

AMARJOTH, SPINNING VIA...

AMARJOTH, SPINNING VIA...

For Amarjoth Spinning



N. RAJAN  
(Chairman)



**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. SUBRAMANAIAAN**  
(Director)

**BANKERS**

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

**STATUTORY AUDITOR**

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

**SHARE TRANSFER AGENTS**

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

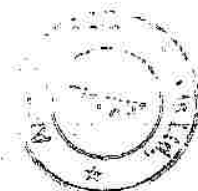
REGD. OFFICE : "AMARJOTHI HOUSE", 157, Kumaran Road, Tirupur - 641 601.

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





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**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the **Twenty Second Annual General Meeting** of the members of **AMARJOTHI SPINNING MILLS LIMITED** will be held on **Wednesday, the 29<sup>th</sup> September, 2010** 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 **31<sup>st</sup> March 2010**, the Profit and Loss Account for the year ended **31<sup>st</sup> March 2010** and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Sri. N.Radhakrishnan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri. S.Sathyanarayanan 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 : 09.08.2010

**(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., Kanapathy Towers, 3<sup>rd</sup> Floor, No.1391/A-1, Sathy Road, Ganapathy, Coimbatore-641006. Those holding shares in dematerialized form may intimate the change to their depository participant. Any other correspondence relating to Shares may also be addressed to the said Registrars.
3. The Register of Members and share transfer books of the Company will remain closed from **23<sup>rd</sup> September 2010 to 29<sup>th</sup> September 2010** (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 at least 7 days before the meeting to enable the management to keep the information ready.
7. Members are requested to be in their seats at the meeting hall before the scheduled time of commencement of the Annual General Meeting to avoid interruption in the proceedings.
8. In term of Section 205A read with section 205C of the Companies Act, 1956, dividends declared which remain unclaimed for a period of seven years will be transferred to the Investors Education and Protection Fund on due dates. During the year Unclaimed dividend of the year 2001-2002 Rs.2,45,015/- was transferred to the Investors Education and Protection Fund.
9. Members who have not encashed their dividend warrants are requested to lodge their claim to the company by surrendering the unencashed warrants immediately.
10. In terms of clause 49 of the listing agreement with stock exchanges, a brief resume of the Directors proposed to be re-appointed at the annual general meeting is given below:



## AMARJOTHI SPINNING MILLS LIMITED



1. **Sri.N.Radhakrishnan:**

Sri.N.Radhakrishnan, aged 61 years, is a Commerce Graduate with an experience of over four decade's in the field of yarn marketing and Textile processing. He has been a Director of the company from 31.08.2005 and has provided valuable advice in marketing related areas.

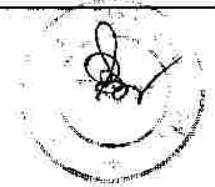
2. **Sri.S.Sathyanarayanan:**

Sri.S.Sathyanarayanan, aged 79 years, is a Technical expert over five decade's experience. He served as a Technical expert in the United Nations Industrial Development Organisation. He has been a Director of the Company from 1<sup>st</sup> July 1992 and has provided valuable advice in Technology related areas. He is a member of the Audit committee and Remuneration Committee of the Board. He is also the President of the Salem Dharmapuri Chamber of Commerce and Senate Member of the Periyar University, Salem.

By order of the Board

Place : Tirupur  
Date : 09.08.2010

(N. RAJAN)  
Chairman





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

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the audited accounts of your Company for the year ended 31<sup>st</sup> March 2010.

**FINANCIAL RESULTS**

	<b>2009-2010</b>		<b>2008-2009</b>	
	(Rupees in lacs)			
Sales		9858.23		9300.31
Gross Profit		2552.49		2071.50
<b>Less:</b> Depreciation	1093.33		977.94	
Interest	883.30		578.41	
Provision for taxation(Including Deferred tax for current year)	<u>-372.76</u>	<u>1603.87</u>	<u>178.51</u>	<u>1734.86</u>
<b>Profit for the year</b>		<b>948.62</b>		<b>336.64</b>
<b>Add:</b> Balance in Profit & Loss A/c		<u>1481.08</u>		<u>1299.05</u>
<b>Surplus available for appropriation</b>		<b><u>2429.70</u></b>		<b><u>1635.69</u></b>
<b>APPROPRIATION:</b>				
Proposed dividend (Including Dividend Tax)		142.15		118.46
Income-tax relating to earlier years		0		2.49
Transfer to General Reserve		94.86		33.66
Balance carried to Balance Sheet		<u>2192.69</u>		<u>1481.08</u>
<b>Total</b>		<b><u>2429.70</u></b>		<b><u>1635.69</u></b>

**DIVIDEND**

Your Directors are glad to recommend payment of dividend of **18%** on the Equity Capital as against 15% declared for the year 2008-2009. 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.9858.23 Lacs during the year under review as against Rs.9300.31 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 two more wind mills of 2.50 MW became operational. In addition to this Five more Wind Mills of 4.25 MW have become operational in 2010-11. With this the Total Capacity of Wind Mills as on date has gone up to 17.60 MW.

