

**ANNUAL REPORT
2009-2010**

FOR SANTARAM SPINNERS LTD
Kalyan - J. S. K.
DIRECTOR/AUTHORISED SIGNATORY



SANTARAM
SPINNERS LIMITED

ANNUAL REPORT 2009-2010

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
Union Bank of India
Punjab National Bank

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, Sarojinij
Nidu Road, Mulund (West), Mumbai-480080

211, Sudarshan Complex,
Near Mithakhali under Bridge,
Navrangpura, Ahmedabad-380009.

WORKS-1

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 SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SANTARAM SPINNERS LIMITED WILL BE HELD AS SCHEDULED BELOW:

Date : 29th September, 2010
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, 2010 and the balance Sheet as on that date along with Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Fenil R. Shah, 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.

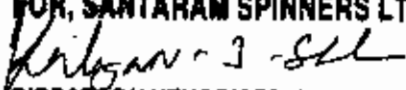
NOTES:

1. 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.
2. Pursuant to section 154 of the Companies Act, 1956, Register of Members and Shares Transfer Books of the Company will remain closed from the 22nd September, 2010, Wednesday to 29th September, 2010 Wednesday (both days inclusive).
3. 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.
4. 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.
5. 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, 2010

By order of the Board.

Fenil R. Shah
Director

FOR, SANTARAM SPINNERS LTD

DIRECTOR/AUTHORISED SIGNATORY

SANTARAM SPINNERS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors present the TWENTY SIXTH ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year 2009-10 ended 31st March, 2010.

1. FINANCIAL RESULTS

	2009-10 Amt. in Lacs	2008-09 Amt. in Lacs
Operating Profit (Before Interest & Depreciation)	29.81	6.68
Less: Interest	4.77	9.10
Profit / Loss before Depreciation	25.04	(2.42)
Less: Depreciation	3.90	23.74
Profit / Loss before Tax	21.13	(26.74)
Add: Excess Depreciation written back	0	10.68
Less: Prior Period Adjustments	(0.43)	(0.43)
Less: Provision of Taxation -Current	0.90	0
-Deferred	(0.56)	2.68
Profit / Loss for the Year	19.48	(19.17)
Add: Balance brought forward from Previous year	36.34	55.08
Balance Carried to Balance Sheet	55.79	36.34

2. DIVIDEND

In view of plough back of profit for the expansion of business of the Company, the Board of the Directors of the Company do not recommended any dividend on its Equity shares for the year ended 2009-10.

3. TEXTILE INDUSTRY OUTLOOK

After being severely battered by recession in the global markets and currency volatility in Financial Year 2010, credit profiles of the company is expected to improve with revival in the domestic demand and signs of improvement in the global markets. However, appreciation of rupee and significant rise in cotton prices raise concerns on the profitability.

Synthetic textiles segment has benefited from substitution effect due to higher cotton and cotton yarn and ginning prices resulting in significant cost differential between cotton yarn and synthetic yarn prices. Being the fiber/fabric for masses, with an overall economic revival and high cotton prices, business is expected to benefit.

4. FUTURE OUTLOOK:

Indian textiles industry is a well-established with showing strong features and a bright future. In fact, the country is the second biggest textiles manufacturer worldwide, right after China. Similar force is demonstrated in the cotton production and consumption trend where India ranks just after

China and USA. The textiles manufacturing business is a pioneer activity in the Indian manufacturing sector and it has a primordial importance in the economic life of the country, which is still predominantly based on the agro-alimentary sector.

The Company has the capacity to gain both long staple cotton as well as short staple cotton. State of art machineries are used for ginning. It has access to the farmers and it is also well connected to the major western ports namely Kandla, Mundra and many more.

5. DIRECTORS:

One of your Director viz. Shri Fenil R. Shah, retires by rotation in terms of Articles 150 and 151 of the Articles of Association of the Company. However, being eligible to re-appoint, the Board of the Director of the Company for his 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, 2010 being end of the financial year 2009-2010 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 Mumbai and Ahmedabad Stock Exchanges and the Company has paid Annual Listing Fees to Mumbai Stock Exchange upto the year 2010-11.

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 Mr. R.R. Shah and Associates, Chartered

SANTARAM SPINNERS LIMITED

Accountants, Ahmedabad, will retire at the ensuing Annual General Meeting. They have shown their willingness for re-appointment for the year 2010-11. 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, 2010.

