

ANNUAL REPORT 2008-2009



AMARJOTHI SPINNING MILLS LIMITED



BOARD OF DIRECTORS

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

BANKERS

BANK OF BARODA
KARUR VYSA 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.
No.11, Street No.1 S.N. Layout,
Tatabad, Coimbatore – 641 012.

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)



Contents

Page No.

1. Notice to the Members	3
2. Directors' Report	6
3. Report on Corporate Governance	10
4. Auditor's Report	20
5. Balance Sheet	24
6. Profit and Loss Account	25
7. Schedules	26
8. Notes Forming Part of Accounts	33
9. Balance Sheet Abstract	38
10. Cash Flow Statement	39



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty First Annual General Meeting** of the members of **AMARJOTHI SPINNING MILLS LIMITED** will be held on Thursday, the **24th September, 2009** at 10.15 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 2009**, the Profit and Loss Account for the year ended **31st March 2009** 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. V.Subramaniam who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri. N.Rajan who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration. Sri. V. Narayanaswami M.A., F.C.A., Chartered Accountant, Coimbatore retires at the conclusion of this meeting and is eligible for reappointment.

By order of the Board

Place : Tirupur
Date : 10.08.2009

(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. Member 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., No.11, Street No. 1, S.N. Layout, Tatabad, Coimbatore – 641 012. Those holding shares in dematerialized form may intimate the change to their depository participant. Any other correspondence relating to Shares may also be addressed to the said Registrars.
3. The Register of Members and share transfer books of the Company will remain closed from **18th September 2009 to 24th September 2009** (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the meeting.
5. The members/proxy holders are requested to bring the attendance slip sent herewith duly filled for attending the meeting. Members/ proxy holders in respect of dematerialized shares are requested to bring their DP Id and Client Id for recording their attendance.
6. Members desiring any information as regards accounts are requested to write to the Company atleast 7 days before the meeting to enable the management to keep the information ready.
7. Members are requested to be in their seats at the meeting hall before the scheduled time of commencement of the Annual General Meeting to avoid interruption in the proceedings.
8. In term of Section 205A read with section 205C of the Companies Act, 1956, dividends declared which remain unclaimed for a period of seven years will be transferred to the Investors Education and Protection Fund on due dates.
9. Members who have not encashed their dividend warrants are requested to lodge their claim to the company by surrendering the unencashed warrants immediately.
10. In terms of clause 49 of the listing agreement with stock exchanges, a brief resume of the Directors proposed to be re-appointed at the annual general meeting is given below:

1. Dr.V.Subramaniam:

Dr.V.Subramaniam, aged 71 years, is a Textile Technologist with an experience of over Four Decades. He is presently a Director of Jaya Engineering College Chennai. He has been a Director of the company from 29.09.1991 and has provided valuable advise in Technology related areas. He is a member of the Audit Committee & Remuneration committee of the Board.

**2. Sri.N.Rajan**

Sri.N.Rajan aged 70 years, is a Practicing Chartered Accountant, with over Four Decades of Rich Experience in the areas of Income Tax, Finance & Accounts. He is the Chairman of the Company and has provided valuable advice and guidance for the Company's growth right from his inception. He is a member of the Audit Committee and the Shareholder and Investors Grievance Committee. He is also a Director of Amarjothi Power Generation and Distribution Company Limited.

By order of the Board

Place : Tirupur
Date : 10.08.2009

(N. RAJAN)
Chairman



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

Your Directors have pleasure in presenting the Twenty First Annual Report together with the audited accounts of your Company for the year ended 31st March 2009.

FINANCIAL RESULTS

	2008-2009		2007-2008	
			(Rupees in lacs)	
Sales		9300.31		7700.09
Gross Profit		2071.50		1433.14
Less: Depreciation	977.94		877.84	
Interest	578.41		484.20	
Provision for taxation(Including Deferred tax for current year)	<u>178.51</u>	<u>1734.86</u>	<u>2.24</u>	<u>1364.28</u>
Profit for the year		336.64		68.86
Add: Balance in Profit & Loss A/c		1299.05		1347.65
Surplus available for appropriation		1635.69		1416.51
APPROPRIATION:				
Proposed dividend (Including Dividend Tax)		118.46		110.56
Income-tax relating to earlier years		2.49		0
Transfer to General Reserve		33.66		6.89
Balance carried to Balance Sheet		1481.08		1299.05
Total		1635.69		1416.51

DIVIDEND

Your Directors are glad to recommend payment of dividend of **15%** on the Equity Capital as against 14% declared for the year 2007-2008. 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 to Rs.9300.31 Lacs during the year under review as against Rs.7700.09 Lacs in the previous year.