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 30<sup>th</sup> January 2003 to 31<sup>st</sup> 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). The company has received during the year a sum of Rs.2,08,359/- on sale of Carbon Credits.

**FINANCE**

During the year under review the Company availed Fresh Long term loans aggregating to Rs.2400 lacs for funding the purchase of Wind Mills and Fresh Short Term Loans aggregating to Rs.1875 lacs for Raw Material procurement.

During the year under review the Company discharged Long Term loans in full aggregating to Rs.257 lacs and short term loans in full aggregating to Rs.2085 lacs and particulars were filed with the Statutory Authorities. During the year the company has received and settled in full Adhoc working Capital Loans aggregating to Rs.375 Lacs.

**DEPOSITS**

Your Company has not accepted any deposits from the Public.

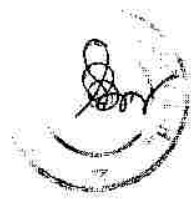
**DIRECTORS**

Sri N.Radhakrishnan and Sri.S.Sathyanarayanan 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 31<sup>st</sup> March 2010 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 : 09.08.2010

(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)**

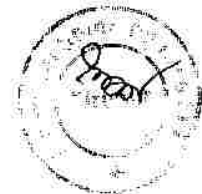
	Current Year	Previous Year
Electricity		
a) Purchased from TNEB:		
Units(KWH)	19054951	14976700
Total amount (Rs.)	86400244	82881966
Rate per unit (Rs.)	4.53	5.53
b) Own Generation:		
i) Through Diesel Generator		
Units(KWH)	2327920	2593582
Units per ltr. Of Diesel oil	3.20	3.10
Total amount (Rs.)	23794238	24548984
Rate per unit (Rs.)	10.22	9.47
ii) Through Wind Mills		
Units(KWH)	32031013	17137517
	Current Year	Previous Year
<b>2. PRODUCTION OF YARN IN KGS.</b>	5489335	5383173
<b>3. POWER COST PER KG.OF YARN (Rs.)</b> (Includes power cost of Processing Unit and power generated by wind mills)	2.91	7.41

**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. 55.91 lakhs  
 Foreign Exchange outgo : Rs. 139.61 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	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 13 times during the financial year 2009-10 on 1st April, 2009, 2nd April 2009, 30<sup>th</sup> April 2009, 6<sup>th</sup> May 2009, 8<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 10<sup>th</sup> August 2009, 3rd September 2009, 30<sup>th</sup> October 2009, 16<sup>th</sup> November 2009, 31<sup>st</sup> December 2009, 20<sup>th</sup> January 2010 and 10<sup>th</sup> February 2010. 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	12	Yes
Sri R.Jaichander	13	Yes
Sri S.Sathyanarayanan	13	Yes
Dr.V.Subramaniam	6	No
Sri. N.Radhakrishnan	13	Yes
Sri. K.Sriram	5	No
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	2162000	Nil
3) Sri R.Jaichander	720000	2162000	Nil
4) Sri S.Sathyanarayanan	Nil	Nil	9750
5) Dr.V.Subramaniam	Nil	Nil	4500
6) Sri. N.Radhakrishnan	Nil	Nil	9750
7) Sri. K.Sriram	Nil	Nil	3750
8) Sri.V.T.Subramanian	Nil	Nil	9750

3. Committees of the Board

(i) Audit Committee

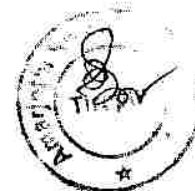
All the three members of the Audit Committee are Non-Executive Directors. Two of the members are Independent Directors. An Independent Director is the Chairman of the Committee and he was present at the last annual general meeting held on 24<sup>th</sup> September, 2009. All the members of the committee 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 30<sup>th</sup> April 2009, 31st July 2009, 30<sup>th</sup> October 2009 and 20th January 2010. 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 2009-10. No share transfer requests were pending





as on 31<sup>st</sup> March 2010. During the year 6 letters were received from investors regarding non-receipt of dividend warrants, annual reports, share certificates, etc. and all of them were replied to/ resolved to their satisfaction. There was no pending grievance as on 31<sup>st</sup> March 2010. 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
2007	28 <sup>th</sup> September, 2007	10.15 A.M.	Meeting Hall of Gayathri Hotel, Kangeyam Road, Tirupur – 641 604.
2008	29 <sup>th</sup> September, 2008	10.15 A.M.	
2009	24 <sup>th</sup> September, 2009	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 29<sup>th</sup> September 2010.

