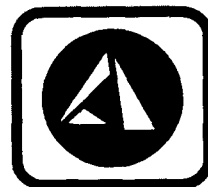


ANNUAL REPORT 2011-2012



AMARJOTHI SPINNING MILLS LIMITED



BOARD OF DIRECTORS

- Sri. N.RAJAN**
(Chairman)
- Sri. R.PREMCHANDER**
(Managing Director)
- Sri. R. JAICHANDER**
(Joint Managing Director)
- Sri. S. SATHYANARAYANAN**
(Director)
- Dr. V. SUBRAMANIAM**
(Director)
- Sri. K. SRIRAM**
(Director)
- Sri. N. RADHAKRISHNAN**
(Director)
- Sri. V.T. SUBRAMANAIAN**
(Director)

BANKERS

BANK OF BARODA
KARUR VYSYA BANK LTD.
PUNJAB NATIONAL BANK
STATE BANK OF INDIA
STATE BANK OF TRAVANCORE
BANK OF INDIA
AXIS BANK LTD.

STATUTORY AUDITOR

Sri.V.NARAYANASWAMI, M.A., F.C.A.
Chartered Accountant, Coimbatore

SHARE TRANSFER AGENTS

M/s. S.K.D.C. CONSULTANTS LTD.
Kanapathy Towers, 3rd Floor,
1391/A-1 , Sathy Road, Ganapathy,
Coimbatore – 641 006..

REGD. OFFICE : "AMARJOTHI HOUSE", 157, Kumaran Road, Tirupur – 641 601.

FACTORIESAT : Pudusuripalayam, Nambiyur – 638 458, Gobi Taluk. (Spinning unit)
Perundurai, Erode Dist (Processing unit)



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Fourth Annual General Meeting** of the members of **AMARJOTHI SPINNING MILLS LIMITED** will be held on **Friday, the 28th September, 2012** at 11.00 A.M. at the Meeting Hall of Gayathri Hotel, Kangayam Road, Tirupur - 641 604 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at **31st March 2012**, the Profit and Loss Statement for the year ended **31st March 2012** and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Sri. N.Rajan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Dr.V.Subramaniam who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditor to hold office till the conclusion of the next Annual General Meeting and to fix his remuneration. Sri. V.Narayanaswami M.A., F.C.A., Chartered Accountant, Coimbatore retires at the conclusion of this meeting and is eligible for reappointment.

By order of the Board

Place : Tirupur
Date : 17.08.2012

(N. RAJAN)
Chairman

NOTES:

1. A Member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the company. The instrument of proxy should be deposited at the Registered Office of the company not later than 48 hours before the time fixed for the commencement of the meeting.
2. Members holding shares in physical form are requested to notify immediately any change in their address, to our Registrars viz., M/s. S.K.D.C. Consultants Ltd., Kanapathy Towers, 3rd Floor, No.1391/A-1, Sathy Road, Ganapathy, Coimbatore-641006. Those holding shares in dematerialized form may intimate the change to their depository participant. Any other correspondence relating to Shares may also be addressed to the said Registrars.
3. The Register of Members and share transfer books of the Company will remain closed from **22nd September 2012 to 28th September 2012** (both days inclusive).
4. **Members are requested to participate in the Green Initiative launched by the Ministry of Corporate Affairs and Register their e-mail address with the Registrars (in case of Physical holdings) and with their respective Depository Participants (in case of demat holdings). Those so Registering would be sent**



AMARJOTHI SPINNING MILLS LIMITED

Annual Reports, notices of meetings and other Statutory Circulations through e-mail to the e-mail address so registered by them. Any such person who requires a printed copy would be sent a printed copy on his/her request. Members are requested to support the Green Initiative to save the environment by opting for the e-mail procedure.

5. The members/proxy holders are requested to bring the attendance slip sent herewith duly filled for attending the meeting. Members/ proxy holders in respect of dematerialized shares are requested to bring their DP Id and Client Id for recording their attendance.
6. Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the meeting to enable the management to keep the information ready.
7. Members are requested to be in their seats at the meeting hall before the scheduled time of commencement of the Annual General Meeting to avoid interruption in the proceedings.
8. In term of Section 205A read with section 205C of the Companies Act, 1956, dividends declared which remain unclaimed for a period of seven years will be transferred to the Investors Education and Protection Fund on due dates. During the year Unclaimed dividend of the year 2003-2004 amounting to Rs.1,87,001.79 was transferred to the Investors Education and Protection Fund.
9. Members who have not encashed their dividend warrants are requested to lodge their claim to the company by surrendering the unencashed warrants immediately.
10. In terms of clause 49 of the listing agreement with stock exchanges, a brief resume of the Directors proposed to be re-appointed at the annual general meeting is given below:

1. Sri.N.Rajan.

Sri N.Rajan, B.Com., F.C.A., aged 73 years, is the Chairman of the Company from the Incorporation of the Company. He is a practicing Chartered Accountant with over 4 decades of rich experience in the areas of Income Tax, Finance and Accounts. He is providing valuable advice and guidance in production planning, technical, marketing, financial, cost management and monitoring. He is the Chairman of Investor grievance-cum- Share Transfer Committee and also a member of Audit Committee. He is also the Chairman of Amarjothi Power Generation and Distribution Company Ltd.,

2. Dr.V. Subramaniam:

Dr.V.Subramaniam , aged 74 years, is a Textile Technologist with an experience of over 4 decades is presently a Director of Jaya Engineering College, Chennai. He has been a Director of the Company from 29.09.1991 and has provided valuable advice in Technology related areas. He is a Member of the Audit Committee and Remuneration Committee of the Board.

By order of the Board

Place : Tirupur
Date : 17.08.2012

(N. RAJAN)
Chairman



**DIRECTORS' REPORT TO THE MEMBERS OF
AMARJOTHI SPINNING MILLS LIMITED**

Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with the audited accounts of your Company for the year ended 31st March 2012

FINANCIAL RESULTS

	2011-2012	2010-2011	
		(Rupees in lacs)	
Sales	12956.48	12399.36	
Gross Profit	2951.29	3838.25	
Less: Depreciation	1322.28	1193.91	
Finance costs	1207.31	1097.07	
Provision for taxation(Including Deferred tax for current year)	91.62	<u>2621.21</u>	<u>566.95</u>
Profit for the year		330.08	980.32
Add: Balance in Profit & Loss A/c		<u>2918.54</u>	<u>2192.69</u>
Surplus available for appropriation		<u>3248.62</u>	<u>3173.01</u>
APPROPRIATION:			
Proposed dividend (Including Dividend Tax)	117.68	156.90	
Income-tax relating to earlier years	0.00	-0.47	
Transfer to General Reserve	33.01	98.04	
Balance carried to Balance Sheet	3097.93	2918.54	
Total		<u>3248.62</u>	<u>3173.01</u>

DIVIDEND

Your Directors are glad to recommend payment of dividend of **15%** on the Equity Capital. The dividend will be free of tax in the hands of shareholders since the company will be paying the Dividend Distribution Tax at the prescribed rate.

OPERATIONS

The company's sales increased by 4.5% to Rs.12956.48 Lacs during the year under review as against Rs.12399.36 Lacs in the previous year.

YARN DIVISION

Your Directors inform you that in spite of the increase in raw material prices and the power-cut imposed by the Tamil Nadu Electricity Board, the profitability of the yarn Division has not been affected much.

PROCESSING UNIT

The performance of the Processing unit has improved and problems arising from the effluent Treatment plants are being sorted out.



AMARJOTHI SPINNING MILLS LIMITED

WIND MILLS

The Total Capacity of Wind Mills as on date remains at 17.60 MW, the same as in the Previous year.

Your Directors are happy to inform you that the Company's Clean Development Mechanism (CDM) Project, involving the Company's Wind Mills, for the period from 2007 to 2010 has been approved by the United Nations Framework Convention on climate change (UNFCCC) and the Company has been given credit for 44342 Numbers of Certified Emission Reductions (CERs).

FINANCE

During the year under review the Company has:

- a) Availed Fresh Long term loans aggregating to Rs.275 lacs for funding the purchase of Machineries and Construction of Building and Fresh Short Term Loans aggregating to Rs.1750 lacs for Raw Material procurement.
- b) Discharged Long Term loans in full aggregating to Rs.90 lacs and short term loans in full aggregating to Rs.4600 lacs.