For and on behalf of the Board,
Sd/- Sd/-
Fenil R. Shah Paresh R. Shah
Director Director

FOR, SANTARAM SPINNERS LTD

Kalyan J. S.
DIRECTOR/AUTHORISED SIGNATORY

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, 2010.

(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 were 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.4,78,90,407.00 by the export activity during the year under review after deducting expends for export, 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:	2009-2010	2008-09
1. Electricity:		
a) Purchased:		
Unit	54	5,49,681
Total Amount (Rs.)	157783.38	30,96,032
Net of Rate	-	5.63
***The operation of factory was closed during the year under review.		
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 turbine 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, Cotton ginning etc., it is not practical to give consumption per unit of production.		

Place: Ahmedabad
Date: 30th June, 2010.

For and on behalf of the Board,

Sd/-
Fenil R. Shah
Director

Sd/-
Parash R. Shah
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) Membership/ (2) Chairmanship in other companies	No. of Board Meetings in attended	Attendance at the AGM held on 30-9-2009 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
Parash 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	Fenil R. Shah
Date of Birth	21-04-1965
Date of Appointment	22-04-2002
Expertise in specific functional areas	Administration & Finance.
List of Public Limited Companies in which Directorships held \	JAYATMA SPINNERS LTD., GIRIRAJ COTTON 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 20.4.09, 30.6.09, 31.7.09, 31.10.09, 31.1.10.

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 were present at the meeting held on 20.4.09, 30.6.09, 31.7.09, 31.10.09 & 31.1.10

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 20.4.09, 30.6.09, 31.7.09, 31.10.09, 31.1.10

Details of remuneration paid:

1. Managerial Remuneration of Rs. 1,67,000/- 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 no complaints during the year. There was no valid request for transfer of shares pending as on 31st March, 2010. Shri Kalyanbhai J. Shah, Managing Director is the Compliance Officer for the above purpose.

SANTARAM SPINNERS LIMITED**6. GENERAL BODY MEETINGS:**

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

Financial Year	Date	Time	Venue
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.
2008-09	30-09-2009	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, 2010, 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 : 29th September, 2010
Time : 12 Noon
Venue : 259, New Cloth Market, Raipur, Ahmedabad 2
- Financial Calendar :
1st Quarter Results : Mid August, 2010
Half-yearly Results : Mid November, 2010
3rd Quarter Results : Mid February, 2011
Audited yearly Results : End-May, 2011
- Book Closure Dates : From: Wednesday, the 22nd Sept, 2010
To : Wednesday, the 29th Sept, 2010.
(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.

g) Stock Exchange Code

<u>Stock Exchange</u>	<u>Code</u>
ASE	51728
BSE	531323

h) Stock Price Data

The shares of the Company have not been traded at any Stock Exchange during 1st April, 2009 to 31st March, 2010, the details of Stock Price Data during that period are submitted as below.

Month	High Price	Low Price	No. of Shares
April 09	8.23	4.87	2350
May 09	4.85	3.44	17828
June 09	5.69	3.27	9446
July 09	6.70	5.93	19
August 09	8.75	7.00	172
September 09	9.84	8.51	850
October 09	8.81	6.85	4130
November 09	9.42	7.39	191
December 09	10.36	8.02	664
January 10	8.82	4.35	14115
February 10	5.50	3.74	31440
March 10	4.44	3.14	25690

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.)

280, 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

SANTARAM SPINNERS LIMITED**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, 2010:

No. of Equity Shares held	No. of Shareholders	% of Share holders	No. of Shares held	% of Shareholding
Up to 500	3071	86.83	809590	13.11
501 to 1000	198	5.54	164641	2.67
1001 to 2000	93	2.62	143099	2.32
2001 to 3000	46	1.30	119765	1.94
3001 to 4000	34	0.96	119847	1.94
4001 to 5000	24	0.68	113251	1.83
5001 to 10000	26	0.74	192539	3.12
10001 to Above	47	1.33	4511668	73.07
Grand Total	3537	100.0000	6174400	100.0000

i) Category of Shareholders as on 31st March, 2010:

Category	No. of Shares held	% of Shareholding
Promoters (Directors & Relatives)	27,31,800	44.24
Financial Institutions	-	-
Banks	-	-
Mutual Fund	-	-
Bodies Corporate	50,190	0.81
NRIs	2,29,298	3.71
Public	31,63,312	51.24
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, 2010 a total of 26,16,641 Shares of the Company which form 42.38% of the Share Capital of the Company stands dematerialized.

