

ANNUAL REPORT 2013-2014



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. N. RADHAKRISHNAN**
(Director)
- Sri. V.T. SUBRAMANIAN**
(Director)
- Sri. M. MOORTHY**
(Director)

BANKERS

BANK OF BARODA
KARUR VYSYA BANK LTD.
STATE BANK OF TRAVANCORE
AXIS BANK LTD.

STATUTORY AUDITOR

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

**REGISTRAR AND SHARE TRANSFER
AGENTS**

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

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

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



Contents

Page No.

1. Notice to the Members	3
2. Directors' Report	13
3. Report on Corporate Governance	17
4. Auditor's Report	28
5. Balance Sheet	34
6. Statement of Profit and Loss	35
7. Notes Forming Part of Financial Statements	36
8. Cash Flow Statement	51



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Sixth Annual General Meeting** of the members of **AMARJOTHI SPINNING MILLS LIMITED** will be held on **Friday, the 5th September, 2014** at 11.00 A.M. at the Meeting Hall of Gayathri Hotel, Kangayam Road, Tirupur - 641 604 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at **31st March 2014**, the Statement of Profit and Loss and Cash Flow Statement for the year ended **31st March 2014**, notes to the accounts 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. R Jaichander (DIN 00390836), who was appointed as a Director not liable to retire by rotation at the Annual General Meeting held on 29.09.2011, but who retires by rotation in terms of Section 152 of the Companies Act, 2013 and being eligible offers himself for reappointment.
4. To appoint Sri. V. Narayanaswami M.A., F.C.A.(ICAI Membership No.023661), Chartered Accountant, Coimbatore, as Statutory Auditor from the conclusion of this Annual General Meeting until the conclusion of the 28th Annual General Meeting subject to ratification at every Annual General Meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Director of the Company.

SPECIAL BUSINESS:

5. To pass with or without modification the following resolution as an ORDINARY RESOLUTION:-

“**RESOLVED** that Sri.M.Moorthi (DIN 06801357) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 31.01.2014 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation”
6. To pass with or without modification the following resolution as an ORDINARY RESOLUTION:-

“**RESOLVED** that pursuant to Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Sri.S. Sathyanarayanan (DIN 00390864), a non-executive Director of the Company whose term of appointment is liable to be



determined by rotation and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years from 5th September 2014 to 4th September, 2019.

7. To pass with or without modification the following resolution as an ORDINARY RESOLUTION:-

“RESOLVED that pursuant to Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Dr. V. Subramaniam (DIN 00781690), a non-executive Director of the Company whose term of appointment is liable to be determined by rotation and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years from 5th September 2014 to 4th September, 2019.

8. To pass with or without modification the following resolution as an ORDINARY RESOLUTION:-

“RESOLVED that pursuant to Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Sri. V. T. Subramanian (DIN 02311576), a non-executive Director of the Company whose term of appointment is liable to be determined by rotation and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years from 5th September 2014 to 4th September, 2019.

9. To pass with or without modification the following resolution as an ORDINARY RESOLUTION:-

“RESOLVED that pursuant to Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Sri. V. Manikandan (DIN 01920550), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years from 5th September 2014 to 4th September, 2019.

10. To pass with or without modification the following resolution as an ORDINARY RESOLUTION:-

“RESOLVED that pursuant to Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Sri. M.S.Sivakumar, (DIN 06930290), who



has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years from 5th September 2014 to 4th September, 2019.

11. To pass with or without modification the following resolution as a SPECIAL RESOLUTION:-

“RESOLVED that consent of the Company be and is hereby accorded to the Board of Directors, under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder to borrow money even though the money to be so borrowed, together with the moneys already borrowed will exceed aggregate of its paid-up share capital and free reserves, provided that the amounts so borrowed and outstanding at any point of time shall not exceed **Rs.150,00,00,000/-** (Rupees one hundred and fifty crores only)”.

“RESOLVED FURTHER that the above referred limit of Rs.150 crores would exclude temporary loans (viz. loans repayable on demand or within six months from the date of the loan, such as short-term loans, cash credit arrangements, discounting of bills and the issue of short term loans of a seasonal character) obtained from the Company's bankers in the ordinary course of business but will include loans raised for the purpose of financial expenditure of a capital nature.”

