

SRI ARUMUGA ENTERPRISE LIMITED

Registered Office :

1, Sundaram Brothers' Layout

Opp. All India Radio, Trichy Road

Coimbatore - 641 045. INDIA

Phone : +91 (422) 2322340 / 4227300

Fax : +91 (422) 4365828

FORM - A

1.	Name of the Company	Sri Arumuga Enterprise Limited
2.	Annual Financial Statements for the year ended	31st March 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A
5.	To be signed by	
	• Chairman & Managing Director	
	• Officiating Head of Finance	
	• Auditor	 For S. Lakshminarayanan Associates Chartered Accountants F.No. 004/13 CA L. KAMESH (M No. 209388) Partner
	• Chairman - Audit Committee	

SRI ARUMUGA ENTERPRISE LIMITED

ANNUAL REPORT 2012 - 13

Board of Directors

Sri T Rajkumar

Chairman & Managing Director

Sri K Dhanakumar

Sri S Sanjai

Sri Vaibhav Duvvur

Company Secretary

Sri N Prabhu Ram

Registered Office

No.1, Sundaram Brothers' Layout

Opp. All India Radio, Trichy Road

Coimbatore – 641 045

Phone : 0422-2322340 / 4227300

Fax : 0422-4365828

Email : investors@arumugaenterprise.com

Works – Garments Division - I

S.F.No.43/A2, Door No.2/525

Venus Gardens, Mangalam Main Road

Andipalayam Post

Tirupur – 641 687

Statutory Auditors

M/s S Lakshminarayanan Associates

Chartered Accountants

Coimbatore – 641 018

Bankers

Axis Bank Limited

The South Indian Bank Limited

Registrar and Share Transfer Agents

Purva Sharegistry (India) Pvt. Ltd.

9, Shiv Shakti Industrial Estate

J.R. Boricha Marg

Opp. Kasturba Hospital

Lower Parel (E), Mumbai – 400 011

Phone : 022-2301 6761 / 8261

Fax : 022-2301 2517

Email : busicomp@vsnl.com

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SRI ARUMUGA ENTERPRISE LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the Annual General Meeting of the members of the Company will be held on Wednesday, 25th September 2013 at 9.30 a.m. at the Registered Office at No.1, Sundaram Brothers' Layout, Opp. All India Radio, Trichy Road, Coimbatore – 641045 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013, the Statement of Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity shares for the year ended 31st March 2013.
3. To appoint a Director in place of Sri K Dhanakumar who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and fix their remuneration. M/s S Lakshminarayanan Associates, Chartered Accountants, Coimbatore retire and are eligible for reappointment.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The relevant details of the Director seeking reappointment under Item No.3 above, as required by Clause 49 of the Listing Agreements entered into with the Bombay Stock Exchange is annexed.
3. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, 18th September 2013 to Wednesday, 25th September 2013 (both days inclusive).
4. Dividend, if declared at the Annual General Meeting will be paid within 30 days thereof to those members whose names appear on the Register of Members of the Company, after giving effect to valid transfers in respect of the Shares lodged with the Company on or before the close of business hours on 17th September, 2013. The dividend in respect of Shares held in

electronic form would be payable to the beneficial owners of Shares recorded with the Depositories as of the end of 17th September, 2013 as per details furnished by the Depositories for the purpose.

5. Members/Proxies are requested to bring their attendance slip along with the Annual Report to the meeting.
6. Members holding shares in physical form are requested to intimate, indicating their folio number, the changes, if any, in their registered addresses either to the Company or to the Registrar and Share Transfer Agents, Purva Shareregistry (India) Private Limited, Mumbai – 400 001 or to their respective Depository Participant (DP) in case the shares are held in dematerialized form.
7. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management.
8. SEBI vide its Circular No.CIR/MRD/DP/10/2013 dated 21st March 2013 has mandated all the listed companies to make cash payments including dividend to the investors through electronic mode of payment. In this regard, the investors holding shares in demat mode are requested to update their bank account details with their Depository Participants and investors holding shares in physical form are requested to furnish the details in the form appended herewith to the Company or our Share Transfer Agent at the earliest.
9. The Ministry of Corporate Affairs, Government of India ('MCA'), vide its Circular No.18/2011 dated 29th April 2011, has introduced 'Green Initiative in Corporate Governance' by allowing paperless compliance by companies, i.e. service of any document can be made through electronic mode. Those members, who desire to receive notice/documents including Annual Report through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to the Depository Participant/Company's Registrar and Share Transfer Agent, Purva Shareregistry (India) Private Limited.

30th May 2013
Coimbatore

By Order of the Board
N Prabhu Ram
Company Secretary

SRI ARUMUGA ENTERPRISE LIMITED

Item No.3

Details of Director seeking appointment at the Annual General Meeting as required under Clause 49(iv)(G) of the Listing Agreement

Name of the Director	K Dhanakumar
Director Identification Number	00048730
Date of Birth	11th November 1969
Date of Appointment	30th September 2010
Qualifications	B.Sc., M.B.A.,
Expertise in specific functional areas	Has got rich experience in Production processes
Directorships held in other public companies	Imperial Spirits Ltd Sri Arumuga Sugars Ltd Sri Mahasakthi Mills Ltd
Memberships / Chairmanships of committee across public companies	Sri Arumuga Enterprise Ltd Member - Audit Committee Chairman - Shareholders'/Investors' Grievance Committee
No of equity shares held	204500
Relationship with other directors	Brother of Sri T Rajkumar

DIRECTORS' REPORT

To the Members

Your directors are pleased to present their Annual Report together with the audited accounts of the Company for the financial year ended 31st March 2013.

FINANCIAL PERFORMANCE

The highlights of the Standalone Financial Results are as under: (₹ in lakhs)

Particulars	2012-13	2011-12
Income from Operations	141.62	102.33
Other Income	0.49	0.00
Total Income	142.11	102.33
Profit before Tax	28.80	27.83
Provision for Current Tax	9.00	10.00
Provision for Deferred Tax	0.00	-0.77
Profit after Tax	19.80	18.60
Add : Opening balance in Profit and Loss account	64.61	46.01
Balance available for appropriations	84.41	64.61
Proposed Dividend	6.00	0.00
Dividend Tax	1.02	0.00
Transfer to General Reserve	1.00	0.00
Profit carried to Balance Sheet	76.39	0.00
Total appropriations	8.02	0.00

DIVIDEND

Your Directors are glad to recommend for your approval, a dividend of 6% (₹ 0.60 per share), (Previous year - Nil) for the year ended 31st March 2013, involving an outgo of ₹ 6.00 lakhs. Additionally, the dividend distribution tax will involve an outlay of ₹ 1.02 lakhs.

OPERATIONS

During the year, the Company reported a Profit after Tax (PAT) of ₹ 19.80 lakhs as against ₹ 18.60 lakhs for the previous year. During the year under review, the sales and other income were at ₹ 141.62 as against ₹ 102.33 lakhs for the previous year.

GARMENTS UNIT

Your Company has entered into manufacturing of garments which has huge potential given the export target of textiles set for the fiscal year 2013-14 by

SRI ARUMUGA ENTERPRISE LIMITED

the Government of India, which is pegged at US\$50 billion including garments. The management is confident of the sector as the order books surge with new and unprecedented export orders due to persistent improvement in factory capacity and compliance of social, welfare and labour laws.

During the year, the Company has taken a Garments manufacturing unit under lease at Tirupur, Tamilnadu. The unit has commenced its business from the month of February 2013 and is mainly focusing on Export of Ready Made Garments to US and European markets.

DEPOSITORY SYSTEM

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on 31st March 2013, 84.43% of the Company's total paid-up Capital representing 8,44,390 Shares are in dematerialised form. In view of the numerous advantages offered by the Depository system, members holding shares in physical mode are advised to avail of the facility of dematerialization from the Depositories.

DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956 for the year ended 31st March 2013.

SUBSIDIARY COMPANIES

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies, Sri Mahasakthi Mills Limited and Sri Arumuga Cottspin Private Limited are not being attached with the Balance Sheet of the Company. The summary of the key financials of the Company's Subsidiaries are included in this Annual Report.

The annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies shall be kept for inspection by any shareholder at Registered Office of the holding company.

DISCLOSURE OF PARTICULARS

The particulars required to be included in terms of Section 217(1)(e) of the

Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, with regard to energy, absorption, foreign exchange earnings and outgo is furnished in Annexure – I and forms part of this report.

PERSONNEL

The Company has no employee drawing remuneration more than the limits prescribed under Section 217(2A) of the Companies Act 1956.