YARN DIVISION

Your Directors are happy to inform you that in spite of the increase in Cotton Prices and the 40% 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 two more wind mills of 2.90 MW became operational. In addition to this Two More Wind Mills of 2.50 MW has become operational in April 2009. With this the Total Capacity of Wind Mills as on date has gone up to 13.35 M.W.

Your Directors are happy to inform you that the Company's Clean Development Mechanism (CDM) Project, involving the Company's wind mills, for the period from 30th January 2003 to 31st December 2006 has been approved by United Nations Frame work Convention on climate Change (UNFCCC) and the Company has been given Credit for 40,872 Numbers of Certified Emission Reductions (CERs).

FINANCE

During the year under review the Company availed Fresh term loans aggregating to Rs.1508 lacs for funding the purchase of Wind Mills and expansion of Processing unit.

During the year under review the Company discharged Term loans in full aggregating to Rs.1590 lacs and particulars were filed with the Statutory Authorities.

To Improve the Financial position further, your Directors planned to dispose off fully or partly 9.29 acres of unused land with incomplete and unused Buildings, which have been idle for some time and may not be required in the future also.

DEPOSITS

Your Company has not accepted any deposits from the Public.

DIRECTORS

Sri N.Rajan and Dr.V.Subramaniam retires by rotation at this Annual General Meeting and is 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 2009 and of the profit of the Company for the year ended on that date.
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors had prepared the Annual Accounts on a "Going Concern" basis.

AUDITORS

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

**PERSONNEL**

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

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

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

INDUSTRIAL RELATIONS

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

CORPORATE GOVERNANCE

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

A certificate from the Auditors 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 of 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 : 10.08.2009

N. RAJAN
Chairman



ANNEXURE – I TO DIRECTOR'S REPORT

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

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

A. CONSERVATION OF ENERGY

a. Measures taken

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

b. Proposed measures

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

- c. Total energy consumption and energy consumption as per Form 'A' is given hereunder.

1. POWER CONSUMPTION (SPINNING AND PROCESSING UNITS)

* TNEB Power			Own Generation		
Units (KWH)	Value (Rs.)	Rate (per KWH)	Units (KWH)	Value (Rs.)	Rate (per KWH)
14976700	15347064	1.02	2593582	24548984	9.47

* (Includes power availed from Wind Mills)

	Current Year	Previous Year
2. PRODUCTION OF YARN IN KGS.	5383173	5508517
3. POWER COST PER KG.OF YARN (Rs.) (Includes power cost of Processing Unit)	7.41	6.08

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. 77.16 lakhs
Foreign Exchange outgo	: Rs. 1384.74 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. 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	1	2	4
Sri.R.Premchander	Promoter-Executive	1	-	2
Sri.R.Jaichander	Promoter-Executive	1	-	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	1	-	-
Sri.V.T.Subramanian	Independent-Non-Executive	-	-	-

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

The Board met 16 times during the financial year 2008-09 on 30th April, 2008, 30th May 2008, 30th June 2008, 30th July 2008, 25th August 2008, 2nd September 2008, 16th September 2008, 16th October 2008, 30th October 2008, 31st October 2008, 15th December 2008, 19th December 2008, 20th December 2008, 21st January 2009, 7th March 2009 and 26th March 2009. 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	16	Yes
Sri R.Premchander	16	Yes
Sri R.Jaichander	16	Yes
Sri S.Sathyanarayanan	9	Yes
Dr.V.Subramaniam	9	No
Sri. N.Radhakrishnan	16	Yes
Sri. K.Sriram	5	Yes
Sri. V.T.Subramanian (w.e.f 25.08.2008)	3	Yes



(iii) Remuneration of Directors

Director	Salary and Perquisites (Rupees)	Commission (Rupees)	Sitting Fees
1) Sri N.Rajan	Nil	Nil	320000
2) Sri R.Premchander	720000	1750000	Nil
3) Sri R.Jaichander	720000	1750000	Nil
4) Sri S.Sathyanarayanan	Nil	Nil	9000
5) Dr.V.Subramaniam	Nil	Nil	9000
6) Sri. N.Radhakrishnan	Nil	Nil	16000
7) Sri. K.Sriram	Nil	Nil	5000
8) Sri.V.T.Subramanian	Nil	Nil	3000

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, 2008. 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)	4
Dr.V.Subramaniam	Member (Non- Executive Independent)	4
Sri N.Rajan	Member (Non-Executive)	4

The committee met 4 times during the financial year on 30th April 2008, 30th July 2008, 30th October 2008 and 21st January 2009. 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 2008-09. No share transfer requests were pending as on 31st March 2009. During the year 8 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 2009. 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	16
Sri R.Premchander	Member	16
Sri R.Jaichander	Member	16

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
2006	29 th September, 2006	10.15 A.M	Meeting Hall of Gayathri Hotel, Kangeyam Road, Tirupur – 641 604.
2007	28 th September, 2007	10.15 A.M.	
2008	29 th September, 2008	10.15 A.M.	