By order of the Board

Place : Tirupur
Date : 30.05.2014

N. RAJAN
Chairman

NOTES:

1. **A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the company. The Instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a proxy for more than 50 members and holding in aggregate not more than 10% of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than 10% of the total voting share capital of the Company provided that such person shall not act a proxy for any other person.**
2. Members holding shares in physical form are requested to notify immediately any change in their address, to our Registrars viz., M/s. S.K.D.C. Consultants Ltd., Kanapathy Towers, 3rd Floor, No.1391/A-1, Sathy Road, Ganapathy,



Coimbatore-641006. Those holding shares in dematerialized form may intimate the change to their depository participant. Any other correspondence relating to Shares may also be addressed to the said Registrars.

3. The Register of Members and share transfer books of the Company will remain closed from **30th August 2014 to 5th September 2014** (both days inclusive).
4. **Members are requested to participate in the Green Initiative launched by the Ministry of Corporate Affairs and Register their e-mail address with the Registrars (in case of Physical holdings) and with their respective Depository Participants (in case of demat holdings). Those so Registering would be sent Annual Reports, notices of meetings and other Statutory Circulations through e-mail to the e-mail address so registered by them. Any such person who requires a printed copy would be sent a printed copy on his/her request. Members are requested to support the Green Initiative to save the environment by opting for the e-mail procedure.**
5. The members/proxy holders are requested to bring the attendance slip sent herewith duly filled for attending the meeting. Members/ proxy holders in respect of dematerialized shares are requested to bring their DP Id and Client Id for recording their attendance.
6. Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the meeting to enable the management to keep the information ready.
7. Members are requested to be in their seats at the meeting hall before the scheduled time of commencement of the Annual General Meeting to avoid interruption in the proceedings.
8. In term of Section 205A read with Section 205C of the Companies Act, 1956, dividends declared which remain unclaimed for a period of seven years will be transferred to the Investors Education and Protection Fund on due dates. During the year Unclaimed dividend of the year 2005-2006 amounting to Rs.3,32,268 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. The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice of AGM by 'electronic means' and all the businesses may be transacted through e-Voting services provided by Central Depository Services (India) Limited (CDSL), in compliance with the provisions of Section 108 of the Companies Act 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014.
11. Voting Rights are reckoned on the basis of the shares registered in the names of the members / beneficial owners as on the record date fixed for this purpose via 1st August 2014.



AMARJOTHI SPINNING MILLS LIMITED

12. The e-voting commences on 30th August 2014 (9.00 A.M.) and ends on 1st September 2014 (6.00 P.M.). During this period, members holding shares either in physical form or dematerialised form as on 01-08-2014, may cast their vote electronically. The e-voting modules will be disabled by CDSL for voting thereafter.
13. Mr. R. Sivasubramanian, Practicing Company Secretary, Coimbatore has been appointed as scrutinizer for conducting the e-Voting process in a fair and transparent manner.
14. Members are requested to read the instructions enclosed in the postal ballot form.
15. In terms of Clause 49 of the listing agreement entered into with stock exchanges, a brief resume of the Directors proposed to be re-appointed at the annual general meeting is given below:
 1. **Sri.R. Jaichander:**
Sri R.Jaichander, B.Com., aged 40 years, is the Joint Managing Director of the Company from 30.09.1993. He has over 20 years experience in production planning, technical, finance, cost management and monitoring factory management. He is a member of Investor grievance-cum- Share Transfer Committee. He is also a Director of Amarjothi Power Generation and Distribution Company Ltd.,
 2. **Sri.M.Moorthi:**
Sri.M.Moorthi, aged 35 years, is a Business Management graduate with an experience of over 10 years in the field of Human Resource Management. He was appointed as Additional Director of the Company from 31.01.2014. He will provide his valuable guidance in the Labour related areas.
 3. **Sri.S.Sathyanarayanan:**
Sri S.Sathyanarayanan, aged 83 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 1st 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.
 4. **Dr.V.Subramaniam:**
Dr.V.Subramaniam , aged 76 years, is a Textile Technologist with an experience of over four decades is presently a Director of Jaya Engineering College, Chennai. He has been a Director of the Company from 29.09.1991 and has provided valuable advice in Technology related areas. He is a Member of the Audit Committee and Remuneration Committee of the Board.
 5. **Sri.V.T.Subramanian:**
Sri V.T Subramanian, aged around 68 years, is a Retired Tahsildar who served to the welfare of the society. He is the General Secretary of "Tirupur Art and Cultural Society" and also the General Secretary of 'Padigal", an organization for development of reading habits among people. He is the Author of many books on social Subjects. He is



actively involved in many social activities. He has been a Director of the Company from the year 2008.