The Particulars of such availment and discharges were duly filed with the Statutory Authorities.

DEPOSITS

Your Company has not accepted any deposits from the Public.

DIRECTORS

Sri N.Rajan and Dr.V.Subramaniam retire by rotation at this Annual General Meeting and are eligible for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Sec.217 (2AA) of the Companies Act, 1956, your Directors wish to state that:

- i) In the preparation of the Annual Accounts for the year, all applicable accounting standards have been followed.
- ii) Your 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 as at 31st March 2012 and of the profit of the Company for the year ended on that date.
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors had prepared the Annual Accounts on a "Going Concern" basis.

AUDITORS

Sri V.Narayanaswami, M.A., F.C.A., Chartered Accountant, the Auditor of your company, retires at the conclusion of this Annual General Meeting and is eligible for reappointment.



PERSONNEL

There are no employees of the Company who come under the purview of Sec. 217 (2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars required to be furnished in terms of Section 217 (1)(e) of the Companies Act, 1956 with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure-I.

INDUSTRIAL RELATIONS

The industrial relations have been extremely cordial and the Management thanks all the employees for their continued contribution towards the growth of the organisation.

CORPORATE GOVERNANCE

Report on Corporate Governance is furnished in the section on Corporate Governance in the Annual Report.

A certificate from the Auditor of the company regarding compliance with the conditions of corporate governance as stipulated under clause 49 of the Listing Agreement is furnished in the section on Corporate Governance.

MANAGEMENT'S ANALYTICAL REPORT

Management's Analytical Report as required by the listing agreement is furnished in the section on Corporate Governance.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for assistance and co-operation received from the bankers M/s. Bank of Baroda, Karur Vysya Bank Ltd, Punjab National Bank, State Bank of India, State Bank of Travancore, Bank of India and Axis Bank Ltd during the year under review.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the staff and workers of the Company for its continuous development.

The Company extends its thanks to the Central and State Government authorities for their continued co-operation and assistance.

MAY LORD VENKATESWARA SHOWER HIS BLESSINGS FOR THE CONTINUED PROSPERITY OF THE COMPANY.

For and on behalf of the Board of Directors

Place : Tirupur
Date : 17.08.2012

N. RAJAN
Chairman



AMARJOTHI SPINNING MILLS LIMITED

ANNEXURE – I TO DIRECTOR'S REPORT

The information required under Section 217(i)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of the Directors) Rules, 1988 are as follows :

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY

a. Measures taken

- i) Continuous monitoring of energy consumption.
- ii) Optimization of power parameters.
- iii) Improving power factor.

b. Proposed measures

Shall continue to do as stated in (a) above.

c. Total energy consumption and energy consumption as per Form 'A' is given here under.

1. POWER CONSUMPTION (SPINNING AND PROCESSING UNITS)

	Current Year	Previous Year
Electricity		
a) Purchased from TNEB:		
Units(KWH)	18406324	20907318
Total amount (Rs.)	95797941	97656523
Rate per unit (Rs.)	5.20	4.67
b) Own Generation:		
i) Through Diesel Generator		
Units(KWH)	2076818	1909864
Units per ltr. Of Diesel oil	3.16	3.19
Total amount (Rs.)	28099764	24231189
Rate per unit (Rs.)	13.53	12.69
ii) Through Wind Mills		
Units(KWH)	32509591	30681814
	Current Year	Previous Year
2. PRODUCTION OF YARN IN KGS.	5115304	5643589
3. POWER COST PER KG.OF YARN (Rs.)	6.10	4.15
(Includes power cost of Processing Unit and power generated by wind mills)		

B. RESEARCH AND DEVELOPMENT

The Company is a member of SITRA (South India Textile Research Association) and is being benefited from their R & D activities. Significant improvements have been made in the quality of the melange yarn.



C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- a. The latest technology has been/is being adopted in various stages for improving productivity and product quality and reducing consumption of power.
- b. Imported Technology : None

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earnings : Rs. 382.52 Lakhs
 Foreign Exchange outgo : Rs. 316.42 Lakhs

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The Company believes in systematic approach, professionalism, accountability and transparency. It will constantly endeavor to improve in all spheres of activity.

2. (i). Board of Directors

The Board of Directors comprises eight members including one non-executive Chairman and four independent directors. The Board functions either as full Board or through committees.

Name of Director	Category of Director	No. of other Director-ships	No. of Committee Chairman-ships	No. of Committee member-ships
Sri.N.Rajan	Promoter-Non-Executive	2	2	4
Sri.R.Premchander	Promoter-Executive	2	—	2
Sri.R.Jaichander	Promoter-Executive	2	—	2
Sri.S.Sathyanarayanan	Independent-Non-Executive	—	1	2
Dr.V.Subramaniam	Independent-Non-Executive	—	1	2
Sri.N.Radhakrishnan	Promoter-Non-Executive	—	—	—
Sri.K.Sriram	Independent-Non-Executive	—	—	—
Sri.V.T.Subramanian	Independent-Non-Executive	—	—	—

(ii) Attendance of Directors at Board Meetings and Annual General Meeting

The Board met 13 times during the financial year 2011-12 on 15th April, 2011, 29th April 2011, 30th May 2011, 29th July 2011, 27th August 2011, 23rd September 2011, 4th October 2011, 28th October 2011, 9th December 2011, 31st December 2011, 30th January 2012, 28th March 2012 and 30th March 2012. Budgets, performance details, financial position, minutes of meetings of the Audit and other Committees and all other information specified in Annexure I of Clause 49 of the listing agreement, to the extent applicable, were placed before the Board. Attendance at the Board Meeting and Annual General Meeting were as under:

Name of Director	No. of Board Meetings Attended	Whether attended the AGM
Sri N.Rajan	13	Yes
Sri R.Premchander	13	Yes
Sri R.Jaichander	13	Yes
Sri S.Sathyanarayanan	13	Yes
Dr.V.Subramaniam	13	Yes
Sri. N.Radhakrishnan	13	Yes
Sri. K.Sriram	4	Yes
Sri. V.T.Subramanian	13	Yes



AMARJOTHI SPINNING MILLS LIMITED

(iii) Remuneration of Directors

Director	Salary and Perquisites (Rupees)	Commission (Rupees)	Sitting Fees (Rupees)
1) Sri N.Rajan	Nil	413909	260000
2) Sri R.Premchander	720000	1349545	Nil
3) Sri R.Jaichander	720000	1349545	Nil
4) Sri S.Sathyanarayanan	Nil	Nil	9750
5) Dr.V.Subramaniam	Nil	Nil	9750
6) Sri. N.Radhakrishnan	Nil	Nil	9750
7) Sri. K.Sriram	Nil	Nil	3000
8) Sri.V.T.Subramanian	Nil	Nil	9750

3. Committees of the Board

(i) Audit Committee

All the three members of the Audit Committee are Non-Executive Directors. Two of the members are Independent Directors. An Independent Director is the Chairman of the Committee and he was present at the last annual general meeting held on 29th September, 2011. All the members of the committee are financially literate. Sri. N.Rajan is a Chartered Accountant with over 40 years' experience. The role and terms of reference of the Committee cover areas mentioned under clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956. The composition of the Committee is as follows:

Name of Director	Designation	No. of meetings attended
Sri S.Sathyanarayanan	Chairman (Non- Executive Independent)	5
Dr.V.Subramaniam	Member (Non- Executive Independent)	5
Sri N.Rajan	Member (Non-Executive)	5

The committee met 5 times during the financial year on 29th April 2011, 29th July 2011, 18th August 2011, 28th October 2011 and 30th January 2012. At the invitation of the Committee, the Managing Director, Joint Managing Director, head of internal audit team, statutory auditor and cost auditor also attended the meetings. The committee *inter alia* reviewed the un-audited quarterly financial results and the audited annual accounts before submission to the Board for approval, besides attending to the other matters set out in clause 49 of the listing agreement.