**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.

(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
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
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**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	Wednesday, the 29 <sup>th</sup> September 2010.
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**

<i>Financial reporting for</i>	<i>Before the end of</i>
Quarter ending June 30, 2010	July 2010
Half year ending September 30, 2010	October 2010
Quarter ending December 31, 2010	January 2011
Year ending March 31, 2011	April 2011
Annual General Meeting for 2011	September, 2011
(iii) Date of Book Closure	: 23 <sup>rd</sup> September to 29 <sup>th</sup> September 2010
(iv) Dividend Payment Date	: On or before 28 <sup>th</sup> October, 2010
(v) Registered Office	: Amarjothi House, 157, Kumaran Road, Tirupur – 641 601.
(vi) Listing of Equity Shares on Stock Exchanges	: Madras Stock Exchange Ltd. Bombay Stock Exchange Ltd.

The annual listing fee for 2010-2011 has been paid to the above stock exchanges.

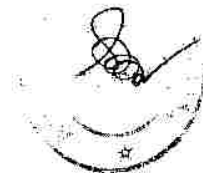
Trading has been permitted for the Companies Share in National Stock Exchange Ltd. from January 2010.

**(vii) Registrar and Transfer Agents**  
(Common agency for shares held in Depository Mode and Physical mode)

**M/s. SKDC Consultants Limited**  
Registrars and Share Transfer Agents  
Kanapathy Towers, 3<sup>rd</sup> Floor,  
1391/A-1, Sathy Road, Ganapathy,  
Coimbatore – 641 006.  
Telephone : 0422-6549995, 2539835;  
Fax No. : 0422-2539837  
E-mail : [info@skdc-consultants.com](mailto: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 31<sup>st</sup> March 2010, 90.55% 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	6111844	90.55
Physical	638156	9.45
<b>Total</b>	<b>6750000</b>	<b>100.00</b>

**(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 2009 to March 2010 are given below:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April-2009	23.50	20.70	-	-
May-2009	27.50	21.60	-	-
June-2009	30.55	25.00	-	-
July-2009	27.95	23.10	-	-
August-2009	29.80	25.00	-	-
September-2009	38.80	26.90	-	-
October-2009	34.40	27.50	-	-
November-2009	50.40	27.10	-	-
December-2009	58.95	43.00	-	-
January-2010	62.80	42.15	62.00	41.20
February-2010	52.60	39.00	53.50	37.75
March-2010	43.90	38.80	44.75	38.10

**(x) Distribution of shareholding as on March 31, 2010**

Slab of Shareholding	Shareholders	%	No. of Shares	%
0 - 5000	8329	94.11	1084895	16.07
5001 - 10000	282	3.19	230836	3.42
10001 and above	239	2.70	5434269	80.51
<b>Total</b>	<b>8850</b>	<b>100.00</b>	<b>6750000</b>	<b>100.00</b>

**(xi) Shareholding pattern as on 31<sup>st</sup> March 2010**

Category	No. of Shares held	%
Indian Promoters	3714006	55.022
Financial Institutions & Mutual Funds	100	0.001
Bodies Corporate	220924	3.273
Indian Public	2791799	41.361
NRI	23171	0.343
<b>Total</b>	<b>6750000</b>	<b>100.000</b>





**(xii) Shareholding of Non-executive Directors as on 31<sup>st</sup> March 2010**

Sri N. Rajan, Chairman holds 1164330 equity shares. The other non-executive directors do not hold any shares.

**(xiii) Plant Locations**

<b>Spinning Mill</b>	Pudusuripalayam, Nambiyur – 638 458.
<b>Processing Unit</b>	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, 3<sup>rd</sup> 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:

<b>Name</b>	<b>Designation</b>
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 2009-10

**(iii). Shareholders' rights**

The quarterly un-audited results are published in newspapers and up-loaded in [www.sebiedifar.nic.in](http://www.sebiedifar.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 09<sup>th</sup> August 2010 and approved.

