

ANNUAL REPORT

2008-2009



SANTARAM
SPINNERS LIMITED

ANNUAL REPORT

2008-2009

BOARD OF DIRECTORS : Shri Kalyanbhai J. Shah Chairman & Managing Director
Shri Janak G. Nanavaty Director
Shri Fenil R. Shah Director
Shri Paresh R. Shah Director

BANKERS : Nutan Nagrik Sahakari Bank Limited

AUDITORS : M/s, R. R. Shah & Associate
Chartered Accountants
Ahmedabad.

COMPANY LAW COUNSULANT : Mrs. Rupal Patel,
Practising Company Secretary
Ahmedabad.

REGISTERED OFFICE : 259 3rd Floor, New Cloth Market,
Outside Raipur Gate, Ahmedabad-380002

REGISTER AND SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd. Formerly Intime Spectrum Registry Ltd. 260, Shanti Industrial Estate, Sarojinmi Nidu Road, Mulund (West), Mumbai-480080	211, Sudarshan Complex, Near, Mithakhali under Bridge, Navrangpura, Ahmedabad-380009,
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WORKS

Survy No. 1433, Near Rajpur Bus Stand,
Taluka: Kadi, Dist: Mehsana (N. Guj.)

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SANTARAM SPINNERS LIMITED will be held as scheduled below:

Date : 30th September, 2009
Day : Wednesday
Time : 12 Noon
Place : 259, New Cloth Market,
 Outside Raipur Gate, Ahmedabad-380002

To transact the following business:

ORDINARY BUSINESS :

1. To receive and adopt Audited profit and Loss Account for the year ended 31st March, 2009 and the balance Sheet as on that date along with Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Janak Nanavaty, who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting and to fix their remuneration.

NOTES:

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Company Act, 1956, in respect of the Special Business at item No. 4 set out in Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
3. Pursuant to section 154 of the Companies Act, 1956, Register of Members and Shares Transfer Books of the Company will remain closed from Wednesday, the **23rd September, 2009** to Wednesday, **30th September, 2009** (both days inclusive).
4. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
5. Members are requested to:
 - (a) Intimate, if Shares are held in the same name or in the order and names, but in more than one account to enable the Company to club the said accounts in to one account.
 - (b) Notify immediately the Change if any, in the registered address, to the Company.
6. The Equity Shares of the Company are available for dematerialization; as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form approach their Depository Participant. The ISIN No. of the Equity Share is INE250D01017

Registered Office:

259, 3rd Floor, New Cloth Market
 Outside Raipur Gate,
 Ahmedabad-380002
 Date: 30th June, 2009

By order of the Board.

Sd/-
Kalyanbhai J. Shah
 Chairman & Managing Director

DIRECTORS' REPORT

Dear Shareholders,

The Directors present the TWENTY FIFTH ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year 2008-09 ended 31st March, 2009.

1. FINANCIAL RESULTS

	2008-09 Amt. in Lacs	2007-08 Amt. in Lacs
Operating Profit (Before Interest & Depreciation)	6.68	54.56
Less: interest	9.10	19.96
Profit before Depreciation	(2.42)	34.60
Less: Depreciation	23.74	29.69
Profit before Tax	(26.74)	4.91
Add: Excess Depreciation written back	10.68	34.04
Less: Prior Period Adjustments	(0.43)	0.89
Less: Provision of Taxation -Current	0	2.61
-Deferred	2.68	1.51
Profit for the Year	(19.17)	33.92
Add: Balance brought forward from Previous year	55.08	22.05
Balance Carried to Balance Sheet	36.34	55.08

2. DIVIDEND

In view of losses suffered during the year under Report, the Board of Directors is unable to recommend any dividend on its Equity Share for the year 2008-09.

3. TEXTILE INDUSTRY OUTLOOK.

Cotton is the main commodity for the Textile Industry the prices of which increases world over and the total textile industry world is affected by these increase in prices and consequently, it adversely affect on the Spinning business of the company and all the other reputed companies in India as well as entire global textile industries.

4. FUTURE OUTLOOK:

In order to improve profitability by achieving economy of scale and expand the customer base by offering different product-mix, the Board of Directors has decided to expand and focus on existing capacities/areas in cotton ginning industry and by continuing the cotton export activity. This measure would help the Company to cater to the needs of new markets globally, for Export of Cotton, which will improve the top line and consequently the bottom line. The Cotton Export in the F.Y. 2008-09 is Rs. 2.54 Crore as compared to Rs. 5.41 Crore in the previous F.Y. 2007-08 and the management of the company is hopeful for more such improvement in the performance in the upcoming years.

5. DIRECTORS:

One of your Directors viz. Shri Janak Nanavaty retires by rotation in terms of Articles 150 and 151 of the Articles of Association of the Company. He, however, being eligible offers himself for reappointment.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2009 being end of the financial year 2008-09 and of the Profits of the Company for the year;
- (iii) that the Directors have taken proper and sufficient care for 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;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

7. CORPORATE GOVERNANCE:

The Report on Corporate Governance as per the requirements of Clause 49 of the Listing Agreement is annexed.

8. LISTING:

The Equity Shares of the Company are listed on Ahmedabad, Mumbai, Chennai and Delhi Stock Exchanges and the Company has paid Annual Listing Fees to Ahmedabad and Mumbai Stock Exchange upto the year 2008-09. However, the Board of Directors thought fit to delist the equity shares of the Company from the Delhi Stock Exchange Ltd. and the Madras Stock Exchange Limited.

9. PERSONNEL AND H. R. D:

Your Directors are glad to report that the industrial relations continued to remain cordial and peaceful and your Company continued to give ever increasing importance to training at all levels and other aspects of H. R. D:

10. GENERAL:

10.1 INSURANCE:

The Company's properties including building, plant and machinery, stocks, stores etc. continue to be adequately insured against risks such as fire, earthquake etc.

10.2 AUDITORS:

The present Auditors of the Company M/s.R.R.Shah & Associates,Chartered Accountants, Ahmedabad will retire at the ensuing Annual General Meeting. They have shown their

willingness for re-appointment for the year 2009-10. The Company has obtained certificate for eligibility for appointment under Section 224(1-B) of the Companies Act, 1956 from M/s. R. R. Shah & Associates, Chartered Accountants, Ahmedabad. The members are required to appoint Auditors in the ensuing Annual General Meeting.

The qualification in the Auditors' Report relating to non-provision for diminution in value of long-term investments is self-explanatory and is separately dealt with in Notes to the Accounts in Schedule

10.3 PARTICULARS OF EMPLOYEES:

None of the employees of the Company is drawing remuneration requiring disclosure of information under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

10.4 DEPOSITS:

The Company has not accepted any deposit as defined under Section 58 A and the Companies (Acceptance of Deposit) Rules, 1975.

11. PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:

The Statement of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo pursuant to provisions of Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure-I to this Report.

12. ACKNOWLEDGMENT:

Your Directors would like to express their sincere thanks and appreciation to Promoters, Shareholders, Suppliers and Customers for their constant support and co-operation received. Your Directors also wish to take this opportunity to place on record their gratitude to the Banks, Financial Institutions and Government Departments for their confidence reposed in the Company.

Place: Ahmedabad
Date : 30th June, 2009.

For and on behalf of the Board,
Sd/-
Kalyanbhai J. Shah
Chairman & Managing Director

ANNEXURE-I

Additional information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended on 31st March, 2009.

(A) CONSERVATION OF ENERGY:

- (a) Necessary precautions have been taken while designing process and equipment to ensure conservation of energy through the use of fuel efficient devices and advanced instrumentation systems.
- (b) No additional investments was made during the year for reduction in consumption of energy.
- (c) The measures taken have helped to conserve the energy and in turn, cost.
- (d) Total energy consumption and energy consumption per unit of production. As per Form 'A' is appended below.

(B) TECHNOLOGY ABSORPTION:

- (i) Research and Development: During the year under review company has not spent any amount for Research and Development, Hence details under Form 'B' are not applicable.
- (ii) Technology absorption adoption and innovation:
The Company has taken necessary steps to improve technology for manufacturing coarse count yarn. The company has achieved progress in manufacturing the yarn at plant level.
- (iii) Foreign Exchange Earning and Outgo:
The Company has earned Rs. 2, 54, 11,160.00 by the export activity during the year under review however it has not spent any amount in foreign exchange during the year under review.

FORM 'A'

Form for Disclosure of particulars with respect to Conservation of energy.

(A) Power and fuel consumption:**2008-09****2007-08****1. Electricity:****a) Purchased:**

Unit	5,49,681	15, 55,708
Total Amount (Rs.).	30,96,032	72, 51,394
Net of Rate	5.63	4.66

b) Own Generation**(i) Through Diesel Generator**

Units	N.A.	N.A.
Diesel Consumption (liter)	N.A.	N.A.
Units per Ur. Of Diesel Oil	N.A.	N.A.
Total amount (Rs.)	N.A.	N.A.
Cost! Unit (Diesel Cost)	N.A.	N.A.

(ii) Through Steam turbinel Generator

2 Coal	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.

(B) Consumption per unit of production: Since the Company is engaged in manufacturing of Cotton Yarn, Sliver Lap etc., it is not practical to give consumption per unit of production.

For and on behalf of the Board,

Sd/-

Place: Ahmedabad

Date : 30th June, 2009.

Kalyanbhai J. Shah
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION:

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other Stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. The Company has implemented the mandatory requirements of the 'Code of Governance' as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis-a-vis the Stock Exchange Listing Agreement is presented below.

2. BOARD OF DIRECTORS:

a) Composition and Category of Directors:

Name of Directors	Category of Director ship	No. of other Director Ships	Committee (1) Member-ship/ (2) Chairmanship in other companies	No. of Board Meetings in attended	Attendance at the AGM held on 30-9-2006 Yes(Y)/ No(N)
Kalyanbhai J. Shah Chairman & Managing Director	Executive	1	1	5	Y
Janak G. Nanavaty	Independent Non Executive	1	1	5	Y
Fenil R. Shah	Independent Non Executive	1	1	5	Y
Paresh H. Shah	Independent Non Executive	-	-	5	Y

Private companies excluded.

(b) Details of the Directors seeking Appointment/Reappointment in forthcoming Annual General Meeting:

Name of Director	Janak Gautam Nanavaty
Date of Birth	14-05-1955
Date of Appointment	15-01-1995
Expertise in specific functional areas	Administration & Finance.
List of Public Limited Companies in which Directorships held \	H.K. FINE CHEM. LTD.
Chairman/Member of the Committees of the Board of Directors of the Company	Audit Committee & Remuneration Committee
Chairman/Member of the Committees of Directors of other Companies	NIL

(c) Board Procedures:

The Board of Directors meets once a quarter to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/Managing Director briefs the Directors at every Board Meeting, overall performance of the Company. All major decisions/approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, budgets, investment opportunities, Statutory Compliance etc. The meeting of the Board of Directors was held on 19th April 2008, 30th June 2008, 31st July 2008, 31st October, 2008 and 31st January 2009.

3. AUDIT COMMITTEE:

Name of the Directors	Expertise	Functions of the Committee	Attendance
Janak G. Nanavaty Fenil R. Shah Paresh R. Shah	All members are Non-executive. Chairman is independent Director and majority are independent. One member has thorough financial and accounting knowledge.	The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange(s) which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	All the members and Internal Auditors were present at the meeting held on 30.06.08 31.07.08 31.10.08 & 31.01.09

4. REMUNERATION COMMITTEE:

The Board Committee is vested with the responsibilities to function as per SEBI Guidelines and recommends to the Board Compensation Package for the Managing Director. It also reviews from time to time the overall Compensation structure and related policies with a view to attract, motivate and retain employees.

The Committee comprises the following Directors as members:

1. Janak G. Nanavaty, Chairman - Non-executive Independent
2. Fenil R. Shah, Member - Non-executive Independent
3. Paresh R. Shah, Member - Non-executive Independent

All the members attended the meetings held on 19.04.08, 30.6.08, 31.07.08, 31.10.08, 31.01.09

Details of remuneration paid:

1. Managerial Remuneration of Rs. 1,69,790/- was paid to Shri Kalyanbhai J. Shah, Managing Director.
2. The other Directors were paid Sitting Fees. No Commission or Stock Option has been offered to the Directors.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE:

The Board has constituted a Shareholders'/Investors' Grievances Committee for the purpose of effective redressal of the complaints of the shareholders such as Dematerialization, Share Transfer, Non-receipt of Balance Sheet, Dividend Warrants etc.

Shri Kalyanbhai J. Shah, Chairman and Shri Janak G. Nanavaty Director are the Members of the Committee.

The Company received 10 complaints during the year and all were resolved to the satisfaction of the shareholders. There was no valid request for transfer of shares pending as on 31st March, 2009. Shri Kalyanbhai J. Shah, Managing Director is the Compliance Officer for the above purpose.

6. GENERAL BODY MEETINGS:

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2005-06	30-09-2006	12 Noon	259, New Cloth Market, O/s. Raipur Gate, Ahmedabad - 380 002.
2006-07	28-09-2007	12 Noon	259, New Cloth Market, O/s. Raipur Gate, Ahmedabad - 380 002.
2007-08	25-09-2008	12 Noon	259, New Cloth Market, O/s. Raipur Gate, Ahmedabad - 380 002.

Pursuant to the provisions of Section 192 A of the Companies Act, 1956, there was no matter required to be dealt by the Company to be passed through postal ballot.

