation and salary for the closure period is required to be paid on receipt of resignation from the employees and vacating the hut /chhapra / room / quarter in the mill premises occupied by them in terms of Order dated 11/2/2008 passed by the Honourable Gujarat High Court. Therefore, the company has made provisions for retrenchment compensation and salary for the closure period during the year.

**(viii) Taxation:**

No provision for taxation is made in view of availability of brought forward business loss of Rs.8,60,37,569/- to be set-off against current year income of Long-term Capital Gain as per BIFR Order dated 21/08/2006 and confirmed by AAFR Order dated 10/06/2008. No provision for MAT u/s.115JB of the Act is made by relying upon the order of BIFR dated 21/08/2006 and order of AAFR dated 10/06/2008.

**(ix) Earning per share:**

The company reports basic and diluted earning per share (EPS) in accordance with Accounting Standards 20 on "Earning per share". Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

**(x) Cash Flow Statements:**

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" notified under the Companies Act, 1956 and presents the cash flow by operating, investing and financing activities of the company. Cash and Cash equivalents presented in the cash Flow Statements consist of cash on hand, balances and demand deposit with banks.

**(xi) Contingent Liabilities:**

Contingent liabilities as defined in Accounting Standard 29 on "Provision, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts. Provision is made if it is probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

**THE AHMEDABAD ADVANCE MILLS LIMITED****SCHEDULE 18:****NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010****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).

**(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.

**(iii) 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.

**(iv) 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.

**(v) 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.

**THE AHMEDABAD ADVANCE MILLS LIMITED**

Chairman &amp; Managing Director

**Certificate on Corporate Governance**

To

The Members of  
The Ahmedabad Advance Mills Limited

We have examined the compliance of the conditions of Corporate Governance by The Ahmedabad Advance Mills Limited for the year ended on 31<sup>st</sup> March, 2010, as stipulated in clause 49 of the Listing Agreement of the said company with Stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the abovementioned Listing Agreement.

Further we have to state that as informed by the Company all investor grievances were replied within a period of one month against the Company as per the records maintained by the Shareholders/Investor;s Grievances Committee.

We frther state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Ahmedabad  
Date: 31.05.2010

Sd/-  
Ashish C Doshi  
Practising Company Secretary  
C.O.P. 2356

## 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, 2010 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date 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 misstatement. 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 (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure 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) *The company has made the provision of Rs. 4, 73, 83,235/- for retrenchment compensation and salary for the closure period of employees during the year.*  
*The provisions of Rs. 4, 73, 83,235/- relate to previous year and therefore, the profit for the year under report has been understated by that amount.*
  - (b) *During the year, the Company has given Inter Corporate Deposits (ICDs) to one Company (in which a director of the Company is interested) aggregating to Rs. 3,07,50,000/-. Approval of the Central Government in respect of the ICD given has not been obtained as required by Section 295 of the Companies Act 1956. Out of the aforesaid ICD whole amount is repaid during the year.(as indicated in Note 2 of Schedule 18). No application has been made by the Company to the Central Government under Section 295.*
  - (c) *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 1-B on Schedule 18, provision for retrenchment compensation as described in 4(a) above and in the absence of any formal business plan (as during the year the Company has carried out activity of trading of cloths only), we are unable to state whether the Company will be able to continue in operation as a going concern in the foreseeable future.*