10. PLANT LOCATIONS:

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

11. ADDRESS FOR CORRESPONDENCE:

For both Physical and Electronic Form:

Link Intime India Pvt. Ltd.
(formerly Intime Spectrum Registry Ltd.)
 280, Shanfi 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 : santaramitd@gmail.com
 Compliance Officer : Mr Kalyan J Shah Managing Director.

Place: Ahmedabad
 Date: 30th June, 2010.

For and on behalf of the Board,
 Sd/- Sd/-
 Fenil R. Shah Parash R. Shah
 Director 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, 2010 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.

Place: Ahmedabad
 Date : 30-6-2010

For, R R S & ASSOCIATES
Chartered Accountants
RAJESH R SHAH Partner
 Membership Number: 34549

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 2009-10 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.

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, 2010.

For and on behalf of the Board,
Sd/- Sd/-
Fenil R. Shah Pooeh R. Shah
Director 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 2010 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, 2010, 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, 2010, from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

SANTARAM SPINNERS LIMITED

(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 2010,
- 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 : 30-6-2010

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

ANNEXURE TO THE AUDITORS' REPORT : 2009-10
(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 as detailed below:
 - a) In our opinion and according to the information and explanation given to us, the rate of interest, wherever applicable and other terms & conditions are prima facie not prejudicial to the interest of the Company.
 - b) In our opinion and according to the information and explanations given to us, the interest payments are regular and the principal amount is repayable on demand.
- IV. According to the information and explanations given to us, the Company has not given any amount in the nature of loan to parties listed in the Register maintained u/s.301 of the Companies Act 1956. So other information under this Para is not required.
- V. 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.
- VI. 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.

SANTARAM SPINNERS LIMITED

- 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
- VII. 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.
- VIII. 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.
- IX. 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.

X

- 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

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

- XV. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- XVI. 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.
- XVII. The Company has not availed any term loan during the year hence question of application of term loan does not arise.
- XVIII. 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 by the Company and vice versa.
- XIX. 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.
- XX. 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.
- XXI. 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.
- XXII. 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

Place: Ahmedabad
Date: 30-6-2010

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

સુચી નંબર 198 માર્ચ 2010
140 માર્ચ 2010

SANTARAM SPINNERS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

LIABILITIES/ ASSETS	SCH. NO.	As At 3/31/2010	As At 3/31/2009
SOURCES OF FUNDS :			
Share Holders' Funds			
Share Capital	1	61630000	61530000
Reserves & Surplus	2	47255075	46909742
		108785075	108339742
Deferred Tax Liability	3	3079353	3136160
Loan Funds			
Secured Loans	4	31027404	408762
Unsecured Loans	5	92324	136400
TOTAL		142984157	110521064
APPLICATION OF FUNDS :			
Fixed Assets	6		
Gross Block		71643568	72923785
Less: Depreciation		40479042	41086988
Net Block		31164526	31836797
Add : Capital Work-In Progress (including advances)		3128728	1568180
		34293254	33404977
Investments	7	909275	908275
Current Assets, Loans & Advances	8		
Inventories		59797792	26244970
Sundry Debtors		93648344	46850362
Cash & Bank Balances		17628918	2720023
Loans & Advances		15862034	9985529
		186937088	85800884
Less: Current Liabilities & Provisions	9	79155460	9594075
Net Current Assets		107781628	76206809
TOTAL		142984157	110521064

Notes Forming Part of Accounts

As per our annexed report of even date.
For R R S & ASSOCIATES
Chartered Accountants