7. DISCLOSURES:

- The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company. The Company has no subsidiary.
- There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchange/s or SEBI or any other authorities, on any matters related to Capital Market during the last three years.

8. MEANS OF COMMUNICATIONS:

- In compliance with the requirements of the Listing Agreement, the Company is regularly intimates Unaudited/ Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati). Results are not displaying on Website and are not sent individually to the Shareholders.
- During the year ended on 31st March, 2009, no presentation was made to Institutional Investors or analyst or any other enterprise.
- Management Discussion and Analysis form part of the Annual Report.

9. SHAREHOLDERS' INFORMATION:

- Registered Office : 259, 3rd floor, New Cloth Market, Outside Raipur Gate, Ahmedabad - 380 002
- Annual General Meeting : Day : Wednesday
Date : 30th September, 2009
Time : 12 Noon
Venue : 259, New Cloth Market, Raipur, Ahmedabad 2
- Financial Calendar :
1st Quarter Results : End-July, 2008
Half-yearly Results : End-October, 2008
3rd Quarter Results : End-January, 2009.
Audited yearly Results : End-June, 2009.
- Book Closure Dates : From: Wednesday, the 23rd Sept, 2009
To : Wednesday, the 30th Sept, 2009.
(Both days inclusive).
- Dividend Payment Date : Not applicable

f) Listing of Shares on Stock Exchanges

1. Ahmedabad Stock Exchange Limited,
Kamdhenu Complex, 1st Floor, Opp. Ambawadi,
Ahmedabad - 380 015.
2. Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers, Dalal Street, Fort,
Mumbai - 400 001.
3. The Delhi Stock Exchange Association Ltd.,
DSE House, 3/1, Asaf Ali Road,
New Delhi - 110 002.
4. Chennai Stock Exchange Limited,
'Exchange Building', Post Box No.183,
11, Second Line Beach, Chennai - 600 001.

g) Stock Exchange Code

<u>Stock Exchange</u>	<u>Code</u>
ASE	51728
BSE	531323
CSE	—
DSE	—

h) Stock Price Data

The shares of the Company have not been traded at any Stock Exchange during 1st April, 2008 to 31st March, 2009, the details of Stock Price Data during that period are submitted as below.

Month	Open Price	High Price	Low Price	Close Price
April 2008	6.94	6.94	5.16	5.16
May 2008	4.91	4.91	3.62	3.80
June 2008	3.62	3.78	2.84	2.84
July 2008	2.70	2.70	2.34	2.47
August 2008	2.59	2.83	2.42	2.42
September 2008	2.54	2.77	2.27	2.71
October 2008	2.84	4.20	2.36	4.20
November 2008	4.41	7.21	3.99	6.85
December 2008	7.18	8.25	7.10	7.10
January 2009	6.75	6.75	6.42	6.42
February 2009	6.10	6.10	5.25	5.25
March 2009	4.99	5.49	4.99	5.49

I) Registrar and Share Transfer Agents:

In terms of SEBI Circular No. D&CC/FITTC/CIR-15/2003 dated 27th December, 2002 read with Circular No. D&CC/FITTC/CIR-18/2003 dated 12th February, 2003, on appointment of common agency for share registry work, the Company has appointed the below mentioned agency as Registrars and Share Transfer Agents (RTA) for both Physical and Demat Segment of Equity Shares of the Company:

M/s. Link Intime India Pvt. Ltd. (Previously Intime Spectrum Registry Ltd.)

260, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (W), Mumbai - 400 080.

211, Sudarshan Complex, Near Mithakhali under Bridge, Navrangpura, Ahmedabad - 380 009.

Telephone Nos.: (079) 2646 5179 Fax No.: (079) 2646 5179

E-mail Address: ahmedabad@linkintime.co.in

j) Share Transfer System:

The transfer of shares in physical form is processed and completed by M/s. Link Intime India Pvt. Ltd. (formerly Intime Spectrum Reg. Ltd.) within a period of 25 days from the date of receipt thereof.

In case of Shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.

k) Distribution of Shareholding as on 31st March, 2008:

No. of Equity Shares held	No. of Shareholders	% of Share holders	No. of Shares held	% of Shareholding
Up to 500	3087	87.00	820274	13.29
501 to 1000	194	5.47	163194	2.64
1001 to 2000	95	2.68	145101	2.35
2001 to 3000	45	1.27	118668	1.92
3001 to 4000	33	0.93	115707	1.87
4001 to 5000	22	0.62	103656	1.68
5001 to 10000	23	0.65	173160	2.80
10001 to Above	49	1.38	4534640	73.44
Grand Total	3548	100.0000	6174400	100.0000

i) Category of Shareholders as on 31st March, 2009:

Category	No. of Shares held	% of Shareholding
Promoters		
(Directors & Relatives)	27,31,600	44.24
Financial Institutions	-	-
Banks	-	-
Mutual Fund	-	-
Bodies Corporate	40,791	0.66
NRIs	2,29,303	3.72
Public	31,72,706	51.38
Grand Total	61,74,400	100.00

m) Outstanding GDRs / ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity: The Company has not issued any GDRs/ADRs.

n) Dematerialisation of : The Company has entered into Shares. Agreement with NSDL/CDSL for Dematerialisation of Shares. As on 31st March, 2009 a total of 25,96,541 Shares of the Company which form 42.05% of the Share Capital of the Company stands dematerialized.

10. PLANT LOCATIONS:

Survey No. 1433, Near Rajpur Bus Stand,
Taluka: Kadi, Dist: Mehsana (N. Guj.)

11. ADDRESS FOR CORRESPONDENCE:

For both Physical and Electronic Form:

Link Intime India Pvt. Ltd.

(formerly Intime Spectrum Registry Ltd.)

260, Shanti Industrial Estate,

Sarojini Naidu Road, Mulund (W), Mumbai -400 080.

Or

211, Sudarshan Complex,

Near Mithakhali Under Bridge, Navrangpura, Ahmedabad - 380 009.

Telephone Nos. : (079) 2646 5179

Fax No.: (079) 2646 5179

e-mail ID: ahmedabad@linkintime.co.in.

For any assistance regarding Correspondence dematerialisation of shares, share transfers, transactions, change of address, non-receipt of dividend or any other query, relating to shares:

Registered Office : 259, 3rd floor, New Cloth Market,

Outside Raipur Gate, Ahmedabad - 380 002.

Telephone Nos. : (079) 2216 7030, 22167040

Fax No. : (079) 2217 0077

e-mail address : santaramltd@gmail.com

Compliance Officer : Mr. Kalyan J Shah Managing Director.

For and on behalf of the Board,

Sd/-

Place: Ahmedabad

Date : 30th June, 2009.