CORPORATE GOVERNANCE REPORT

As required under Clause 49 of the Listing Agreement, a report on Corporate Governance (including Management Discussion and Analysis Report) and a certificate from the Auditors of the Company regarding compliance of the conditions of corporate governance as stipulated under the Listing Agreement forms part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

The Directors also present the audited consolidated financial statements incorporating the audited financial statements of the subsidiaries prepared in accordance with the Accounting Standards and Listing Agreement as prescribed by SEBI.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm :

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. that the selected accounting policies were applied consistently and the Directors made judgements 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 2013 and of the profit of the Company for the year ended on that date;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the annual accounts have been prepared on a going concern basis.

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DIRECTORS

Sri K Dhanakumar, Director retires from the Board by rotation and is eligible for re-appointment.

The profile of the director, as required under Clause 49(IV)(G) of the Listing Agreement entered into with BSE Limited is given in the Annexure to the Notice of the Annual General Meeting.

AUDIT COMMITTEE

The Audit Committee consists of three Non-Executive Directors out of which two are Independent Directors. The present members of the Committee are Sri S Sanjai, Sri K Dhanakumar and Sri Vaibhav Duvvur. Sri S Sanjai is the Chairman of the Committee.

The role, terms of reference, the authority and power of Chairman are in conformity with the requirements of the Companies Act, 1956.

AUDITORS

The Auditors, M/s S Lakshminarayanan Associates, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from the auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENTS

Your Directors wish to place on record the valuable assistance and co-operation extended by the employees, members and other stakeholders.

30th May 2013
Coimbatore

For and on behalf of the Board
T Rajkumar
Chairman and Managing Director

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

Sri Arumuga Enterprise Limited ("the Company") adopts good practices that enable an organization to perform efficiently and ethically, and to generate long term wealth and create value for all its stakeholders. The Company is committed to conduct its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics and ethical conduct. At the highest level, the Company continuously endeavours to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation.

2. Board of Directors

Composition and size of the Board

The Company's policy is to have an appropriate mix of Executive and Non-Executive Directors. As on date, the Board comprises a Chairman & Managing Director and 3 Non-Executive Directors who bring in a wide range of skills and experience to the Board. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

The Board of Directors and its Committees meet at periodic intervals. Policy formulation, setting up of goals, evaluation of performance and control functions vest with the Board. The Board has constituted four Committees, namely, Audit Committee, Nomination and Remuneration Committee, Share Allotment Committee, Shareholders' / Investors' Grievance Committee.

None of the Directors on the Company's Board is a member of more than ten Committees and Chairman of more than five Committees across all Companies in which he is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

Number of Board Meetings held during the year

The Meetings of the Board are generally held at the Registered Office of the Company. During the year under review, 6 Board Meetings were held on 15th May 2012, 14th August 2012, 10th November 2012 and 5th December 2012, 14th February 2013 and 28th March 2013 and the gap between two meetings did not exceed four months. The Board meets at least once every quarter *inter alia* to review the quarterly results. Additional meetings are held, when necessary. The information as required under Annexure – IA to Clause 49 of the Listing Agreement is being made available to the Board for discussion and consideration at Board Meetings. The Board has also taken on record the certificates given by the senior

management personnel regarding compliance with the applicable laws on quarterly basis.

Attendance and other Directorships

The composition of the Board of Directors, category and relationship with other Board Members, attendance at board meetings held during the financial year and at the last Annual General Meeting, number of other directorships and committee Chairmanship / Membership held are given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships / Memberships of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Name and Director Identification Number of the Director	Category of Directors	Relationship with other Directors	Financial Year 2012 - 2013 attendance at		As on 30th May 2013		
			Board Meeting	Last AGM	No. of other Directorship*	Committee Position **	
						Chairman	Member
(in other public companies excluding Sri Arumuga Enterprise Limited)							
Sri T Rajkumar <i>Chairman and Managing Director</i> DIN: 00048665	Non-Independent and Executive	Brother of Sri K Dhana-Kumar	6	Yes	12	—	—
Sri K Dhanakumar DIN: 00048730	Non-Independent and Non-executive	Brother of Sri T Raj-Kumar	6	Yes	3	—	—
Sri S Venkatachalam® DIN: 03503169	Independent and Non-executive	None	2	No	—	—	—
Sri S Sanjai DIN: 03414023	Independent and Non-executive	None	5	Yes	2	—	—
Sri Vaibhav Duvvur^ DIN: 03477028	Independent and Non-executive	None	3	Yes	—	—	—

* Excludes Directorships in associations, private, foreign and Section 25 companies.

** Represents Chairmanships/Memberships of Audit Committee and Shareholders'/Investors' Grievance Committee.

@ Resigned from the Directorship with effect from 14th August 2012.

^ Appointed as a Director with effect from 14th August 2012.

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Code of Conduct

As per requirement of Clause 49 of the Listing Agreement with the Bombay Stock Exchange, the Board has laid down a Code of Conduct ("the Code") to ensure compliance with the legal requirements and standards of business conduct. The Code applies to all Directors and members of Senior Management of the Company. All Board Members and Senior Management personnel of the Company have affirmed compliance with the Code. A declaration to this effect, signed by Chairman & Managing Director is attached to this report.

3. Committees of the Board

Audit Committee

The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee are broadly as follows :

- a. To review the Quarterly and the Annual financial statements before they are submitted to the Board of Directors;
- b. To review the compliance with Listing Agreement and various other legal requirements concerning financial statements and related party transactions;
- c. To make recommendations to the Board on any matter relating to the financial management of the Company;
- d. Any other matters that are relevant.

The Committee consists of 3 non-executive directors, of which 2 are independent directors. The Company has reconstituted the Audit Committee with effect from 14th August 2012 by appointing Sri Vaibhav Duvvur in place of Sri S Venkatachalam who has resigned from the Board.

The composition of the Audit Committee and the attendance of its members as on 31st March 2013 are given below:

Name	No. of meetings held	No. of meetings attended
Sri S Sanjai, Chairman	5	5
Sri K Dhanakumar, Member	5	5
Sri S Venkatachalam, Member*	5	2 [^]
Sri S Vaibhav Duvvur, Member**	5	2 [@]

* Stepped down as Member w.e.f 14th August 2012

** Appointed as Member w.e.f 14th August 2012

^ Details provided till the date of Resignation

@ Details provided from the date of Appointment

The Committee met five times during the financial year on 15th May 2012, 14th August 2012, 10th November 2012, 5th December 2012 and 14th February 2013.

All members of Audit Committee are financially literate. The minutes of the Audit Committee are placed before the Board of Directors at their meetings. The Chairman of Audit Committee was present at the last Annual General Meeting.

Nomination and Remuneration Committee

The Company has set up a Nomination and Remuneration Committee with Independent Directors as its members. The Nomination and Remuneration Committee determines and recommends to the Board, the appointment of independent directors to the Board. It also recommends remuneration including commission, perquisites and allowances payable to Chairman & Managing Director. The Company has complied with the non-mandatory requirement of Clause 49 regarding Nomination and Remuneration committee.

The Composition of the Nomination and Remuneration Committee as on 31st March 2013 is given below:

Sri S Sanjai, Chairman

Sri Vaibhav Duvvur, Member

The Committee did not meet during the year.

Remuneration policy of the Company is given below:

For Chairman & Managing Director

The total remuneration, subject to members' approval, consists of a fixed component of salary as per Company's Rules.

For Non-Executive Directors

At present, no Non-Executive Director is paid any sitting fees for attending the Board and Audit Committee meetings. Non-executive directors are not being paid any commission.

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Notes :

1. The appointment of Chairman & Managing Director is governed by the Articles of Association of the Company and the resolutions passed by the Board of Directors. Sri T Rajkumar was appointed as a Managing Director of the Company for a period of 5 years with effect from 1st April 2011 by the Board of Directors. He will hold office up to 31st March 2016. The Company does not have any service contract with Chairman & Managing Director.
2. No severance fee is payable to the Directors on termination of employment.
3. The company has no stock option scheme either to its directors or to employees.
4. None of the non-executive directors have any pecuniary relationship or transactions with the company.

Shareholders' / Investors' Grievance Committee

The function of the Committee is to redress the grievances of Shareholders' / investors' and to create and review the systems for improving the services.

The composition of the Shareholders'/Investors' Grievance Committee as on 31st March 2013 is given below:

Sri K Dhanakumar, Chairman

Sri S Sanjai, Member

Sri Vaibhav Duvvur, Member

Sri N Prabhu Ram, Company Secretary, is the Compliance Officer.

The Committee meets periodically to attend to transfer / transmission of shares, issue of duplicate share certificates and other grievances of shareholders. During the year, the Committee met twice on 16th November 2012 and 31st January 2013.

During the year, the Company received 17 complaints regarding investor grievances from shareholders in addition to the requests for transfer / transmission of shares and issue of duplicate share certificates. They were expeditiously attended to the satisfaction of shareholders. No complaint was pending as at the close of the financial year.