(ii) Share Transfer-cum-investors' Grievance Committee

The Committee approves share transfer, transmission, issue of duplicate share certificates etc. The Committee also looks into shareholders'/ investors' grievances on transfer of



shares, non-receipt of annual report, non-receipt of declared dividend, etc., the action taken by the Company on those matters and generally monitors the efficiency of the investors' service-related activities. The Committee meets periodically and 4 meetings were held during the financial year 2011-12. No share transfer requests were pending as on 31st March 2012. During the year 6 letters were received from investors regarding non-receipt of dividend warrants, annual reports, share certificates, etc. and all of them were replied to/ resolved to their satisfaction. There was no pending grievance as on 31st March 2012. The composition of the Committee and attendance of the members are as follows:

Name of Director	Designation	No. of meetings attended
Sri N.Rajan	Chairman	4
Sri R.Premchander	Member	4
Sri R.Jaichander	Member	4

4. General Body Meetings

The location and time of the annual general meetings held during the last three years are as follows:

Year	Date	Time	Venue
2009	24 th September, 2009	10.15 A.M.	Meeting Hall of Gayathri Hotel, Kangeyam Road, Tirupur – 641 604.
2010	29 th September, 2010	10.15 A.M.	
2011	29 th September, 2011	11.00 A.M	

No extraordinary general meeting was held during the last three years. At the annual general meeting held on 29th September 2011, a special resolution was passed u/s.309 of the Companies Act 1956 enabling payment of commission not exceeding 1% of the net profits per annum to the Chairman Sri.N.Rajan for a period of 5 years commencing from Financial year ending 31st March 2012. No special resolutions were passed in the other two annual general meetings. No special resolution was put through Postal Ballot last year. The Company does not propose to pass any special resolution through Postal Ballot process at the ensuing Annual General Meeting on 28th September 2012.

5. Disclosures

(i) Related party transactions

The company has not entered into any transactions of a material nature with the Promoters, Directors, etc., that may have potential conflict with the interest of the company. The transactions with the promoters of routine nature have been reported elsewhere in the annual report as per Accounting Standards – 18.

(ii) Compliances by the company

The company has complied with the requirements of the Stock Exchanges, SEBI, etc., on all matters related to capital market. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI. The results are displayed



AMARJOTHI SPINNING MILLS LIMITED

in www.corpfile.co.in. No presentations were made to institutional investors or analysts. Management Discussion & Analysis forms part of the Annual Report.

(iii) Disclosure regarding shares in suspense account:

Particulars	No. of Shareholders	Total no. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	Nil	Nil
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Number of shareholders to whom shares were transferred from suspense account during the year.	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	5	500

6. Means of Communication

The quarterly/ annual financial results of the Company are announced within the stipulated period and are normally published in English and Tamil newspapers.

7. General Shareholder Information

(i) Annual General Meeting

Day and date	Friday, the 28 th September 2012.
Time	11.00 A.M
Venue	Meeting Hall, Gayathri Hotel, Opp. Velan Hotels, Kangayam Road, Tirupur – 641 604. Phone : 0421 – 2234734 (3 lines)

(ii) Financial Calendar

<i>Financial reporting for</i>	<i>Before the end of</i>
Quarter ending June 30, 2012	: July 2012
Half year ending September 30, 2012	: October 2012
Quarter ending December 31, 2012	: January 2013
Year ending March 31, 2013	: April 2013
Annual General Meeting for 2013	: September, 2013
(iii) Date of Book Closure	: 22 nd September to 28 th September 2012
(iv) Dividend Payment Date	: On or before 27 th October, 2012
(v) Registered Office	: Amarjothi House, 157, Kumaran Road, Tirupur – 641 601.
(vi) Listing of Equity Shares on Stock Exchanges	: Madras Stock Exchange Ltd. Bombay Stock Exchange Ltd.

The equity shares of the Company are also permitted for trading in National Stock Exchange Ltd., on account of the agreement between them and the Madras Stock Exchange.

The annual listing fee for 2012-2013 has been paid to the above stock exchanges.

AMARJOTHI SPINNING MILLS LIMITED



(vii) Registrar and Transfer Agents

(Common agency for shares held in Depository Mode and Physical mode)

M/s. SKDC Consultants Limited
 Registrars and Share Transfer Agents
 Kanapathy Towers, 3rd Floor,
 1391/A-1, Sathy Road, Ganapathy,
 Coimbatore – 641 006.
 Telephone : 0422-6549995,2539835;
 Fax No. : 0422-2539837
 E-mail : info@skdc-consultants.com

(viii) Dematerialization of Shares

The Shares are available for trading in the depository system of both the National Securities Depository Limited (NSDL) and the Central Depository Service Limited (CDSL). The International Securities identification number (ISIN) allotted to our Company is **INE484D01012**. As on 31st March 2012, 91.218% of the shares are held in dematerialized form as can be seen from the break-up given below:

Mode	No.of Shares	% of Listed Capital
Depository	6157244	91.218
Physical	592756	8.782
Total	6750000	100.00

(ix) Market Price Data

The company's stock code in BSE is **521097** and in NSE is **AMARJOTHI**. The High and Low quotations of the Company's shares on the (BSE) and (NSE) from April 2011 to March 2012 are given below:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April-2011	64.15	52.20	63.80	53.15
May-2011	65.95	57.35	68.00	59.00
June-2011	65.50	61.20	70.00	60.10
July-2011	64.30	59.19	65.00	59.25
August-2011	64.50	51.25	63.10	48.30
September-2011	63.50	51.05	59.55	47.00
October-2011	62.40	51.50	59.00	50.50
November-2011	60.05	42.25	58.85	44.20
December-2011	54.80	44.70	53.95	44.50
January-2012	54.95	45.25	54.25	45.50
February-2012	53.20	43.05	52.65	43.80
March-2012	51.65	40.00	50.95	40.15



AMARJOTHI SPINNING MILLS LIMITED

(x) Distribution of shareholding as on March 31, 2012

Slab of Shareholding	Shareholders	%	No. of Shares	%
0-5000	7494	95.34	930879	13.79
5001 – 10000	207	2.63	169639	2.51
10001 and above	159	2.03	5649482	83.70
Total	8183	100.00	6750000	100.00

(xi) Shareholding pattern as on 31st March 2012

Category	No. of Shares held	%
Indian Promoters	3715931	55.051
Financial Institutions & Mutual Funds	100	0.001
Bodies Corporate	169458	2.510
Indian Public	2843602	42.128
NRI	20909	0.310
Total	6750000	100.000

(xii) Shareholding of Non-executive Directors as on 31st March 2012

Sri N. Rajan, Chairman holds 557280 equity shares. The other non-executive directors do not hold any shares.

(xiii) Plant Locations

Spinning Mill	Pudusuripalayam, Nambiyur – 638 458.
Processing Unit	Plot No. E-7-9, Industrial Growth Center, SIPCOT, Perundurai

(xiv) Investor Correspondence

The Managing Director,
Amarjothi Spinning Mills Limited,
Amarjothi House, 157-Kumaran Road, Tirupur – 641 601

Registrar and Transfer Agents
S.K.D.C.Consultants Limited,
Kanapathy Towers, 3rd Floor,
No.1391/A-1, Sathy Road, Ganapathy,
Coimbatore – 641006.

(xv) Unpaid Dividend

A sum of Rs.286510.55 is the Dividend remaining unpaid for the year 2004-05. Members who have not en-cashed their Dividend Warrants are requested to lodge their claim to the company by surrendering the unencashed warrants immediately. The amount will be remitted to Investors Education & Protection Fund on or before 31st October 2012.



8. NON-MANDATORY REQUIREMENTS:

(i). The Board

- (a) An office for the non-executive Chairman is maintained at the Company's expense. The Company reimburses expenses incurred by the non-executive Chairman in the performance of his duties.
- (b) There is no policy fixing the tenure of independent directors.

(ii). Remuneration Committee

The committee was constituted with the following non-executive directors as members:

Name	Designation
Dr.V.Subramaniam	Chairman (Non-executive & Independent)
Sri S.Sathyanarayanan	Member (Non-executive & Independent)
Sri N.Rajan	Member (Non-executive)

The Remuneration Committee did not meet during 2011-12

(iii). Shareholders' rights

The quarterly un-audited results are published in newspapers and up-loaded in www.corpfile.co.in. The results are not sent to the shareholders individually.