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 24th September 2009.

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 EDIFAR in the SEBI website. No presentations were made to institutional investors or analysts. Management Discussion & Analysis forms part of the Annual Report.

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 24 th September 2009.
Time	10.15 A.M
Venue	Meeting Hall, Gayathri Hotel, Opp. Velan Hotels, Kangayam Road, Tirupur – 641 604. Phone : 0421 – 2234734 (3 lines)

(ii) Financial Calendar

Financial reporting for

Quarter ending June 30, 2009
 Half year ending September 30, 2009
 Quarter ending December 31, 2009
 Year ending March 31, 2010
 Annual General Meeting for 2010

Before the end of

July 2009
 October 2009
 January 2010
 April 2010
 September, 2010

- (iii) Date of Book Closure : 18th September to 24th September 2009
- (iv) Dividend Payment Date : On or before 23rd October, 2009
- (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 annual listing fee for 2009-2010 has been paid to the above stock exchanges.

(vii) Registrar and Transfer Agents

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

M/s. SKDC Consultants Limited

Registrars and Share Transfer Agents
 P.B.No.2979, 11, Sethi Narayandoss Layout
 Street No.1 (West Power House Road),
 Coimbatore – 641 012
 Telephone : 0422-2499856, 2494704;
 Fax No. : 0422-2499574
 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 2009, 90.30% 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	6095244	90.30
Physical	654756	9.70
Total	6750000	100.00

(ix) Market Price Data

The company's stock code in BSE is **521097**. The High and Low quotations of the Company's shares on the Bombay Stock Exchange Limited (BSE) from April 2008 to March 2009 are given below:

Month	High (Rs.)	Low (Rs.)
April-2008	26.10	15.45
May-2008	23.90	18.15
June-2008	24.70	16.60
July-2008	22.40	16.65
August-2008	23.50	17.60
September-2008	25.00	16.55
October-2008	23.50	16.10
November-2008	23.00	16.00
December-2008	23.00	17.00
January-2009	22.00	18.00
February-2009	23.95	18.70
March-2009	21.85	19.00

(x) Distribution of shareholding as on March 31, 2009

Slab of Shareholding	Shareholders	%	No. of Shares	%
0 – 5000	8070	94.08	1069923	15.85
5001 – 10000	259	3.02	213097	3.16
10001 and above	249	2.90	5466980	80.99
Total	8578	100.00	6750000	100.00

(xi) Shareholding pattern as on 31st March 2009

Category	No. of Shares held	%
Indian Promoters	3714006	55.022
Financial Institutions & Mutual Funds	100	0.001
Bodies Corporate	209703	3.107
Indian Public	2774621	41.106
NRI	515570	0.764
Total	6750000	100.000



(xii) Shareholding of Non-executive Directors as on 31st March 2009

Sri N. Rajan, Chairman holds 1164330 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,
 P.B.No.2979,
 No.11, Seth Narayandoss Layout, No.1, (West Power House Road),
 Coimbatore – 641 012.

8. NON-MANDATORY REQUIREMENTS:

(i). The Board

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

(ii). Remuneration Committee

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

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

The Remuneration Committee did not meet during 2008-09

(iii) Shareholders' rights

The quarterly un-audited results are published in newspapers and up-loaded in www.sebidifar.nic.in, the official website of SEBI. 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 10th August 2009 and approved.

For the Board of Directors

Place : Tirupur
Date : 10.08.2009

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, 2009** 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 : 10.08.2009.

V.NARAYANASWAMI M.A., F.C.A
Chartered Accountant
Membership No.23661

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, 2009.

Place : Tirupur
Date : 10.08.2009.

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 2009. 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 RVAC 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. 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 : 10.08.2009

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 2009**, 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 2009** and taken on record by the Board of Directors, I report that none of the directors is disqualified as on **31st March 2009** 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 2009**;
 - 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 : 10.08.2009.