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

SCHEDULE	Current Year Rs.	Previous year Rs.
<b>Schedule 16 - Employees Cost</b>		
Salaries, Wages and Bonus	852,720	862,800
Retrenchment Expenses	51,223,732	59,083,718
Ex-Gratia Expense	3,000,000	-
Gratuity Expenses	-	10,523,624
Welfare expenses	24,000	25,435
<b>Schedule 17 - Other Expenses</b>	<b>55,100,452</b>	<b>70,495,577</b>
Repairs and maintenance - others	40,304	29,797
Rates and Taxes	2,400	29,381
Rent Charges	17,566	
Auditors' Remuneration		
- Audit fees	275,750	275,750
- Other services	162,755	166,995
- Out of Pocket Expense	-	5,000
	<b>438,505</b>	447,745
Insurance	13,887	18,254
Electricity Expenses	107,176	95,811
Sundry expenses	197,199	126,709
Legal and Professional fees	1,026,402	805,393
Travelling, Conveyance and Hotel	196,260	426,881
Office maintenance expenses	56,523	73,570
Repairs and maintenance of motor vehicals	155,227	165,679
Telephone expenses	145,442	102,054
Postage, Printing and Stationery	23,058	35,475
Bank charges	32,070	45,284
Sundry Balance Written off	-	-
<b>TOTAL</b>	<b>2,452,019</b>	<b>2,402,033</b>

SCHEDULE FORMING PART OF PROFIT & LOSS ACCOUNT AS AT 31<sup>ST</sup> MARCH , 2010

SCHEDULE	Current Year Rs.	Previous year Rs.
<b><u>Schedule 12 - Sales</u></b>		
Sale of Cloth	33,188,857	25,261,491
	<u>33,188,857</u>	<u>25,261,491</u>
<b><u>Schedule 13 - Other Income</u></b>		
Sundry balance written off	3,226,074	670,070
Job charges	-	26,769
Miscellaneous Income	32,982	600
Capital Gain on Sale of Land	86,278,324	-
	<u>89,537,380</u>	<u>697,439</u>
<b><u>Schedule 14 - Interest</u></b>		
Interest Income :		
- from Bank	220,554	230,107
- from income tax on refund	652,450	453,904
- from Inter Corporate Deposits (Tax Deducted at Source Rs.748,303; Previous Period Rs. 2,763,672)	5,880,000	11,783,665
Less :		
- Interest paid on Bank Overdraft	-	-
-On Others (On Fixed Period Loan Rs. 6,081;	4,809,301	10,172,225
Previous Year Rs. 24,219)	<u>4,809,301</u>	<u>10,172,225</u>
Interest Income / (Expense) (net)	<u>1,943,703</u>	<u>2,295,451</u>
<b><u>Schedule 15 - Material Cost</u></b>		
-		
Purchase of cloth	30,829,761	25,019,217
	<u>30,829,761</u>	<u>25,019,217</u>

## THE AHMEDABAD ADVANCE MILLS LIMITED

5. 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 those 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 prior year's provision of retrenchment compensation in paragraph 4(a) above and for our comments on the appropriateness of the going concern assumption under Accounting Standard 1 in paragraph 4(c) above*, dealt with by this report 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 *except for prior year's provision of retrenchment compensation in paragraph 4(a) above and our inability to assess if the going concern assumption has been followed appropriately as stated in paragraph 4(c) above, and its impact on these accounts, if any, not ascertainable and read together with other notes*, the financial statements 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, 2010;
- ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- iii) in the case of 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For, DHIREN SHAH & CO.  
Chartered Accountants

Sd/-

Dhiren Shah  
Proprietor

Membership No. 35824

Firm Reg. No. 114633W

Place: Ahmedabad

Date: 31.05.2010

## 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, 2010.

- (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) *During the year, the Company has disposed off 7931.69 sq. mtrs. of land which has the approval of BIFR under the revival scheme. According to the information and explanations given to us, we are of the opinion that the sale of said part of land has affected the going concern status of 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. 3,07,50,000/- to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs. 2,43,00,000 and the year end balance of such loans was Rs. 21,08,751/- (Cr.).

SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

SCHEDULE	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
<b><u>Schedule 8 - Loans and Advances</u></b>		
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.1,219,406/-; Previous Year Rs.1,495,345/- )	204,816	184,319
Advances to employees	282,000	-
Interest Accrued on Bank Deposits and ICDs*	7,304,803	5,691,073
Deposits	41,560	41,560
Inter Corporate Deposits (ICD)*	49,000,000	74,946,247
Receivable from the sale of Land	78,600,000	-
Advance for Property Purchase	21,000,000	21,000,000
Advance Payment of Taxes	10,683,907	9,353,610
	<u>167,117,086</u>	<u>111,216,809</u>
* Includes amount due from: (i) Company in which directors have interest Rs.Nil (Previous Year: Rs.950,000).		
<b><u>Schedule 9 - Current Liabilities</u></b>		
- Sundry Creditors		
Total Outstanding dues of Micro, Small and Medium Enterprises :	-	-
Total Outstanding dues of Creditors other than Micro, Small and Medium Enterprises :	559,650	25,147,276
Sundry deposits and advances	155,160	155,160
Property development booking advance	105,269	105,269
Other liabilities (includes in respect of Gratuity Rs.1,10,70,818: Previous Period Rs. 1,31,00,818 )	69,133,141	32,674,996
Maintenance deposits	3,653,680	3,319,153
	<u>73,606,900</u>	<u>61,401,854</u>
<b><u>Schedule 10 - Provisions</u></b>		
- Provision for tax		
	680,000	680,000
	<u>680,000</u>	<u>680,000</u>
<b><u>Schedule 11 - Profit and Loss Account</u></b>		
- Debit balance in the Profit and Loss Account		
	877,757	37,019,024
Less: transferred from General Reserve - per contra (Refer Schedule 2)	550,000	550,000
	<u>327,757</u>	<u>36,469,024</u>



SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

SCHEDULE	As at	As at
	31.3.2010	31.3.2009
	Rs.	Rs.
<b><u>Schedule 6 - Sundry Debtors</u></b>		
Unsecured :		
Over six months :		
- Considered Good	-	1,537
- Considered Doubtful	-	-
Other debts (Considered Good)	66,551	25,261,491
	66,551	25,263,028
<b><u>Schedule 7 - Cash and Bank Balances</u></b>		
Cash on hand	31,560	40,354
Bank Balances with scheduled banks :		
a) In Current Accounts	951,705	4,599,051
b) In Fixed Deposit Accounts ( Includes Rs.12,101/- (Previous Year Rs. 12,101/-) under lien with sales tax)	2,612,101	2,612,101
	3,595,366	7,251,506

## THE AHMEDABAD ADVANCE MILLS LIMITED

- (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 the Company covered 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 information and explanations given to us, the Company is regular in receipt of the principal amount and interest thereon.
- (d) As per the information and explanations given to us, the Company has taken reasonable steps for the recovery of the principal amount and interest thereon.
- (e) The Company has taken unsecured loans aggregating to Rs. 12,43,62,491/- from two companies covered in the register maintained under section 301 of the Companies Act, 1956, which were repaid in full and only interest portion is outstanding at the year end. The maximum amount involved during the year was Rs. 13, 21, 60,220 and the year end credit balance is Rs. 40,92,492/-.
- (f) As per the information and explanation given to us, the rate of interest and other terms and conditions on which loans have been taken from companies, covered 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 explanation 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) According to the information and explanation given to us, company has not carried out any contract or arrangements referred to in Section 301 of the Act, hence Clause 4(v) of the Order is not applicable to the company.

- (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.
- (vii) Company's internal audit is carried out by a Chartered Accountant. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of 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 trading of cloth.
- (ix) (a) According to the records of the Company and information and explanations given to us, statutory dues including provident fund, employees state insurance (E.S.I.C.), 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, 2010 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, except the amount & details shown as per chart given below:

Details of Tax demand raised	Amount Rs.	Remarks
For the A.Y.2007-08 demand for income tax has been raised by the Assessing Office while passing order u/s. 143(3) of the Act	4,08,07,057	Appeal preferred before CIT (Appeals)

- (x) In our opinion, there are no accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit. The Company had incurred cash losses during the immediately preceding financial year.