(iv) Audit qualifications

There are no qualifications in the Auditor's Report on the financial statements to the Shareholders of the Company.

(v) Training of Board members

All the directors have rich experience and expertise in functional areas and in the opinion of the Board they do not require any further training.

(vi) Mechanism for evaluating Non-executive Board Members

There is no mechanism for the purpose at present.

(vii) Whistle blower policy

The company has an informal system in this regard, though there is no formal policy laid-down.

The above report was placed before the Board at its meeting held on 17th August 2012 and approved.

For the Board of Directors

Place : Tirupur
Date : 17.08.2012

N.RAJAN
Chairman



AUDITOR'S REPORT ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the shareholders of Amarjothi Spinning Mills Limited,

I have examined the compliance of conditions of corporate governance by Amarjothi Spinning Mills Limited, for the year ended on **31st March, 2012** as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My 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 my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

I state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors' Grievance Committee.

I further state that 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 affairs of the Company.

V.NARAYANASWAMI M.A., F.C.A

**Place : Tirupur
Date : 17.08.2012.**

**Chartered Accountant
Membership No.023661**

DECLARATION BY THE CHIEF EXECUTIVE OFFICER OF THE COMPANY PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT

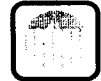
To the Shareholders of Amarjothi Spinning Mills Limited,

We hereby declare that all members of the board and the senior management personnel have affirmed compliance with the respective provisions of the Code of Conduct of the company formulated by the Board of Directors for the financial year ended 31st March, 2012.

**Place : Tirupur
Date : 17.08.2012.**

**R.PREMCHANDER
Managing Director.**

**R.JAICHANDER
Joint Managing Director.**

**MANAGEMENT DISCUSSION AND ANALYSIS:****1. COMPANY'S BUSINESS:**

The Company's main business is manufacturing and marketing of Melange Yarn.

2. INDUSTRY STRUCTURE AND DEVELOPMENT:

Textile industry contributes significantly to the country's total exports. The Government of India has suspended the concessional rate of interest under TUF scheme for a part of the year 2007-08 and later extended the scheme till 2013. The Government has also allowed formation of textile parks in many parts of the country. Substantial capacity expansion has taken place in the textile sector. The quantitative ceiling on export of cotton yarn to non-quota countries has been removed. TEXPROCIL endorsement for export of cotton yarn has been dispensed with import of consumable spares and purchase of machineries under the EPCGC scheme.

3. OPPORTUNITIES AND THREATS:

The size of the Indian Textile industry is on the threshold of an accelerated rate of growth with the dismantling of the quota system. Due to the implementation of WTO recommendations on free trade policies, the volume of export from Tirupur is expected to increase three-fold. This Company being a major supplier of melange yarn to the Tirupur market with its local presence, there is good scope for improved turnover and profitability. The Company has been improving its share of value added yarn in the market in the form of Dyed fibre yarn, Dyed cotton yarn, PC yarn, etc. The market for these products is very good and will increase over the years. The company offers competitive price due to low power cost through windmills, low interest cost, low processing cost, etc. The Company has obtained ISO 9001:2000 Certification, MGMT.SYS RVA C 215 Certification for quality management and systems and OEKO TEX STANDARD-100 Certification for not using harmful substances in the product. The OEKO TEXT STANDARD-100 certification is a pre-requisite in the global market as the supplies are made to exporters. This will increase the trade / export opportunities to the company.

Though presently there is a certain lack of clarity in the general market conditions, no unit - specific threat to the operations and performance of the company is perceived in the long run. However any major changes in export / import policies related to cotton and yarn and foreign fluctuations will have their impact on textile sector. Current Price fluctuations in yarn will affect the Market of our product in the forthcoming period. More over we are facing Labour scarcity and it will have impact on our production. The lack of clear-cut government policy and parameters in respect of pollution control is delaying the benefits that the company planned from the processing unit.

4. SEGMENT-WISE PERFORMANCE:

The company operates only in one segment and the operational results are mentioned elsewhere in this report.

5. OUTLOOK

The company will continue to perform well in the domestic market. The ISO Certification



AMARJOTHI SPINNING MILLS LIMITED

is expected to improve the export potential also. The processing unit is expected to add value to the product and contribute to increased turnover and profitability. Further, the company is in the process of implementing several cost saving measures, which will make the product more competitive.

6. RISKS AND CONCERNS

Availability of quality raw material and at competitive prices continuous to be a major factor of concern because India is basically an agrarian economy depending mostly on natural resources like water for its crops. The rising interest rates, increasing fuel prices, power shortage are causes of the concern for the industry as a whole. The effluent treatment related problem faced by the Processing Division and the non-drawal of wind mill generated power by the TNEB are company-specific causes of concern.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has adequate internal control systems and procedures commensurate with its size and nature of its business for the purchase of raw materials, plant and machinery, components and other items and for sale of goods. The adequacy of the internal control system is also periodically reviewed by the Audit Committee.

8. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The financial performance of the company has been discussed at length in the directors' report to the members.

9. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT:

The Company has required number of skilled / semi-skilled persons and places emphasis on training for improving quality and productivity.

10. HEALTH AND SAFETY MEASURES:

The company has taken medical insurance cover for all workers. Adequate safety measures have been taken in all our plants for prevention of any untoward incidents.

11. CAUTIONARY STATEMENT:

Statements made in this report regarding the company's objectives, projections, expectations and predictions may be forward looking statements under the applicable securities law and regulations. Actual results could differ materially from those expressed or implied. Some of the important factors that could make a difference to the company's operations include global and domestic demand-supply conditions, finished goods prices, raw material costs and availability, interest rates, fuel prices, fluctuations in exchange rates, changes in government regulations and tax structure, economic developments in the domestic and overseas market and other incidental factors.

For the Board of Directors

Place : Tirupur
Date : 17.08.2012

N. RAJAN
Chairman



AUDITOR'S REPORT

TO THE MEMBERS OF AMARJOTHI SPINNING MILLS LIMITED

1. I have audited the attached balance sheet of Amarjothi Spinning Mills Limited as at **31st March 2012**, and also the profit and loss statement and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with the auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. 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 managements, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and amended by the (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to my comments in the Annexure referred to above, I report that :
 - a. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - b. In my opinion, proper books of account as required by law have been kept by the company so far as appears from my 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 my opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors, as on **31st March 2012** and taken on record by the Board of Directors, I report that none of the directors is disqualified as on **31st March 2012** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

AMARJOTHI SPINNING MILLS LIMITED



f. In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a TRUE AND FAIR view in conformity with the accounting principles generally accepted in India:

- i. In the case of the Balance Sheet, of the **State of Affairs** of the company as at **31st March 2012**;
- ii. In the case of the Profit and Loss Statement, of the **Profit** for the year ended on that date; and
- iii. In the case of the Cash Flow statement, of the **Cash Flows** for the year ended on that date.

V. NARAYANASWAMI, M.A., F.C.A.

Place : Tirupur
Date : 17.08.2012

Chartered Accountant
Membership No.023661



ANNEXURE TO THE AUDITOR'S REPORT:

Referred to in paragraph 3 of my report of even date,

1.
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in my opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c. The company has not disposed off a substantial portion of the assets during the year and hence, does not affect the going concern status of the Company.
2.
 - a. The inventory has been physically verified during the year by the management. In my opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. On the basis of my examination of the records of inventory, I am of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3.
 - a. The company has taken unsecured loan from parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.30.75 Crores and the year-end balance of loans taken from such party was Rs.29.36 crores. These amounts have been brought in pursuant to the terms of sanction given by the bankers.
 - b. In my opinion the rate of interest and other terms and conditions on which loans have been taken from parties listed in the registers maintained under section 301 are not, prima facie, prejudicial to the interest of the company.
 - c. The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
 - d. There is no overdue amount of loans taken from parties listed in the registers maintained under section 301 of the Companies Act, 1956.
 - e. The Company has not granted any loan, secured or unsecured to any party covered in the register required to be maintained under Section 301 of the Companies Act, 1956.
4. In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. In my opinion, there is no continuing failure to correct major weaknesses in the internal control system.