Statement of material facts pursuant to Section 102 of the Companies Act 2013
Item No.5

Sri. M.Moorthi was appointed as an Additional Director by the Board of Directors at their meeting held on 31.01.2014. In terms of Section 161 of the Companies Act, 2013, he can holds office upto the date of the ensuing Annual General Meeting. Notice in writing has been received from a member, signifying his intention to propose Sri. M Moorthi as a candidate for the office of Director at the ensuing Annual General Meeting, under Section 160 of the Companies Act, 2013 along with the prescribed deposit of Rs.1,00,000/- (Rupees one lakh only). Considering his valuable guidance in labour related areas, the Board recommends his appointment as a Director subject to retirement by rotation.

Disclosure of Interest

Other than the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. This may be taken to be declaration under Section 302 of the Companies Act 1956.

Item No.6

Sri.S. Sathyanarayanan (DIN 00390864), is a Non-Executive Independent Director of the Company. He is a technical expert over five decade's experience. He served as a technical expert in the United Nations Industrial Development Organisation. He is also the President of the Salem Dharmapuri Chamber of Commerce and Senate Member of the Periyar University, Salem.

He was appointed to the Board on 1st July 1992 and has been an Independent Director of the Company in terms of Clause 49 of the Listing Agreement. He has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Companies Act 2013. In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules made thereunder and that he is independent of the Management. Hence, being eligible in terms of Section 149 and other applicable provisions of the Companies Act, 2013, he has been selected by the Board for appointment as an Independent Director for a term of five (5) consecutive years effect from 5th September, 2014 to 4th September, 2019.

He is not a member in any committees. He is not a Director in any other Companies

He is also a Member in the following Committees:-

Name of the Company	Name of the Committee	Position
Amarjothi Spinning Mills Ltd	Audit Committee	Chairman
Amarjothi Spinning Mills Ltd	Remuneration Committee	Member

He does not hold any shares in the Company.



A copy of the draft letter of his appointment as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Other than the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No.7

Dr. V. Subramaniam (DIN 00781690), is a Non-Executive Independent Director of the Company. He is a Textile Technologist with an experience of over four decades. At present he is a Director of Jaya Engineering College, Chennai. He has been a Director of the Company from the year 1991 and has provided valuable advice in Technology related areas.

He was appointed to the Board on 29th September 1991 and has been an Independent Director of the Company in terms of Clause 49 of the Listing Agreement. He has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Companies Act 2013. In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules made there under and that he is independent of the Management. Hence, being eligible in terms of Section 149 and other applicable provisions of the Companies Act, 2013, he has been selected by the Board for appointment as an Independent Director for a term of five (5) consecutive years effect from 5th September, 2014 to 4th September, 2019.

He is not a Director in any other Companies

He is also a Member in the following Committees:-

Name of the Company	Name of the Committee	Position
Amarjothi Spinning Mills Ltd	Remuneration Committee	Chairman
Amarjothi Spinning Mills Ltd	Audit Committee	Member

He does not hold any shares in the Company.

A copy of the draft letter of his appointment as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Other than the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and



this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No.8

Sri. V. T. Subramanian (DIN 02311576), is a Non-Executive Independent Director of the Company.

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

He was appointed to the Board on 25th August 2008 and has been an Independent Director of the Company in terms of Clause 49 of the Listing Agreement. He has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Companies Act 2013. In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules made there under and that he is independent of the Management. Hence, being eligible in terms of Section 149 and other applicable provisions of the Companies Act, 2013, he has been selected by the Board for appointment as an Independent Director for a term of five (5) consecutive years effect from 5th September, 2014 to 4th September, 2019.

He is not a Director in any other Companies.

He is not a Member in any Committees.

He does not hold any shares in the Company.

A copy of the draft letter of his appointment as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Other than the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No.9

Sri.V. Manikandan (DIN 01920550) is a Commerce Graduate and has rich experience in Capital Market activities for more than 25 years. His rich experience in the capital market will help the Company in the shareholder related areas and capital market areas. He has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules made there under and that he is independent of the Management. Hence, being eligible in terms of Section 149 and other applicable provisions



of the Companies Act, 2013, he has been selected by the Board for appointment as an Independent Director for a term of five (5) consecutive years effect from 5th September, 2014 to 4th September, 2019.