V.NARAYANASWAMI M.A., F.C.A
Chartered Accountant
Membership No.23661

**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 had 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.18.26 crores and the year end balance of loans taken from such party was Rs.18.21 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.
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 **31.03.2009** 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.29.92 lakhs demanded by the Provident Fund Authorities and where the Company has deposited a sum of Rs.10.00 lakhs and has gone on appeal. The Honourable High Court of Madras has decided the appeal in favour of the Company. The Provident Fund Authorities has gone on further appeal and the appeal is pending before the Honourable Supreme Court of India.
10. There are no accumulated losses of the company as on the date of the Balance Sheet. The company has not incurred any cash losses during the financial year covered by my audit and the immediately preceding financial year.
11. Based on my audit procedures and on the information and explanations given by the management, I am of the opinion that the company has not defaulted in repayment of dues to banks.
12. The Company has not granted any loans on the basis of the security by way of pledge of shares, debentures and other securities.



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 : 10.08.2009.

V.NARAYANASWAMI M.A., F.C.A
Chartered Accountant
Membership No.23661



BALANCE SHEET AS AT 31ST MARCH 2009

		Rupees in Thousands	
	Schedule No.	As on 31.03.2009	As on 31.03.2008
I SOURCES OF FUNDS :			
1 SHAREHOLDERS' FUNDS :			
(a) Capital	1	67500	67500
(b) Reserves & Surplus	2	203266	181697
		<u>270766</u>	<u>249197</u>
2 LOAN FUNDS:			
(a) Secured loans	3	546887	382424
(b) Unsecured loans	4	267733	245353
		<u>814620</u>	<u>627777</u>
3 DEFERRED TAX LIABILITY (NET)	5	<u>185714</u>	<u>173957</u>
Total		<u>1271100</u>	<u>1050931</u>
II. APPLICATION OF FUNDS:			
1 FIXED ASSETS	6		
(a) Gross block		1340222	1212963
(b) LESS: Depreciation		<u>661873</u>	<u>564079</u>
(c) Net Block		678349	648884
(d) Capital Work-in-Progress & Advances		106054	30472
		<u>784403</u>	<u>679356</u>
2 INVESTMENTS	7	<u>7657</u>	<u>7657</u>
3 CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Inventories	8	277290	252992
(b) Sundry Debtors	9	113252	80272
(c) Cash and bank balances	10	65518	12372
(d) Loans and advances	11	61192	50365
		<u>517252</u>	<u>396001</u>
Less : Current Liabilities & Provisions	12		
(a) Liabilities		25585	20837
(b) Provisions		<u>12627</u>	<u>11246</u>
		<u>38212</u>	<u>32083</u>
NET CURRENT ASSETS		<u>479040</u>	<u>363918</u>
4 MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED		0	0
Total		<u>1271100</u>	<u>1050931</u>
NOTES FORMING PART OF THE ACCOUNTS	19		

As per my report of even date
V.NARAYANASWAMI, M.A., F.C.A.
 Chartered Accountant
 Place : Tirupur
 Date : 10.08.2009

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


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

		Rupees in Thousands	
	Schedule No.	As on 31.03.2009	As on 31.03.2008
I. INCOME :			
Sales		930031	770009
Other Income	13	25178	27723
Increase / (Decrease) in Stock	14	-63185	57871
Total		<u>892024</u>	<u>855603</u>
II. EXPENDITURE :			
Raw Materials & Comp. Consumed	15	479592	530098
Manufacturing Expenses	16	163304	147818
Administration & Selling expenses	17	41978	34374
Interest	18	57841	48420
Depreciation		97794	87784
Total		<u>840509</u>	<u>848494</u>
III. PROFIT BEFORE TAXATION :		51515	7109
Provision for Taxation for the current year		5960	3666
Fringe Benefit Tax for the current year		134	137
Deferred tax for the current year		<u>11757</u>	<u>-3579</u>
IV. PROFIT AFTER TAXATION :		33664	6885
Add : Profit brought forward from previous year		129905	134765
PROFIT AVAILABLE FOR APPROPRIATION		<u>163569</u>	<u>141650</u>
V. APPROPRIATIONS :			
Proposed Dividend (Including Tax on dividend)		11846	11056
General Reserve		3366	689
Income Tax for earlier years		249	-
Balance carried forward to Balance Sheet		<u>148108</u>	<u>129905</u>
		<u>163569</u>	<u>141650</u>

NOTES FORMING PART OF THE ACCOUNTS 19

As per my report of even date
V.NARAYANASWAMI, M.A., F.C.A.
 Chartered Accountant
 Place : Tirupur
 Date : 10.08.2009