Kalyanbhai J. Shah

Chairman & Managing Director

AUDITORS' CERTIFICATE

To the Members of Santaram Spinners Limited, Ahmedabad

We have examined the compliance of conditions of corporate governance by **M/S, SANTARAM SPINNERS LIMITED**, for the year ended on 31st March, 2009 as stipulated in clause 49 of the listing agreement of the said company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. 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 the representations made by the directors and the management, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

As per representation received from the Registrars and Share Transfer Agents of the Company, we state that as per records maintained by the Shareholders/Investors Grievance committee, no investor grievance remaining unattended / pending for more than 30 days.

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

For, R R S & ASSOCIATES

Chartered Accountants

RAJESH R SHAH Partner

Membership Number: 34549

Place: Ahmedabad

Date : 30-6-2009

MANAGEMENT DISCUSSION AND ANALYSIS

a. Industry Structure and Developments:

The scenario of the textile industry is changing due to the steps initiated by the Government like removal of excise duty. However the spinning business in the textile sector does not seem to be profit making due to global cotton prices due to which most of the spinning business are facing trouble in their bottom line. Thus, your Company is in the process of changing its activities to give boost to its cotton ginning & export activity. The Management is hopeful of better future of the ginning industry.

b. Opportunities and Threats:

The textile industry is subject to competition among various manufactures within the country. In the liberalised economy, only efficient and cost-effective units will be able to compete and survive. The Company with its immense experience and expertise and textiles is better equipped of quality products and efficient working. The major opportunity is in the field of cotton export activity through the support of company's increasing cotton ginning activity.

c. Segment wise Performance:

The Company has identified its activities as single segment. Hence, the Company's performance is to be viewed as a single segment company operating in textile industry.

d. Recent Trend and Future Outlook:

With the increasing trend in the cotton ginning and export of variety cotton and with the implementation of expansion project in cotton ginning business, it will provide new dimension to the working.

e. Risks and Concerns:

Like any other industry, the textile industry is also exposed to risk of competition, government policies, natural factor etc. As the Company is exporting raw materials/ finished product, the Company has risk on account of Exchange Rate fluctuations. The Company has taken necessary measures to safeguard its assets/interests etc.

f. Internal Control Systems and their Adequacy:

The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

g. Financial Performance with respect to Operational Performance:

The financial performance of the Company for the year 2008-09 is described in the Directors' Report under the head 'Production, Sales and Working Results'.

h. Material Developments in Human Resources and Industrial Relations Front:

Your Company has undertaken certain employees' development initiatives which have very positive impact on the morale and team spirit of the employees. The Company has continued to give special attention to Human Resources/Industrial Relations development. Industrial relations remained cordial throughout the year and there was no incidence of strike, lock-out etc.

i. Cautionary Statement:

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimates and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws or regulations. Actual results might differ materially from those either expressed or implied.

Place: Ahmedabad
Date : 30th June, 2009.

For and on behalf of the Board,
Sd/-

Kalyanbhai J. Shah
Chairman & Managing Director

AUDITORS' REPORT

To,
The Shareholders of
SANTARAM SPINNERS LTD,

1. We have audited the attached Balance Sheet of Santaram Spinners Limited as at 31st March 2009 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed there to. 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 have 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 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 of India, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the annexure, a statement on the matters specified in the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose 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, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors as on 31st March, 2009, and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31st March, 2009, from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- (f) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and subject to give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2009,
- ii. in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date and
- iii. in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For, R R S & ASSOCIATES
Chartered Accountants

Place: Ahmedabad
Date : 30-6-2009

Sd/-
RAJESH R. SHAH Partner
Membership Number : 34549

ANNEXURE TO THE AUDITORS' REPORT : 2008-09
(Referred to in paragraph 3 of our report of even date)

- I.
- a) The Company has maintained proper records showing full particulars of quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management of the Company. We are informed that no material discrepancies were noticed on such verification.
 - c) According to information and explanations given to us, during the year, Company has not disposed of any substantial/major part of fixed assets.
- II.
- a) As explained to us, the inventory has been physically verified at the year-end by the management. We rely on the frequency of verification and stocks physically verified by the management.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory 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 and on the basis of our examination of the stock statements of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of accounts.
- III. According to the information and explanations given to us, the Company has not taken or granted unsecured loan during the year from parties listed in the Register maintained u/s.301 of the Companies Act 1956 therefore provisions of clause 4 (iii) is N.A.
- IV. In our opinion and according the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- V. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956,
- a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that needed to be entered into the register maintained under section 301 have been so entered.
 - b) According to the information and explanations given to us, there were no transactions in excess of Rs. 5 lakhs in respect of any party entered in register maintained under section 301 of the companies Act.
- VI. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public hence the question of complying with the provisions of section 58A and 58AA of the Companies Act, 1956 and rules there under does not arise.

VII. In our opinion, the Company has an in house internal audit system, being carried out by audit team, commensurate with the size and nature of the business. However, it needs to be further strengthened.

VIII. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Company Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determining whether they are accurate or complete.

IX.

- a) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Excise Duty, Cess and other Statutory dues with the appropriate authorities during the year. As inform to us Provident Fund is not applicable to the Company.
- b) According to the information and explanations given to us and the records of the Company examined by us, there is no undisputed statutory due at the year end outstanding for more that 6 months from the date they become payable.
- c) According to the records of the Company and information and explanations given to us, there is no disputed dues at the year end, except as mention hereunder, which have been not deposited on account of disputes are as under:

Name of the statute	Nature of dues	Amount Rs.	Period to which amount relates	Forum where dispute is pending
Sales Tax Act	Sales Tax Demand	36189/-	1993-94	Sales Tax Tribunal

X. The company does not have accumulated losses as at the end of the year and the company has not incurred cash losses during current and the immediately preceding financial year.

XI. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institutions and banks,

XII. According to 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. The provisions of any Special Statute applicable to Chit Funds, Nidhi or mutual Benefit Fund/ Societies are not applicable to the company.

XIV. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.

XV. According to the information and explanations given to us, the company has not given any guarantee for loan taken by others from Banks or Financial Institutions.

XVI. The Company has not availed any term loan during the year hence question of application of term loan does not arise.

- XVII. According to the information and explanations given to us and on an overall examinations of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment by the Company and vice versa.
- XVIII. The Company has not made any preferential allotment to parties and companies covered under register maintained under section 301 of the companies Act 1956, during the year and the question of whether the price at which the shares have been issued is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us and the records examined by us, no debentures have been issued hence question of creating security does not arise.
- XX. The company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of money does not arise.
- XXI. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and to the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year, nor we have been informed of such case by the management.