He holds Directorship in the following Companies

1. Southern Ispat and Energy Limited.
2. Premier Plantations Limited
3. Kerala Sponge Iron Limited

He is not a member in any committees of the Company. He does not hold any shares in the Company.

A copy of the draft letter of his appointment as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Other than the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No.10

Sri.M.S.Sivakumar, (DIN 06930290) is a practicing Chartered Accountant having rich experience in Income Tax, Bank Audit, Company Audit etc., for the past eight years. He is a partner in M/s. Aruloli & Associates, Chartered Accountants, Chennai. He has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules made there under and that he is independent of the Management. Hence, being eligible in terms of Section 149 and other applicable provisions of the Companies Act, 2013, he has been selected by the Board for appointment as an Independent Director for a term of five (5) consecutive years effect from 5th September, 2014 to 4th September, 2019.

He is not a Director in any other Companies

He does not hold any shares in the Company.

A copy of the draft letter of his appointment as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Other than the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.



Item no. 11

The Members of the Company at the Annual General Meeting held on 30th September 2004 have passed an Ordinary Resolution, permitting the Company to borrow such that the maximum outstanding amount shall not, at any time exceed Rs.100 crores, under Section 293(1)(d) of the Companies Act, 1956.

As per Circular No: 4/2014 dated 25th March, 2014, issued by Ministry of Corporate Affairs, the validity of such resolution passed under the Companies Act, 1956 is restricted upto 11th September, 2014.

Under Section 180(1) (c) of the Companies Act, 2013 and the rules made thereunder, the Board of Directors can borrow in excess of the Company's Paid-up Capital and Free Reserves, only with the consent of the Members by way of Special Resolution. The present borrowings of the Company are in excess of the Company's paid-up capital and free reserves. Further more borrowings will be required for future expansion plans. Accordingly, approval is sought from Members by way of Special Resolution to authorise the Board of Directors to borrow to the extent set out in the resolution.

As provided under Section 180(1) (c) of the Companies Act, 2013, the limit is exclusive of loans repayable on demand or within six months from the date of the loan such as short term, cash credit, discounting of bills and other short term loans of seasonal character.

Your Directors recommend the resolution for your approval.

None of the Directors, Key Managerial Personnel or their relatives are deemed to be interested in this Resolution, except to the extent of loans that may be extended by any of them or entities in which any of them are interested/ concerned, financially or otherwise.

By order of the Board

Place : Tirupur
Date : 30.05.2014

N. RAJAN
Chairman

AMARJOTHI SPINNING MILLS LIMITED



DIRECTORS' REPORT TO THE MEMBERS OF AMARJOTHI SPINNING MILLS LIMITED

Your Directors have pleasure in presenting the Twenty Sixth Annual Report together with the audited accounts of your Company for the year ended 31st March 2014

FINANCIAL RESULTS

	2013-2014	2012-2013
	(Rupees in lacs)	
Sales	19810.92	15996.73
Gross Profit	5694.03	3433.20
Less: Depreciation	1593.48	1504.15
Interest	1405.30	1302.31
Provision for taxation(Including Deferred tax for current year)	684.00	225.43
	3682.78	3031.89
Profit for the year	2011.25	401.31
Add: Balance in Profit & Loss A/c	3317.03	3097.93
Previous Year Provision reserved	146.46	-
Surplus available for appropriation	5474.74	3499.24
APPROPRIATION:		
Transfer to General Reserve	201.50	41.00
Proposed dividend (Including Dividend Tax)	156.90	141.21
Balance carried to Balance Sheet	5116.34	3317.03
Total	5474.74	3499.24

DIVIDEND

Your Directors are glad to recommend a dividend of Rs. 2.00 per share (20% on the Equity Capital) for the year ended 31st March 2014 absorbing a sum of Rs.1,35,00,000/- for the approval of the share holders at the ensuing Annual General Meeting. The dividend will be free of tax in the hands of shareholders since the Company will be paying the Dividend Distribution Tax at the prescribed rate.

OPERATIONS

The Company's sales increased by 23.84% to Rs.19810.92 Lacs during the year under review as against Rs.15996.73 Lacs in the previous year.