AMARJOTHI SPINNING MILLS LIMITED



5. In my opinion and according to the information and explanations given to me, there are no transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year except to the extent of unsecured loans brought in by the promoters for an amount of Rs.29.36 crores. Such amounts have been brought in pursuant to the sanction given by the bankers for the amount of secured loans taken from them.
6. The Company has not accepted any deposits from the public during the year and hence the provisions of sections 58A and 58AA of the Companies Act 1956 or any other relevant provisions of the Act and the Reserve Bank of India Rules on the Companies (Acceptance of Deposit) Rules 1975 are not applicable to the company for the year under review.
7. In my opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. I 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 Companies Act, 1956 and I am of the opinion that prima facie the prescribed accounts and record have been made and maintained. However I have not made a detailed examination to ascertain the accuracy of the statements.
9.
 - a. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth - tax, custom duty, service tax, excise -duty, cess and other statutory dues applicable to it.
 - b. According to the information and explanations given to me, no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty, service tax and excise duty were outstanding, as at **31.03.2012** for a period of more than six months from the date they became payable.
 - c. According to the records of the company, there are no dues of sales tax, income-tax, customs tax/wealth -tax, excise duty, service tax /cess which have not been deposited on account of any dispute.
10. There are no accumulated losses of the company as on the date of the Balance Sheet. The company has not incurred any cash losses during the financial year covered by my audit and the immediately preceding financial year.
11. Based on my audit procedures and on the information and explanations given by the management, I am of the opinion that the company has not defaulted in repayment of dues to banks.
12. The Company has not granted any loans on the basis of the security by way of pledge of shares, debentures and other securities.

AMARJOTHI SPINNING MILLS LIMITED



13. The Company is not a chit fund or nidhi or mutual benefit fund / society and hence the provisions of clause 4(xiii) of the Companies (Auditors Report) Order 2003 are not applicable to the Company for the year under review.
14. The Company is not dealing or trading in shares, securities, debentures or other investments and hence the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order 2003 are not applicable to the company for the year under review.
15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to me and on an overall examination of the balance sheet of the company, I report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except core (permanent) working capital.
18. Based on my examination of records and the information provided to me by management I report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. During the period covered by my audit report, the company has not issued any debentures. The question of creation of any security in respect of debentures does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, I report that no fraud on or by the company has been noticed or reported during the course of my audit.

V. NARAYANASWAMI, M.A., F.C.A.

Place : Tirupur
Date : 17.08.2012

Chartered Accountant
Membership No.023661

AMARJOTHI SPINNING MILLS LIMITED



BALANCE SHEET AS AT 31ST MARCH 2012		Rupees in Lakhs	
		As on	As on
	Note no.	31.03.2012	31.03.2011
I EQUITY AND LIABILITIES			
1 Shareholders' Funds :			
(a) Share Capital	1	675.00	675.00
(b) Reserves & Surplus	2	3875.42	3663.02
(c) Money Received Against Share Warrants		0.00	0.00
		4550.42	4338.02
2 Share Application Money Pending Allotment		0.00	0.00
3 Non-Current Liabilities			
(a) Long-term Borrowings	3	3744.21	4845.43
(b) Deferred Tax Liabilities (Net)	4	1587.29	1608.08
(c) Other Long-term Liabilities		0.00	0.00
(d) Long-term Provisions		0.00	0.00
		5331.50	6453.51
3 Current Liabilities			
(a) Short-term Borrowings	5	3102.44	5956.85
(b) Trade Payables	6	277.34	555.80
(c) Other Current Liabilities	7	1286.93	789.57
(d) Short Term Provisions	8	467.14	694.22
		5133.85	7996.44
TOTAL		15015.77	18787.97
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	8141.64	8492.66
(ii) Intangible Assets		0.00	0.00
(iii) Capital Work-in-Progress		243.15	497.07
(iv) Intangible Assets under Developments		0.00	0.00
		8384.79	8989.73
(b) Non-Current Investments	10	76.57	76.57
(c) Deferred Tax Assets (Net)		0.00	0.00
(d) Long Term Loans And Advances		0.00	0.00
(e) Other Non-Current Assets		0.00	0.00
		8461.36	9066.30
2 Current Assets			
(a) Current Investments		0.00	0.00
(b) Inventories	11	4146.59	7130.95
(c) Trade Receivables	12	1404.57	1629.78
(d) Cash and Cash Equivalents	13	67.65	44.36
(e) Short-term Loans and advances	14	935.60	916.58
(f) Other Current Assets		0.00	0.00
		6554.41	9721.67
TOTAL		15015.77	18787.97
Notes to the financial statements		1-23	
The accompanying notes form an integral part of these financial statements			
As per my report of even date		On behalf of the Board of Directors	
V.NARAYANASWAMI, M.A., F.C.A.		N. RAJAN	R. PREMCHANDER
Chartered Accountant		Chairman	Managing Director
Membership No.023661			
Place : Tirupur		R.JAICHANDER	
Date : 17/08/2012		Joint Managing Director	

AMARJOTHI SPINNING MILLS LIMITED



PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	Note no.	Rupees in Lakhs	
		As on	
		31.03.2012	31.03.2011
I. Revenue from operations	15	12956.48	12399.36
II. Other Income	16	122.23	351.26
III. Total Revenue (I+II)		13078.71	12750.62
IV. Expenses			
Cost of Materials Consumed	17	7970.47	7367.34
Purchases of Stock-in-Trade		0.00	0.00
Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	18	-698.41	-970.97
Employee Benefits Expenses	19	833.42	747.03
Finance Costs	20	1207.31	1097.07
Depreciation and Amortization Expenses	9	1322.28	1193.91
Other Expenses	21	2021.94	1768.97
Total Expenses		12657.01	11203.35
V. Profit Before Exceptional and Extraordinary Items and Tax (III-IV)		421.70	1547.27
VI. Exceptional Items		0.00	0.00
VII. Profit Before Extraordinary Items and Tax (V-VI)		421.70	1547.27
VIII. Extraordinary Items		0.00	0.00
IX. Profit Before Tax (VII-VIII)		421.70	1547.27
X. Tax Expense:			
[1]Current Tax		112.41	336.04
[2]Deferred Tax		-20.79	230.91
XI. Profit (Loss) for the period from Continuing Operations (IX-X)		330.08	980.32
XII. Profit (Loss) from Discontinuing Operations		0.00	0.00
XIII. Tax Expense of Discontinuing Operations		0.00	0.00
XIV. Profit (Loss) from Discontinuing Operations (after tax) (XII-XIII)		0.00	0.00
XV. Profit (Loss) for the Period (XI+XIV)		330.08	980.32
XVI. Earnings Per Equity Share:			
[1]Basic & Diluted		4.89	14.52

Notes to the financial statements 1-23

The accompanying notes form an integral part of these financial statements

As per my report of even date

V.NARAYANASWAMI, M.A., F.C.A.

Chartered Accountant
Membership No.023661

Place : Tirupur

Date : 17/08/2012

On behalf of the Board of Directors

N. RAJAN

Chairman

R. PREMCHANDER

Managing Director

R.JAICHANDER

Joint Managing Director



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2012**

	Rupees in Lakhs	
	Year ended	
	31.03.2012	31.03.2011
[1] SHARE CAPITAL:		
Equity Shares:		
Authorised:		
6750000 Equity Shares of Rs.10 each	<u>675.00</u>	<u>675.00</u>
Issued, Subscribed & Paid-up Capital :		
6750000 Equity Shares of Rs.10 each fully paid	<u>675.00</u>	<u>675.00</u>

1.1 Reconciliation of Equity shares at the end of the year

	31.03.2012		31.03.2011	
	No.of shares	Amount	No.of shares	Amount
Balance at the beginning of the year	6750000	675.00	6750000	675.00
Additions	0	0.00	0	0.00
Deletions	0	0.00	0	0.00
Balance at the end of the year	6750000	675.00	6750000	675.00

1.2 List of shareholders holding more than 5%

Name	No.of shares	%	No.of shares	%
Rajan.N	557280	8.26	1164780	17.26
Jaichander.R	667998	9.90	1275653	18.90
Premchander.R	668153	9.90	1275498	18.90
Amarjothi Colour Melange Spinning Mills P ltd	1822500	27.00	0.00	0.00
Total	<u>3715931</u>	<u>55.05</u>	<u>3715931</u>	<u>55.05</u>

1.3 During the five reporting periods immediately preceding the reporting date, no shares have been issued by capitalization of reserves as bonus shares or for Consideration other than cash.