4. Subsidiary Company

The Company has two Indian subsidiary companies. The details of the Subsidiary Companies are as follows:

1. Sri Mahasakthi Mills Limited
2. Sri Arumuga Cottspin Private Limited

The Company has appointed Sri S Sanjai, Independent Director of the Company as Director in its subsidiaries as per requirement of Listing Agreement. The Audit Committee reviews the financials of the subsidiary companies. The minutes of the meeting of Board of Directors of subsidiaries are being placed before the Board of Directors of the Company.

5. General Body Meetings

- a. Details of date, time and venue where the last three Annual General Meetings held are given below:

Year	Date & Time	Venue
2012	5th December 2012, 4.00 p.m	#1, Sundaram Brothers' Layout Opp. All India Radio, Trichy Road Coimbatore – 641 045
2011	29th September 2011, 4.30 p.m	
2010	30th September 2010, 10.00 a.m	

- b. No Extra-Ordinary General Meeting of the shareholders was held during the year.
- c. Special Resolutions passed in previous three Annual General Meetings:
 1. At the Annual General Meeting on 30th September 2010, Special Resolution for Alteration of Articles with regard to increase in Authorised capital was passed unanimously.
 2. No special Resolutions were passed in the Annual General Meetings held on 2011 and 2012.

6. Disclosures**Related Party Transactions**

During the financial year 2012-13, there were no materially significant transactions entered into between the Company and its promoters, directors or the management or relatives etc., that may have potential conflict with the interest of the Company at large. Declarations have been received from the senior management personnel to this effect.

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Statutory Compliance, Penalties and Strictures

The Company has complied with the requirements of the Bombay Stock Exchange/SEBI and Statutory Authority on all matters related to capital markets during the last three years except during the period of suspension of the scrip from trading for procedural reasons.

Accounting policy

The Company follows Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in an Accounting Standard.

7. Means of communication

The quarterly/half-yearly and annual results are published in the newspapers and posted on the website of the Company. The quarterly / half-yearly and annual results are generally published in Business Standard, Trinity Mirror, Malai Malar and Makkal Kural and also displayed on the website of the Company www.arumugaenterprise.com. The quarterly / half-yearly results are not individually sent to the shareholders.

8. Management

A detailed Management Discussion and Analysis Report forms part of the Annual Report.

9. Directors' reappointment

Details of disclosure regarding re-appointment of directors liable to retire by rotation are given in the Annexure to the Notice.

10. General Shareholder Information

Annual General Meeting

Date and Time	:	25th September 2013 at 9.30 a.m
Venue	:	#1, Sundaram Brothers Layout, Opp. All India Radio, Trichy Road Coimbatore – 641 045
Financial year	:	April to March
Book Closure Date	:	18th September 2013 to 25th September 2013 (both days inclusive)
Dividend Payment Date	:	On and from 30th September 2013
Listing	:	Bombay Stock Exchange, Mumbai
Scrip Code & ID	:	507918 & ARUMUGA
Demat ISIN	:	INE240L01011

Market Price Data

Month	BSE Price (₹)		BSE Sensex	
	High	Low	High	Low
April 2012	120.00	120.00	17,664	17,010
May 2012	121.50	120.00	17,432	15,810
June 2012	125.00	122.00	17,448	15,749
July 2012	122.00	120.00	17,631	16,598
August 2012	120.00	120.00	17,973	17,027
September 2012	115.00	115.00	18,870	17,251
October 2012	109.30	99.80	19,137	18,393
November 2012	99.80	99.80	19,373	18,256
December 2012	95.05	95.00	19,612	19,149
January 2013	100.10	95.10	20,204	19,509
February 2013	91.00	91.00	19,967	18,794
March 2013	74.50	74.50	19,755	18,568

Registrars and Share Transfer Agents

For Share related matters, Members are requested to correspond with the Company's Registrar & Transfer Agents-Purva Sharegistry (India) Private Limited quoting their folio no./DP ID & Client ID at the following address: -

Purva Sharegistry (India) Private Limited

Unit: Sri Arumuga Enterprise Limited
 No.9, Shiv Shakti Industrial Estate
 Ground Floor, J. R. Boricha Marg
 Opp. Kasturba Hospital, Lower Parel
 Mumbai - 400 011
 Fax : 022-2301 2517
 Email: busicomp@vsnl.com

Share Transfer System

All transfers received are processed by the Registrars and Share transfer agents and are approved by the Share Transfer Committee of the Company. Share transfers are registered and returned to the shareholders within the stipulated time if the documents are in order.

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Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half yearly basis, have been issued by a Company Secretary in practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participant's) Regulations 1996, certificates have also been received from a Company Secretary in Practice for timely dematerialisation of shares of the company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.

Distribution of Shareholding as on 31st March 2013

Shareholdings	No of share holders	% to share holders	No of Shares	% to capital
1 - 5000	687	94.76	1029400	10.29
5001 - 10000	12	1.66	90500	0.90
10001 - 20000	7	0.97	111500	1.12
20001 - 30000	3	0.41	84750	0.85
30001 - 40000	0	0.00	0	0.00
40001 - 50000	1	0.14	50000	0.50
50001 - 100000	4	0.55	354000	3.54
100001 & above	11	1.52	8279850	82.80
Total	725	100.00	1000000	100.00

Shareholding Pattern as on 31st March 2013

Category	Percentage
Promoters	61.45
Resident Individuals	36.43
Bodies corporate	1.16
Hindu Undivided Family	0.96
Total	100.00

Dematerialisation of shares

The Company's shares are compulsorily traded in dematerialized form and are admitted for trading under both the depositories of India viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

The number of shares held in dematerialized and physical mode is as under:

Particulars	No. of Shares	% of total capital issued
Held in dematerialized form in NSDL	6310	0.63
Held in dematerialized form in CSDL	838080	83.80
Physical	155610	15.57
Total	1000000	100.00

Nomination Facility

The Company is accepting nomination forms from shareholders in the prescribed Form No.2B. Any member, who is desirous of making a nomination, is requested to contact the Registrar and Share Transfer Agents. Members holding shares in dematerialised form are requested to forward their nomination instructions to the depository participant concerned. Nomination is only optional and can be cancelled or varied by the member at any time.

Address for correspondence

Sri Arumuga Enterprise Limited
 #1, Sundaram Brothers Layout
 Opp. All India Radio, Trichy Road
 Coimbatore – 641 045
 Tel: 0422 – 2322340 / 4227300 Fax: 0422 - 4365828

Investor Correspondence

All shareholders' correspondence should be addressed to the Company's registrars and share transfer agents at the address mentioned above.

Shareholders may also contact Sri. N.Prabhu Ram, Company Secretary and Compliance Officer at the Registered Office of the company for any investor grievance related matters.

Tel : 0422 – 2322340 / 4227300
 E- mail : prabhuram@arumugaenterprise.com

Pursuant to Clause 47(f) of the Listing Agreement, the Company has designated the following exclusive e-mail id viz. investors@arumugaenterprise.com to enable the investors to register their grievance.

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Compliance with Non-mandatory Requirements

The Company has adopted all mandatory requirements of Clause 49 of the Listing Agreement and the status of compliance in respect of non-mandatory requirements stipulated by the said clause is as under:

- The Company has set up a Nomination & Remuneration committee pursuant to Clause 49 of the Listing agreement.
- The half-yearly financial results are published in newspapers as mentioned above. Therefore, the results are not being separately circulated to the shareholders.
- The Company takes concrete and conscious steps in ensuring that the Auditors do not have any qualifications on the financial statements. Queries and suggestions on financial statements, if any, are addressed by the Company officials to the satisfaction of auditors.

30th May 2013
Coimbatore

For and on behalf of the Board
T Rajkumar
Chairman & Managing Director

DECLARATION

I, T Rajkumar, Chairman & Managing Director of Sri Arumuga Enterprise Limited, hereby declare that all the members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(l)(D)(ii) of the Listing Agreement entered into with Stock Exchange for the year ended 31st March 2013.

30th May 2013
Coimbatore

For Sri Arumuga Enterprise Limited
T Rajkumar
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Industry Structure and Overview**

Indian textile industry is one of the leading sectors of Indian economy which contributes about 14% to the country's industrial output and 17% of total foreign exchange of India by way of export earnings. The Indian textile industry plays major role in the economy of the country and employs more than 35 million people directly and another 20% indirectly in the allied sectors like agriculture.

The Indian textile industry has been facing challenges including sluggish demand due to high inflation and interest rates resulting in long periods of extended end-of-season sales, pressure on margins, thus impacting profitability. However, there has been an increase in demand from European Union increasing the orders for India, Bangladesh and Vietnam.

Opportunities and Threats

Textile industry is one of the largest employers in India and has strong linkages with the rural economy. The growing young middle-class population is a source of great potential and provides immense opportunities to spur growth in the industry going forward. The major challenge that the textile and apparel industry is facing is increasing cost of production arising out of rising wages, high power and interest costs.