THE AHMEDABAD ADVANCE MILLS LIMITED  
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2010

No	%	PARTICULARS	GROSS BLOCK (at cost)		AS AT 31.03.2010	AS AT 31.03.2009	DEPRECIATION		NET BLOCK		(Figures in Rs.)
			ADDITIONS / ADJUSTMENTS	DEDUCTIONS			FOR THE YEAR	DEDUCTIONS / ADJUSTMENTS	AS AT 31.03.2010	AS AT 31.03.2009	
1	-	Land	-	208,746	181,489	-	-	-	181,489	390,235	
2	1.63	Buildings	-	-	961,747	276,733	15,676	-	669,338	685,014	
3	4.75	Plant and Machinery	-	-	250,843	88,701	11,916	-	150,226	162,142	
4	6.33	Furniture and fixtures	-	-	485,018	183,363	28,025	-	273,630	301,655	
5	9.50	Motor Cars & Motor Cycles	18,506	-	781,555	174,798	74,080	-	532,677	588,251	
6	16.21	Computers	-	-	193,793	140,285	13,938	-	39,570	53,508	
		<b>TOTAL</b>	<b>18,506</b>	<b>208,746</b>	<b>2,854,445</b>	<b>863,880</b>	<b>143,635</b>	<b>-</b>	<b>1,846,930</b>	<b>2,180,805</b>	
		<b>PREVIOUS YEAR</b>	<b>3,044,685</b>	<b>-</b>	<b>3,044,685</b>	<b>707,185</b>	<b>156,695</b>	<b>-</b>	<b>2,180,805</b>	<b>2,337,500</b>	

SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

SCHEDULE	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
<b><u>Schedule 1 - Share Capital</u></b>		
<b><u>Authorised:</u></b>		
25,000,000 Equity Shares of Rs.10/- each	250,000,000	250,000,000
	<b>250,000,000</b>	<b>250,000,000</b>
<b><u>Issued and Subscribed:</u></b>		
3,112,875 Equity Shares of Rs.10/- each (of the above 3,45,805 Shares are allotted as fully paid pursuant to a contract without payments being received in cash)	31,128,750	31,128,750
	<b>31,128,750</b>	<b>31,128,750</b>
<b><u>Schedule 2 - Reserves and Surplus</u></b>		
- 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	550,000	(550,000)
	-	-
	<b>28,962,983</b>	<b>28,962,983</b>
<b><u>Schedule 3 - Secured Loan</u></b>		
- From a Bank (Secured by way of hypothecation of Motor Car)	-	157,809
	-	157,809
<b><u>Schedule 4 - Unsecured Loans</u></b>		
- Repayable within a year	-	-
From Others :		
Inter Corporate Deposits (ICD)	40,000,000	60,514,943
Interest accrued on ICD	-	959,776
	<b>40,000,000</b>	<b>61,474,719</b>

## THE AHMEDABAD ADVANCE MILLS LIMITED

- (xi) The company has not taken loan from bank or financial institution and has also not issued debentures. Hence, clause 4(xi) of the order is not applicable to the company.
- (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.
- (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, DHIREN SHAH & CO.,  
Chartered Accountants  
Sd/-**