For the Board of Directors

Place : Tirupur  
Date : 09.08.2010

**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 **31<sup>st</sup> March, 2010** 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 : 09.08.2010

**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 31<sup>st</sup> March, 2010.

Place : Tirupur  
Date : 09.08.2010.

**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 2012. 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:**

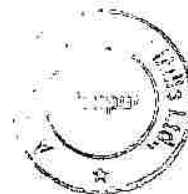
The size of the Indian Textile industry is on the threshold of an accelerated rate of growth with the dismantling of the quota system. Due to the implementation of WTO recommendations on free trade policies, the volume of export from Tirupur is expected to increase three-fold. This Company being a major 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 year. 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. 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 : 09.08.2010

**N.RAJAN**  
Chairman

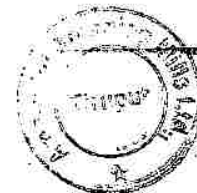


**AUDITOR'S REPORT****TO THE MEMBERS OF AMARJOTHI SPINNING MILLS LIMITED**

1. I have audited the attached balance sheet of Amarjothi Spinning Mills Limited as at **31<sup>st</sup> March 2010**, 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 **31<sup>st</sup> March 2010** and taken on record by the Board of Directors, I report that none of the directors is disqualified as on **31<sup>st</sup> March 2010** 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 **31<sup>st</sup> March 2010**;
    - 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 : 09.08.2010.

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

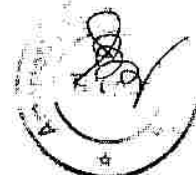




**ANNEXURE TO THE AUDITOR'S REPORT:**

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 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.26.67 Crores and the year end balance of loans taken from such party was Rs.21.27 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.21.27 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 **31.03.2010** 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.
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.



**AMARJOTHI SPINNING MILLS LIMITED**



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 : 09.08.2010.

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





**AMARJOTHI SPINNING MILLS LIMITED**



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

Rupees in Thousands

	SCHEDULE	As on 31.03.2010	As on 31.03.2009
<b>I. INCOME :</b>			
Sales		985823	930031
Other Income	13	12564	25178
Increase / (Decrease) in Stock	14	-3718	-63185
		<u>994669</u>	<u>892024</u>
<b>II. EXPENDITURE :</b>			
Raw Materials & Comp. Consumed	15	542891	479592
Manufacturing Expenses	16	150942	163304
Administration & Selling expenses	17	45587	41978
Interest	18	88330	57841
Depreciation		109333	97794
<b>Total</b>		<u>937083</u>	<u>840509</u>
<b>III. PROFIT BEFORE TAXATION :</b>		<b>57586</b>	<b>51515</b>
Provision for Taxation for the current year		10721	5960
Fringe Benefit Tax for the current year		0	134
Deferred tax for the current year		-47997	11757
<b>IV. PROFIT AFTER TAXATION :</b>		<b>94862</b>	<b>33664</b>
Add : Profit brought forward from previous year		148108	129905
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<u><b>242970</b></u>	<u><b>163569</b></u>
<b>V. APPROPRIATIONS :</b>			
Proposed Dividend (Including Tax on dividend)		14215	11846
General Reserve		9486	3366
Income Tax for earlier years		0	249
Balance carried forward to Balance Sheet		219269	148108
		<u>242970</u>	<u>163569</u>
<b>NOTES FORMING PART OF THE ACCOUNTS 19</b>			
Earning Per Share		<b>14.05</b>	<b>4.99</b>

As per my report of even date  
**V.NARAYANASWAMI, M.A., F.C.A.**  
 Chartered Accountant  
 Membership No.023661

Place : Tirupur  
 Date : 09/08/2010

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

**R.JAICHANDER**  
 Joint Managing Director

For Amarjothi Spinning Mills Ltd.

