



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. SUBRAMANIAN**
(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.

FACTORIES AT : 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 Third Annual General Meeting** of the members of **AMARJOTHI SPINNING MILLS LIMITED** will be held on **Thursday**, the **29th September, 2011** 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 2011**, the Profit and Loss Account for the year ended **31st March 2011** 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. K.Sriram who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri. V.T.Subramanian 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.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modifications(s), the following resolution as an ordinary resolution:

“RESOLVED THAT, the approval of the Company be and is hereby accorded in terms of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 for the reappointment of Sri.R.Premchander as Managing Director of the Company for a further period of five years from 1st September 2011 to 31st August 2016, subject to the control, direction and superintendence of the Board of Directors of the Company, on the following terms and conditions:

- a) Salary of Rs.60,000/- (Rupees Sixty Thousand only) per month
- b) Telephone at his residence.
- c) Other benefits, allowances, facilities and amenities as per the Company's rules.
- d) Commission on net profits, as may be determined by the remuneration committee, within the limits prescribed under the Companies Act, 1956, provided such commission together with the other components of the remuneration paid to the Managing Director shall not exceed 5% of the net profits of the Company as computed in accordance with the relevant provisions of the Act”

“FURTHER RESOLVED THAT, the minimum remuneration payable to Sri.R.Premchander for any year in which the profits are absent or inadequate shall be such sum as may be determined by the remuneration committee of the Board in terms of Schedule XIII to the Companies Act, 1956”



“FURTHER RESOLVED THAT, Sri.R.Premchander shall not be liable to retirement by rotation so long as he functions as the Managing Director of the Company.”

“FURTHER RESOLVED THAT, the Board of Directors and/ or the remuneration committee be and is hereby authorize to revise or vary the remuneration of Sri.R.Premchander during his period of office at any time, subject to the provisions regarding maximum remuneration payable under the Companies Act, 1956 in vogue for the time being.”

7. To consider and if thought fit, to pass, with or without modifications(s), the following resolution as an ordinary resolution:

“RESOLVED THAT, the approval of the Company be and is hereby accorded in terms of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 for the reappointment of Sri.R.Jaichander as Joint Managing Director of the Company for a further period of five years from 1st December 2011 to 30th November 2016, subject to the control, direction and superintendence of the Board of Directors of the Company, on the following terms and conditions:

- a) Salary of Rs.60,000/- (Rupees Sixty Thousand only) per month
- b) Telephone at his residence.
- c) Other benefits, allowances, facilities and amenities as per the Company's rules.
- d) Commission on net profits, as may be determined by the remuneration committee, within the limits prescribed under the Companies Act, 1956, provided such commission together with the other components of the remuneration paid to the Joint Managing Director shall not exceed 5% of the net profits of the Company as computed in accordance with the relevant provisions of the Act”

“FURTHER RESOLVED THAT, the minimum remuneration payable to Sri.R.Jaichander for any year in which the profits are absent or inadequate shall be such sum as may be determined by the remuneration committee of the Board in terms of Schedule XIII to the Companies Act, 1956”

“FURTHER RESOLVED THAT, Sri.R.Jaichander shall not be liable to retirement by rotation so long as he functions as the Joint Managing Director of the Company.”

“FURTHER RESOLVED THAT, the Board of Directors and/ or the remuneration committee be and is hereby authorize to revise or vary the remuneration of Sri.R.Jaichander during his period of office at any time, subject to the provisions regarding maximum remuneration payable under the Companies Act, 1956 in vogue for the time being.”

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

“RESOLVED THAT, the approval of the Company be and is hereby accorded in terms of Section 309(4) and other applicable provisions of the Companies Act, 1956 for the payment of remuneration by way of commission to Shri.N.Rajan, Chairman and non-executive Director, up to an amount not exceeding 1% of the net profits per annum, computed in

AMARJOTHI SPINNING MILLS LIMITED



accordance with the relevant statutory provisions, as may be decided by Board of Directors/Remuneration Committee of the Board, in respect of five financial years commencing from 1st April 2011.

By order of the Board

Place : Tirupur
Date : 18.08.2011

(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. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out all the material facts in respect of item Nos.6 to 8 of the notice is annexed to and forms part of the Notice.
3. 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.
4. The Register of Members and share transfer books of the Company will remain closed from **23rd September 2011 to 29th September 2011** (both days inclusive).
5. **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 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.**
6. 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.
7. 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.

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8. 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.
9. 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 2002-2003 Rs.1,40,665/- was transferred to the Investors Education and Protection Fund.
10. Members who have not encashed their dividend warrants are requested to lodge their claim to the company by surrendering the unencashed warrants immediately.
11. 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.K.Sriram:

Sri.K.Sriram, aged 52 years, is a Chartered Accountant and Company Secretary, with nearly three decades experience in Finance, Accounts and Company Law matters. He is presently practicing as a Company Secretary. He has been a Director of the Company from the year 2005.

2. Sri.V.T. Subramanian:

Sri.V.T.Subramanian, aged 66 years, is a Retired Tahsildar who served to the welfare of the society. He is the General Secretary of "Tirupur Art and Cultural Society" and also the General Secretary of "Padigal", an organization for development of reading habits among people. He is the Author of many books on social subjects. He is actively involved in many social activities. He has been a Director of the Company from the year 2008.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act 1956.