FOR SANTARAM SPINNERS LTD

Rajesh R. Shah
DIRECTOR/AUTHORISED SIGNATORY

RAJESH R SHAH

Partner

M.NO: 34549

PLACE : AHMEDABAD

DATE : 30.06.2010

FENIL R SHAH

DIRECTOR

PARESH SHAH

DIRECTOR

JANAK NANAVATI

DIRECTOR

PLACE : AHMEDABAD

DATE : 30.06.2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31-3-2010

PARTICULARS	SCH. NO.	2009-10 Rs.	2008-09 Rs.
INCOME :			
Sales	10	334856991	83676615
Miscellaneous Income	11	884537	335535
Increase/-Decrease in Stock	12	25046263	(17140645)
TOTAL		360787791	66871505
EXPENDITURE :			
Raw Material Consumption and Manufacturing Expense	13	350516912	60119678
Payment to Employees	14	335836	736563
Administrative Expenses	15	2714495	3829410
Selling & Distribution Expenses	16	4239448	1517719
Interest Expenses	17	477085	910292
Depreciation		390568	2374438
TOTAL		358674343	69488100
Profit Before Taxation (PBT)		2113448	(2616595)
Excess Depreciation Written back (Refer to Note 5 of Schedule 18)		-	1067508
Income Tax of Earlier Year		-	0
Provision for Taxation - Current		90400	0
Provision for Deferred Taxation		(56807)	267673
Fringe Benefit Tax		-	100000
Prior Period Expenses		131692	-
Profit / (loss) for the year		1948163	(1916760)
Short/ Excess Provision of Last Year		(2830)	42696
Balance brought forward from Last Year		3634234	5508298
Surplus Carried to Balance Sheet		5579567	3634234
Basic/ Diluted Earning per share		0.32	(0.31)

Notes Forming Part of Accounts

As per our annexed report of even date.
For R R S & ASSOCIATES
Chartered Accountants

FOR SANTARAM SPINNERS LTD

Kalyan J. Shah
DIRECTOR/AUTHORISED SIGNATORY

RAJESH R SHAH
Partner
M.NO: 34549
PLACE : AHMEDABAD
DATE : 30.06.2010

FENIL R SHAH PARESH SHAH JANAK NANAVATI
DIRECTOR DIRECTOR DIRECTOR

PLACE : AHMEDABAD
DATE : 30.06.2010

SANTARAM SPINNERS LIMITED

**Cash Flow Statement for the year ending on 31-3-2010
(pursuant to Clause 32 of the listing agreement)**

	2009-10 Rs. In Lacs	2008-09 Rs in Lacs
A] CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	21.13	-26.17
a Dividend & Interest received	7.90	0.94
b Sundry Dr./ Cr. Bal W/ off	-0.38	-0.97
c Profit on Sale of FA	-3.33	0.43
d Rate fluctuation gain	0.42	0.00
Net Profit /Loss before tax & extra ordinary items & Non cash expenses	16.53	-26.66
Adjustment for		
a Interest	4.77	9.10
b Depreciation	3.91	23.74
Operating Profit/ Loss before Working Capital Changes	25.20	6.28
Adjustment for		
a Trade & Other Receivables	-526.03	178.52
b Inventories	-335.53	245.57
c Trade Payables	695.71	-12.68
	-165.85	411.43
Cash Flow before extraordinary items	-140.64	417.71
a Prior Period Income	0	0.00
b Income Tax Paid	-1.74	-8.42
Net Cash Flow from Operation Activities	-142.39	409.29
[B] CASH FLOW FROM INVESTING ACTIVITIES		
a Purchase of Fixed Assets	-6.10	-4.79
b Sale of Fixed Assets	4.19	5.00
c Dividend Received	0.09	0.08
d Interest Received	7.82	0.87
e Sale of Investments	0.00	0.00
f Advance for fix assets	-15.61	0.00
Net Cash Flow from Investing Activities	-9.62	1.15
[C] CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-4.77	-9.10
Secured & Unsecured Loans	305.87	-387.55
Net Cash Flow from Financing Activities	301.09	-396.66
Net Increase/ (Decrease) in Cash	149.09	13.79
Opening Balance of Cash & Cash Equivalents	27.20	13.41
Closing Balance of Cash & Cash Equivalents	176.29	27.20
	-149.09	-13.79

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: 34849
PLACE: AHMEDABAD
DATE : 30.08.2010

FENIL R SHAH
DIRECTOR

PARESH SHAH
DIRECTOR

JANAK NANAVATI
DIRECTOR

PLACE: AHMEDABAD
DATE : 30.08.2010

SANTARAM SPINNERS LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31-3-2010

SCHEDULE - 1 : SHARE CAPITAL PARTICULARS	As At 31-03-2010 RS.	As At 31-03-2009 RS.
Authorized : 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	61744000	61744000
Less: Calls in arrears	214000	214000
TOTAL	61530000	61530000
SCHEDULE - 2 : RESERVES & SURPLUS		
Share Premium	38376200	38376200
Capital Reserve	174308	174308
Cash Subsidy	3125000	3125000
Profit & Loss Account (Cr)	5579567	3634234
TOTAL	47265076	45309742
SCHEDULE - 3 : DEFERRED TAX LIABILITY		
Opening Balance	3136160	2868487
Add: Defer Tax for the Current Year	(56807)	267673
TOTAL	3079353	3136160
SCHEDULE - 4 : SECURED LOANS		
(1) Working Capital Loan : .		
(a) From Nutan Nag. Saha. Bank (A/C # 9026)	87622	206942
(b) From Nutan Nag. Saha. Bank (A/C.#9983)	270816	179971
(c) From Guj State Co-op. Mkt. Fed. Ltd.	14887	21849
(2) Vehicle Loans		
From ICICI Bank (Car loan is secured by hypo. of the car with the Bank)	19844109	-
(3) Union Bank of India (Secured against Hypo. of Stock of Company)	10810000	-
TOTAL	30824914	408762