YARN DIVISION

Your Directors inform you that due to effective planning for purchase of raw material and the Power Savings through Wind Mills the profitability of the yarn Division have improved much.

PROCESSING UNIT

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

WIND MILLS

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

AMARJOTHI SPINNING MILLS LIMITED



The Company is holding 43455 Numbers of Certified Emission Reductions (CERs) as approved by the United Nations Framework Convention on Climate Change (UNFCCC).

FINANCE

During the year under review the Company has:

- a) Availied Fresh Long term loans aggregating to Rs.2625 Lacs funding the purchase of Machineries and Fresh Short Term Loans aggregating to Rs.548 Lacs for Raw Material procurement & Vehicle purchase. Promoters of the Company have brought in the required margin amount for the new loans.
- b) Discharged Long Term Loans in full aggregating to Rs.1900 lacs and short term loans in full aggregating to Rs.540 lacs.

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

DEPOSITS

Your Company has not accepted any deposits from the Public.

DIRECTORS

Sri.M.Moorthi has been appointed as an Additional Director of the Company with effect from 31.01.2014. He is proposed to be appointed as non-executive non-independent director at the ensuing, Annual General Meeting subject to retirement by rotation.

Sri.K.Sriram resigned from Director-ship with effect from 01.04.2014. Your Directors wish to place on record the valuable services rendered by Sri.K.Sriram during his office as Director.

Sri. R. Jaichander retire by rotation at the ensuing annual general meeting and is eligible for re-appointment.

Three of the existing directors namely, Sri. S Sathyanarayanan, Dr. V Subramaniam and Sri. V T Subramanian and two new persons namely Sri. V.Manikandan and Sri.M.S.Sivakumar have been selected for appointment as Independent Directors for a term of 5 consecutive years from the date of the ensuing annual general meeting, as required under Section 149 of the Companies Act, 2013 and Clause 49 of the listing agreement.

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 2014 and of the profit of the Company for the year ended on that date.
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors had prepared the Annual Accounts on a "Going Concern" basis.



AUDITORS

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

PERSONNEL

There are no employees of the Company who are in receipt of remuneration of Rs.60,00,000 or more per annum if employed throughout the year under review or Rs.5,00,000 or more per month if employed for part of the year under review in terms of Section 217 (2A) of the Companies Act, 1956 read with the Companies(Particulars of Employees)Rules,1975 as amended from time to time.

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

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

INDUSTRIAL RELATIONS

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

CORPORATE GOVERNANCE

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

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

MANAGEMENT DISCUSSION AND ANALYSIS 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, State Bank of Travancore 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 : 30.05.2014

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 here under.

1. POWER CONSUMPTION (SPINNING AND PROCESSING UNITS)

	Current Year	Previous Year
Electricity		
a) Purchased from TNEB:		
Units(KWH)	2507167	302242
Total amount (Rs.)	13221636	1279839
Rate per unit (Rs.)	5.27	4.23
b) Own Generation:		
i) Through Diesel Generator		
Units(KWH)	1541879	4404352
Units per ltr. Of Diesel oil	3.39	3.26
Total amount (Rs.)	29553395	59999685
Rate per unit (Rs.)	19.16	13.62
ii) Through Wind Mills		
Units(KWH)	24443368	34642420

2. PRODUCTION OF YARN IN KGS. 6933411 5252632

3. POWER COST PER KG.OF YARN (Rs.) 14.69 12.86

(Includes power cost of Processing Unit and power generated by wind mills)

B. RESEARCH AND DEVELOPMENT

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



C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earnings : Rs. 2636.18 Lakhs
 Foreign Exchange outgo : Rs. 7.96 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 nine 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	—	—	—
Sri.V.T.Subramanian	Independent-Non-Executive	—	—	—
Sri.M.Moorthi	Non-Executive	—	—	—

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

The Board met 11 times during the financial year 2013-14 on 20th April, 2013, 24th May 2013, 30th May 2013, 31st July 2013, 16th August 2013, 30th October 2013, 16th November 2013, 25th November 2013, 28th November 2013, 07th January 2014 and 31st January 2014. 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	11	Yes
Sri R.Premchander	11	Yes
Sri R.Jaichander	11	Yes
Sri S.Sathyanarayanan	11	Yes
Dr.V.Subramaniam	11	Yes
Sri. N.Radhakrishnan	11	Yes
Sri. K.Sriram	4	Yes
Sri. V.T.Subramanian	11	Yes
Sri. M.Moorthi	1	No