For, R R S & ASSOCIATES
Chartered Accountants

Sd/-

RAJESH R. SHAH Partner
Membership Number : 34549

Place: Ahmedabad
Date : 30-6-2009

BALANCE SHEET AS AT 31ST MARCH, 2009

LIABILITIES/ ASSETS	SCH. NO.	As At 3/31/2009	As At 3/31/2008
SOURCES OF FUNDS :			
Share Holders' Funds			
Share Capital	1	61530000	61530000
Reserves & Surplus	2	45309742	47183806
		106839742	108713806
Deferred Tax Liability	3	3136160	2868487
Loan Funds			
Secured Loans	4	408762	37578040
Unsecured Loans	5	136400	1722434
TOTAL		110521064	150882767
APPLICATION OF FUNDS :			
Fixed Assets	6		
Gross Block		72923785	73044785
Less: Depreciation		41086988	39922558
Net Block		31836797	33122227
Add : Capital Work-In Progress (Including advances)		1568180	1568180
		33404977	34690407
Investments	7	909275	909275
Current Assets, Loans & Advances	8		
Inventories		26244970	50802209
Sundry Debtors		46850362	62820108
Cash & Bank Balances		2720023	1341251
Loans & Advances		9985529	11921382
		85800884	126884950
Less: Current Liabilities & Provisions	9	9594075	11601866
Net Current Assets		76206809	115283085
TOTAL		110521064	150882767

Notes Forming Part of Accounts

As per our annexed report of even date.

For R R S & ASSOCIATES

Chartered Accountants

RAJESH R SHAH

Partner

M.NO: 34549

PLACE : AHMEDABAD

DATE : 30.06.2009

FENIL R SHAH

DIRECTOR

KALYAN J SHAH

DIRECTOR

PLACE : AHMEDABAD

DATE : 30.06.2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31-3-2009

PARTICULARS	SCH. NO.	2008-09 Rs.	2007-08 Rs.
INCOME :			
Sales	10	83676615	117886323
Miscellaneous Income	11	335535	315499
Increase/-Decrease in Stock	12	-17140645	4232284
TOTAL		66871505	122434107
EXPENDITURE :			
Raw Material Consumption and Manufacturing Expense	13	60119678	108958964
Payment to Employees	14	736563	1402282
Administrative Expenses	15	3829410	3778320
Selling & Distribution Expenses	16	1517719	2838109
Interest Expenses	17	910292	1996127
Depreciation		2374438	2969455
TOTAL		69488100	121943256
Profit Before Taxation (PBT)		-2616595	490850
Excess Depreciation Written back (Refer to Note 5 of Schedule 18)		1067508	3404000
Income Tax of Earlier Year		0	-29914
Provision for Taxation - Current		0	261000
Provision for Deferred Taxation		267673	151319
Fringe Benefit Tax		100000	120000
Profit / (loss) for the year		-1916760	3392445
Short/ Excess Provision of Last Year		42696	88654
Balance brought forward from Last Year		5508298	2204507
Surplus Carried to Balance Sheet		3634234	5508298
Basic/ Diluted Earning per share		-0.31	0.55

Notes Forming Part of Accounts

As per our annexed report of even date.

For R R S & ASSOCIATES

Chartered Accountants

RAJESH R SHAH

Partner

M.NO: 34549

PLACE : AHMEDABAD

DATE : 30.06.2009

FENIL R SHAH

DIRECTOR

KALYAN J SHAH

DIRECTOR

PLACE : AHMEDABAD

DATE : 30.06.2009

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31-3-2009

SCHEDULE - 1 : SHARE CAPITAL PARTICULARS	As At 31-03-2009 RS.	As At 31-03-2008 RS.
Authorised : 7500000 Equity Shares of Rs. 10/- each	75000000	75000000
Issued & Subscribed : 61,74,400 Equity Shares of Rs. 10/- each (Previous Year : 61,74,400)	61744000	61744000
Paid up : 61,74,400 Equity Shares of Rs. 10/- each (Previous Year : 61,74,400) Fully paid up including Bonus shares 964000 shares issued by capitalisation of Revaluation Reserve & 400000 shares by capitalisation of General Reserve Less: Calls in arrears	61744000 214000	61744000 214000
TOTAL	61530000	61530000
SCHEDULE - 2 : RESERVES & SURPLUS		
Share Premium	38376200	38376200
Capital Reserve	174308	174308
Cash Subsidy	3125000	3125000
Profit & Loss Account (Cr)	3634234	5508298
TOTAL	45309742	47183806
SCHEDULE - 3: DEFERRED TAX LIABILITY		
Opening Balance	2868487	2717168
Add: Defer Tax for the Current Year	267673	151319
TOTAL	3136160	2868487
SCHEDULE - 4: SECURED LOANS		
(1) Working Capital Loan :		
(a) From Nutan Nag. Saha. Bank (A/C # 9026)	206942	101774
(Secured against Fixed Deposit of Comapny and third party.)	179971	-
(b) From Guj State Co-op. Mkt. Fed. Ltd.	21849	23119319
(Secured against Hypo. of Stock of Comapny)		
(2) Vehicle Loans		
From ICICI Bank	-	346947
(Car loan is secured by hypo. of the car with the Bank)		
(3) Union Bank of India	-	14010000
(Secured against Hypo. of Stock of Comapny)		
TOTAL	408762	37578040

SCHEDULE - 5 : UNSECURED LOANS

PARTICULARS	As At 31.03.09 RS.	As At 31-03-08 RS.
Inter Corporate loan	—	1722434
From Directors	136400	—
TOTAL	136400	1722434

SCHEDULE - 6 : FIXED ASSETS

Depreciation of Assets	GROSS BLOCK (AT COST)				DEPRECIATION					NET BLOCK		
	Gross cost as on 14.2008	Addition during the year	Deduction During the year	Cost as on 31.3.2009	Balance As on 14.2008	Dep. for the year	Depre: of earlier years	Depre: for the year	Deduc. during the year	Total upto 31.3.2009	As at 31.3.2009	As at 31.3.2008
Land												
(Free Hold)	1871954	0	0	1871954	0	0	0	0	0	1871954	1871954	
Building	11931064	0	0	11931064	4103471	398498	0	0	4501969	7429095	7827593	
Quarter Building	1411460	0	0	1411460	59002	23007	0	0	82009	1329451	1352458	
Plant & Machinery	49862744	479000	600000	49741744	30696740	1304121	1052501	142500	30805860	18935884	19166004	
Electric Installation	1352659	0	0	1352659	921681	46278	15007	0	952952	399707	430978	
Furniture & Fitting	1380938	0	0	1380938	858734	87413	0	0	946147	434791	522204	
Vehicle	4111237	0	0	4111237	2494198	390568	0	0	2884766	1226471	1617039	
Office Equipments	476756	0	0	476756	233606	33707	0	0	267313	209443	243150	
Computer	645973	0	0	645973	555126	90847	0	0	645973	0	90847	
Total	73044785	479000	600000	72923785	39922558	2374438	1067508	142500	41086988	31836799	33122227	
Previous Year	71619295	1625490	200000	73044785	40518648	3460336	490881	3565545	39922568	33122217	31100647	