SANTARAM SPINNERS LIMITED

**Cash Flow Statement for the year ending on 31-3-2010
(pursuant to Clause 32 of the listing agreement)**

	2009-10 Rs. in Lacs	2008-09 Rs in Lacs
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	21.13	-26.17
a Dividend & Interest received	7.90	0.94
b Sundry Dr./ Cr. Bal W/ off	-0.38	-0.97
c Profit on Sale of FA	-3.33	0.43
d Rate fluctuation gain	0.42	0.00
Net Profit /Loss before tax & extra ordinary items & Non cash expenses	16.53	-26.56
Adjustment for		
a Interest	4.77	9.10
b Depreciation	3.91	23.74
Operating Profit / Loss before Working Capital Changes	25.20	6.28
Adjustment for		
a Trade & Other Receivables	-526.03	178.52
b Inventories	-335.53	245.57
c Trade Payables	695.71	-12.68
	-165.85	411.43
Cash Flow before extraordinary items	-140.64	417.71
a Prior Period Income	0	0.00
b Income Tax Paid	-1.74	-8.42
Net Cash Flow from Operation Activities	-142.39	409.29
(B) CASH FLOW FROM INVESTING ACTIVITIES		
a Purchase of Fixed Assets	-6.10	-4.79
b Sale of Fixed Assets	4.19	5.00
c Dividend Received	0.08	0.08
d Interest Received	7.82	0.87
e Sale of Investments	0.00	0.00
f Advance for fix assets	-15.61	0.00
Net Cash Flow from Investing Activities	-9.62	1.15
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-4.77	-9.10
Secured & Unsecured Loans	305.87	-387.55
Net Cash Flow from Financing Activities	301.09	-396.66
Net Increase / (Decrease) in Cash	149.09	13.79
Opening Balance of Cash & Cash Equivalents	27.20	13.41
Closing Balance of Cash & Cash Equivalents	176.29	27.20
	-149.09	-13.79

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 : 30.06.2010

FENIL R SHAH
DIRECTOR

PARESH SHAH
DIRECTOR

JANAK NANAVATI
DIRECTOR

PLACE : AHMEDABAD
DATE : 30.06.2010

SANTARAM SPINNERS LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31-3-2010

SCHEDULE - 1 : SHARE CAPITAL PARTICULARS	As At 31-03-2010 RS.	As At 31-03-2009 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)	6579567	3634234
TOTAL	47255075	45309742
SCHEDULE - 3 : DEFERRED TAX LIABILITY		
Opening Balance	3138160	2868487
Add: Defer Tax for the Current Year	(56807)	267673
TOTAL	3079353	3136160
SCHEDULE - 4 : SECURED LOANS		
(1) Working Capital Loan :		
(a) From Nutan Nag. Saha. Bank (A/C # 9026)	87622	206942
(b) From Nutan Nag. Saha. Bank (A/C # 9963)	270816	179971
(c) From Guj State Co-op. Mkt. Fed. Ltd.	14867	21849
(2) Vehicle Loans		
From ICICI Bank (Car loan is secured by hypo. of the car with the Bank)	19844109	-
(3) Union Bank of India (Secured against Hypo. of Stock of Company)	10810000	-
TOTAL	31827404	408762

SCHEDULE - 5 : UNSECURED LOANS

PARTICULARS	As At 31.03.10 RS.	As At 31-03-09 RS.
Inter Corporate loan	22000	-
From Directors	70324	136400
TOTAL	92324	136400