  
**N. RAJAN**  
 (Chairman)



SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in Thousands

	As on 31.03.2010	As on 31.03.2009
<b>1 SHARE CAPITAL :</b>		
<b>AUTHORISED :</b>		
6750000 Equity Shares of Rs.10 each	<u>67500</u>	<u>67500</u>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL :</b>		
6750000 Equity Shares of Rs.10 each fully paid	<u>67500</u>	<u>67500</u>
<b>2 RESERVES AND SURPLUS :</b>		
(a) General Reserve		
As per last year Balance Sheet	32658	29292
Add : Additions during the year	<u>9486</u>	<u>3366</u>
	42144	32658
(b) Share Premium	22500	22500
(c) Profit & Loss Account	<u>219269</u>	<u>148108</u>
	<u>283913</u>	<u>203266</u>
<b>3 SECURED LOANS:</b>		
<b>FROM BANKS</b>		
Cash credit	261526	302918
Term Loan	<u>242430</u>	<u>243969</u>
	<u>503956</u>	<u>546887</u>
<b>4 UNSECURED LOANS:</b>		
Loan from Directors	212658	182151
Interest free sales tax loan	<u>69509</u>	<u>85582</u>
	<u>282167</u>	<u>267733</u>
<b>5 DEFERRED TAX LIABILITY</b>		
<b>ON ACCOUNT OF TIMING DIFFERENCES:</b>		
As per last year Balance Sheet	185714	173957
Add: Transfer (to)/ from P&L a/c for current year	<u>-47997</u>	<u>11757</u>
	<u>137717</u>	<u>185714</u>





SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in Thousands

	As on 31.03.2010	As on 31.03.2009
<b>7 INVESTMENTS :</b>		
<b>LONG TERM INVESTMENTS (AT COST)</b>		
<b>- Trade (Quoted)</b>		
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.780)	5	5
<b>- Non - Trade (Un-Quoted)</b>		
5231 Equity shares of Rs.1000 each fully paid of Perundurai Common Effluent Treatment Plant (Including premium)	7643	7643
	<u>7657</u>	<u>7657</u>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>		
<b>CURRENT ASSETS :</b>		
<b>8 INVENTORIES :</b>		
Raw Materials	215159	142248
Work-in-Progress	20957	23464
Finished Goods	93323	91680
Waste Stock	9253	5547
Stores, Tools, Spares & Packing Materials	14223	14196
Consignment stock	498	155
	<u>353413</u>	<u>277290</u>
<b>9 SUNDRY DEBTORS</b>		
<b>(UNSECURED AND CONSIDERED GOOD) :</b>		
1 Due for More than 6 months		
(a) Considered Good	8258	13449
(b) Considered Doubtful	3241	2104
2 Other Debts	117478	100983
Less : Provision for Doubtful Debts	3284	3284
	<u>125693</u>	<u>113252</u>

AMARJOTHI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in Thousands

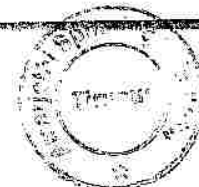
	As on 31.03.2010	As on 31.03.2009
<b>10 CASH AND BANK BALANCES</b>		
Cash on Hand	332	213
Balances with Scheduled Banks		
In Current Accounts	461	17199
In Deposit Accounts(given as security for bank guarantee / L.C.Margin)	192	46051
In Unpaid Dividend Warrant Account	2249	2055
	<u>3234</u>	<u>65518</u>
<b>11 LOANS &amp; ADVANCES</b>		
(UNSECURED & CONSIDERED GOOD)		
Advances recoverable in cash or in kind or for value to be received	72983	44697
Balance with Excise Department	617	1755
Deposit with Government Departments	12652	14740
	<u>86252</u>	<u>61192</u>
<b>12 CURRENT LIABILITIES AND PROVISIONS :</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors	21819	12636
Other Liabilities	22693	10908
Unclaimed Dividends	2240	2041
	<u>46752</u>	<u>25585</u>
<b>PROVISIONS :</b>		
Proposed Dividend (Inclusive of tax)	14215	11846
Provision for Income Tax & FBT	10721	6094
Less : Tax Paid / TDS	<u>-783</u>	<u>-5313</u>
	<u>24153</u>	<u>12627</u>
	<u>70905</u>	<u>38212</u>