SCHEDULE - 7 : INVESTMENTS(at cost)

PARTICULARS	As At 31-03-2009 RS.	As At 31-03-2008 RS.
UNQUOTED		
4100 (PY 4100) Equity shares of Rs. 10 each of Jayatma Comtex Pvt. Ltd.	41000	41000
2011 (PY 20000) Equity shares of Rs. 25/- each of Nutan Nagrik Sahkari Bank Ltd.	50275	50275
QUOTED		
900 (PY 900) Equity shares of Rs 10/- each of Gujarat State Finance Corporation Ltd.	18000	18000
20000 (20000) Equity Shares of Rs. 10 each of Jayatma Spinners Ltd.	800000	800000
TOTAL	909275	909275
Aggreagate value of Quoted investments		
At cost price :	818000	818000
At market price :	202592	206021
Aggreagate value of Unquoted investments		
At cost price :	91275	91275

SCHEDULE - 8

CURRENT ASSETS, LOANS & ADVANCES:

PARTICULARS	As At 31-03-2009 RS.	As At 31-03-2008 RS.
(a) Current Assets:		
(1) Inventories (As taken valued and Certified by Directors)		
Stores and Spares	463634	765672
Stock of Raw Material	8552944	20841166
Process Stock	842767	842758
Finished goods	14946953	23786947
Cotton Waste & Scrap material	724180	765672
Packing Material	447626	341606
Cotton Seed	266866	3458388
TOTAL	26244970	50802209
(2) Sundry Debtors		
(Unsecured Considered good)		
More than Six months	39951386	45700729
Others	6898976	17119379
TOTAL	46850362	62820108
(3) Cash & Bank Balances :		
Balances with Scheduled Bank in Current accounts		0
FD with Scheduled Bank	2263714	1312918
Balance with Scheduled Bank in Dividend accounts	13319	13319
Cash on hand	442990	15014
TOTAL	2720023	1341251
(4) Loans & Advances :		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	8401765	10786232
Deposits	1377940	945260
Income Receivable from (Duty Drawback)	—	163918
Income tax Accounts	25805	10872
Sales Tax Accounts	180019	—
Other Current Assets	—	15100
TOTAL	9985529	11921382

SCHEDULE - 9
CURRENT LIABILITIES & PROVISIONS

PARTICULARS	As At 31-03-2009 RS.	As At 31-03-2008 RS.
(a) Current Liabilities :		
Sundry Creditors for Goods/Exp/Capital Goods	3946614	10591647
Duties & Taxes	34543	92811
Unclaimed Dividend - (96-97)		0
Advance from Customer	5437330	0
Other Liabilities		0
TOTAL	9418487	10684459
(b) Provisions :		
Provision for taxation & expenses	75588	797407
Provison for FBT	100000	120000
	175588	917407
TOTAL	9594075	11601866
SCHEDULE - 10 : SALES		
Manufacturing Sales	27210430	91757613
Trading Sales	55860990	24613836
Waste Sales	156993	1066246
Duty Drawback	448202	448628
TOTAL	83676615	117886323
SCHEDULE - 11 : MISCELLANEOUS INCOME		
Interest	86606	80366
Dividend	7556	7556
Sundry Balances Written back (net)	96760	-
Other Income	102113	62032
Profit on Sale of Assets	42500	165545
TOTAL	335535	315499
SCHEDULE - 12 : INCREASE/ DECREASE IN STOCK		
Opening Stock		
Single Yarn	13172280	4433802
Cotton	10595683	17924199
Cotton Seed	3458388	1088524
Work In Progress	842758	390300
TOTAL	28069109	23836825

PARTICULARS	2008-09 Amount Rs.	2007-08 Amount Rs.
SCHEDULE-12 (CONTD...)		
Closing Stock		
Single Yarn	9091236	13172280
Cotton	3415	10595683
Cotton Seed	266866	3458388
Work In Progress	1566947	842758
Total	10928464	28069109
TOTAL	-17140645	4232284
SCHEDULE - 13		
RAW MATERIAL CONSUMPTION AND MANUFACTURING EXPENSE		
Raw Material Consumption		
Opening Stock	20841166	13942292
Add: Purchase of Raw Material	12661064	82635349
Closing Stock	8552944	20841166
Raw Material Consumption	24949286	75736475
Purchase for trading	50115	0
Opening Stock	34787343	20706730
Less: Stock of Trading Goods	5852302	50115
Cost of Trading Goods	28985156	20656615
Stores & Packing Material		
Opening Stock	1841819	1513501
Add: Purchase of Stores	555692	1685085
Closing Stock	911260	1841819
Stores & Packing Material	1486251	1356767
Power & Fuel	3347746	8035764
Factory Rent	173758	550000
Insurance Expenses	191671	72791
Repairs & Maintenance :		
Machinery	221892	178511
Building	68755	83867
Others	20927	460780
Insurance Charges	-	282973
Other Manufacturing Expenses	674236	1544421
TOTAL	60119678	108958964

SCHEDULE - 14 : PAYMENT TO EMPLOYEES

PARTICULARS	2008-09 Amount Rs.	2007-08 Amount Rs.
Salary & Wages	409468	454965
Staff Welfare	1600	791
Apprentice Stipend Exps.	325495	946526
TOTAL	736563	1402282
SCHEDULE - 15 : ADMINISTRATIVE EXPENSES		
Travelling & Conveyance	454350	1737601
Petrol Expenses	161599	123216
Repairs to car	479612	—
Communication Expense	395644	—
Postage, Telephone, Stationary & Printing	67387	520018
Legal & Professional Expense	1121031	648286
Processing Charges	80000	—
Stamp Charges	240800	—
Audit Fees	39708	40450
Donation	—	11000
Office Expenses	53477	90411
Directors Sitting Fees / Remuneration	238790	185540
Other Misc Expenses	497012	421798
TOTAL	3829410	3778320
SCHEDULE - 16 : SELLING & DISTRIBUTION EXPENSES		
Advertising	13617	15811
Commission	301663	467223
Freight & Export Expense	1125941	2021800
Export Fluctuation Loss	—	79840
Discount	21576	29730
Sales Promotion	—	5855
Packing Expenses	54922	217850
TOTAL	1517719	2838109
SCHEDULE - 17 INTEREST AND FINANCIAL CHARGES		
Bank Charges	185524	—
Bank Interest on CC/FDBP/PC Limit	153282	122670
Bank Interest on Car Loan	6888	24214
Interest to Others	564598	1849243
TOTAL	910292	1996127

SCHEDULE 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2009

A. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES:

i) ACCOUNTING CONCEPT:

- a. These accounts are prepared on the historical cost convention and on the accounting principle of a going concern.
- b. Accounting policies not specifically referred to otherwise be consistent and in consonance with generally accepted accounting principle.

ii) RECOGNITION OF INCOME AND EXPENDITURE

Company accounts Incomes and Expenses on accrual basis in accordance with the generally accepted accounting principles excepts dividend and exports incentives, which are on cash basis.

iii) USE OF ESTIMATES

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

iv) FIXED ASSETS & DEPRECIATION

The Gross Block of Fixed Assets is shown at historical cost, which includes taxes and other identifiable direct Expenses, less impairment loss. The cost of fixed assets includes the cost of acquisition including freight, taxes, duties and other identifiable direct expenses, except otherwise specifically excluded and expressed by way of note, attributable to acquisition of assets up to the date the asset put to use less the accumulated depreciation on it.