SCHEDULE - 6 : FIXED ASSETS

Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK		
	Gross cost as on 14.2.09	Addition during the year	Deduction During the year	Cost as on 31.3.2010	Balance As on 1.4.2010	Deprec for the year	Depre of earlier years	Deduc. during the year	Total upto 31.3.2010	As at 31.3.2010	As at 31.3.2009
Land (Free Hold)	1871954	0	0	1871954	0	0	0	0	0	1871954	1871954
Building	11931084	0	0	11801084	4501989	0	0	0	4501989	7429095	7429095
Quater Building	1411480	0	0	1411480	820009	0	0	0	820009	1329451	1329451
Plant & Machinery	49741744	0	1250000	48491744	30805980	0	0	636305	30169525	18322219	18935884
Electric Installation	1352658	0	0	1352658	952952	0	0	0	952952	399707	399707
Furniture & Fitting	1380908	0	0	1380908	946147	0	0	0	946147	434791	434791
Vehicle	4111237	574377	840884	4044650	2884766	380568	0	382177	2915157	1131763	1228471
Office Equipments	476750	38070	0	512820	267313	0	0	0	267313	245513	209443
Computer	649973	0	0	649973	649973	0	0	0	649973	0	0
Total	7292786	610447	1060084	71643923	41089987.9	350868	0	99912	4047042	3118426	3183679
Previous Year	7304785	47800	80000	7292786	3822558	2374431.9	107538	14280	4108988	3183098	3122227

SCHEDULE - 7 : INVESTMENTS(at cost)

PARTICULARS	As At 31-03-2010 RS.	As At 31-03-2009 RS.
UNQUOTED		
4100 (PY 4100) Equity shares of Rs.10 each of Jayatma Comtex Pvt.Ltd.	41000	41000
2000 (PY 2000) 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
Aggregate value of Quoted investments		
At cost price :	818000	818000
At market price :	204500	202582
Aggregate value of Unquoted investments		
At cost price :	91275	91275

SANTARAM SPINNERS LIMITED

**SCHEDULE - 8
CURRENT ASSETS, LOANS & ADVANCES:**

PARTICULARS	As At 31-03-2010 RS.	As At 31-03-2009 RS.
(a) Current Assets:		
(f) Inventories (As taken valued and Certified by Directors)		
Stores and Spares	463634	463634
Stock of Raw Material	18242384	8552944
Process Stock	297313	842767
Finished goods	36372169	14946953
Cotton Waste & Scrap material	76884	724180
Packing Material	14028	447626
Cotton Seed	4331380	266866
TOTAL	59797792	26244970
(2) Sundry Debtors (Unsecured Considered good)		
More than Six months	44762135	39951366
Others	48886209	6898976
TOTAL	93648344	46850362
(3) Cash & Bank Balances :		
Balances with Scheduled Bank in Current accounts	4898449	2263714
FD with Scheduled Bank	11458120	-
Balance with Scheduled Bank in Dividend accounts	13319	13319
Cash on hand	1259024	442990
TOTAL	17628918	2720023
(4) Loans & Advances :		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	8714864	8401765
Deposits	5777940	1377940
Advances receivable from Revenue Authorities		
Income tax Accounts	97235	25805
Sales Tax Accounts	271995	180019
TOTAL	15862034	9985529

**SCHEDULE - 9
CURRENT LIABILITIES & PROVISIONS**

PARTICULARS	As At 31-03-2010 RS.	As At 31-03-2009 RS.
(a) Current Liabilities :		
Sundry Creditors for Goods/Exp/Capital Goods	41446332	3946614
Duties & Taxes	169875	34543
Unclaimed Dividend - (96-97)	-	-
Advance from Customer	36882264	5437330
TOTAL	78497471	9419487
(b) Provisions :		
Provision for taxation & expenses	567589	75588
Provision for Taxation	90400	100000
Provision for FBT	657989	176588
TOTAL	7915460	9584076
SCHEDULE - 10 : SALES		
Manufacturing Sales	138196688	27210430
Trading Sales	194551225	55880990
Waste Sales	63900	158993
Duty Drawback	2045178	449202
TOTAL	334856991	83676615
SCHEDULE - 11 : MISCELLANEOUS INCOME		
Interest	781673	86606
Dividend	8547	7556
Sundry Balances Written back (net)	38200	96760
Other Income	14420	102113
Profit on Sale of Assets	-	42500
Rate Fluctuation Gain	41697	-
TOTAL	884537	335535
SCHEDULE - 12 : INCREASE/ DECREASE IN STOCK		
Opening Stock		
Single Yam	9091236	13172280
Cotton	3415	10595683
Cotton Seed	266866	3458388
Work In Progress	1586947	842758
TOTAL	10928464	28069109