Item No.6

Sri R.Premchander, B.Com., M.B.A, aged 40 years, is the Managing Director of the Company from 16.12.1987. He has over 20 years experience in marketing, finance and management and provides a professional touch to the company's management. He is a member of Investor grievance-cum- Share Transfer Committee. He is also a Director of Amarjothi Power Generation and Distribution Company Ltd.,

His present tenure as the Managing Director of the Company, comes to an end on 31st August 2011. The Board of Directors, at its meeting held on 18th August 2011, has reappointed Sri.R.Premchander as Managing Director for a further period of 5 years with effect from 1st September 2011. His remuneration package has also been approved by the Remuneration Committee of the Board. In terms of Schedule XIII to the Companies Act, 1956, the re-appointment and remuneration is subject to the approval of the Company in General Meeting. The Resolution and this Explanatory Statement may be treated as abstract of the terms and conditions of re-appointment of Sri.R.Premchander as Managing Director of the Company under Section 302 of the Companies Act, 1956.

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Sri.R.Premchander is interested in the above resolution, being the appointee and Sri.N.Rajan, Sri.R.Jaichander and Sri.N.Radhakrishnan are interested, being related to Sri.R.Premchander.

Item No.7

Sri R.Jaichander, B.Com., aged 36 years, is the Joint Managing Director of the Company from 30.09.1993. He has over 17 years experience in production planning, technical, financial, cost management and monitoring and factory management. He is a member of Investor grievance-cum- Share Transfer Committee. He is also a Director of Amarjothi Power Generation and Distribution Company Ltd.,

His present tenure as the Joint Managing Director of the Company, comes to an end on 30th November 2011. The Board of Directors, at its meeting held on 18th August 2011, has reappointed Sri.R.Jaichander as Joint Managing Director for a further period of 5 years with effect from 1st December 2011. His remuneration package has also been approved by the Remuneration Committee of the Board. In terms of Schedule XIII to the Companies Act, 1956, the re-appointment and remuneration is subject to the approval of the Company in General Meeting.

The Resolution and this Explanatory Statement may be treated as abstract of the terms and conditions of re-appointment of Sri.R.Jaichander as Joint Managing Director of the Company under Section 302 of the Companies Act, 1956.

Sri.R.Jaichander is interested in the above resolution, being the appointee and Sri.N.Rajan, Sri.R.Premchander and Sri.N.Radhakrishnan are interested, being related to Sri.R.Jaichander.

Item No.8

Sri N.Rajan, B.Com., F.C.A., aged 72 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.,

His remuneration package has also been approved by the Remuneration Committee of the Board. In terms of Schedule XIII to the Companies Act, 1956, the remuneration is subject to the approval of the Company in General Meeting.

The Resolution and this Explanatory Statement may be treated as abstract of the terms and conditions of the Company under Section 302 of the Companies Act, 1956.

Sri.N.Rajan is interested in the above resolution, being the beneficiary and Sri.R.Premchander, Sri.R.Jaichander and Sri.N.Radhakrishnan are interested, being related to Sri.N.Rajan.

By order of the Board

Place : Tirupur
Date : 18.08.2011

(N. RAJAN)
Chairman



DIRECTORS' REPORT TO THE MEMBERS OF AMARJOTHI SPINNING MILLS LIMITED

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the audited accounts of your Company for the year ended 31st March 2011

FINANCIAL RESULTS

| | 2010-2011 | 2009-2010 |
|--|------------------|----------------|
| | (Rupees in lacs) | |
| Sales | 12399.36 | 9858.23 |
| Gross Profit | 3838.25 | 2552.49 |
| Less: Depreciation | 1193.91 | 1093.33 |
| Interest | 1097.07 | 883.30 |
| Provision for taxation(Including Deferred tax for current year) | <u>566.95</u> | <u>-372.76</u> |
| Profit for the year | 980.32 | 948.62 |
| Add: Balance in Profit & Loss A/c | 2192.69 | 1481.08 |
| Surplus available for appropriation | 3173.01 | 2429.70 |
| APPROPRIATION: | | |
| Proposed dividend (Including Dividend Tax) | 156.90 | 142.15 |
| Income-tax relating to earlier years | -0.47 | 0 |
| Transfer to General Reserve | 98.04 | 94.86 |
| Balance carried to Balance Sheet | 2918.54 | 2192.69 |
| Total | 3173.01 | 2429.70 |

DIVIDEND

Your Directors are glad to recommend payment of dividend of **20%** on the Equity Capital as against 18% declared for the year 2009-2010. 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 25% to Rs.12399.36 Lacs during the year under review as against Rs.9858.23 Lacs in the previous year.

YARN DIVISION

Your Directors are happy to 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 increased.

PROCESSING UNIT

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



WIND MILLS

During the year five more wind mills of 4.25 MW became operational. With this the Total Capacity of Wind Mills as on date has gone up to 17.60 MW.

The Company has sold 40872 CER units (Certified Emission Reductions) for a sum of Rs. 3,15,21,925/- during the year.

FINANCE

During the year under review the Company has:

- a) Availled Fresh Long term loans aggregating to Rs.370 lacs for funding the purchase of Machineries and Construction of Building and Fresh Short Term Loans aggregating to Rs.5900 lacs for Raw Material procurement.
- b) Discharged Long Term loans in full aggregating to Rs.2851.71 lacs and short term loans in full aggregating to Rs.3375 lacs and
- c) Received and settled in full Adhoc working Capital Loans aggregating to Rs.1000 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.R.Premchander and Sri.R.Jaichander have been re-appointed as Managing Director & Joint Managing Director respectively of the company for a further period of 5 Years and the approval of Member for the re-appointment and remuneration is being sought at the ensuing Annual General Meeting.

Sri K.Sriram and Sri.V.T Subramanian 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 2011 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

The details regarding employees of the Company who come under the purview of Sec. 217 (2A) of the Companies Act, 1956 are given in Annexure-I to the Director's report.

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-II.