Depreciation is provided on Straight-line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. The depreciation on addition / disposal is provided pro-rate basis.

v) SALES / TURNOVER

Sales are recognized, net of returns, on dispatch of goods to customers the satisfaction of the customer and are reflected in the accounts at net value.

vi) INVESTMENT

Investments are carried at cost. They are long-term investment. The fall in value being temporary in nature, no provision is made for diminution in value.

vii) INVENTORY

Inventories are valued on FIFO basis at lower of cost or market price except cotton waste and scrape material, which are shown at Net Realizable Value.

vii) TREATMENT OF RETIREMENT BENEFITS

1. Short Term Employee Benefits: The undiscounted amount of short term employee benefits expected to be paid in exchange for the service rendered by employee is recognized during the period when the employee render the service.
2. Post Employee Benefits: Contribution to defined contribution scheme such as provident fund etc. is charged to P&L Account as incurred.

viii) TAXATION

Tax liabilities of the company are estimated considering the provision of the I.T. Act, 1961. The deferred tax Liability for timing difference between the book and tax profit for the year is accounted using the rates and Tax Laws that have been enacted or substantially enacted at the balance sheet date. Deferred Tax assets arising from the timing difference are recognized to the extent that there is reasonable certainty that sufficient future taxable income will be available.

ix) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account.

x) CONTINGENT LIABILITIES

Contingent liabilities are not provided (unless otherwise stated) and are disclosed by way of notes on account, of following,

B. NOTES ON ACCOUNTS:

1. In the opinion of the Board of Directors,
 - a. The Current Assets, Loans and Advances have a value on realisation in the ordinary courses of business at least equal to the amount at which they are stated.
 - b. The Provision for all known liabilities is adequate and not in excess of the amount at which they are stated.
2. The figures have been rounded off to the nearest rupee.
3. The previous year figures have been regrouped and reclassified to confirm the current years grouping/classification.
4. The Management is of the view that there was no impairment loss of Fixed Assets on the basis of review carried out in accordance with accounting standard 28 issued by the Institute of Chartered Accountants of India.
5. During the year, the company has recalculated excess depreciation provided in the earlier years and account for the reversal of excess depreciation written back of Rs.10,67,508/-
6. Debit and Credit balances of outside parties (including Debtors and Creditors) appearing in Balance Sheet are subject to confirmation / adjustment.

B. NOTES ON ACCOUNTS**7 CONTINGENT LIABILITIES:**

	2008-09	2007-08
Contingent liabilities are not provided for:	Nil	Rs. 89,145
Gujarat State Co-op Marketing Fed. Ltd		

8 Major item of Deferred Tax Liabilities and Deferred Tax Assets:-

Particulars	Bal as at 01.04.2008	Net Increase (Decrease) during the year	Bal as at 31.03.2009
Deferred tax liabilities: -			
Due to timing difference in Depreciation	2868487	267673	3136160
Deferred Tax Assets	—	—	—
Net Deferred tax liabilities	2868487	267673	3136160

9 The company has identified it's activities as single segment hence no separate disclosure is required in term of Accounting Standard 17 (AS 17) "Segment Reporting".

10 Related Party Disclosures under Accounting Standard 18:

Name of the related party and their relation

Name of Related Party	Their Relation
Urja Products Pvt. Ltd	Common Director
Jayatma Info. Pvt. Ltd.	Common Director

Transactions:

Name of Related Party	Nature of Payment	Amount	Closing Balance
Urja Products P Ltd.	Interest	13,808	Nil
Jayatma Informatics Pvt. Ltd.	Computer Exp.	11,000	Nil

11 AUDITOR REMUNERATION

	2008-09	2007-08
For Audit	26000	26000
For Taxation matter	10000	10000
	=====	=====
Total	36000	36000
	=====	=====

12 EARNING PER SHARE

The numerators and denominators used to calculate Basis and Diluted Earnings per share:

	Year Ended March 31, 2009	Year Ended March 31, 2008
Profit attributable to the Equity Shareholder	-26,16,595	33,92,445
Weighted Average no. of Share (issued)	61,74,400	61,74,400
Less:- Number of Share Partly paid	10,700	10,700
Nominal Value of Equity Share (Rs.)	10	10
Basic /Diluted EPS (Rs.)	-0.31	0.55

13. Additional information pursuant to the provisions of paragraph 3. 4C & 4D of part II of Schedule VI of the Companies Act, 1956.

(A) CAPACITIES & PRODUCTION

	2008-09	2007-08
Licensed Capacity (As per textiles Commissioners Sanction)	2256 Rotor 10000 Spindle	2256 Rotor 10000 Spindle
Installed Capacity (As certified By the Directors)	1136 Rotors 2520 Spindle	1136 Rotors 2520 Spindle
Actual Production (in Kgs).	2008-09	2007-08
Yarn	3,17,584	4,71,615
Kapasias	2,78,550	13,89,506
Cotton	2,00,779	12,34,425

(B) Opening & Closing Stock of Raw Materials

Particulars	2008-09		2007-08	
	Kgs	Value	Kgs	Value
Stock of Raw Materials :				
(i) Opening Stock –Cotton & Kapas	749175	20841166	447067	13942292
Total	749175	20841166	447067	13942292
(ii) Closing Stock – Cotton & Kapas	224497	9029329	749175	20841166
Total	224497	9029329	749175	20841166

(C) Stock Consumption of Raw Materials

Particulars	2008-09		2007-08	
	Kgs	Value	Kgs	Value
Raw Materials Consumed -	1155624	34963976	3192456	75736475
Cotton & Kapas				
Total	1155624	34963976	3192456	75736475

(D) Opening & Closing Stock of Finished Stock

Particulars	2008-09		2007-08	
	Kgs	Value	Kgs	Value
Opening Stock				
Single Yarn	192595	13172280	66895	4433802
Cotton	158460	10471354	337437	17924199
Cotton Seed	253820	3458388	94904	1088524
Process Stock	0	842758	0	390300
Trading Activity	1950	50115	0	0
Total	606825	27994895	501036	23446525
Closing Stock				
Single Yarn	139579	9091237	192595	13172280
Cotton	1081	73468	158460	10471354
Cotton Seed	18433	266866	253820	3458388
Process Stock	0	842768	0	842758
Trading Activity	254171	5305864	1950	50115
Total	413264	15580203	606825	27994895