**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

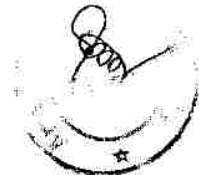
Rupees in Thousands

	As on 31.03.2010	As on 31.03.2009
<b>13 OTHER INCOME :</b>		
Interest receipts	4145	2714
Miscellaneous Income	8419	22464
	<u>12564</u>	<u>25178</u>
<b>14 INCREASE / (DECREASE) IN STOCK :</b>		
Opening Stock of Yarn	95334	158519
Closing Stock of Yarn	91616	95334
Increase / (Decrease) in Stock	<u>-3718</u>	<u>-63185</u>
<b>15 RAW MATERIALS CONSUMED :</b>		
<b>Opening Stock :</b>		
Raw Materials	142248	76206
Work-in-Progress	23464	8515
Waste Stock	<u>5547</u>	<u>1553</u>
<b>ADD : Purchases</b>	<u>617001</u>	<u>564577</u>
	788260	650851
<b>LESS : Closing Stock :</b>		
Raw Materials	215159	142248
Work-in-Progress	20957	23464
Waste Stock	<u>9253</u>	<u>5547</u>
	<u>245369</u>	<u>171259</u>
	<u>542891</u>	<u>479592</u>
<b>16 MANUFACTURING EXPENSES :</b>		
Power & Fuel	15951	39896
Dyeing and Processing Expenses	46508	41082
Salaries, Wages & Stipends	34975	29429
Social Upgradation & Compensation Expenses	3884	3668
Stores consumed	27847	33044
Machinery Maintenance	6795	4540
Repairs & Maintenance - General	312	94
Repairs & Maintenance - Building	1959	1885
Canteen & Dispensary Expenses	10723	8638
Licence Rates & Taxes	1988	1028
	<u>150942</u>	<u>163304</u>



**AMARJOTHI SPINNING MILLS LIMITED****SCHEDULES TO PROFIT AND LOSS ACCOUNT**

	Rupees in Thousands	
	As on 31.03.2010	As on 31.03.2009
<b>17 ADMINISTRATION &amp; SELLING EXPENSES :</b>		
Salaries	7739	6637
Provident Fund contribution	2892	2257
Employees State Insurance Contribution	32	47
Rates & Taxes	279	197
Bank Charges	4326	4174
Service Tax Paid	544	662
Miscellaneous Expenses	4754	3503
Sales Commissions	2657	3156
Printing, Stationery & Postage	2319	2313
Telephones	975	855
Traveling & Conveyance	1671	1533
Insurance	3276	3696
Vehicle Maintenance – car	316	266
Vehicle Maintenance – Lorry & Van & others	3140	3074
Share Transfer Expenses	315	321
Managerial Remuneration	5764	4940
Advertisement	1297	633
Sitting Fees	298	360
Freight & Other Expenses	2484	2172
Exchange rate fluctuation	306	515
Consignment Expenses	203	667
	<u>45587</u>	<u>41978</u>
<b>18 INTEREST :</b>		
On Term Loan	18961	16940
On Others	69369	40901
	<u>88330</u>	<u>57841</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 and Deferred Tax for the current year.

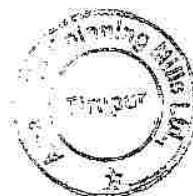
As per my report of even date  
**V.NARAYANASWAMI, M.A., F.C.A.**  
Chartered Accountant  
Membership No.023661

Place : Tirupur  
Date : 09/08/2010

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 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	500.00	Term Loan	(1) Land 2.945 acres and Wind Mill of 1850 KW situated in Tirunelveli District. (2) Land 4.2425 acres and Wind Mill of 1650 KW situated in Tirunelveli District.
4	Bank of India	700.00	Term Loan under TUF Scheme for wind mills.	First charge on wind mills purchased and second charge on other fixed assets.
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	1900.00	Term Loan for Wind Mill.	Hypothecation of 5 Nos. of Wind mills of 850 KW each to be installed in Theni District. EM on the lands.
8	Axis Bank Ltd.	500.00	Short term Working Capital Loan	(1) Paripassu First Charge on the entire current assets both present and future. (2) Second charge on the entire fixed assets both present and future.
9	Karur Vysya Bank Ltd	1000.00	Adhoc Cash Credit	Exclusive Hypothecation of Raw materials.
10	Axis Bank Ltd.	1000.00	Commodity loan	Key loan on the Cotton Purchased.
11	Bank of Baroda.	375.00	Adhoc Cash Credit	Raw material purchased out of the Adhoc Cash Credit limit stored.

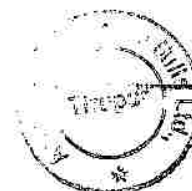
All the above loans are personally guaranteed by the Chairman, Managing Director and Joint Managing Director of the Company.