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 31.03.2009	As on 31.03.2008
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	<u>67500</u>	<u>67500</u>
2 RESERVES AND SURPLUS :		
(a) General Reserve		
As per last year Balance Sheet	29292	28603
Add : Additions during the year	<u>3366</u>	<u>689</u>
	32658	29292
(b) Share Premium	22500	22500
(c) Profit & Loss Account	148108	129905
	<u>203266</u>	<u>181697</u>
3 SECURED LOANS:		
FROM BANKS		
Cash credit	302918	150999
Term Loan	243969	231254
Hire Purchase Loan	0	183
Less: Interest beyond 31.03.2008	<u>0</u>	<u>12</u>
	<u>546887</u>	<u>382424</u>
4 UNSECURED LOANS:		
Loan from Directors	182151	144684
Interest free sales tax loan	<u>85582</u>	<u>100669</u>
	<u>267733</u>	<u>245353</u>
5 DEFERRED TAX LIABILITY		
ON OF ACCOUNT OF TIMING DIFFERENCES:		
As per last year Balance Sheet	173957	177536
Add: Transfer (to)/ from P&L a/c for current year	<u>11757</u>	<u>-3579</u>
	<u>185714</u>	<u>173957</u>

6. FIXED ASSETS

Rupees in Thousands

Description	Gross Block				Depreciation				Net Block	
	As At 01.04.2008	Additions	Adjustments /Deletion	As At 31.03.2009	Upto 31.03.2008	During the Period	Adjustments /Deletions	Upto 31.03.2009	As At 31.03.2009	As At 31.03.2008
LAND	7532	0	0	7532	0	0	0	0	7532	7532
LEASE HOLD LAND	7875	0	0	7875	0	0	0	0	7875	7875
BUILDING	155079	4398	0	159477	38554	4861	0	43415	116062	116525
PLANT & MACHINERY	1011588	121269	0	1132857	513831	89960	0	603791	529066	497757
FURNITURE & FITTINGS	2842	606	0	3448	1615	159	0	1774	1674	1227
OFFICE EQUIPMENTS	15801	866	0	16667	6097	1681	0	7778	8889	9704
VEHICLES	12246	120	0	12366	3982	1133	0	5115	7251	8264
TOTAL	1212963	127259	0	1340222	564079	97794	0	661873	678349	648884
PREVIOUS YEAR	1177882	64868	29787	1212963	503153	87784	26859	564079	648884	674729





SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in Thousands

As on
31.03.2009

As on
31.03.2008

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.1945/-)	9	9
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100 Equity Shares of Rs.10 each fully paid of Thambbi Modern Spinning Mills Ltd. (Market value – Rs.460/-)	5	5
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- Non - Trade (Un-Quoted)

5231 Equity shares of Rs.1000 each fully paid of Perundurai Commun Effluent Treatment Plant (Including premium)	7643	7643
--	------	------

7657

7657

CURRENT ASSETS, LOANS & ADVANCES :

CURRENT ASSETS :

8 INVENTORIES :

Raw Materials	142248	76207
Work-in-Progress	23464	8515
Finished Goods	91680	155020
Waste Stock	5547	1553
Stores, Tools, Spares & Packing Materials	14196	8198
Consignment stock	155	3499

277290

252992

9 SUNDRY DEBTORS

(UNSECURED AND CONSIDERED GOOD) :

1 Due for More than 6 months			
(a) Considered Good	13449	7226	
(b) Considered Doubtful	2104	2647	
2 Other Debts	<u>100983</u>	<u>73683</u>	83556
Less : Provision for Doubtful Debts		3284	3284
	<u>113252</u>		<u>80272</u>



SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in Thousands

	As on 31.03.2009	As on 31.03.2008
10 CASH AND BANK BALANCES		
Cash on Hand	213	334
Balances with Scheduled Banks		
In Current Accounts	17199	10349
In Deposit Accounts(given as security for bank guarantee / L.C.Margin)	46051	72
In Unpaid Dividend Warrant Account	2055	1617
	<u>65518</u>	<u>12372</u>
11 LOANS & ADVANCES		
(UNSECURED & CONSIDERED GOOD)		
Advances recoverable in cash or in kind or for value to be received	44697	29863
Balance with Excise Department	1755	4265
Deposit with Government Departments	14740	16237
	<u>61192</u>	<u>50365</u>
12 CURRENT LIABILITIES AND PROVISIONS :		
CURRENT LIABILITIES :		
Sundry Creditors	12636	8887
Other Liabilities	10908	10347
Unclaimed Dividends	2041	1603
	<u>25585</u>	<u>20837</u>
PROVISIONS :		
Proposed Dividend (Inclusive of tax)	11846	11056
Provision for Income Tax & FBT	6094	3803
Less : Tax Paid / TDS	<u>-5313</u>	<u>-3613</u>
	<u>12627</u>	<u>11246</u>
	<u>38212</u>	<u>32083</u>