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 : 18.08.2011

(N. RAJAN)
Chairman



ANNEXURE – I TO DIRECTOR’S REPORT

The information required under Section 217(2A) 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 :

| S. No. | Name of the Employee | Age | Designation | Qualification | Date of Joining | Remuneration |
|--------|----------------------|-----|-------------------------|---------------|-----------------|--------------|
| 1 | R.Premchander | 40 | Managing Director | B.Com, M.B.A | 16.12.1987 | 7671500 |
| 2 | R.Jaichander | 36 | Joint Managing Director | B.Com., | 30.09.1993 | 7671500 |

ANNEXURE – II 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

- Continuous monitoring of energy consumption.
- Optimization of power parameters.
- 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 hereunder.

1. POWER CONSUMPTION (SPINNING AND PROCESSING UNITS)

| | Current Year | Previous Year |
|------------------------------------|---------------------|----------------------|
| Electricity | | |
| a) Purchased from TNEB: | | |
| Units(KWH) | 20907318 | 19054951 |
| Total amount (Rs.) | 97656523 | 86400244 |
| Rate per unit (Rs.) | 4.67 | 4.53 |
| b) Own Generation: | | |
| i) Through Diesel Generator | | |
| Units(KWH) | 1909864 | 2327920 |
| Units per ltr. Of Diesel oil | 3.19 | 3.20 |
| Total amount (Rs.) | 24231189 | 23794238 |
| Rate per unit (Rs.) | 12.69 | 10.22 |
| ii) Through Wind Mills | | |
| Units(KWH) | 30681814 | 32031013 |
| | Current Year | Previous Year |
| 2. PRODUCTION OF YARN IN KGS. | 5643589 | 5489335 |
| 3. POWER COST PER KG.OF YARN (Rs.) | 4.15 | 2.91 |

(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. 98.49 lakhs
Foreign Exchange outgo : Rs. 172.92 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 2010-11 on 15th April, 2010, 30th April 2010, 7th June 2010, 29th June 2010, 30th July 2010, 23rd August 2010, 25th August 2010, 20th September 2010, 29th October 2010, 1st November 2010, 12th November 2010, 31st January 2011 and 23rd February 2011. 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 |



(iii) Remuneration of Directors

| Director | Salary and Perquisites (Rupees) | Commission (Rupees) | Sitting Fees (Rupees) |
|--------------------------|---------------------------------|---------------------|-----------------------|
| 1) Sri N.Rajan | Nil | Nil | 260000 |
| 2) Sri R.Premchander | 720000 | 6951500 | Nil |
| 3) Sri R.Jaichander | 720000 | 6951500 | 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, 2010. 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 30th April 2010, 30th July 2010, 9th August 2010, 29th October 2010 and 31st January 2011. 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 2010-11. No share transfer requests were pending as on 31st March 2011. During the year 5 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 2011. 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 |
|------|----------------------------------|------------|---------------------------------|
| 2008 | 29 th September, 2008 | 10.15 A.M. | Meeting Hall of Gayathri Hotel, |
| 2009 | 24 th September, 2009 | 10.15 A.M. | Kangeyam Road, |
| 2010 | 29 th September, 2010 | 10.15 A.M. | Tirupur – 641 604. |

No extraordinary general meeting was held during the last three years. No special resolutions were passed in any of the previous three 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 29th September 2011.

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 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 Share holders | 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 |

AMARJOTHI SPINNING MILLS LIMITED

| | | |
|--|-----|-----|
| 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 | Nil | Nil |

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 | Thursday, the 29th September 2011. |
| 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, 2011 | July 2011 |
| Half year ending September 30, 2011 | October 2011 |
| Quarter ending December 31, 2011 | January 2012 |
| Year ending March 31, 2012 | April 2012 |
| Annual General Meeting for 2012 | September, 2012 |

- (iii) Date of Book Closure : 23rd September to 29th September 2011
 (iv) Dividend Payment Date : On or before 28th October, 2011
 (v) Registered Office : Amarjothi House, 157, Kumaran Road, Tirupur – 641 601.
 (vi) Listing of Equity Shares on : Madras Stock Exchange Ltd.
 Stock Exchanges : 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 2011-2012 has been paid to the above stock exchanges.

- (vii) **Registrar and Transfer Agents** : **M/s. SKDC Consultants Limited**
 (Common agency for shares held : Registrars and Share Transfer Agents
 in Depository Mode and Physical mode) : 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 2011, 91.042% 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 | 6145344 | 91.042 |
| Physical | 604656 | 8.958 |
| 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 2010 to March 2011 are given below:

| Month | BSE | | NSE | |
|----------------|------------|-----------|------------|-----------|
| | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| April-2010 | 61.45 | 40.00 | 62.50 | 40.05 |
| May-2010 | 63.75 | 45.20 | 63.95 | 44.55 |
| June-2010 | 58.20 | 46.00 | 58.40 | 46.80 |
| July-2010 | 67.70 | 50.55 | 67.90 | 50.50 |
| August-2010 | 75.45 | 59.05 | 75.75 | 58.65 |
| September-2010 | 71.95 | 60.05 | 72.00 | 59.40 |
| October-2010 | 80.00 | 62.20 | 80.60 | 63.35 |
| November-2010 | 76.65 | 56.35 | 74.95 | 56.05 |
| December-2010 | 62.75 | 51.90 | 67.75 | 51.35 |
| January-2011 | 68.00 | 48.60 | 69.50 | 49.90 |
| February-2011 | 63.00 | 46.65 | 62.00 | 47.15 |
| March-2011 | 58.40 | 51.30 | 58.45 | 50.45 |

(x) Distribution of shareholding as on March 31, 2011

| Slab of Shareholding | Shareholders | % | No. of Shares | % |
|----------------------|--------------|--------|---------------|--------|
| 0 – 5000 | 7758 | 94.81 | 968064 | 14.34 |
| 5001 – 10000 | 239 | 2.92 | 197821 | 2.93 |
| 10001 and above | 186 | 2.70 | 5584115 | 82.73 |
| Total | 8183 | 100.00 | 6750000 | 100.00 |



(xi) Shareholding pattern as on 31st March 2011

| Category | No. of Shares held | % |
|---------------------------------------|--------------------|---------|
| Indian Promoters | 3715931 | 55.051 |
| Financial Institutions & Mutual Funds | 100 | 0.001 |
| Bodies Corporate | 247236 | 3.663 |
| Indian Public | 2766437 | 40.984 |
| NRI | 20296 | 0.301 |
| Total | 6750000 | 100.000 |

(xii) Shareholding of Non-executive Directors as on 31st March 2011

Sri N. Rajan, Chairman holds 1164780 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.