SANTARAM SPINNERS LIMITED

PARTICULARS	2009-10 Amount Rs.	2008-09 Amount Rs.
SCHEDULE-12 (CONTD...)		
Closing Stock		
Single Yarn	8604844	9091236
Cotton	22664306	3415
Cotton Seed	4331380	266866
Work In Progress	374197	1566947
Total	35974727	10928464
TOTAL	25046263	(17140648)
SCHEDULE - 13		
RAW MATERIAL CONSUMPTION AND MANUFACTURING EXPENSE		
Raw Material Consumption		
Opening Stock	8552944	20841168
Add: Purchase of Raw Material	169934638	12661064
Closing Stock	18242384	8562944
Raw Material Consumption	160248198	24949288
Purchase for trading		
Opening Stock	5852302	50115
Less: Stock of Trading Goods	182903588	34787343
Cost of Trading Goods	5103020	5852302
Stores & Packing Material	183652870	28985158
Stores & Packing Material		
Opening Stock	911260	1841819
Add: Purchase of Stores	-	555692
Closing Stock	477662	911260
Stores & Packing Material	433598	1486261
Power & Fuel		
Factory Rent	147991	3347748
Insurance Expenses	-	173758
Repairs & Maintenance :	78773	191671
Machinery		
Building	4800	221892
Others	-	86755
Job Charges	24703	20927
Security Expenses	4398870	-
Freight & Labour	160538	267090
Other Manufacturing Expenses	1218859	245679
TOTAL	150811	181467
TOTAL	350518912	60116079

SCHEDULE - 14 : PAYMENT TO EMPLOYEES

PARTICULARS	2009-10 Amount Rs.	2008-09 Amount Rs.
Salary & Wages	335835	409468
Apprentice Stipend Exps.	-	325495
TOTAL	335835	734963
SCHEDULE - 15 : ADMINISTRATIVE EXPENSES		
Travelling & Conveyance	311504	454350
Annual Fees and Subscription	52635	71083
Vehical Expenses	393125	641211
Communication Expense	352156	395644
Postage, Telephone, Stationary & Printing	41435	67387
Legal & Professional Expense	277354	1441831
Audit Fees	38000	39708
Loss on Sale of Fixed Assets	333032	-
Office Expenses	83240	55077
Directors Sitting Fees / Remuneration	171500	238790
VAT paid	43890	-
Municipal Tax	24443	-
Electricity	84584	-
Kasar & Vatav	120911	-
Penalty Expenses	4938	5324
Other Misc Expenses	383738	420605
TOTAL	2714495	3831010
SCHEDULE - 16 :		
SELLING & DISTRIBUTION EXPENSES		
Advertising	28521	13817
Commission	590131	301063
Freight & Export Expense	3481070	1125941
Discount	41734	21676
Packing Expenses	-	54922
Discount on DEPB License sale	97992	-
TOTAL	4239448	1517719
SCHEDULE - 17		
INTEREST AND FINANCIAL CHARGES		
Bank Charges	43221	185524
Bank Interest on CC/FDBP/PC Limit	408730	153282
Bank Interest on Car Loan	7003	6888
Interest to Others	18131	564598
TOTAL	477085	910292

SCHEDULE 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2010

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 scrap 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. Debit and Credit balances of outside parties (including Debtors and Creditors) appearing in Balance Sheet are subject to confirmation / adjustment.

SANTARAM SPINNERS LIMITED

B. NOTES ON ACCOUNTS

6 CONTINGENT LIABILITIES:

There is no contingent liabilities and hence no provision has been made regarding that.

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

Particulars	Bal as at 01.04.2009	Net Increase (Decrease) during the year	Bal as at 31.03.2010
Deferred tax liabilities: -			
Due to timing difference in Depreciation	3136160	-56807	3079353
Deferred Tax Assets	---	---	---
Net Deferred tax liabilities	3136160	-56807	3079353

8 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".