Risks and Concerns:

The price of cotton plays a crucial role in the coming season as it depends on monsoon and availability of cotton. Cotton prices which have almost stabilized now may tend to increase due to various extraneous factors and lead to uncertainty. Further, non-availability of skilled labour coupled with high inflation are causes of concern. Removal of excise duty, mentioned above, has however provided much needed relief.

Outlook:

The Company has commenced its manufacturing activity by leasing a Garments manufacturing unit in Tirupur, Tamilnadu. The subsidiaries of the Company viz. Sri Mahasakthi Mills Ltd and Sri Arumuga Cottspin Private Ltd are engaged in manufacturing of fine quality of hosiery and warp yarn. Margins have been under pressure because of rising interest cost and cost of raw materials.

SRI ARUMUGA ENTERPRISE LIMITED

The prices are likely to ease which will enable the Company to perform better. The fluctuation in foreign exchange rates is also a cause of concern.

Performance and financial review

During the year, the Company reported a Profit after Tax (PAT) of Rs.19.80 lakhs as against Rs.18.60 lakhs for the previous year. During the year under review, the sales and other income were at Rs.141.61 lakhs as against Rs. 102.33 lakhs for the previous year.

Risks and Concerns

Our Company does not face any risk other than those prevalent in the Industry. The Company is taking measures to mitigate such risks through prudent risk management system.

Internal Control System and its Adequacy

Our Company has a sound and adequate system of internal controls to monitor and regulate all the activities. The Company complies with internal control policies and procedures and other regulatory requirements.

Human Resources Development

During the year, our Company maintained very harmonious and cordial relations with its employees. Our Company's human resources philosophy is to establish and build a strong performance and competency driven culture with higher sense of accountability and responsibility among its employees.

For and on behalf of the Board

Coimbatore
30th May 2013

T Rajkumar
Chairman & Managing Director

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE
TO THE MEMBERS OF
SRI ARUMUGA ENTERPRISE LIMITED**

We have examined the compliance of the conditions of Corporate Governance by SRI ARUMUGA ENTERPRISE LIMITED for the year ended 31st March 2013 as stipulated in Clause 49 of the Listing Agreement of the said company, with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of 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 with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investor Grievance Committee.

We 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.

For M/s S LAKSHMINARAYANAN ASSOCIATES

CHARTERED ACCOUNTANTS

FIRM REG. NO.6609S

L.KAMESH

(M.No. 209388)

PARTNER

Coimbatore
30th May 2013

**Independent Auditor's Report
To the Members of Sri Arumuga Enterprise Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Sri Arumuga Enterprise Limited ('the Company') which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit & Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance in the Standards of Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An Audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in confirming 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, 2013 ;
- (ii) in the case of the Statement of Profit & Loss Account of the Profit for the year ended on that date ; and
- (iii) in the case of Cash Flow Statement of the Cash Flows for the year ended on that date

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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, Statement of Profit & Loss Account and Cash Flow Statement dealt with in this Report are in agreement with the Books of Account;
 - d) In our opinion the Balance Sheet, Statement of Profit & Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act and
 - e) On the basis of written representation received from the Directors as of 31st March, 2013 and taken on record by the Board of Directors,

SRI ARUMUGA ENTERPRISE LIMITED

we report that none of the Directors is disqualified as of 31st March, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For M/s S LAKSHMINARAYANAN ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.6609S

Coimbatore
30th May 2013

L.KAMESH
(M.No. 209388)
PARTNER

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of Sri Arumuga Enterprise Limited ('the Company') for the year ended 31st March 2013. We report that:

- (i) (a) The Company does not have any fixed assets: hence clauses pertaining to Assets are not applicable to the company.
- (ii) (a) The Stock in trade (including raw material) and stores, spare parts of the Company at all its locations have been physically verified by the Management during the year.
 - (b) In our opinion, the procedures for physical verification of stock followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material.
- (iii) (a) The Company has taken Unsecured Loans from parties listed in the register maintained under Section 301 of the Companies Act, 1956. Loan for ₹ 171.57 lacs has been taken during the year under report from four parties and balance as of 31st March 2013 is ₹ 2042.16 lacs. The Company has not paid any interest on the loans taken.
 - (b) The Company has granted interest free advances to parties listed in the register maintained under Section 301 of the Companies Act, 1956. Advances for ₹ 193.99 lacs has been given during the year under report to two parties and balance as of 31st March 2013 is Nil. The Company has not received any interest on loans advanced.
- (iv) In our opinion, the internal control procedures of the company relating to purchases of stores, raw materials including components, plant & machinery, equipments and other similar assets and for sale of goods & services are commensurate with its size and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems.

SRI ARUMUGA ENTERPRISE LIMITED

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevalent market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the Public during the year.
- (vii) In our opinion, the Company's internal audit system is commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Report), Rules 2011, prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.
- (ix) (a) The Company is regular in depositing with the appropriate authorities the undisputed statutory dues relating to income tax, sales tax, excise duty, cess, and other material statutory dues applicable to it.

(b) According to the information and explanations given to us and the records of the Company examined by us there were no dues of income tax, excise duty, cess and service tax which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.

- (xii) The Company has not granted loans and advances on the basis of security of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to a chit fund/nidhi/ mutual benefit fund/society are not applicable to the company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) The Company has not given guarantees for loans taken by others from bank or financial institutions.
- (xvi) The Company has not obtained any long term loans during the year under report.
- (xvii) According to the cash flow statement and other records examined by us and the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised funds by public issues during the year covered by our audit report.
- (xxi) According to the information and explanations given to us and on the basis of our examination of books & records of the company in accordance with the generally accepted auditing practices, no fraud on or by the Company has been noticed or reported during the year.

For M/s S LAKSHMINARAYANAN ASSOCIATES

CHARTERED ACCOUNTANTS

FIRM REG. NO.6609S

L.KAMESH

(M.No. 209388)

PARTNER

Coimbatore
30th May 2013

SRI ARUMUGA ENTERPRISE LIMITED

BALANCE SHEET as at 31st March 2013

	Note No.	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	2	10000000	10000000
(b) Reserves and Surplus	3	7739509	6461455
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	200000000	189616130
(3) Current liabilities			
(a) Other Current liabilities	5	4825331	684636
(b) Short-term provisions	6	2671482	1173500
TOTAL		225236322	207935721
II. ASSETS			
(1) Non-current assets			
(a) Long-term loans and advances	7	2609959	594459
(b) Deffered tax asset	8	112070	112070
(2) Current assets			
(a) Current Investments	9	200000000	190000000
(b) Inventories	10	3827367	0
(c) Trade Receivables	11	3791439	1032390
(d) Cash and Cash equivalents	12	11504937	6324948
(e) Short-term loans and advances	13	3390550	9871854
TOTAL		225236322	207935721
T Rajkumar Chairman & Managing Director	K Dhanakumar Director	For M/s S Lakshminarayanan Associates Chartered Accountants Firm Reg No. 6609S	
Coimbatore 30th May 2013	N Prabhu Ram Company Secretary	L Kamesh Partner (M.No.209388)	

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STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2013

	Note No.	Year Ended 31.03.2013 Rs.	Year Ended 31.03.2012 Rs.
I. INCOME			
Revenue from Operations (Gross)	14	14161733	10232942
Less: Excise Duty		0	0
Revenue from Operations (Net)		14161733	10232942
II. Other Income			
	15	49305	0
III. Total Revenue (I + II)			
		14211038	10232942
IV. EXPENSES			
Cost of material consumed	17	1749999	0
Change in inventory of finished goods and work-in-progress	18	-3788229	0
Direct expenses	16	2286579	7000
Purchase	19	9215058	6494795
Other expenses	20	1867608	947754
Total expenses		11331014	7449549
V. Profit before tax (III - IV)			
		2880024	2783393
VI. Less: Tax expenses			
1) Provision for current taxation		900000	1000000
2) Deferred tax		0	-77000
VII. Profit for the year (V - VI)			
		1980024	1860393
VIII. Earnings per share (of Rs.10/- each)			
(a) Basic		1.98	1.78
(b) Diluted		1.98	1.78
Significant Accounting Policies	1		

T Rajkumar
Chairman &
Managing Director

K Dhanakumar
Director

For M/s S Lakshminarayanan Associates
Chartered Accountants
Firm Reg No. 6609S

Coimbatore
30th May 2013

N Prabhu Ram
Company Secretary

L Kamesh
Partner
(M.No.209388)