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 met on 31st January 2011 during 2010-11



(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 18th August 2011 and approved.

For the Board of Directors

Place : Tirupur
Date : 18.08.2011

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, 2011** 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.

Place : Tirupur
Date : 18.08.2011

V.NARAYANASWAMI M.A., F.C.A
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, 2011.

Place : Tirupur
Date : 18.08. 2011.

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 216 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



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 : 18.08.2011

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 2011**, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. 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 Account 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 2011** and taken on record by the Board of Directors, I report that none of the directors is disqualified as on **31st March 2011** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - 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 2011**;
 - ii. In the case of the Profit and Loss Account, of the **Profit** for the year ended on that date; and
 - iii. In the case of the Cash Flow statement, of the **Cash Flows** for the year ended on that date.

Place : Tirupur
Date : 18.08.2011.

V. NARAYANASWAMI, M.A., F.C.A.
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.33.61 Crores and the year-end balance of loans taken from such party was Rs.28.44 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.

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.28.44 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 **31.03.2011** 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, except a sum of Rs.26.89 lakhs demanded by the TNEB where the Company has gone on appeal to the Honourable High Court of Madras, which has granted a stay on the collection of amount , pending disposal of the Appeal.
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.

AMARJOTHI SPINNING MILLS LIMITED



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.
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.

Place : Tirupur
Date : 18.08.2011.

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

AMARJOTHI SPINNING MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2011

| | | Rupees in Thousands | |
|--|----------|-------------------------------------|----------------|
| | | As on | As on |
| | SCHEDULE | 31.03.2011 | 31.03.2010 |
| I SOURCES OF FUNDS : | | | |
| 1 SHAREHOLDERS' FUNDS : | | | |
| (a) Capital | 1 | 67500 | 67500 |
| (b) Reserves & Surplus | 2 | 366302 | 283913 |
| | | 433802 | 351413 |
| 2 LOAN FUNDS: | | | |
| (a) Secured loans | 3 | 813590 | 503956 |
| (b) Unsecured loans | 4 | 332702 | 282167 |
| | | 1146292 | 786123 |
| 3 DEFFERED TAX LIABILITY (NET) | 5 | 160808 | 137717 |
| Total | | 1740902 | 1275253 |
| II APPLICATION OF FUNDS: | | | |
| 1 FIXED ASSETS | 6 | | |
| (a) Gross block | | 1739449 | 1452663 |
| (b) LESS: Depreciation | | 890182 | 771206 |
| (c) Net Block | | 849267 | 681457 |
| (d) Capital Work-in-Progress & Advances | | 49706 | 88452 |
| | | 898973 | 769909 |
| 2 INVESTMENTS | 7 | 7657 | 7657 |
| 3 CURRENT ASSETS, LOANS AND ADVANCES : | | | |
| (a) Inventories | 8 | 713095 | 353413 |
| (b) Sundry Debtors | 9 | 162978 | 125693 |
| (c) Cash and bank balances | 10 | 4436 | 3234 |
| (d) Loans and advances | 11 | 76190 | 86252 |
| | | 956699 | 568592 |
| Less : Current Liabilities & Provisions | 12 | | |
| (a) Liabilities | | 88601 | 46752 |
| (b) Provisions | | 33826 | 24153 |
| | | 122427 | 70905 |
| NET CURRENT ASSETS | | 834272 | 497687 |
| 4 MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED | | 0 | 0 |
| Total | | 1740902 | 1275253 |
| NOTES FORMING PART OF THE ACCOUNTS | 19 | | |
| As per my report of even date | | On behalf of the Board of Directors | |
| V.NARAYANASWAMI, M.A., F.C.A. | | N. RAJAN | |
| Chartered Accountant | | Chairman | |
| Membership No.023661 | | R. PREMCHANDER | |
| Place : Tirupur | | Managing Director | |
| Date : 18/08/2011 | | R.JAICHANDER | |
| | | Joint Managing Director | |

AMARJOTHI SPINNING MILLS LIMITED



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

Rupees in Thousands

| | SCHEDULE | As on 31.03.2011 | As on 31.03.2010 |
|---|----------|---------------------|---------------------|
| I. INCOME : | | | |
| Sales | | 1239936 | 985823 |
| Other Income | 13 | 35126 | 12564 |
| Increase / (Decrease) in Stock | 14 | 92790 | -3718 |
| | | 1367852 | 994669 |
| II. EXPENDITURE : | | | |
| Raw Materials & Comp. Consumed | 15 | 732427 | 542891 |
| Manufacturing Expenses | 16 | 194909 | 150942 |
| Administration & Selling expenses | 17 | 56691 | 45587 |
| Interest | 18 | 109707 | 88330 |
| Depreciation | | 119391 | 109333 |
| Total | | 1213125 | 937083 |
| III. PROFIT BEFORE TAXATION : | | 154727 | 57586 |
| Provision for Taxation for the current year | | 33604 | 10721 |
| Deferred tax for the current year | | 23091 | -47997 |
| IV. PROFIT AFTER TAXATION : | | 98032 | 94862 |
| Add : Profit brought forward from previous year | | 219269 | 148108 |
| PROFIT AVAILABLE FOR APPROPRIATION | | 317301 | 242970 |
| V. APPROPRIATIONS : | | | |
| Proposed Dividend (Including Tax on dividend) | | 15690 | 14215 |
| General Reserve | | 9804 | 9486 |
| Income Tax for earlier years | | -47 | 0 |
| Balance carried forward to Balance Sheet | | 291854 | 219269 |
| | | 317301 | 242970 |
| NOTES FORMING PART OF THE ACCOUNTS | 19 | | |
| Earning Per Share | | 14.52 | 14.05 |