9 Related Party Disclosures under Accounting Standard 18:

Name of the related party and their relation

Name of Related Party and their relation

Giriraj Cotton Ltd. Common Director
Jayatma Spinners Ltd. Common Director

Transactions:

Name of Related Party	Nature of Payment	Amount
Giriraj Cotton Ltd.	Purchases	68127529
Giriraj Cotton Ltd.	Sales	1207873
Giriraj Cotton Ltd.	Job Charges	4398670
Jayatma Spinners Ltd.	Loan	22000

10 AUDITOR REMUNERATION

	2009-10	2008-09
For Audit	26000	26000
For Taxation matter	10000	10000
	=====	=====
Total	36000	36000
	=====	=====

11 EARNING PER SHARE

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

	Year Ended March 31,2010	Year Ended March 31,2009
Profit attributable to the Equity Shareholder	1948163	-1916760
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.)	0.32	-0.31

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

	2009-10	2008-09
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)	2009-10	2008-09
Yarn	—	3,17,584
Kapasias*	27,98,731	2,78,550
Cotton*	15,53,591	2,00,779

*During the year 2009-10 production made on job work basis from outside party

(B) Opening & Closing Stock of Raw Materials

Particulars	2009-10		2008-09	
	Kgs	Value	Kgs	Value
Stock of Raw Materials :				
(i) Opening Stock --Cotton & Kapas	224497	8552944	749175	20841166
Total	224497	8552944	749175	20841166
(ii) Closing Stock – Cotton & Kapas	526447	18242384	224497	9029329
Total	526447	18242384	224497	9029329

(C) Stock Consumption of Raw Materials

Particulars	2009-10		2008-09	
	Kgs	Value	Kgs	Value
Raw Materials Consumed Cotton & Kapas	4514238	160245198	1155624	24949286
Trading Goods		183652870		28985156
Total		343898068	1155624	53934442

(D) Opening & Closing Stock of Finished Stock

Particulars	2009-10		2008-09	
	Kgs	Value	Kgs	Value
Opening Stock				
Single Yarn	139579	9021183	192595	13172280
Cotton	1081	73468	158460	10471354
Cotton Seed	18433	266866	253820	3458388
Process Stock	-	842768	0	842768
Trading Activity	254171	5852302	1950	50115
Total	413264	16056586	606825	27994895
Closing Stock				
Single Yarn	130994	8604844	139579	9091237
Cotton	296285	22664306	1081	73468
Cotton Seed	318238	4331380	18433	266866
Process Stock	-	297313	0	842768
Trading Activity	111014	5103020	254171	5305864
Total	860281	41000863	413264	15580203

SANTARAM SPINNERS LIMITED

(E) Turnover

Particulars	2009-10		2008-09	
	Kgs	Value	Kgs	Value
Manufacture Activity :				
Single Yarn	7635	140305766	371550	27815625
Kapasie (Cotton Seeds)	2480493		496425	
Cotton	1257306		63762	
Raw Material Cotton	136540		-	
Trading activity				
Cotton, Cotton Seeds & Yarn	3976806	194551225	1519402	5586990
		334856991		83676615

Particulars	2009-10	2009-10	2008-09	2008-09
	(Amt)	(% of total)	(Amt)	(% of total)
Stores and Packing				
Imported	0	0	0	0
Indigenous	433599	100	1486251	100
Total	433599	100	1486251	100
Raw Material				
Imported	0	0	0	0
Indigenous	160245198	100	24949286	100
Total	160245198	100	24949286	100
CIF Value of Import	0	0	0	0

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

I. REGISTRATION DETAILS

Registration No : 6462

State Code : 04

Balance sheet Date : 31-03-2010

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
14,29,84,157

Total Assets
14,29,84,157

SOURCE OF FUNDS

Paid-up Capital 6,15,30,000	Share Application Money NIL
Secured Loans 3,10,27,404	Unsecured Loans 92,324
Reserve & Surplus 4,72,55,075	Defer Tax Liability 30,79,353

APPLICATION OF FUNDS

Net Fixed Assets 3,11,64,626	Net Current Assets 10,77,81,628
Capital Work In Progress 31,28,528	Investments 9,09,275
Accumulated Losses	Miscellaneous Expenditure

V. PERFORMANCE OF THE COMPANY

Total Income 36,07,87,791	Total Expenditure 36,86,74,343
Profit before Tax 21,13,448	Profit after Tax 19,48,163
Earning per Share 0.32	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/- PARESH R. SHAH DIRECTOR
Sd/- FENIL R SHAH DIRECTOR
Sd/- JANAK G NANAVATY DIRECTOR

PLACE : AHMEDABAD
DATE : 30.6.2010

PLACE : AHMEDABAD
DATE : 30.06.2010

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

ATTENDANCE SLIP

26th Annual General Meeting
Wednesday, 29th Sept., 2010 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 26th Annual General Meeting of the Company to be held on Wednesday, the 29th September, 2010 and at any adjournment thereof.

Signed this _____ day of _____ 2010.

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.