SCHEDULES TO PROFIT AND LOSS ACCOUNT

Rupees in Thousands

	As on 31.03.2009	As on 31.03.2008
13 OTHER INCOME :		
Interest receipts	2714	1276
Miscellaneous Income	22464	26447
	<u>25178</u>	<u>27723</u>
14 INCREASE / (DECREASE) IN STOCK :		
Opening Stock of Yarn	158519	100648
Closing Stock of Yarn	95334	158519
Increase / (Decrease) in Stock	<u>-63185</u>	<u>57871</u>
15 RAW MATERIALS CONSUMED :		
Opening Stock :		
Raw Materials	76206	186603
Work-in-Progress	8515	24859
Waste Stock	<u>1553</u>	<u>1717</u>
ADD : Purchases	<u>564577</u>	<u>403193</u>
	650851	616372
LESS : Closing Stock :		
Raw Materials	142248	76206
Work-in-Progress	23464	8515
Waste Stock	<u>5547</u>	<u>1553</u>
	<u>479592</u>	<u>530098</u>
16 MANUFACTURING EXPENSES :		
Power & Fuel	39896	33487
Dyeing and Processing Expenses	41082	44839
Salaries, Wages & Stipends	29429	16181
Social Upgradation & Compensation Expenses	3668	4487
Stores consumed	33044	33682
Machinery Maintenance	4540	4435
Repairs & Maintenance - General	94	234
Repairs & Maintenance - Building	1885	1735
Canteen & Dispensary Expenses	8638	8013
Licence Rates & Taxes	<u>1028</u>	<u>725</u>
	<u>163304</u>	<u>147818</u>



SCHEDULES TO PROFIT AND LOSS ACCOUNT

Rupees in Thousands

	As on 31.03.2009	As on 31.03.2008
17 ADMINISTRATION & SELLING EXPENSES :		
Salaries	6637	6449
Provident Fund contribution	2257	1785
Employees State Insurance Contribution	47	42
Rates & Taxes	197	232
Bank Charges	4174	2425
Service Tax on Lorry Freight Central Excise	662	416
Miscellaneous Expenses	3503	3465
Sales Commisions	3156	2797
Printing, Stationery & Postage	2313	2335
Telephones	855	909
Travelling & Conveyance	1533	1215
Insurance	3696	3570
Vehicle Maintenance – car	266	282
Vehicle Maintenance – Lorry & Van & others	3074	2534
Share Transfer Expenses	321	312
Managerial Remuneration	4940	1440
Advertisement	633	1047
Sitting Fees	360	32
Freight & Other Expenses	2172	2244
Exchange rate fluctuation	515	117
Loss on sale of vehicles & Old Machines	0	289
Consignment Expenses	667	437
	<u>41978</u>	<u>34374</u>
18 INTEREST :		
On Term Loan	16940	15525
On Working Capital Loan	14868	15972
On Others	26033	16923
	<u>57841</u>	<u>48420</u>

**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, Fringe Benefit tax and Deferred Tax for the current year.

As per my report of even date

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

Place : Tirupur
Date : 10.08.2009

On behalf of the Board of Directors

N. RAJAN	R. PREMCHANDER
Chairman	Managing Director
	R.JAICHANDER
	Joint Managing Director



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 India and State Bank of Travancore	861.58	Term Loan under TUF Scheme.	First charge on Machineries purchased and paripasu charge on other fixed assets.
3	Punjab National Bank	1328.00	Term Loan under TUF Scheme for wind mills.	First charge on wind mills purchased and second charge on other fixed assets.
4	Bank of India	700.00		
5	Axis Bank Ltd.	194.65	Term Loan under TUF Scheme.	First charge on Machineries purchased and second charge on other fixed assets.
6	Karur Vysya Bank Ltd	1500.00	Term Loan for Wind Mill.	First charge on Wind Mills purchased.
7	Karur Vysya Bank Ltd	240.00	Term Loan for Processing unit Machineries	First charge on Machinery purchased and extension of charge on 2 WEGs already charged to KVB.
8	Bank of Baroda	1700.00	Short term Working Capital Loan	Exclusive charge on the Raw material purchased.
9	Karur Vysya Bank Ltd	1500.00	Short term Working Capital loan / FLC.	Exclusive charge on the Cotton purchased.
10	Axis Bank Ltd.	1000.00	Commodity loan	Key loan on the Cotton Purchased.