SRI ARUMUGA ENTERPRISE LIMITED

CASH FLOW STATEMENT for the year ended 31st March 2013		
PARTICULARS	31.03.2013 Rs.	31.03.2012 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extra ordinary items :	2880024	2783393
Adjustments for :		
Depreciation	0	0
Provisions for taxation - Income tax & deferred tax	(900000)	(923000)
	<u>1980024</u>	<u>1860393</u>
Operating profit before working capital changes :		
Adjustments for :		
(Increase)/Decrease in Trade and other receivables	(2759049)	(1032390)
(Increase)/Decrease in Advances & deposits	4465804	(466304)
(Increase)/Decrease in Inventories	(3827367)	
Increase/(Decrease) in Trade payables and other payables	5638677	1032571
Changes in working Capital	<u>5498089</u>	<u>1394270</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Investments	(10000000)	0
	<u>(10000000)</u>	<u>0</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Long-term borrowings	10383870	(1025000)
Dividend paid	(600000)	0
Tax on dividend	(101970)	0
	<u>9681900</u>	<u>(1025000)</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	5179989	369270
Opening Balance of Cash & Cash equivalents	6324948	5955678
Closing Balance of Cash & Cash equivalents	<u>11504937</u>	<u>6324948</u>
Reconciliation of Cash and Cash Equivalents with Balance Sheet :		
Cash and Cash Equivalents as per Balance Sheet (Refer Note No. 12)	11504937	6324948
Net Cash and Cash Equivalents as per Cash Flow Statement (As per AS 3)	11504937	6324948
T Rajkumar Chairman & Managing Director	K Dhanakumar Director	For M/s S Lakshminarayanan Associates Chartered Accountants Firm Reg No. 6609S
Coimbatore 30th May 2013	N Prabhu Ram Company Secretary	L Kamesh Partner (M.No.209388)

Notes Annexed to and Forming Part of Accounts for the year ended 31st March 2013

1. Significant Accounting Policies:

The Financial Statements are prepared under the historical cost convention, on the accrual basis of accounting. The statements comply with the Accounting Standards prescribed by the ICAI and also comply with Section 211(3) (c) of the Companies Act 1956. The accounts are prepared as a going concern.

a) Revenue Recognition :

All Income and Expenditure are accounted on accrual basis.

b) Inventories:

(a) Raw Materials, Stock of Stores and Spares are valued at weighted average cost. The cost for this purpose comprise of direct cost of material and any expenses incurred for bringing them to the present condition.

(b) Work in Progress and finished goods are valued at the lower of the cost or net realizable value whichever is less. Cost for this purpose comprise of raw material cost and appropriate overheads incurred for bringing them to the present condition.

c) Debtors : Sundry debtors are stated at Net Realizable Values.

d) Employee Benefits : Gratuity and Retirement Benefits are accounted on cash basis.

e) Sales : Sales of goods are recognized based on the invoices raised.

f) Foreign Currency Transactions :

The foreign currency transactions are converted into Indian Rupees at the rate of exchange prevailing on the date of Transactions.

The foreign currency monetary items consisting of trade receivables has been accounted as income / expense as per Accounting Standard 11 (Revised 2003) on "Accounting for effects of Changes in Foreign Exchange Rates " issued by ICAI.

g) Taxation :

i) Provision for current tax is made with reference to taxable income computed for the Accounting Year by applying the tax rates as applicable.

ii) Deferred Tax calculated in respect of all timing differences on a liability method as per AS-22.

h) Investments:

Investments in subsidiaries are valued at cost.

SRI ARUMUGA ENTERPRISE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
2. Share Capital		
AUTHORISED	100000000	100000000
10000000 Equity Shares of Rs.10 each	<u>100000000</u>	<u>100000000</u>
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
1000000 Equity Shares of Rs.10 each	10000000	10000000
Total	<u>100000000</u>	<u>100000000</u>
(a) Reconciliation of Number of Shares		
Shares outstanding as at 1st April 2012 /		
1st April 2011- Equity Shares	10000000	10000000
Shares outstanding as at 31st March 2013 /		
31st March 2012 - Equity Shares	10000000	10000000
(b) List of shareholders holding more than 5% of the total number of equity shares issued by the Company :		
Name of the share holder		
Sri T Rajkumar	205500	205500
Sri K Dhanakumar	204500	204500
Sri T K Dhanashekar	204500	204500
<p>The Company has issued only one class of equity shares having a par value of Rs.10/- per share. Each holder of Equity Share is entitled to one vote per share. The Company declares dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.</p>		
3. Reserves & Surplus		
Surplus in statement of Profit and Loss		
(a) General Reserve		
Opening Balance	0	0
Transfer from Profit and Loss account	100000	0
Closing Balance	<u>100000</u>	<u>0</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
(b) Surplus in statement of Profit and Loss Account		
Opening Balance	6461455	4601062
Add: Profit for the year	1980024	1860393
Less : Appropriations		
Transfer to General Reserve	100000	0
Proposed Dividend	600000	0
Tax on Proposed Dividend	101970	0
Closing Balance	7639509	6461455
Total	<u>7739509</u>	<u>6461455</u>
4. Long-term borrowings		
Loans & Advances - Related Parties	200000000	189616130
Note :		
Amount payable for investment in subsidiaries	<u>200000000</u>	<u>189616130</u>
5. Other current liabilities		
Unsecured		
Short-term Advances - Related Parties	4216286	0
Trade Payables	499714	0
Other Loans and Advances -	109331	684636
Total	<u>4825331</u>	<u>684636</u>
Other payables pertains to		
(i) Creditors for other finance	39368	185066
(ii) Creditors for expenses	69963	499570
	<u>109331</u>	<u>684636</u>
6. Short-term provisions		
Provision for Taxation (Net)	1969512	1173500
Provision for Proposed Dividend	600000	0
Tax on Proposed Dividend	101970	0
Total	<u>2671482</u>	<u>1173500</u>

SRI ARUMUGA ENTERPRISE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
7. Long-term loans and advances		
(Unsecured, considered good)		
(a) Rental advance	2000000	0
(b) Others	609959	594459
Total	<u>2609959</u>	<u>594459</u>
* Represents Cash and cash equivalents that are restricted from being exchanged or used to settle a liability for more than 12 months from the Balance Sheet date		
8. Deffered Tax Asset		
a) Deferred Tax Liability		
- Depreciation on Fixed Assets	0	0
b) Deferred Tax Asset		
- 43B liabilities/disallowance	112070	112070
	<u>112070</u>	<u>112070</u>
9. Current Investments		
(Valued at lower of cost and fair value)		
Investment in Equity Shares - Unquoted, Fully paidup)		
a. 10000000 (9000000) Equity Shares of Rs.10 each fully paid in Sri.Mahasakthi Mills Ltd.	<u>10000000</u>	<u>9000000</u>
b. 10000000 Equity Shares of Rs.10 each fully paid in Sri Arumuga Cottspin Pvt. Ltd.	10000000	10000000
	<u>20000000</u>	<u>19000000</u>
Cost	20000000	19000000
Face Value	20000000	19000000
10. Inventories (at lower of cost or net realisable value)		
Finished Goods	2078426	0
Stores	39138	0
Semifinished Goods	1709803	0
Total	<u>3827367</u>	<u>0</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
11. Trade Receivables		
Unsecured, considered good *	3791439	1032390
Total	<u>3791439</u>	<u>1032390</u>
*Amount outstanding for a period exceeding six months from the date they are due for payment - Rs.0 (PY Rs.0)		
12. Cash and Cash Equivalents		
Cash on hand	23195	0
Balance with Banks		
- Current Accounts	11481742	6324948
Total	<u>11504937</u>	<u>6324948</u>
13. Short-term loans and advances (Unsecured, considered good)		
Others		
(a) Advances recoverable in cash or kind or for value to be received	3390550	9871854
Total	<u>3390550</u>	<u>9871854</u>
14. Gross Revenue from Operations		
Sale of Products	10480268	7082942
Sale of Services	3681465	3150000
Total	<u>14161733</u>	<u>10232942</u>
15. Other Income		
Sales - Waste	37200	0
Exchange Gain on restatement of debtors	12105	0
Total	<u>49305</u>	<u>0</u>

SRI ARUMUGA ENTERPRISE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS		
	Year Ended 31.03.2013 Rs.	Year Ended 31.03.2012 Rs.
16. Direct Expenses		
Power and Fuel	105018	0
Wages	1028414	0
Freight Charges	35110	7000
Labour Charges	1118037	0
Total	<u>2286579</u>	<u>7000</u>
17. Cost of Materials Consumed		
Opening stock	0	0
Add: Purchases of Raw material and Stores	1789137	0
	<u>1789137</u>	<u>0</u>
Less: Sales	0	0
Less: Closing stock of Stores	39138	0
Cost of material consumed	<u>1749999</u>	<u>0</u>
Material Consumed Comprises of		
Raw Materials	565839	0
Stores	1184160	0
Total	<u>1749999</u>	<u>0</u>
18. Change in inventories of finished goods and work-in-progress		
Inventories at the end of the year:		
Finished Goods	2078426	0
Semifinished Goods	1709803	0
	<u>3788229</u>	<u>0</u>
Inventories at the beginning of the year:		
Finished Goods	0	0
Semifinished Goods	0	0
Net (increase) / decrease	<u>3788229</u>	<u>0</u>
19. Purchase of Traded Goods		
ETP Pump and header fittings	0	47405
Hank Yarn purchase	9215058	4547390
Pollution control equipment	0	1900000
Total	<u>9215058</u>	<u>6494795</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
20. Other expenses:		
Factory Rent	200000	0
Advertisement expenses	49344	13666
Repairs and Maintenance	165726	0
Audit fees	56180	35665
Bank charges	13903	936
Taxes and licenses	265480	312777
Managing Director remuneration	120000	120000
Postage, Telegram and Telephone charges	11820	3230
Printing and Stationery	10200	15975
Professional charges	928802	427652
Travelling expenses	15069	17853
Administrative expenses	31084	0
Total	<u>1867608</u>	<u>947754</u>

21. Earnings in foreign currency Rs. 778806
 Expenditure in foreign currency Rs. Nil

22. As per the information available with the company there are no dues outstanding for more than 45 days as on 31st March 2013 to Small & Micro Enterprises as defined under Micro, Small and Medium Enterprise Development (MSMED) Act, 2006

23. Segment Reporting

The company's main business is textiles. There is no separate reportable segment as per Accounting Standard 17.