As per my report of even date

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

Chartered Accountant

Membership No.023661

Place : Tirupur

Date : 18/08/2011

On behalf of the Board of Directors

N. RAJAN
Chairman

R. PREMCHANDER
Managing Director

R.JAICHANDER
Joint Managing Director



SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in Thousands

| | As on 31.03.2011 | As on 31.03.2010 |
|--|-----------------------------|-----------------------------|
| 1 SHARE CAPITAL : | | |
| AUTHORISED : | | |
| 6750000 Equity Shares of Rs.10 each | <u>67500</u> | <u>67500</u> |
| ISSUED, SUBSCRIBED & PAID-UP CAPITAL : | | |
| 6750000 Equity Shares of Rs.10 each fully paid | 67500 | 67500 |
| 2 RESERVES AND SURPLUS : | | |
| (a) General Reserve | | |
| As per last year Balance Sheet | 42144 | 32658 |
| Add : Additions during the year | <u>9804</u> | <u>9486</u> |
| | 51948 | 42144 |
| (b) Share Premium | 22500 | 22500 |
| (c) Profit & Loss Account | <u>291854</u> | <u>219269</u> |
| | <u>366302</u> | <u>283913</u> |
| 3 SECURED LOANS: | | |
| FROM BANKS | | |
| Cash credit | 595685 | 261526 |
| Term Loan | <u>217905</u> | <u>242430</u> |
| | <u>813590</u> | <u>503956</u> |
| 4 UNSECURED LOANS: | | |
| Loan from Directors | 284450 | 212658 |
| Interest free sales tax loan | <u>48252</u> | <u>69509</u> |
| | <u>332702</u> | <u>282167</u> |
| 5 DEFERRED TAX LIABILITY ON OF ACCOUNT OF TIMING DIFFERENCES: | | |
| As per last year Balance Sheet | 137717 | 185714 |
| Add: Transfer (to)/ from P&L a/c for current year | <u>23091</u> | <u>-47997</u> |
| | <u>160808</u> | <u>137717</u> |



6. FIXED ASSETS: Rupees in Thousands

| Description | Gross Block | | | Depreciation | | | Net Block | | |
|----------------------|---------------------|-------------------------|---------------------|--------------------|----------------------|---------------------------|--------------------|---------------------|---------------------|
| | As At 01.04.2010 | Additions 31.03.2011 | As At 31.03.2011 | Upto 31.03.2010 | During the Period | Adjustments/ Deletions | Upto 31.03.2011 | As At 31.03.2011 | As At 01.04.2010 |
| LAND | 7937 | 1028 | 116 | 8849 | 0 | 0 | 0 | 8849 | 7937 |
| LEASE HOLD LAND | 7875 | 0 | 0 | 7875 | 0 | 0 | 0 | 7875 | 7875 |
| BUILDING | 165701 | 19033 | 0 | 184734 | 48512 | 5353 | 0 | 53865 | 130869 |
| PLANT & MACHINERY | 1236847 | 266006 | 0 | 1502853 | 704994 | 111089 | 0 | 816083 | 686770 |
| FURNITURE & FITTINGS | 3652 | 121 | 0 | 3773 | 1952 | 182 | 0 | 2134 | 1639 |
| OFFICE EQUIPMENTS | 18263 | 1284 | 0 | 19547 | 9490 | 1712 | 0 | 11202 | 8345 |
| VEHICLES | 12388 | 125 | 695 | 11818 | 6258 | 1055 | 415 | 6898 | 4920 |
| T O T A L | 1452663 | 287597 | 811 | 1739449 | 771206 | 119391 | 415 | 890182 | 849267 |
| PREVIOUS YEAR | 1340222 | 112441 | 0 | 1452663 | 661873 | 109333 | 0 | 771206 | 681457 |
| | | | | | | | | | 678349 |

AMARJOTHI SPINNING MILLS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in Thousands

| | As on 31.03.2011 | As on 31.03.2010 |
|--|-----------------------------|-----------------------------|
| 7 INVESTMENTS : | | |
| LONG TERM INVESTMENTS (AT COST) | | |
| - Trade (Quoted) | | |
| 50 Equity Shares of Rs.10 each fully paid of Precot Mills Ltd. (Market value – Rs.8097.50) | 9 | 9 |
| 100 Equity Shares of Rs.10 each fully paid of Thambbi Modern Spinning Mills Ltd. (Market value – Rs.1499) | 5 | 5 |
| - Non - Trade (Un-Quoted) | | |
| 5231 Equity shares of Rs.1000 each fully paid of Perundurai Commun Effluent Treatment Plant (Including premium) | 7643 | 7643 |
| | <u>7657</u> | <u>7657</u> |
| CURRENT ASSETS, LOANS & ADVANCES : | | |
| CURRENT ASSETS : | | |
| 8 INVENTORIES : | | |
| Raw Materials | 460263 | 215159 |
| Work-in-Progress | 25264 | 20957 |
| Finished Goods | 186611 | 93323 |
| Waste Stock | 26966 | 9253 |
| Stores, Tools, Spares & Packing Materials | 13991 | 14223 |
| Consignment stock | 0 | 498 |
| | <u>713095</u> | <u>353413</u> |



SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in Thousands

| | As on 31.03.2011 | As on 31.03.2010 |
|---|-----------------------------|-----------------------------|
| 9 SUNDRY DEBTORS | | |
| (UNSECURED AND CONSIDERED GOOD) : | | |
| 1 Due for More than 6 months | | |
| (a) Considered Good | 4653 | 8258 |
| (b) Considered Doubtful | 3209 | 3241 |
| 2 Other Debts | <u>158400</u> | <u>117478</u> |
| Less : Provision for Doubtful Debts | 3284 | 3284 |
| | <u>162978</u> | <u>125693</u> |
| 10 CASH AND BANK BALANCES | | |
| Cash on Hand | 55 | 332 |
| Balances with Scheduled Banks | | |
| In Current Accounts | 216 | 461 |
| In Deposit Accounts(given as security for bank guarantee / L.C.Margin) | 1305 | 192 |
| In Unpaid Dividend Warrant Account | <u>2860</u> | <u>2249</u> |
| | <u>4436</u> | <u>3234</u> |

AMARJOTHI SPINNING MILLS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in Thousands

| | As on 31.03.2011 | As on 31.03.2010 |
|---|-----------------------------|-----------------------------|
| 11 LOANS & ADVANCES | | |
| (UNSECURED & CONSIDERED GOOD) | | |
| Advances recoverable in cash or in kind or for value to be received | 67160 | 72983 |
| Balance with Excise Department | 675 | 617 |
| Deposit with Government Departments | 8355 | 12652 |
| | 76190 | 86252 |
| 12 CURRENT LIABILITIES AND PROVISIONS : | | |
| CURRENT LIABILITIES : | | |
| Sundry Creditors | 55580 | 21819 |
| Other Liabilities | 30169 | 22693 |
| Unclaimed Dividends | 2852 | 2240 |
| | 88601 | 46752 |
| PROVISIONS : | | |
| Proposed Dividend (Inclusive of tax) | 15690 | 14215 |
| Provision for Income Tax | 33604 | 10721 |
| Less : Tax Paid / TDS | -15468 | -783 |
| | 122427 | 70905 |
| SCHEDULES TO PROFIT AND LOSS ACCOUNT | | |
| 13 OTHER INCOME : | | |
| Interest (TDS Rs.0.50 Lac(Rs.6.91 lac)) | 889 | 4145 |
| Miscellaneous Income | 3396 | 8419 |
| Corbon Credit | 30157 | 0 |
| Profit on Sale of Fixed Assets | 684 | 0 |
| | 35126 | 12564 |
| 14 INCREASE / (DECREASE) IN STOCK : | | |
| Opening Stock of Yarn | 93821 | 97539 |
| Closing Stock of Yarn | 186611 | 93821 |
| Increase / (Decrease) in Stock | 92790 | -3718 |

AMARJOTHI SPINNING MILLS LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT

Rupees in Thousands

| | As on 31.03.2011 | As on 31.03.2010 |
|---|-----------------------------|-----------------------------|
| 15 RAW MATERIALS CONSUMED : | | |
| Opening Stock : | | |
| Raw Materials | 215159 | 142248 |
| Work-in-Progress | 20957 | 23464 |
| Waste Stock | <u>9253</u> | <u>5547</u> |
| ADD : Purchases | 245369 | 171259 |
| | <u>999551</u> | <u>617001</u> |
| | 1244920 | 788260 |
| LESS : Closing Stock : | | |
| Raw Materials | 460263 | 215159 |
| Work-in-Progress | 25264 | 20957 |
| Waste Stock | <u>26966</u> | <u>9253</u> |
| | <u>512493</u> | <u>245369</u> |
| | <u>732427</u> | <u>542891</u> |
| 16 MANUFACTURING EXPENSES : | | |
| Power & Fuel | 23408 | 15951 |
| Dyeing and Processing Expenses | 58836 | 46508 |
| Salaries, Wages & Stipends | 42729 | 34975 |
| Social Upgradation & Compensation Expenses | 6635 | 3884 |
| Stores consumed | 35435 | 27847 |
| Machinery Maintenance | 9255 | 6795 |
| Repairs & Maintenance - General | 498 | 312 |
| Repairs & Maintenance - Building | 2445 | 1959 |
| Canteen & Dispensary Expenses | 14299 | 10723 |
| Licence Rates & Taxes | <u>1369</u> | <u>1988</u> |
| | <u>194909</u> | <u>150942</u> |
| 17 ADMINISTRATION & SELLING EXPENSES : | | |
| Salaries | 7929 | 7739 |
| Provident Fund contribution | 3057 | 2892 |
| Employees State Insurance Contribution | 55 | 32 |
| Rates & Taxes | 563 | 279 |
| Bank Charges | 4303 | 4326 |
| Service Tax Paid | 587 | 544 |
| Miscellaneous Expenses | 3430 | 2775 |

AMARJOTHI SPINNING MILLS LIMITED



SCHEDULES TO PROFIT AND LOSS ACCOUNT

Rupees in Thousands

| | As on 31.03.2011 | As on 31.03.2010 |
|--|---------------------|---------------------|
| Sales Commisions | 2631 | 2657 |
| Printing, Stationery & Postage | 2277 | 2319 |
| Telephones | 1107 | 975 |
| Travelling & Conveyance | 1636 | 1671 |
| Insurance | 3569 | 3276 |
| Vehicle Maintenance – car | 291 | 316 |
| Vehicle Maintenance – Lorry & Van & others | 3163 | 3140 |
| Share Transfer Expenses | 307 | 315 |
| Managerial Remuneration | 15343 | 5764 |
| Advertisement | 1097 | 1297 |
| Sitting Fees | 302 | 298 |
| Freight & Other Expenses | 3430 | 2484 |
| Exchange rate fluctuation | 0 | 306 |
| Computer Mainteance Expenses | 793 | 803 |
| Professional Charges | 202 | 686 |
| RF Mainteance Expenses | 494 | 490 |
| Consignment Expenses | 125 | 203 |
| | 56691 | 45587 |
| 18 INTEREST : | | |
| On Term Loan | 26627 | 18961 |
| On Others | 83080 | 69369 |
| | 109707 | 88330 |



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.