**(Dhiren Shah)  
Proprietor**

**Membership No. 35824**

**Firm Reg. No. 114633W**

**Place: Ahmedabad**

**Date: 31.05.10**

BALANCE SHEET AS ON 31 <sup>ST</sup> MARCH 2010			
	SCHEDULE	AS AT	AS AT
	NO.	31.3.2010	31.3.2009
		Rs.	Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	31,128,750	31,128,750
Reserves and Surplus	2	28,962,983	28,962,983
		60,091,733	60,091,733
Differed Tax Liabilities		-	-
<b>LOAN FUNDS</b>			
Secured Loans	3	-	157,809
Unsecured Loans	4	40,000,000	61,474,719
		40,000,000	61,632,528
<b>TOTAL</b>		<b>100,091,733</b>	<b>121,724,261</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	2,854,445	3,044,685
Less: Accumulated Depreciation		1,007,515	863,880
		1,846,930	2,180,805
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Property Constructed		1,424,943	1,424,943
Sundry Debtors	6	66,551	25,263,028
Cash and Bank Balances	7	3,595,366	7,251,506
Loans and Advances	8	167,117,086	111,216,809
		172,203,946	145,156,286
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	9	73,606,900	61,401,854
Provisions	10	680,000	680,000
		74,286,900	62,081,854
<b>NET CURRENT ASSETS</b>		<b>97,917,046</b>	<b>83,074,432</b>
<b>PROFIT AND LOSS ACCOUNT</b>			
	11	327,757	36,469,024
<b>TOTAL</b>		<b>100,091,733</b>	<b>121,724,261</b>
Notes on balance sheet and profit and loss account	18	-	-
As Per our report attached of even date			
For, Dhiren Shah & Co., Chartered Accountants	For, THE AHMEDABAD ADVANCE MILLS LIMITED		
Sd/- Dhiren Shah)	Sd/- R. Vijaykumar	Sd/- Phulchand Agarwal	Sd/- S.D.Vyas
Proprietor Membership No. 35824 Firm Regn No. 114633W	Company Secretary And Manager(Finance)	Managing Director	Director
Place : Ahmedabad Date : 31-05-2010	Place : Ahmedabad Date : 31-05-2010		

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	CURRENT	PREVIOUS
	NO.	YEAR	YEAR
		Rs.	Rs.
<b>INCOME :</b>			
Sales	12	33,188,857	25,261,491
Other Income	13	89,537,380	697,439
Interest Income (net)	14	1,943,703	2,295,451
<b>TOTAL</b>		<b>124,669,940</b>	<b>28,254,381</b>
<b>EXPENDITURE :</b>			
Material Cost	15	30,829,761	25,019,217
Employees cost	16	55,100,452	70,495,577
Other Expenses	17	2,452,019	2,402,033
Depreciation	5	143,635	156,695
<b>TOTAL</b>		<b>88,525,867</b>	<b>98,073,522</b>
<b>Profit before taxation</b>		<b>36,144,073</b>	<b>(69,819,141)</b>
Deferred Tax Liability		36,144,073	(69,819,141)
Current Tax		-	-
Fringe Benefit Tax		-	50,000
Income tax Provision Written Off/Back		2,806	(54,781,045)
<b>Profit after taxation</b>		<b>36,141,267</b>	<b>(15,088,096)</b>
<b>Balance brought forward</b>		<b>(37,019,024)</b>	<b>(21,930,928)</b>
<b>Balance carried to balance sheet</b>		<b>(877,757)</b>	<b>(37,019,024)</b>
<b>Basic Earnings per share</b>		<b>Rs.11.61</b>	<b>(Rs.4.85)</b>
<b>Diluted Earnings per share</b>		<b>Rs.11.61</b>	<b>(Rs.4.85)</b>
<b>Face value per share</b>		<b>Rs.10.00</b>	<b>Rs.10.00</b>
(Refer Note 7 ; Schedule 18)			
Notes on balance sheet and profit and loss account	18		
As Per our report attached of even date			
		For, THE AHMEDABAD ADVANCE MILLS LIMITED	
For, Dhiren Shah & Co., Chartered Accountants	Sd/- R. Vijaykumar		
Sd/- Dhiren Shah)	Sd/- Phulchand Agarwal	Sd/- Managing Director	Sd/- S.D.Vyas Director
Proprietor Membership No. 35824 Firm Regn. No. 114633W	Company Secretary and Manager(Finance)	Managing Director	Director
Place : Ahmedabad. Date : 31-05-2010	Place : Ahmedabad Date : 31-05-2010		