1.4 The Company has a single class of equity shares. Accordingly all equity shares rank equally with regard to voting rights, dividends and share in the Company's residual assets.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH 2012**

**Rupees in Lakhs
Year ended**

	31.03.2012	31.03.2011
[4] DEFERRED TAX LIABILITIES (NET)		
As per last year Balance Sheet	1608.08	1377.17
Add/less : Transfer from / to P&L a/c for current year	<u>-20.79</u>	<u>230.91</u>
	<u>1587.29</u>	<u>1608.08</u>
[5] SHORT TERM BORROWINGS		
(a) Loan Repayable on Demand from Banks (Secured)	3102.44	5956.85
(b) Others	<u>0</u>	<u>0</u>
	<u>3102.44</u>	<u>5956.85</u>
[6] TRADE PAYABLES		
(a) Sundry Creditors	<u>277.34</u>	<u>555.80</u>
[7] OTHER CURRENT LIABILITIES		
(a) Current Maturities of Long Term Debts	1124.81	660.64
(b) Unpaid Dividend	31.69	28.52
(c) VAT Payable	52.34	49.56
(d) Disputed Electricity Charges	42.89	26.89
(c) Others	<u>35.20</u>	<u>23.96</u>
	<u>1286.93</u>	<u>789.57</u>
[8] SHORT TERM PROVISIONS		
(a) Provision for Employee Benefits	53.02	43.37
(b) Others		
1 Provision for Outstanding Liability	184.03	157.91
2 Proposed Dividend	101.25	135.00
3 Tax on Proposed Dividend	16.43	21.90
4 Provision for Income Tax	<u>112.41</u>	<u>336.04</u>
	<u>467.14</u>	<u>694.22</u>
Proposed Dividend per share (in Rs.)	1.50	2.00
Number of Shares	6750000	6750000
Total Proposed Dividend	101.25	135.00



9. FIXED ASSETS:

TANGIBLE ASSETS

Rupees in Lakhs

Description	Gross Block		Depreciation		Net Block		
	As At 01.04.2011	As At Additions Adjustments/ Deletion 31.03.2012	As At 31.03.2012	Upto 31.03.2011 the Period	Upto 31.03.2012	As At 31.03.2012	As At 01.04.2011
LAND	88.49	0.00	87.46	0.00	0.00	87.46	88.49
LEASE HOLD LAND	78.75	0.00	78.75	0.00	0.00	78.75	78.75
BUILDING	1847.34	576.89	2424.23	538.65	597.62	1826.61	1308.69
PLANT & MACHINERY	15028.54	380.25	15408.79	8160.83	9396.85	6011.94	6867.71
FURNITURE & FITTINGS	37.73	1.86	39.59	21.34	23.07	16.52	16.39
OFFICE EQUIPMENTS	195.46	13.32	208.78	112.02	15.99	80.77	83.44
VEHICLES	118.17	0.30	118.11	68.98	9.57	39.59	49.19
T O T A L	17394.48	972.62	18365.71	8901.82	1322.28	8141.64	8492.66
PREVIOUS YEAR	14526.63	2875.97	17394.49	7712.06	1193.91	8492.67	6814.57

AMARJOTHI SPINNING MILLS LIMITED



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH 2012**

**Rupees in Lakhs
Year ended**

31.03.2012 31.03.2011

[10] NON-CURRENT INVESTMENTS (AT COST)

- Trade (Quoted)

50 Equity Shares of Rs.10 each fully paid of Precot Mills Ltd. 0.09 0.09

(Market value – Rs.8097.50)

100 Equity Shares of Rs.10 each fully paid of Thambbi Modern Spinning Mills Ltd. 0.05 0.05

(Market value – Rs.780)

- Non - Trade (Un-Quoted)

5231 Equity shares of Rs.1000 each fully paid of Perundurai Common Effluent Treatment Plant 76.43 76.43

(Including premium) 76.57 76.57

[11] INVENTORIES :

a) Raw Materials 963.49 4602.63

b) Work-in-Progress 110.98 252.64

c) Finished Goods 2706.18 1866.11

d) Waste Stock 186.03 269.66

e) Stores, Tools, Spares & Packing Materials 179.91 139.91

4146.59 7130.95

**[12] TRADE RECEIVABLES
(UNSECURED AND CONSIDERED GOOD) :**

1 Due for More than 6 months

(a) Considered Good 59.12 46.53

(b) Considered Doubtful 58.57 32.09

2 Other Debts 1319.72 1437.41 1584.00 1662.62

Less : Provision for Doubtful Receivables 32.84 32.84

1404.57 1629.78

[13] CASH AND BANK BALANCES

Cash on Hand 3.38 0.55

Balances with Scheduled Banks

In Current Accounts 4.62 2.16

In Deposit Accounts(given as security for bank guarantee / L.C.Margin) 27.92 13.05

In Unpaid Dividend Warrant Account 31.73 28.60

67.65 44.36



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH 2012**

Rupees in Lakhs
Year ended
31.03.2012 31.03.2011

[14] SHORT-TERM LOANS & ADVANCES

(UNSECURED & CONSIDERED GOOD)

Advances recoverable in cash or in kind or for value to be received	850.16	826.28
Balance with Excise Department	0.36	6.75
Deposit with Government Departments	85.08	83.55
	<u>935.60</u>	<u>916.58</u>

[15] REVENUE FROM OPERATIONS

a) Sale of Products	12956.48	12399.36
b) Sale of Service	0	0
Less: Excise Duty	0	0
	<u>12956.48</u>	<u>12399.36</u>

[16] OTHER INCOME

a) Interest Income (TDS Rs.0.58 lac (Rs.0.50 lac)	19.11	8.89
b) Dividend Income	0.01	0.00
c) Net gain / Loss on sale of Fixed assets	7.77	6.84
d) Foreign Exchange Rate Gain	6.83	0.90
e) Other Non-Operating Income	88.51	33.06
f) Carbon Credit Sales	0.00	301.57
	<u>122.23</u>	<u>351.26</u>

[17] COST OF MATERIALS CONSUMED :

Opening Stock :

Raw Materials	4602.63	2151.59
Waste Stock	<u>269.66</u>	<u>92.53</u> 2244.12
ADD : Purchases	4247.70	9995.51
	9119.99	12239.63

LESS : Closing Stock :

Raw Materials	963.49	4602.63
Waste Stock	<u>186.03</u>	<u>269.66</u> 4872.29
	<u>7970.47</u>	<u>7367.34</u>

AMARJOTHI SPINNING MILLS LIMITED



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH 2012**

**Rupees in Lakhs
Year ended**

31.03.2012 31.03.2011

**[18] CHANGES IN INVENTORIES OF FINISHED GOODS
WORK-IN-PROGRESS AND STOCK- IN- TRADE:**

Inventories at the Beginning of the year

Finished Goods	1866.11		938.21	
Work-in-Progress	<u>252.64</u>	2118.75	<u>209.57</u>	1147.78

Inventories at the end of the year

Finished Goods	2706.18		1866.11	
Work-in-Progress	<u>110.98</u>	2817.16	<u>252.64</u>	2118.75
Net (increase) / decrease		<u>-698.41</u>		<u>-970.97</u>

[19] EMPLOYEE BENEFITS EXPENSES

i) Salaries & Wages		594.66		506.58
ii) Contribution to Provident & Other Funds		25.26		31.11
iii) Expense on ESOP & ESPP		0.00		0.00
iv) Staff Welfare Expenses		<u>213.50</u>		<u>209.34</u>
		<u>833.42</u>		<u>747.03</u>

[20] FINANCE COSTS

a) Interest on Term Loans		238.40		266.27
b) Interest on Other Loans		<u>968.91</u>		<u>830.80</u>
		<u>1207.31</u>		<u>1097.07</u>