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

2. CONTINGENT LIABILITIES:

31.03.2009

31.03.2008

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

NIL

NIL

3. Income Tax assessments have been completed upto the Assessment Year 2007 – 2008.

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 overdue payments to Micro, Small and Medium scale enterprises during the year and there is 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.21.04 lacs (Rs.26.47 lacs) for which the Company has taken legal action and is hopeful of recovery and hence not provided for.
7. Depreciation has been calculated according to Schedule XIV of the Companies Act, 1956 as amended on straight-line method.
8. The Company has a demand towards Provident Fund dues amounting to Rs.29.92 lacs against which the Company has deposited a sum of Rs. 10.00 lacs and has gone on appeal. The Honourable High Court of Madras has upheld the Company's appeal and the department has gone on further appeal and the appeal is pending with the Honourable Supreme Court of India. The Company does not envisage any liability in this regard and hence, no provision has been made for the same.

		As on	
	31.03.2009 (Rs.in Lacs)	31.03.2008 (Rs.in Lacs)	
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.	5850.00	2650.00
(b)	Counter Guarantee given by the Chairman, Managing Director and Joint Managing Director for Term Loans taken by the Company from its Bankers.	5020.00	4870.00

		As on	
10	QUANTITATIVE PARTICULARS:	31.03.2009	31.03.2008
i)	Licensed Capacity*	Spindles 75000	75000
ii)	Installed Capacity*	Spindles 37392	37392
ii)	Actual Production - Yarn	Kgs. 5383173	5508517
iv)	Turnover - Yarn	Kgs. 6122430	5017150
		Rs. 907999596	740299160
	- Waste	Kgs. 1306434	2303402
		Rs. 22028473	29709521
v)	Opening Yarn Stock	Kgs. 1367500	876145
		Rs. 155019766	100647640
vi)	Closing Yarn Stock	Kgs. 663625	1367500
		Rs. 91679744	155019766

* As certified by Management not verified by Auditor



vii) Consumption of Raw Materials			
Indigenous [84.73% / 100%]			
Cotton	Kgs.	4758032	7428105
	Rs.	319246977	428508120
Viscose	Kgs.	488997	621809
	Rs.	62550636	76350484
Others	Rs.	24571466	25238708
Imported [15.27% / 0%]			
Cotton		836690	NIL
	Rs.	73223327	NIL
Total Raw Material Consumption	Rs.	<u>479592406</u>	<u>530097312</u>
viii) Consumption of Stores & Spares			
Indigenous (93.30%/94.86%)	Rs.	30829803	31951481
Imported (6.70%/5.14%)	Rs.	2214016	1730547
11 EARNINGS IN FOREIGN CURRENCY :			
FOB Value of Exports	Rs.	7715785	13913832
12 EXPENDITURE IN FOREIGN CURRENCY :			
a) Travelling	Rs.	625370	502488
b) CIF Value of Imports	Rs.	137848569	2555660
c) Certification charges	Rs.	271951	614445
13 MANAGERIAL REMUNERATION :			
a) Managing Director (Salary)	Rs.	720000	720000
b) Joint Managing Director (Salary)	Rs.	720000	720000
c) Managing Director (Commission)	Rs.	1750000	Nil
d) Joint Managing Director (Commission)	Rs.	1750000	Nil
Total		<u>4940000</u>	<u>1440000</u>



14 PAYMENT TO AUDITOR :

Audit Fees (inclusive of Service Tax)	Rs.	44000	44000
Reimbursement of Expenses	Rs.	11000	11000
Other Services	Rs.	8000	8000
Total		<u>63000</u>	<u>63000</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 attached

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

Chartered Accountant

Place : Tirupur

Date : 10.08.2009

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 in the manufacture of yarn. The Company owns nine wind mills of which six are for captive consumption purpose only. During the year the value of power generated through these mills is Rs.6,75,34,902/-(1,71,37,517/-units) and this is adjusted with the power cost of the Company. The processing division is operating mainly for captive utilization. As the volume of the processing is not upto the requirement for segment wise reporting, 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 deferred Tax liability is being disclosed as a liability.