2. CONTINGENT LIABILITIES:	31.03.2010	31.03.2009
	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)	1920	NIL
3. Income Tax assessments have been completed up to the Assessment Year 2008 – 2009.		
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.32.41 lacs (Rs.21.04 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.		
		As on
9. (a) Counter Guarantee given by the Chairman, Managing Director and Joint Managing Director for Working Capital Loans including Non-fund based Limits taken by the Company from its Bankers.	31.03.2010 (Rs.in Lacs)	31.03.2009 (Rs.in Lacs)
	4150.00	5850.00
(b) Counter Guarantee given by the Chairman, Managing Director and Joint Managing Director for Term Loans taken by the Company from its Bankers.	5700.00	5020.00



**AMARJOTHI SPINNING MILLS LIMITED**



		As on	
		31.03.2010	31.03.2009
<b>10 QUANTITATIVE PARTICULARS:</b>			
i) Licensed Capacity*	Spindles	75000	75000
ii) Installed Capacity*	Spindles	37392	37392
iii) Actual Production - Yarn	Kgs.	5489335	5383173
iv) Turnover - Yarn	Kgs.	5541490	6122430
	Rs.	931506238	907999596
- Waste	Kgs.	1557768	1306434
	Rs.	24940971	22028473
v) Opening Yarn Stock	Kgs.	663625	1367500
	Rs.	91679744	155019766
vi) Closing Yarn Stock	Kgs.	621548	663625
	Rs.	91615897	91679744
* As certified by Management not verified by Auditor			
vii) Consumption of Raw Materials			
	Kgs.	7434555	6884305
	Rs.	542891637	479592406
viii) Consumption of Stores & Spares			
Indigenous ( 94.97%/93.30%)	Rs.	26446929	30829803
Imported (5.03%/6.70%)	Rs.	1400199	2214016
<b>11. EARNINGS IN FOREIGN CURRENCY :</b>			
FOB Value of Exports	Rs.	5590785	7715785
<b>12. EXPENDITURE IN FOREIGN CURRENCY :</b>			
a) Traveling	Rs.	632955	625370
b) CIF Value of Imports	Rs.	12977167	137848569
c) Certification charges	Rs.	351019	271951
<b>13. REMUNERATION TO DIRECTORS:</b>			
a) Managing Director (Salary)	Rs.	720000	720000
b) Joint Managing Director (Salary)	Rs.	720000	720000
c) Managing Director (Commission)	Rs.	2162000	1750000
d) Joint Managing Director (Commission)	Rs.	2162000	1750000
	Total	5764000	4940000
Computation of Remuneration to Directors:			
Net Profit before tax as per Profit & Loss account		57581129	51514629
Add: Remuneration debited to Profit & Loss account		5764000	4940000
Less: Profit / (Loss) on sales of Assets		Nil	Nil
Net Profit available		63345129	56454629
Remuneration to Directors eligible 10% of the above		5764648	5132239





**14 PAYMENT TO AUDITOR :**

Audit Fees (inclusive of Service Tax)	Rs.	<b>51000</b>	44000
Reimbursement of Expenses	Rs.	<b>12000</b>	11000
Other Services	Rs.	<b>8000</b>	8000
Total		<b><u>71000</u></b>	<b><u>63000</u></b>

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 : 09/08/2010

On behalf of the Board of Directors

**N. RAJAN**

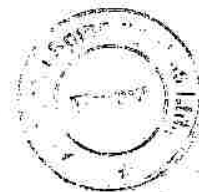
Chairman

**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 Eleven wind mills mainly for captive consumption purpose only. During the year the value of power generated through these mills is Rs.10,62,31,868/-(3,20,31,013 /-units) and this is adjusted with the power cost of the Company. The processing division is operating mainly for captive utilization and hence segment-wise reporting as defined in Accounting Standard 17 is not required.

**II. Deferred Tax Assets / Liability:**

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

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

As on 01.04.2009	185714476.00
Less: Transferred to Profit & Loss a/c	47997035.23
Balance of Liability as on 31.03.2010	137717440.77

**III. Employee Benefits: AS-15:**

a. Provident Fund Contribution:

During the year the company has contributed Rs.6373911 /- 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:              | (i) Sri.R.Premchander, Managing Director<br>(ii) Sri.R.Jaichander, Joint Managing Director. |
| 3. Relatives of Key Management personnel: | (i) Smt.J.Nandhini  |

Transactions:

Particulars	Related Parties / Associates.	Key Management Personnel & Relatives	Directors
Remuneration	----	Rs. 57,64,000	----
Sitting fees	----	----	Rs.2,97,500
Payment of Interest	Rs. 4,37,83,362	----	---
Land purchase	----	Rs.4,04,775	----
Credit Balance as at 31.03.2010	Rs.21,26,57,587	----	----