As per my report of even date
V.NARAYANASWAMI, M.A., F.C.A.
 Chartered Accountant
 Membership No.023661
 Place : Tirupur
 Date : 18/08/2011

On behalf of the Board of Directors
N. RAJAN **R. PREMCHANDER**
 Chairman Managing Director

R.JAICHANDER
 Joint Managing Director

AMARJOTHI SPINNING MILLS LIMITED



19. NOTES FORMING PART OF ACCOUNTS

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. | 1650.00 | 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 | 90.00 | Machinery Term Loan | |
| 8 | Axis Bank Ltd. | 1400.00 | Commodity loan | Key loan on the Cotton Purchased. |
| 9 | Karur Vysya Bank Ltd | 2000.00 | Working Capital Demand Loan | Paripasu first charge on the entire current assets of the Company |
| 10 | Karur Vysya Bank Ltd | 500.00 | Adhoc OCC | Exclusive charge on the raw materials purchased |
| 11 | Bank of Baroda | 2000.00 | Working Capital Demand Loan | 1. First Paripassu charge on the current assets with KVB and AxisBank 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



| 2. CONTINGENT LIABILITIES: | | 31.03.2011 | 31.03.2010 |
|--|--|--|-----------------------------------|
| | | 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 |
| 3. Income Tax assessments have been completed up to the Assessment Year 2009 – 2010. | | | |
| 4. The company has opted the exemption route vide Central Excise Notification No.30/2004 and 31/2004 dated 09.07.2004. | | | |
| 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. | | | |
| 6. Sundry debtors which are overdue for a period of 6 months and more include a sum Rs.32.09 lacs (Rs.32.41 lacs) for which the Company has taken legal action and is hopeful of recovery. These Debtors have been provided in full. | | | |
| 7. Depreciation has been calculated according to Schedule XIV of the Companies Act, 1956 as amended on straight-line method. | | | |
| 8. The Company has received a demand towards Peak Hour Electricity charges amounting to Rs.26.89 lacs from TNEB against which the Company has gone on appeal to the Honourable High Court of Madras, which has granted a stay on the collection of the amount, pending disposal of the Appeal. | | | |
| 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. | | As on 31.03.2011 (Rs.in Lacs) | 31.03.2010 (Rs.in Lacs) |
| | | 7550.00 | 4150.00 |
| (b) Counter Guarantee given by the Chairman, Managing Director and Joint Managing Director for Term Loans taken by the Company from its Bankers. | | 3200.00 | 5700.00 |

AMARJOTHI SPINNING MILLS LIMITED



| | | As on | |
|--|-----------|-------------------|-------------------|
| 10 QUANTITATIVE PARTICULARS: | | 31.03.2011 | 31.03.2010 |
| i) Licensed Capacity* | Spindles | 75000 | 75000 |
| ii) Installed Capacity* | Spindles | 37392 | 37392 |
| ii) Actual Production - Yarn | Kgs. | 5643589 | 5489335 |
| iv) Turnover - Yarn | Kgs. | 5307932 | 5541490 |
| | Rs. | 1203919404 | 931506238 |
| - Waste | Kgs. | 639100 | 1557768 |
| | Rs. | 14669790 | 24940971 |
| v) Opening Yarn Stock | Kgs. | 621548 | 663625 |
| | Rs. | 91615897 | 91679744 |
| vi) Closing Yarn Stock | Kgs. | 981080 | 621548 |
| | Rs. | 186611149 | 91615897 |
| * As certified by Management not verified by Auditor | | | |
| vii) Consumption of Raw Materials | Kgs. | 8517594 | 7434555 |
| | Rs. | 732425659 | 542891637 |
| viii) Consumption of Stores & Spares | | | |
| Indigenous (74.53%/94.97%) | Rs. | 26409476 | 26446929 |
| Imported (25.47%/5.03%) | Rs. | 9025181 | 1400199 |
| 11 EARNINGS IN FOREIGN CURRENCY : | | | |
| FOB Value of Exports | Rs. | 9849385 | 5590785 |
| 12 EXPENDITURE IN FOREIGN CURRENCY : | | | |
| a) Traveling | Rs. | 211175 | 632955 |
| b) CIF Value of Imports | Rs. | 16542949 | 12977167 |
| c) Certification charges | Rs. | 510921 | 351019 |
| 13 REMUNERATION TO DIRECTORS: | | | |
| a) Managing Director (Salary) | Rs. | 720000 | 720000 |
| b) Joint Managing Director (Salary) | Rs. | 720000 | 720000 |
| c) Managing Director (Commission) | Rs. | 6951500 | 2162000 |
| d) Joint Managing Director (Commission) | Rs. | 6951500 | 2162000 |
| Total | | 15343000 | 5764000 |
| Computation of Remuneration to Directors: | | | |
| Net Profit before tax as per Profit & Loss account | 154732212 | | 57581129 |
| Add: Remuneration debited to Profit & Loss account | 15343000 | | 5764000 |
| Less: Profit on sales of Assets | 684470 | | Nil |
| Net Profit available | 169390742 | | 63345129 |
| Managerial Remuneration eligible 10% of the above | 15343000 | | 5764648 |