[21] OTHER EXPENSES

a) Consumption of Stores & Spare Parts		459.28		354.35
b) Power & Fuel		312.43		234.08
c) Rent		15.76		5.32
d) Repairs to Building		55.14		36.75
e) Repairs to Machinery		137.12		92.55
f) Insurance		36.84		35.69
g) Rates and Taxes		19.93		19.32
h) Dyeing and Processing Expenses		612.78		588.36



i) Miscellaneous Expenses:		
Bank Charges	40.31	43.03
Service Tax Paid	2.57	5.87
Sales Commissions	21.95	26.31
Printing, Stationery & Postage	28.81	22.77
Telephones	11.82	11.07
Travelling & Conveyance	23.79	16.36
Vehicle Maintenance – car	5.11	2.91
Vehicle Maintenance – Lorry & Van & others	42.70	31.63
Share Transfer Expenses	2.96	3.07
Managerial Remuneration	45.53	153.43
Advertisement	13.16	10.97
Sitting Fees	3.02	3.02
Freight & Other Expenses	44.62	34.30
Computer Maintenance Expenses	10.31	7.93
Professional Charges	6.63	2.02
RF Maintenance Expenses	3.69	4.94
Consignment Expenses	12.97	1.25
General Expenses	51.41	20.47
Remuneration to Auditors	1.30	1.20
Total	<u>2021.94</u>	<u>1768.97</u>

22. SIGNIFICANT ACCOUNTING POLICIES

1. METHOD OF ACCOUNTING:

The financial statements have been prepared in accordance with historical cost convention and accrual system of accounting has been followed.

2. FIXED ASSETS:

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

3. INVENTORIES:

Finished Goods are stated at lower of cost or net realisable value as specified in Accounting Standard AS2 prescribed by the Institute of Chartered Accountants of India. Other inventories are stated at cost and waste at net realisable value.

4. SALES:

Sales are recognized when goods are supplied and are net of Sales Tax and other levies.

5. FOREIGN CURRENCY TRANSACTIONS:

Foreign currency transactions are recorded in the books by applying the exchange rates as on the date of transaction. Foreign currency assets are converted at the exchange rate prevailing on the last working day of the accounting year and the exchange is adjusted to the Profit & Loss Account.



6. INVESTMENTS:

Investments are stated at cost and are long term in nature and hence no provision has been made for the diminution in the value, if any, during the year. Income from investments is accounted on receipt basis.

7. TAXATION:

Income tax for the current year has been calculated based on the current year's working. Provision has been made in the accounts for Income tax and Deferred Tax for the current year.

23. OTHER NOTES FORMING PART OF THE FINANCIAL STATEMENTS

23.1 SECURED LOANS

FROM BANKS:

S.No.	Name of the Bank	Limit Rs. In lacs.	Nature of Facility	Security Offered
1	Bank of Baroda, Karur Vysya Bank and Axis Bank.	1550.00	Working Capital Facility	First Charge on Current Assets and second charge on the other fixed assets
2	State Bank of Travancore	709.87	Term Loan under TUF Scheme.	First charge on Machineries purchased and paripasu charge on other fixed assets.
3	Axis Bank ltd.	194.65	Term Loan under TUF Scheme.	First charge on Machineries purchased and second charge on other fixed assets.
4	Karur Vysya Bank Ltd	1900.00	Term Loan for Wind Mill.	Hypothecation of 5 Nos. of Wind mills of 850 KW each installed in Theni District. EM on the lands.
5	Karur Vysya Bank Ltd	120.00	Machinery Term Loan	First charge on Machineries purchased and second charge on other fixed assets
6	Karur Vysya Bank Ltd	160.00	Building Term Loan	Exclusive charge on the Plant and Machinery and Building financed.
7	Karur Vysya Bank Ltd	180.00	Machinery Term Loan	— do —
8	Axis Bank Ltd.	1400.00	Commodity loan	Key loan on the Cotton Purchased.
9	Karur Vysya Bank Ltd	1000.00	Working Capital Demand Loan	Paripasu first charge on the entire current assets of the Company
10	Bank of Baroda	750.00	Working Capital Demand Loan	1. First Paripassu charge on the current assets with KVB and Axis Bank. 2. Second Paripasu charge on the Fixed assets with KVB and Axis Bank.

All the above loans are personally guaranteed by the Chairman, Managing Director and Joint Managing Director of the Company.



AMARJOTHI SPINNING MILLS LIMITED

23.2 CONTINGENT LIABILITIES:	31.03.2012	31.03.2011
	Rs. In lacs	Rs. In lacs
a. Bills discounted	NIL	NIL
b. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances)	NIL	1920
23.3. Income Tax assessments have been completed up to the Assessment Year 2010 – 2011.		
23.4 The company has opted the exemption route vide Central Excise Notification No.30/2004 and 31/2004 dated 09.07.2004.		
23.5 As at the end of the year, the Company does not have small-scale industries as defined by Section 3-J of the Industries (Development and Regulation) Act, 1951 and to whom more than Rs. 1.00 lac is due and also for more than 30 days. Hence, the provision of interest does not arise. There were no overdue payments to Micro, Small and Medium scale enterprises during the year and there is no amount overdue as on the date of the Balance Sheet to such enterprises.		
23.6 Sundry debtors which are overdue for a period of 6 months and more include a sum Rs.58.07 lacs (Rs.32.09 lacs) for which the Company has taken legal action and is hopeful of recovery. Provision has been made for Rs.32.84 Lacs for Doubtful Debtors.		
23.7 Depreciation has been calculated according to Schedule XIV of the Companies Act, 1956 as amended on straight-line method.		
23.8 The Company has received a demand towards Peak Hour Electricity charges amounting to Rs.55.36 lacs from TNEB against which the Company has gone on appeal to the Honourable High Court of Madras. The company has paid this amount "Under Protest". This amount has not been debited to the Profit & Loss statement nor any provision made in the accounts, pending disposal of appeal by the Honourable High Court of Madras.		
	As on	
23.9 (a) Counter Guarantee given by the Chairman, Managing Director and Joint Managing Director for Working Capital Loans including Non-fund based Limits taken by the Company from its Bankers.	31.03.2012 (Rs.in Lacs)	31.03.2011 (Rs.in Lacs)
	4700.00	7550.00
(b) Counter Guarantee given by the Chairman, Managing Director and Joint Managing Director for Term Loans taken by the Company from its Bankers.	3385.00	3200.00

AMARJOTHI SPINNING MILLS LIMITED



	As on	
23.10 QUANTITATIVE PARTICULARS:	31.03.2012	31.03.2011
i) Licensed Capacity*	Spindles 75000	75000
ii) Installed Capacity*	Spindles 37392	37392
ii) Actual Production - Yarn	Kgs. 5115304	5643589
iv) Turnover - Yarn	Kgs. 4787862	5307932
	Rs. 1190840885	1203919404
- Waste	Kgs. 2174750	639100
	Rs. 55461438	14669790
v) Opening Yarn Stock	Kgs. 981080	621548
	Rs. 186611149	91615897
vi) Closing Yarn Stock	Kgs. 1293653	981080
	Rs. 270618272	186611149
* As certified by Management not verified by Auditor		
vii) Consumption of Raw Materials	Kgs. 7936147	8517594
	Rs. 797048051	736733717
viii) Consumption of Stores & Spares		
Indigenous (87.80%/74.53%)	Rs. 40378437	26409476
Imported (12.20%/25.47%)	Rs. 5550002	9025181
23.11 EARNINGS IN FOREIGN CURRENCY :		
FOB Value of Exports	Rs. 38251837	9849385
23.12 EXPENDITURE IN FOREIGN CURRENCY :		
a) Traveling	Rs. 1036836	211175
b) CIF Value of Imports	Rs. 29365203	16542949
c) Certification charges	Rs. 1239909	510921
23.13 REMUNERATION TO DIRECTORS:		
a) Managing Director (Salary)	Rs. 720000	720000
b) Joint Managing Director (Salary)	Rs. 720000	720000
c) Managing Director (Commission)	Rs. 1349545	6951500
d) Joint Managing Director (Commission)	Rs. 1349545	6951500
e) Chairman (Commission)	413909	Nil
Total	<u>4552999</u>	<u>15343000</u>

AMARJOTHI SPINNING MILLS LIMITED



Computation of Remuneration to Directors:

Net Profit before tax as per Profit & Loss account	42169264	154732212
Add: Remuneration debited to Profit & Loss account	4552999	15343000
Less: Profit on sales of Assets	777436	684470
Net Profit available	45944827	169390742
Managerial Remuneration eligible 11% of the above	4552999	15343000

23.14 PAYMENT TO AUDITOR :

Audit Fees (inclusive of Service Tax)	Rs.	10000	100000
Reimbursement of Expenses	Rs.	10000	9630
Other Services	Rs.	20000	10000
Total		130000	119630

23.15 Previous year figures have been regrouped and reclassified wherever necessary to conform to current year's classification.