III. Employee Benefits: AS-15:

a. Provident Fund Contribution:

During the year the company has contributed Rs.40,42,917/- 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:

1. Related Parties:

Associates: (i) N. Rajan & Sons

2. Key Management Personnel:

(i) Sri.R.Premchander, Managing Director

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

Transactions:

Particulars	Related Parties / Associates.	Key Management Personnel	Directors
Remuneration	—	Rs. 49,40,000	—
Sitting fees	—	—	Rs.3,62,000
Payment of Interest	Rs. 2,59,45,512	—	—
Credit Balance as at 31.03.2009	Rs.18,21,50,955	—	—

V. Earning Per share:

(a) Net Profit after Tax	—	Rs.3,36,63,905/-.
(b) No. Of Equity Shares	—	67,50,000
(c) Earning Per Share	—	Rs. 4.99



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

I Registration Details

Registration No. 0 0 0 2 0 9 0

State Code 1 8

Balance Sheet Date 3 1

0 3

2 0 0 9

Date

Month

Year

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

Public Issue

N I L

Rights Issue

N I L

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

Total Liabilities

1 2 7 1 1 0 0

Total Assets

1 2 7 1 1 0 0

Sources of Funds

Paid up Capital

6 7 5 0 0

Reserves & Surplus

2 0 3 2 6 6

Secured Loans

5 4 6 8 8 7

Unsecured Loans

2 6 7 7 3 3

Deferred Tax Liability

1 8 5 7 1 4

Application of Funds

Net Fixed Assets

7 8 4 4 0 3

Investments

7 6 5 7

Net Current Assets

4 7 9 0 4 0

Miscellaneous Expenditure

N I L

Accumulated Losses

N I L

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

Turnover

9 3 0 0 3 1

Total Expenditure

8 4 0 5 0 9

Profit Before Tax

5 1 5 1 5

Profit After Tax

3 3 6 6 4

Earnings per Shares in Rs.

4 . 9 9

Dividend rate %

1 5

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

Item Code No. (ITC Code) 5 2 0 5 . 1 1

Product Description C O T T O N Y A R N

As per my report of even date attached

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

Chartered Accountant

Place : Tirupur

Date : 10.08.2009

On behalf of the Board of Directors

N. RAJAN

Chairman

R. PREMCHANDER

Managing Director

R.JAICHANDER

Joint Managing Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

Rupees in Thousands

Year Ended **Year Ended**
31.03.2009 **31.03.2008**

A. CASH FLOW FROM OPERATING ACTIVITIES:

NET Profit before Tax	51515	7109
Adjustment for:		
Depreciation	97794	87784
Loss /(Profit) on Sale of Assets	0	289
Interest Income	-2714	-1276
Interest on Borrowings	57841	48420
	<u>152921</u>	<u>135217</u>
Operating Profit before Working Capital Changes	204436	142326
Adjustment for:		
Trade & other Receivables	-43807	11992
Inventories	-24298	68974
Trade Payable & Other Liabilities	4309	-40418
	<u>-63796</u>	<u>40548</u>
Cash Generated from Operations	140640	182874
Direct Taxes provisions / paid	-5313	-3613
Dividend paid	-11056	-11056
Net Cash from Operating activities	A <u>124271</u>	<u>168205</u>

B. CASH FLOW FROM INVESTMENT ACTIVITIES:

Purchase of Fixed Assets	-127259	-35081
Payment for Capital Projects in Progress	-75582	14217
Interest Received	2714	1276
Net Cash from Investment activities	B <u>-200127</u>	<u>-19588</u>

AMARJOTHI SPINNING MILLS LIMITED**C. CASH FLOW FROM FINANCING ACTIVITIES:**

Unsecured loans	22380	-48561
Borrowings (net)	164463	-44226
Interest Paid	-57841	-48,420
Net Cash from Financing Activities	C	129002
Net Increase/ (Decrease) in cash and cash equivalents	(A+B+C)	53146
		7410
Cash and Cash Equivalents as at 1st April, 2008	12372	4962
Cash and Cash Equivalents as at 31st March, 2009	65518	12372

As per my report of even date attached

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

Chartered Accountant

Place : Tirupur

Date : 10.08.2009

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 2009. 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 10th August, 2009 to the members of the Company.

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

Place : Tirupur

Date : 10.08.2009.

Chartered Accountant

Membership no.23661

AMARJOTHI SPINNING MILLS LIMITED
"Amarjothi House", 157, Kumaran Road, Tirupur - 641 601.

ATTENDANCE SLIP
21st Annual General Meeting on 24th September, 2009

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 twentyfirst Annual General Meeting held at the Meeting Hall of Gayathri Hotel, Kangayam Road, Tirupur - 641 604 at 10.15 A.M. on Thursday, 24.09.2009.

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 21st Annual General Meeting of the company to be held on Thursday,

24-09-2009 at the Meeting Hall of Gayathri Hotel, Kangayam Road, Tirupur - 641 604 at 10.15 A.M. and

at any adjournment thereof.

Affix
Re.1/-
Revenue
Stamp

Signed :

Date:

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.

To

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