24. Disclosure in respect of Related parties pursuant to Accounting Standard 18

Particulars	Key Manegerial Enterprises	Associated	Total
1. Purchases	0	9215058	9215058
2. Commission	0	2850000	2850000
3. Remuneration	120000	0	120000
4. Loans (net)	13115000	1117546	14232546
5. Advance (net)	0	0	0
Balance as of 31.03.2013	200000000	4216286	204216286

SRI ARUMUGA ENTERPRISE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
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List of Related Parties

*** Key Managerial Persons :**

- ✓ Sri T Rajkumar, Chairman & Managing Director
- ✓ Sri K Dhanakumar, Director

*** Associated Enterprises**

- ✓ M/s Sri Arumuga Cottspin Private Limited - Subsidiary
- ✓ M/s Sri Mahasakthi Mills Limited - Subsidiary
- ✓ M/s Imperial Spirits Limited
- ✓ M/s Imperial Spirits and Wine Private Limited
- ✓ M/s Sri Arumuga Sugars Limited

Note :

Related party relationships are as identified by the Management and relied upon by the Auditors.

25. Basic and diluted Earning Per Share (EPS) of Face Value of Rs.10 each is calculated as under :

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
Total No. of Equity Shares outstanding at the end of the year	1000000	1000000
Net Profit after Tax	1980024	1783393
Earning Per Share (Basic)	1.98	1.78
Diluted Earning Per Share	1.98	1.78

26. Previous year figures have been re-grouped wherever necessary to correspond with the current year classification/disclosure.

T Rajkumar Chairman & Managing Director	K Dhanakumar Director	For M/s S Lakshminarayanan Associates Chartered Accountants Firm Reg No. 6609S
Coimbatore 30th May 2013	N Prabhu Ram Company Secretary	L Kamesh Partner (M.No.209388)

**Auditors' Report to the Board of Directors of
SRI ARUMUGA ENTERPRISE LIMITED**

1. We have audited the attached Consolidated Balance Sheet of SRI ARUMUGA ENTERPRISE LIMITED (the Parent) and its subsidiaries (together the Group) as at 31st March 2013, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of SRI ARUMUGA ENTERPRISE LIMITED. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statement of subsidiaries Sri Mahasakthi Mills Ltd and Sri Arumuga Cottspin Private Ltd whose financial statements reflect total assets of ₹ 9756.38 lakhs as at 31st March, 2013 and total revenue of ₹ 11281.03 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by Sri Arumuga Enterprise Limited Group's Management in accordance with the requirements of the Accounting Standard (AS) 21, "Consolidated Financial Statements" as prescribed under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and the other financial information of the components, and to the best of our information and according to the

SRI ARUMUGA ENTERPRISE LIMITED

explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of Sri Arumuga Enterprise Limited, the Group as at 31st March 2013;
- b) In the case of the Consolidated Profit & Loss Account, of the profit of Sri Arumuga Enterprise Limited, the Group for the year ended on that date and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flows of Sri Arumuga Enterprise Limited, the Group for the year ended on that date.

For M/s S LAKSHMINARAYANAN ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.6609S

Coimbatore
30th May 2013

L.KAMESH
(M.No. 209388)
PARTNER

CONSOLIDATED BALANCE SHEET as at 31st March 2013

	Note No.	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	2	10000000	10000000
(b) Reserves and Surplus	3	168018904	142312445
(c) Minority Interest		7492200	7492200
(2) Non-current liabilities			
(a) Long-term borrowings	4	439409631	386582964
(b) Other Long-term liabilities	5	0	8000
(c) Deffered Tax Liability	6	13457303	16906342
(3) Current liabilities			
(a) Short-term borrowings	7	213677671	159433291
(b) Other Current liabilities	8	73169120	152030404
(c) Short-term provisions	9	42826842	30151500
TOTAL		968051671	904917146
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10(a)	254137132	242321000
(ii) Capital work-in-progress	10(b)	0	0
(b) Long-term loans and advances	11	128634524	45448580
(2) Current Assets			
(a) Inventories	12	218857137	156208000
(b) Trade Receivables	13	326557633	334393390
(c) Cash and Cash Equivalents	14	28711236	7381948
(d) Short-term loans and advances	15	11154009	119164228
TOTAL		968051671	904917146

T Rajkumar
Chairman &
Managing Director

K Dhanakumar
Director

For M/s S Lakshminarayanan Associates
Chartered Accountants
Firm Reg No. 6609S

Coimbatore
30th May 2013

N Prabhu Ram
Company Secretary

L Kamesh
Partner
(M.No.209388)

SRI ARUMUGA ENTERPRISE LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2013			
	Note No.	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
I. INCOME			
Revenue from Operations (Gross)		1129356985	1039881861
Less : Excise Duty		<u>0</u>	0
Revenue from Operations (Net)	16	1129356985	1039881861
II. Other Income	17	2667581	2797294
III. Total Revenue (I + II)		<u>1132024566</u>	<u>1042679155</u>
IV. EXPENSES			
Purchases	18	0	1947405
Cost of materials consumed	19	799136189	700356630
Change in inventories of finished goods and work-in-progress	20	12851294	106429427
Other Direct expenses	21	37249438	67444920
Employee benefits expenses	22	47310286	38948267
Finance cost	23	57945323	51872011
Directors Remuneration		120000	120000
Depreciation and amortisation expenses		37802328	36284393
Other expenses	24	94322467	15337470
TOTAL		<u>1086737325</u>	<u>1018740523</u>
V. Profit before tax (III - IV)		45287241	23938632
VI. Less: Tax expenses			
1) Provision for current taxation		22327614	11394000
2) Income tax paid for earlier years		0	0
3) Deferred tax		-3448802	-3434000
VII. Profit for the year (V - VI)		<u>26408429</u>	<u>15978632</u>
VIII. Earnings per share (of Rs.10/- each)			
(a) Basic		26.41	15.98
(b) Diluted		26.41	15.98
T Rajkumar Chairman & Managing Director	K Dhanakumar Director	For M/s S Lakshminarayanan Associates Chartered Accountants Firm Reg No. 6609S	
Coimbatore 30th May 2013	N Prabhu Ram Company Secretary	L Kamesh Partner (M.No.209388)	

CASH FLOW STATEMENT for the year ended 31st March 2013

	31.03.2013	31.03.2012
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extra ordinary items :	45287241	23939025
Adjustments for :		
Depreciation	37802328	36284000
Loss on Sale of asset	12835372	0
Provisions for Taxation - Income tax	-22327614	-11394000
Interest and Finance Charges	57945323	51872011
	<u>131542650</u>	<u>100701036</u>
Operating profit before working capital changes :		
Adjustments for :		
(Increase)/Decrease in Trade and other receivables and other Current assets	115845976	-258251099
(Increase)/Decrease in Inventories	-62649137	38973339
Increase/(Decrease) in Current liabilities and Provisions	-66185168	15482488
CASH FLOW FROM OPERATING ACTIVITIES	<u>118554321</u>	<u>-103094236</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed assets	-71154843	-3707094
Sale of Fixed asset	8700000	
Long-term advances	-83185944	-43813365
	<u>-145640787</u>	<u>-47520459</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Long-term Liabilities	52818667	195652662
Increase/(Decrease) in Secured Loan	54244380	-17341517
Interest and Financial Charges	-57945323	-51872011
Dividend paid	-600000	
Tax on dividend	-101970	
	<u>48415754</u>	<u>126439134</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	<u>21329288</u>	<u>-24175561</u>
Opening Balance of Cash & Cash equivalents	7381948	31557509
Closing Balance of Cash & Cash equivalents	<u>28711236</u>	<u>7381948</u>
Reconciliation of Cash and Cash Equivalents with Balance Sheet :		
Cash and Cash Equivalents as per Balance Sheet (Refer Note No. 12)	28711236	7381948
Net Cash and Cash Equivalents as per Cash Flow Statement (As per AS 3)	28711236	7381948

T Rajkumar
Chairman &
Managing Director

K Dhanakumar
Director

For M/s S Lakshminarayanan Associates
Chartered Accountants
Firm Reg No. 6609S

Coimbatore
30th May 2013

N Prabhu Ram
Company Secretary

L Kamesh
Partner
(M.No.209388)

SRI ARUMUGA ENTERPRISE LIMITED

SRI ARUMUGA ENTERPRISE LIMITED

1. Significant Accounting Policies :

a. The accounts have been prepared on the accrual basis of accounting, under historical cost convention and in accordance with the generally accepted accounting principles, Companies Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and the provisions of Companies Act, 1956, except where otherwise stated.

b. Principles of consolidation

The Consolidated Financial Statements include the Financial Statements of Sri Arumuga Enterprise Limited and its subsidiaries, namely Sri Mahasakthi Mills Limited and Sri Arumuga Cottspin Private Limited.