As per my report of even date

V.NARAYANASWAMI, M.A., F.C.A.
Chartered Accountant
Membership No.023661

Place : Tirupur
Date : 17/08/2012

On behalf of the Board of Directors

N. RAJAN **R. PREMCHANDER**
Chairman Managing Director

R.JAICHANDER
Joint Managing Director



NOTES FORMING PART OF ACCOUNTS – DISCLOSURES

I. Segment-wise Reporting:

The Company is engaged mainly in the manufacture of yarn. The Company owns Eleven wind mills mainly for captive consumption purpose only. During the year the value of power generated through these mills is Rs. **12,64,33,405.50** (32509591 units) and this is adjusted with the power cost of the Company. The processing division is operating mainly for captive utilization and hence segment-wise reporting as defined in Accounting Standard 17 is not required.

II. Deferred Tax Assets / Liability:

Deferred tax provision for the current year has been credited to the profit and loss statement for the year. The Balance of deferred Tax liability is being disclosed as a liability.

Deferred Taxation Liability on account of Timing Difference : (Rs.)

As on 01.04.2011	160808504.77
Add: Transfer to Profit & Loss statement	<u>(-)2078869.00</u>
Balance of Liability as on 31.03.2012	<u>158729635.77</u>

III. Employee Benefits: AS-15:

a. Provident Fund Contribution:

During the year the company has contributed Rs.2468946 /- to Government Provident fund . The company does not have a separate exempted provident fund.

b. Gratuity:

As per the records of the company none of the employees come under the purview of Payment of Gratuity Act.

c. With regard to other terminal benefits payable to employees the company makes a payment of such benefits every year and hence no provision is required.

IV. Related Party Disclosure as per AS 18:

1. Related Parties: Associates: (i) N.Rajan & Sons
(i) Amarjothi Colour Melange Spinning Mills Ltd.
2. Key Management Personnel: (i) Sri.R.Premchander, Managing Director
(ii) Sri.R.Jaichander, Joint Managing Director.



Transactions:

Particulars	Related Parties/ Associates.	Key Management Personnel & Relatives	Directors
Remuneration	—	Rs. 45,52,999	—
Sitting fees	—	—	Rs.3,02,000
Rent receipts	Rs.9,60,000	—	—
Payment of Interest	Rs.4,39,77,294	—	—
Credit Balance as at 31.03.2012	Rs.29,36,14,667	—	—

V. Earning Per share as per AS 20.

Particulars	31.03.2012	31.03.2011
(a) Net Profit after tax (Rs.)	3,30,07,133	9,80,37,148
(b) Number of Equity shares	67,50,000	67,50,000
(c) Earning Per Share (Rs.) (a/b)	4.89	14.52

As per my report of even date

On behalf of the Board of Directors

V.NARAYANASWAMI, M.A., F.C.A.
Chartered Accountant
Membership No.023661

N. RAJAN **R. PREMCHANDER**
Chairman Managing Director

Place : Tirupur
Date : 17/08/2012

R.JAICHANDER
Joint Managing Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

Rupees in Lakhs

	Year Ended 31.03.2012	Year Ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
NET Profit before Tax	421.70	1547.27
Adjustments for:		
Depreciation and amortisation	1322.28	1193.91
Loss /(Profit) on Sale of Assets	-7.77	-6.84
Interest Income	-19.12	-8.89
Finance costs	<u>1207.31</u>	<u>1097.07</u>
	<u>2502.70</u>	<u>2275.25</u>
Operating Profit before Working Capital Changes	2924.40	3822.52
Adjustments for:		
Trade & other Receivables	206.19	-272.23
Inventories	2984.36	-3596.82
Trade Payable & Other Liabilities	<u>109.21</u>	<u>315.43</u>
	<u>3299.76</u>	<u>-3553.62</u>
Cash Generated from Operations	6224.16	268.90
Direct Taxes provisions / paid	-190.61	-154.68
Net Cash from Operating activities A	<u>6033.55</u>	<u>114.22</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of Fixed Assets	-972.62	-2875.97
Sale of Fixed Assets	9.16	14.95
Payment for Capital Projects in Progress	253.92	387.46
Interest Received	19.12	8.89
Net Cash from Investment activities B	<u>-690.42</u>	<u>-2464.67</u>

AMARJOTHI SPINNING MILLS LIMITED



C. CASH FLOW FROM FINANCING ACTIVITIES:

Borrowings (net)	-3955.63	3601.69
Dividend paid	-135.00	-121.50
Tax on dividend	-21.90	-20.65
Finance costs	-1207.31	-1097.07
Net Cash from Financing Activities C	-5319.84	2362.47
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	23.29	12.02
Cash and Cash Equivalents as at the beginning of the period	44.36	32.34
Cash and Cash Equivalents as at the end of the period	67.65	44.36

As per my report of even date

V.NARAYANASWAMI, M.A., F.C.A.

Chartered Accountant

Membership No.023661

Place : Tirupur

Date : 17/08/2012

On behalf of the Board of Directors

N. RAJAN

Chairman

R. PREMCHANDER

Managing Director

R.JAICHANDER

Joint Managing Director

AUDITOR'S CERTIFICATE

To

The Board of Directors,
Amarjothi Spinning Mills Ltd.,

I have examined the attached Cash Flow Statement of Amarjothi Spinning Mills Ltd., for the year ended 31st March 2012. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreements with the Stock Exchanges and is based on and is in agreement with the corresponding Profit and Loss Statement and Balance Sheet of the Company covered by my report of 17th August, 2012 to the members of the Company.

Place : Tirupur

Date : 17.08.2012.

V. NARAYANASWAMI, M.A., F.C.A

Chartered Accountant

Membership no.023661

AMARJOTHI SPINNING MILLS LIMITED

"Amarjothi House", 157, Kumaran Road, Tirupur - 641 601.

ATTENDANCE SLIP

24th Annual General Meeting on 28th September, 2012

Please complete the attendance slip and hand it over at the entrance of the hall. Only members or their proxies are entitled to present at the meeting.

Member's Ledger Folio No. No. of Shares held.....

Name and Address.....

NAME OF THE ATTENDING MEMBER:

NAME OF THE PROXY:

I hereby record my presence at the twenty fourth Annual General Meeting held at the Meeting Hall of Gayathri Hotel, Kangayam Road, Tirupur - 641 604 at 11.00 A.M. on Friday, 28.09.2012.

Signature of the Shareholder or Proxy

AMARJOTHI SPINNING MILLS LIMITED

"Amarjothi House", 157, Kumaran Road, Tirupur - 641 601.

PROXY FORM

Reg. Folio No. No. of Shares held

I/We of

being a member/members of AMARJOTHI SPINNING MILLS LIMITED hereby appoint

.....

of or failing him

of as my/our proxy to vote for me/us

on my/our behalf at the 24th Annual General Meeting of the company to be held on Friday,

28-09-2012 at the Meeting Hall of Gayathri Hotel, Kangayam Road, Tirupur - 641 604 at 11.00 A.M. and

at any adjournment thereof.

Signed :

Date:

Affix
Re. 1/-
Revenue
Stamp

Note : This form duly completed should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting

BOOK-POST

To

If undelivered please return to :
AMARJOTHI SPINNING MILLS LIMITED
"AMARJOTHI HOUSE"
157, Kumaran Road
Tirupur – 641 601.