**V. Earning Per share as per AS 20.**

Particulars	31.03.2010	31.03.2009
(a) Net Profit after tax (Rs.)	9,48,57,164	3,36,63,905
(b) Number of Equity shares	67,50,000	67,50,000
(c) Earning Per Share (Rs.) (a/b)	14.05	4.99



**AMARJOTHI SPINNING MILLS LIMITED****Balance Sheet Abstract and Company's General Business Profile.****I Registration Details**

Registration No. 0002090

State Code 18

Balance Sheet Date 31 03 2010  
Date Month Year**II. Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue

NIL

Rights Issue

NIL

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

Total Liabilities

1275253

Total Assets

1275253

**Sources of Funds**

Paid up Capital

67500

Secured Loans

303956

Reserves &amp; Surplus

283913

Unsecured Loans

282167

Deferred Tax Liability

137717

**Application of Funds**

Net Fixed Assets

769909

Net Current Assets

497687

Accumulated Losses

NIL

Investments

7657

Miscellaneous Expenditure

NIL

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

Turnover

985823

Total Expenditure

937083

Profit Before Tax

57586

Profit After Tax

94862

Earnings per Shares in Rs.

1405

Dividend rate %

18

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

Item Code No. (ITC Code) 520511

Product Description COTTON YARN

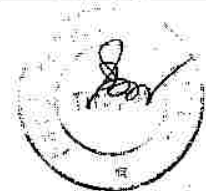
As per my report of even date  
V.NARAYANASWAMI, M.A., F.C.A.  
Chartered Accountant  
Membership No.023661Place : Tirupur  
Date : 09/08/2010On behalf of the Board of Directors  
N. RAJAN  
ChairmanR. PREMCHANDER  
Managing DirectorR.JAICHANDER  
Joint Managing Director



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

Rupees in Thousands

	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
NET Profit before Tax	57586	51515
Adjustment for:		
Depreciation	109333	97794
Loss /(Profit) on Sale of Assets	0	0
Loss /(Profit) on sale of Investments	0	0
Interest Income	-4145	-2714
Interest on Borrowings	88330	57841
	<u>193518</u>	<u>152921</u>
Operating Profit before Working Capital Changes	251104	204436
Adjustment for:		
Trade & other Receivables	-37501	-43807
Inventories	-76123	-24298
Trade Payable & Other Liabilities	20386	4309
Cash Generated from Operations	<u>157866</u>	<u>140640</u>
Direct Taxes provisions / paid	-783	-5313
Dividend paid	-11846	-11056
Net Cash from Operating activities	<b>A</b> <u>145237</u>	<u>124271</u>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Purchase of Fixed Assets	-112441	-127259
Investments ( Net)	0	0
Sale of Fixed Assets	0	0
Payment for Capital Projects in Progress	17602	-75582
Interest Received	4145	2714
Net Cash from Investment activities	<b>B</b> <u>-90694</u>	<u>-200127</u>





**C. CASH FLOW FROM FINANCING ACTIVITIES:**

Unsecured loans	14434	22380
Borrowings (net)	-42931	164463
Interest Paid	-88330	-57841
<b>Net Cash from Financing Activities</b>	<b>C -116827</b>	<b>129002</b>
Net Increase/ (Decrease) in cash and cash equivalents	<b>(A+B+C) -62284</b>	<b>53146</b>
Cash and Cash Equivalents as at 1st April, 2009	<b>65518</b>	<b>12372</b>
Cash and Cash Equivalents as at 31st March, 2010	<b>3234</b>	<b>65518</b>

As per my report of even date  
**V.NARAYANASWAMI, M.A., F.C.A.**  
 Chartered Accountant  
 Membership No.023661  
 Place : Tirupur  
 Date : 09/08/2010

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 31<sup>st</sup> March 2010. 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 09<sup>th</sup> August, 2010 to the members of the Company.

Place : Tirupur  
 Date : 09.08.2010.

**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**  
**22nd Annual General Meeting on 29th September, 2010**

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 twentysecond Annual General Meeting held at the Meeting Hall of Gayathri Hotel, Kangayam Road, Tirupur - 641 604 at 10.15 A.M. on Wednesday, 29.09.2010

\_\_\_\_\_  
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 22nd Annual General Meeting of the company to be held on Wednesday,

29-09-2010 at the Meeting Hall of Gayathri Hotel, Kangayam Road, Tirupur - 641 604 at 10.15 A.M. and

at any adjournment thereof.

Signed :

Date:

Affix  
Rs. 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