SANTARAM SPINNERS LIMITED
(G) Turnover

Particulars	2008-09		2007-08	
	Kgs	Value	Kgs	Value
Manufacture Activity :				
Single Yarn	371550	25141771	345915	23712716
Kapasias (Cotton Seeds)	496425	6843067	1248706	14921630
Cotton	63762	4042071	998363	56413754
Raw Material Cotton	0	0	0	0
Trading activity				
Cotton & Yarn	538879	33175033	397816	21323349
Cloth (Mtrs)	980523	12665405	—	—
Cloth Grey (Mtrs) (Export Sale)	—	—	—	—
		81867347		116371449

(H) Purchase for Trading Activity

Particulars	2008-09		2007-08	
	Kgs	Value	Kgs	Value
Cotton & Yarn			397888	20706730
Cloth (Mtrs) (Export Sale)	—	—	—	—
Cloth Grey (Mtrs) (Export Sale)	—	—	—	—
Total			397888	20706730

Particulars	2008-09 (Amt)	2008-09 (% of total)	2007-08 (Amt)	2007-08 (% of total)
Stores and Packing				
Imported	0	0	0	0
Indigenous	1486251	100	1356767	100
Total	1486251	100	1356767	100
Raw-Material				
Imported	0	0	0	0
Indigenous	24949286	100	75736475	100
Total	24949286	100	75736475	100
CIF Value of Import			0	0

14. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. REGISTRATION DETAILS

Registration No : 6462

State Code : 04

Balance sheet Date : 31-03-2009

II. Capital Raised during the year (Amount in Rupees)

Public Issue

Right Issue

—
Bonus Issue

—
Private placement

III. Position of Mobilization and Deployment of Funds (Amount in Rs.)

Total Liabilities
11,05,21,064

Total Assets
11,05,21,064

SOURCE OF FUNDS

Paid-up Capital 6,15,30,000	Share Application Money NIL
Secured Loans 4,08,762	Unsecured Loans 1,36,400
Reserve & Surplus 4,53,09,742	Defer Tax Liability 31,36,160

APPLICATION OF FUNDS

Net Fixed Assets 3,18,36,797	Net Current Assets 7,62,06,809
Capital Work In Progress 15,68,180	Investments 9,09,275
Accumulated Losses	Miscellaneous Expenditure

V. PERFORMANCE OF THE COMPANY

Total Income 6,68,71,505	Total Expenditure 6,94,88,100
Profit before Tax —26,16,595	Profit after Tax —19,16,760
Earning per Share — 0.31	Dividend NIL

VI. GENERIC NAMES OF THREE PRINCIPLE PRODUCTS OF THE COMPANY

Item Code No. (ITC Code)	52051101
Product Description	Cotton Yarn

For R R S & ASSOCIATES

For and on behalf of the Board

Sd/-
RAJESH R SHAH
PARTENR
M.No:34549

Sd/-
KALAYAN J. SHAH
DIRECTOR

Sd/-
FENIL R SHAH
DIRECTOR

Sd/-
JANAK G NANAVATY
DIRECTOR

PLACE : AHMEDABAD
DATE : 30.6.2009

PLACE : AHMEDABAD
DATE : 30.06.2009

Cash Flow Statement for the year ending on 31-3-2008
(pursuant to Clause 32 of the listing agreement)

	2008-09 Rs. in Lacs	2007-08 Rs in Lacs
[A] CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	-26.17	4.91
a Dividend & Interest received	0.94	0.88
b Sundry Dr./ Cr. Bal W/ off	-0.97	-0.34
c Profit on Sale of FA	0.43	1.66
Net Profit /Loss before tax & extra ordinary items & Non cash expenses	-26.56	2.71
Adjustment for		
a Interest	9.10	19.96
b Depreciation	23.74	29.69
Operating Profit / Loss before Working Capital Changes	6.28	52.37
Adjustment for		
a Trade & Other Receivables	178.52	-123.60
b Inventories	245.57	-115.10
c Trade Payables	-12.66	19.38
	411.43	-219.31
Cash Flow before extraordinary items	417.71	-166.94
a Prior Period Income	0.00	0.30
b Income Tax Paid	-8.42	-8.49
Net Cash Flow from Operation Activities	409.29	-175.13
[B] CASH FLOW FROM INVESTING ACTIVITIES		
a Purchase of Fixed Assets	-4.79	-16.25
b Sale of Fixed Assets	5.00	2.04
c Dividend Received	0.08	0.08
d Interest Received	0.87	0.80
e Sale of Investments	0.00	0.00
Net Cash Flow from Investing Activities	1.15	-13.34
[C] CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-9.10	-19.96
Secured & Unsecured Loans	-387.55	194.84
Net Cash Clow from Financing Activities	-396.66	174.88
Net Increase / (Decrease) in Cash	13.79	-13.59
Opening Balance of Cash & Cash Equivalents	13.41	27.00
Closing Balance of Cash & Cash Equivalents	27.20	13.41
	-13.79	13.59

FOR R R S & ASSOCIATES.
CHARTERED ACCOUNTANTS

Sd/-

(RAJESH R. SHAH)
PARTNER

MEMBERSHIP NO 34549

PLACE: AHMEDABAD

DATE : 30TH JUNE,2009

SANTARAM SPINNERS LIMITED

Registered Office : 259, 3rd floor, New Cloth Market,
Outside Raipur Gate, Ahmedabad - 380 002.

ATTENDANCE SLIP

25th Annual General Meeting

Wednesday, 30th Sept., 2009 at 12.00 noon

Place : 259, New Cloth Market, Ahmedabad - 380 002.

Signature of the Member / Proxy attending the meeting

Notes :

1. This meeting is only for members. Please, therefore, do not bring person in the meeting who is not a member.
2. Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.

SANTARAM SPINNERS LIMITED

Registered Office : 259, 3rd floor, New Cloth Market,
Outside Raipur Gate, Ahmedabad - 380 002.

FORM OF PROXY

I/We _____

of _____ in the district of _____

being a member(s) of the above named Company hereby appoint _____

of _____ in the district of _____

or failing him _____

of _____ in the district of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Wednesday, the 30th September, 2009 and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Signature _____

Affix
Revenue
Stamp

N.B.: This proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

**BOOK-POST
PRINTED MATTER**

If undelivered, please return to:

SANTARAM SPINNERS LIMITED

259, 3rd floor, New Cloth Market,

Outside Raipur Gate,

Ahmedabad - 380 002