AMARJOTHI SPINNING MILLS LIMITED**14 PAYMENT TO AUDITOR :**

| | | | |
|---------------------------------------|-----|----------------------|---------------------|
| Audit Fees (inclusive of Service Tax) | Rs. | 100000 | 51000 |
| Reimbursement of Expenses | Rs. | 9630 | 12000 |
| Other Services | Rs. | 10000 | 8000 |
| Total | | <u>119630</u> | <u>71000</u> |

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 : 18/08/2011

On behalf of the Board of Directors

N. RAJAN
Chairman

R. PREMCHANDER
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.11,59,20,474.62(3,06,81,814 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 debited to the profit and loss account 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 01.04.2010 137717440.77

Add: Transfer from Profit & Loss a/c 23091064.00

Balance of Liability as on 31.03.2011 160808504.77

III. Employee Benefits: AS-15:

a. Provident Fund Contribution:

During the year the company has contributed Rs.5751501 /- 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

2. Key Management Personnel: (ii) Sri.R.Premchander, Managing Director

(ii) Sri.R.Jaichander, Joint Managing Director.

Transactions:

| Particulars | Related Parties / Associates. | Key Management Personnel & Relatives | Directors |
|---------------------------------|-------------------------------|--------------------------------------|-------------|
| Remuneration | — | Rs. 1,53,43,000 | — |
| Sitting fees | — | — | Rs.3,02,000 |
| Payment of Interest | Rs.4,45,39,268 | — | — |
| Credit Balance as at 31.03.2011 | Rs.28,44,49,812 | — | — |

V. Earning Per share as per AS 20.

| Particulars | 31.03.2011 | 31.03.2010 |
|-----------------------------------|-------------|-------------|
| (a) Net Profit after tax (Rs.) | 9,80,37,148 | 9,48,57,164 |
| (b) Number of Equity shares | 67,50,000 | 67,50,000 |
| (c) Earning Per Share (Rs.) (a/b) | 14.52 | 14.05 |

AMARJOTHI SPINNING MILLS LIMITED



Balance Sheet Abstract and Company's General Business Profile.

I Registration Details

Registration No. State Code
 Balance Sheet Date
 Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue
 Rights Issue

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

Total Liabilities
 Total Assets

Sources of Funds

Paid up Capital
 Secured Loans
 Reserves & Surplus
 Unsecured Loans

Application of Funds

Net Fixed Assets
 Net Current Assets
 Accumulated Losses
 Deferred Tax Liability
 Investments
 Miscellaneous Expenditure

IV. Performance of Company (Amount in Rs.Thousands)

Turnover
 Profit Before Tax
 Earnings per Shares in Rs.
 Total Expenditure
 Profit After Tax
 Dividend rate %

V. Generic Names of Principal products / services of the Company (as per monetary terms)

Item Code No.(ITC Code)

Product Description

As per my report of even date

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

Chartered Accountant
 Membership No.023661

Place : Tirupur

Date : 18/08/2011

On behalf of the Board of Directors

N. RAJAN
 Chairman

R. PREMCHANDER
 Managing Director

R.JAICHANDER

Joint Managing Director

AMARJOTHI SPINNING MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

| | Rupees in Thousands | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| NET Profit before Tax | 154727 | 57586 |
| Adjustment for: | | |
| Depreciation | 119391 | 109333 |
| Loss /(Profit) on Sale of Assets | -684 | 0 |
| Interest Income | -889 | -4145 |
| Interest on Borrowings | <u>109707</u> | <u>88330</u> |
| | <u>227525</u> | <u>193518</u> |
| Operating Profit before Working Capital Changes | 382252 | 251104 |
| Adjustment for: | | |
| Trade & other Receivables | -27223 | -37501 |
| Inventories | -359682 | -76123 |
| Trade Payable & Other Liabilities | <u>31543</u> | <u>20386</u> |
| | <u>-355362</u> | <u>-93238</u> |
| Cash Generated from Operations | 26890 | 157866 |
| Direct Taxes provisions / paid | -15468 | -783 |
| Dividend paid | -14215 | -11846 |
| Net Cash from Operating activities | A <u>-2793</u> | <u>145237</u> |
| B. CASH FLOW FROM INVESTMENT ACTIVITIES: | | |
| Purchase of Fixed Assets | -287597 | -112441 |
| Investments (Net) | 0 | 0 |
| Sale of Fixed Assets | 1495 | 0 |
| Payment for Capital Projects in Progress | 38746 | 17602 |
| Interest Received | 889 | 4145 |
| Net Cash from Investment activities | B <u>-246467</u> | <u>-90694</u> |



C. CASH FLOW FROM FINANCING ACTIVITIES:

| | | |
|--|-----------------|----------------|
| Unsecured loans | 50535 | 14434 |
| Borrowings (net) | 309634 | -42931 |
| Interest Paid | -109707 | -88330 |
| Net Cash from Financing Activities | C 250462 | -116827 |
| Net Increase/ (Decrease) in cash and cash equivalents(A+B+C) | 1202 | -62284 |
| Cash and Cash Equivalents as at 1st April, 2010 | 3234 | 65518 |
| Cash and Cash Equivalents as at 31st March, 2011 | 4436 | 3234 |

As per my report of even date

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

Chartered Accountant
Membership No.023661

Place : Tirupur

Date : 18/08/2011

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 2011. 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 Account and Balance Sheet of the Company covered by my report of 18th August, 2011 to the members of the Company.

Place : Tirupur

Date : 18.08.2011.

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

23rd Annual General Meeting on 29th September, 2011

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 third Annual General Meeting held at the Meeting Hall of Gayathri Hotel, Kangayam Road, Tirupur - 641 604 at 11.00 A.M. on Thursday, 29.09.2011.

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 23rd Annual General Meeting of the company to be held on Thursday,

29-09-2011 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