The Consolidated Financial Statements have been prepared on the following basis:

- i. The Financial Statements of the Parent Company and its Subsidiary Companies have been consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses.
- ii. The Consolidated Financial Statements are prepared by adopting Uniform Accounting policies.
- iii. The Financial statements of the following subsidiaries have been incorporated for consolidation.

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest (%)
Sri Mahasakthi Mills Ltd	India	100%
Sri Arumuga Cottspin Private Limited	India	100%

c. Income :

- i. Refunds from government department are accounted for on receipt basis.
- ii. Sales/Purchase of shares is accounted based on Brokers Contract Note/Company's Debit Note.
- iii. Commission income is accounted on the basis of Bill/ Debit Note raised.
- iv. Sale of goods is recognized based on the invoice raised.

d. Expenditure :

Revenue expenses are accounted on accrual basis.

e. Fixed Assets:

Fixed Assets are stated at historical cost of acquisition, installation and commissioning less accumulated depreciation and modvat benefits on capital goods. Depreciation is charged on straight-line method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

f. Inventories:

Raw materials are valued at cost. Work-in-progress and finished goods are valued at selling price or net realizable value whichever is lower. Stores and spares are valued at cost.

g. Retirement Benefits:

Retirement benefits are accounted on actual payment basis.

h. Cash Flow Statements:

Cash Flows are reported using the Indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balances with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

i. Provision for Taxation:

- i. Provision for current tax has been made in accordance with the Income Tax Act, 1961.
- ii. Deferred Tax is recognized on timing differences being the differences between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period, at the current rate of tax.

j. Provisions and Contingent liabilities:

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

SRI ARUMUGA ENTERPRISE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS			
PARTICULARS	Note No.	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
2) Share Capital			
AUTHORISED			
10000000 Equity Shares of Rs.10 each		100000000	100000000
		<u>100000000</u>	<u>100000000</u>
ISSUED, SUBSCRIBED & PAIDUP CAPITAL			
1000000 Equity Shares of Rs. 10 each		10000000	10000000
Total		<u>10000000</u>	<u>10000000</u>
3) Reserves & Surplus			
a. Capital Reserve		82452498	82452498
b. General Reserve			
Opening Balance		0	0
Transfer from Profit and Loss account		<u>100000</u>	<u>0</u>
Closing Balance		<u>100000</u>	<u>0</u>
c. Surplus in statement of Profit and Loss			
Opening Balance		59859947	43881315
Add : Profit for the year		26408429	15978632
Less : Appropriation			
Transfer to General Reserve		100000	0
Proposed Dividend		600000	0
Tax on Proposed Dividend		101970	0
Closing Balance		<u>85466406</u>	<u>59859947</u>
Total (a+b+c)		<u>168018904</u>	<u>142312445</u>
4) Long-term borrowings			
a) Term Loans from Bank - Secured		79266993	65214389
b) Loans & Advances - Related Parties		296602673	254215174
c) Loans & Advances - Others		63539965	67153401
Total		<u>439409631</u>	<u>386582964</u>
5) Other Long-term liabilities			
Advances from customers		0	8000
Total		<u>0</u>	<u>8000</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

PARTICULARS	Note No.	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
6) Deffered Tax Liability			
a) Deferred Tax Liability		17018175	20375412
b) Deferred Tax Asset			
- 43B liabilities/disallowance		-3560872	3469070
Total		<u>13457303</u>	<u>16906342</u>
7) Short-term borrowings			
Loans repayable on demand - Secured			
(a) Term Loan from Bank		17649468	23189187
(b) Cash Credit from Bank		180865459	136244104
(c) Other Loans from Bank		15162744	0
Total		<u>213677671</u>	<u>159433291</u>
8) Other current liabilities			
Unsecured			
Short-term Advances - Related Parties		4216286	0
Other Loans and Advances -		68952834	152030404
Total		<u>73169120</u>	<u>152030404</u>
Other payables pertains to			
(i) Creditors for Purchases		59926661	144964768
(ii) Creditors for other finance		1073237	1008066
(ii) Creditors for expenses		7952936	6057570
Total		<u>68952834</u>	<u>152030404</u>
9) Short-term provisions			
Provision for Taxation (Net)		42124872	30151500
Provision for Proposed Dividend		600000	0
Tax on Proposed Dividend		101970	0
Total		<u>42826842</u>	<u>30151500</u>
11) Long-term loans and advances			
(Unsecured, considered good)			
(a) Security deposits		11214504	10418179
(b) Rental Advance		2000000	0
(c) Loans & Advances to related parties		114810061	34436335
(d) Others		609959	594066
Total		<u>128634524</u>	<u>45448580</u>

SRI ARUMUGA ENTERPRISE LIMITED

SCHEDULE : 10(a) TANGIBLE ASSETS											
Particulars	%	As on 01.04.2012	Additions	Sales Transfer	As on 31.03.2013	Depreciation			Net Block		
						01.04.2012	For the year	Withdrawn	31.03.2013	W.D.V. as on 31.03.2013	W.D.V. as on 31.03.2012
Land	0.00%	4700743	0	0	4700743	0	0	0	4700743	4700743	
Furniture & Fittings	6.33%	282076	0	0	282076	102964	18463	0	121427	172715	
Office Equipments	4.75%	203473	71888	0	275361	103000	33494	0	136494	100679	
Electrical Equipments	10.34%	25244150	104000	0	25348150	12846000	2611333	0	15457333	12398602	
Plant & Machinery	10.34%	313603549	54738411	285000000	339841960	118025549	33378798	6964628	144439719	19544570	
Computers	16.21%	113000	0	0	113000	94399	18317	0	112716	18918	
Vehicles	9.50%	1691610	39625	0	1731235	569649	163371	0	733020	1161066	
Building	3.34%	39161902	16200919	0	55362821	10938953	1578552	0	12517505	28223707	
TOTAL		385000503	71154843	285000000	427655346	142680514	37802328	6964628	173518214	254137132	242321000

NOTES FORMING PART OF FINANCIAL STATEMENTS

PARTICULARS	Note No.	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
12) Inventories			
(at lower of cost or net realisable value)			
Finished Goods		20106208	31148000
Waste		36091	1494000
Semi Finished Goods		13318330	13669000
Raw Materials and consumables		182831800	
Stores		2564708	109897000
Total		<u>218857137</u>	<u>156208000</u>
13) Trade Receivables			
a) More than 6 months		0	1032390
b) Others		326557633	333361000
Total		<u>326557633</u>	<u>334393390</u>
14) Cash and Cash Equivalents			
Cash on hand		1581498	1054000
Balance with Banks			
- Current Accounts		27129738	6327948
Total		<u>28711236</u>	<u>7381948</u>
15) Short-term loans and advances Others			
(a) Advances recoverable in cash or kind or for value to be received		10917941	118049151
(b) Security Deposits		0	705702
(c) Prepaid Expenses		236068	409375
Total		<u>11154009</u>	<u>119164228</u>
16) Gross Revenue from Operations			
Sale of products		1126750520	1038931861
Other Operating Revenues		2606465	950000
Total		<u>1129356985</u>	<u>1039881861</u>

SRI ARUMUGA ENTERPRISE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

PARTICULARS	Note No.	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
Net revenue from operations consists of			
(a) Sale of Product			
Sale of yarn		1117560710	1028931587
Sale of waste cotton		9189810	7641309
Pollution control equipment		0	2311560
UV Chamber and STT treated water Pump line		0	47405
Total		<u>1126750520</u>	<u>1038931861</u>
(b) Other Operating Revenues			
Scrap Sales		0	0
Labour Charges		831465	
Sales Commission		1775000	950000
Total		<u>2606465</u>	<u>950000</u>
17) Other Income:			
Interest on Bank deposit		2530799	1635860
Miscellaneous income		136782	1161434
Total		<u>2667581</u>	<u>2797294</u>
18) Purchase of Traded Goods			
ETP Pump and header fittings		0	47405
Hank Yarn purchase		0	0
Pollution control equipment		0	1900000
Total		<u>0</u>	<u>1947405</u>
19) Cost of Materials Consumed			
Opening stock		109896884	42440715.00
Add : Purchases		874453243	783077000
Add : Carriage Inward		182570	337955
		<u>984532697</u>	<u>825855670</u>
Less : Sales		0	15602220
Less : Closing stock		185396508	109896820
Cost of material consumed		<u>799136189</u>	<u>700356630</u>
Material consumed comprises of :			
Raw Materials - Cotton		780121526	
Packing Materials and consumables		19014663	
Total		<u>799136189</u>	<u>0</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

PARTICULARS	Note No.	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
20) Change in inventories of finished goods and work-in-progress			
Inventories at the end of the year :		33460629	46311410
Yarn		20106208	31147690
Work-in-progress		13318330	13669480
Waste		36091	1494240
		<u>33460629</u>	<u>46311410</u>
 Inventories at the beginning of the year :		46311923	152740837
Yarn		31147858	122228995
Work-in-progress		13669865	29178302
Waste		1494200	1333540
		<u>46311923</u>	<u>152740837</u>
 Net (increase) / decrease		<u>-12851294</u>	<u>106429427</u>
21) Other Direct expenses			
Power and fuel		35054332	67435455
Wages		1028414	0
Labour charges		1118037	0
Freight charges		35110	0
Testing charges - Cotton		13545	9465
Total		<u>37249438</u>	<u>67444920</u>
22) Employees benefits expenses			
Salaries, Wages and Bonus (Including compensated absences payable on retirement)		43967378	36486936
Staff Welfare expenses		3342908	2461331
Total		<u>47310286</u>	<u>38948267</u>
23) Finance Cost			
Interest expenses		45282373	35693000
Other Borrowing costs		12662950	16179011
Total		<u>57945323</u>	<u>51872011</u>
24) Other expenses			
Advertisement charges		79930	13666
Audit fees		206180	155665
Bank charges		13903	0

SRI ARUMUGA ENTERPRISE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

PARTICULARS	Note No.	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
Taxes & Licenses		863320	948777
Repairs & Maintenance		64473181	5204853
Professional & Consultancy charges		1468742	992902
Postage and Telephone		504606	543099
Printing and Stationery		164456	260018
Travelling expenses		2315782	2745308
Donation		202601	249730
Loss on Sale of asset		12835372	
Other expenses		11194395	4223452
Total		94322467	15337470

- 25) Earnings in foreign currency Rs. 778806
 Expenditure in foreign currency Rs. Nil

26) As per the information available with the Company there are no dues outstanding for more than 45 days as on 31st March 2013 to Small & Micro Enterprises as defined under Micro, Small and Medium Enterprise Development (MSMED) Act, 2006.

27) The Term loans and Cash credit facility availed from Banks are secured against the Fixed Assets & Current Assets of the Company as detailed below :

Name of the Company	Name of the Bank	Particulars of loan	Rs.	Security	
Sri Mahasakthi Mills Limited	State Bank of Bikaner And Jaipur	Term Loan	- 90468000	Hypothecation of Land, Building and Personal guarantee of Directors	
		Outstanding as on 31.03.13	- 52118468		
		Cash Credit	- 150000000		
		Outstanding as on 31.03.13	- 151728847		
Sri Arumuga Cottspin Private Limited	Axis Bank	Mpower Loan	- 16000000		
		Outstanding as on 31.03.13	- 15162744		
Sri Arumuga Cottspin Private Limited	Axis Bank	Term Loan	- 50557000		Hypothecation of Land, Building and Personal guarantee of Directors
		Outstanding as on 31.03.13	- 44797993		
		Cash Credit	- 130000000		
		Outstanding as on 31.03.13	- 131871612		

NOTES FORMING PART OF FINANCIAL STATEMENTS

PARTICULARS	Note No.	As at	As at
		31.03.2013 Rs.	31.03.2012 Rs.
28) Basic and diluted Earning Per Share (EPS) of Face Value of Rs.10 each is calculated as under:			
Total No. of Equity Shares outstanding at the End of the year		1000000	1000000
Net Profit after Tax		26408429	15978632
Earning Per Share (Basic)		26.41	15.98
Diluted Earning Per Share		26.41	15.98

29) Disclosure in respect of Related parties pursuant to Accounting Standard 18

Particulars	Key Managerial Persons	Associated Enterprises	Total
1. Sales Commission	0	1775000	1775000
2. Remuneration	120000	0	120000
3. Loans (net)	13115000	31302034	44417034
4. Advance (net)	0	16151669	16151669
Balance as of 31.03.2013	200000000 Cr	14445057 Cr	185554943 Cr

List of Related Parties*** Key Managerial Persons:**

- ✓ Sri T Rajkumar, Chairman & Managing Director
- ✓ Sri K Dhanakumar, Director

*** Associated Enterprises**

- ✓ M/s Imperial Spirits Limited
- ✓ M/s Nethravathi Distilleries Private Limited
- ✓ M/s Imperial Spirits and Wine Private Limited
- ✓ M/s Overseas Beverages Private Limited
- ✓ M/s Sri Arumuga Sugars Limited

30) The Revised Schedule VI is effective from 01st April 2011 for the preparation of financial statements. This has seriously impacted the disclosure and presentation of financial statements. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's disclosure / presentation.

T Rajkumar Chairman & Managing Director	K Dhanakumar Director	For M/s S Lakshminarayanan Associates Chartered Accountants Firm Reg No. 6609S
Coimbatore 30th May 2013	N Prabhu Ram Company Secretary	L Kamesh Partner (M.No.209388)

SRI ARUMUGA ENTERPRISE LIMITED

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

1 Name of the Subsidiary Company	Sri Mahasakthi Mills Ltd.	Sri Arumuga Cottspin Pvt. Ltd.
2 Financial period of the subsidiary ended on	31st March 2013	31st March 2013
3 Holding Company's Interest	100% of Equity Share Capital	100% of Equity Share Capital
4 Share Capital	1074.92	1000.00
5 Reserves	1032.02	570.76
6 Total assets	5638.52	4120.40
7 Total liabilities	3531.59	2549.64
8 Investments	Nil	Nil
9 Turnover	5803.64	5477.40
10 Profit / (Loss) before taxation	218.27	205.80
11 Provision for taxation	90.84	88.95
12 Profit after taxation	127.43	116.85
13 Proposed dividend	Nil	Nil
14 Net aggregate amount of profits/ (losses) of the subsidiary for the above financial year of the subsidiary, so far as they concern the members of the Company :		
a) dealt with in the accounts of the Company for the year ended 31st March, 2013	Nil	Nil
b) not dealt with in the accounts of the Company for the year ended 31st March, 2013	127.43	116.85
15 Net aggregate amount of profits / (losses) for previous financial years of the subsidiary, since it became a subsidiary so far as they concern the members of the Company :		
a) dealt with in the accounts of the Company for the year ended 31st March, 2013	Nil	Nil
b) not dealt with in the accounts of the Company for the year ended 31st March, 2013	470.45	570.78

SRI ARUMUGA ENTERPRISE LIMITED

Regd. Office: No.1, Sundaram Brothers Layout, Opp. All India Radio
Trichy Road, Coimbatore - 641 045

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the members of the Company held on Wednesday, 25th September 2013 at 9.30 a.m. at No.1, Sundaram Brothers Layout, Opp. All India Radio, Trichy Road, Coimbatore - 641 045

Folio No. / DP ID. No. / Client ID No. :

Name and Address :

Signature of Member / Proxy

NOTE:

- 1. Admission restricted to Members / Proxies only.
- 2. A member / proxy attending the meeting must complete this attendance slip and hand it over at the entrance.

-----Cut here-----

SRI ARUMUGA ENTERPRISE LIMITED

Regd. Office: No.1, Sundaram Brothers Layout, Opp. All India Radio
Trichy Road, Coimbatore - 641 045

I / We of
 in the district of being
 a member / members of the above named Company, hereby appoint.....
 of in the district of or
 failing himof
 in the district of as my / our proxy to attend and
 vote for me /us and on my / our behalf at the ANNUAL GENERAL MEETING of
 the Company to be held on Wednesday, 25th September 2013 at 09.30 a.m.
 and at any adjournment thereof.

Signed this day of 2013

Affix 1 Rupee Revenue Stamp

Folio No. / DP ID. No. / Client ID No. :

No. of Shares:

SIGNATURE

NOTE : The proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.