**(iii) Remuneration of Directors**

Director	Salary and Perquisites (Rupees)	Commission (Rupees)	Sitting Fees (Rupees)
1) Sri N.Rajan	Nil	1055855	220000
2) Sri R.Premchander	720000	4559274	Nil
3) Sri R.Jaichander	720000	4559274	Nil
4) Sri S.Sathyanarayanan	Nil	Nil	8250
5) Dr.V.Subramaniam	Nil	Nil	8250
6) Sri. N.Radhakrishnan	Nil	Nil	8250
7) Sri. K.Sriram	Nil	Nil	3000
8) Sri.V.T.Subramanian	Nil	Nil	8250
9) Sri. M.Moorthi	Nil	Nil	Nil

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 25th September, 2013. All the members of the committee are financially literate. Sri. N.Rajan is a Chartered Accountant with over 41 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 20th April 2013, 31st July 2013, 30th October 2013 and 31st January 2014. 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 2013-14. No share transfer requests were pending as on 31st March 2014. 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 2014. 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
2011	29 th September, 2011	11.00 A.M.	Meeting Hall of Gayathri Hotel, Kangeyam Road, Tirupur – 641 604.
2012	28 th September, 2012	11.00 A.M.	
2013	25 th September, 2013	11.00 A.M.	

No extraordinary general meeting was held during the last three years. At the annual general meeting held on 29th September 2011, a special resolution was passed u/s.309 of the Companies Act 1956 enabling payment of commission not exceeding 1% to the Chairman Sri.N.Rajan for a period of 5 years commencing from Financial year ending 31st March 2012. No special resolutions were passed in the other two annual general meeting. 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 5th September 2014.

5. Disclosures

(i) Related party transactions

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

(ii) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI, etc., on all matters related to capital market. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI. The results are displayed in www.corpfile.co.in. No presentations were made to institutional investors or analysts. Management Discussion & Analysis forms part of the Annual Report.



(iii) Disclosure regarding shares in suspense account:

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

a) 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.

b) General Shareholder Information

(i) Annual General Meeting

Day and date	Friday, the 5 th September 2014.
Time	11.00 A.M
Venue	Meeting Hall, Gayathri Hotel, Opp. Velan Hotels, Kangayam Road, Tirupur – 641 604. Phone : 0421 – 2234734 (3 lines)

(ii) Financial Calendar

Financial reporting for

Quarter ending June 30, 2014	On or before 14.08.2014
Half year ending September 30, 2014	On or before 15.11.2014
Quarter ending December 31, 2014	On or before 15.02.2015
Year ending March 31, 2015	On or before 30.05.2015
Annual General Meeting for 2015	On or before 30.09.2015

- (iii) Date of Book Closure : 30th August 2014 to 5th September 2014
- (iv) Dividend Payment Date : On or before 5th October, 2014
- (v) Registered Office : Amarjothi House, 157, Kumaran Road, Tirupur – 641 601.
- (vi) Listing of Equity Shares on : Madras Stock Exchange Ltd.
Stock Exchanges : BSE Ltd.

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

AMARJOTHI SPINNING MILLS LIMITED



The annual listing fee for 2014-2015 has been paid to the above stock exchanges.

(vii) Registrar and Share Transfer Agents

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

M/s. SKDC Consultants Limited

Registrars and Share Transfer Agents

Kanapathy Towers, 3rd Floor,

1391/A-1, Sathy Road, Ganapathy,

Coimbatore – 641 006.

Telephone : 0422-6549995, 2539835;

Fax No. : 0422-2539837

E-mail : info@skdc-consultants.com

(viii) Dematerialization of Shares

The Shares are available for trading in the depository system of both the National Securities Depository Limited (NSDL) and the Central Depository Service Limited (CDSL). The International Securities identification number (**ISIN**) allotted to our Company is **INE484D01012**. As on 31st March 2014, 91.543% of the shares are held in dematerialized form as per the details given below:

Mode	No. of Shares	% of Listed Capital
Depository	6179149	91.54
Physical	570851	8.46
Total	6750000	100.00

(ix) Market Price Data

The Company's stock code in BSE is **521097** and in NSE is **AMARJOTHI**. The High and Low quotations of the Company's shares on the (BSE) and (NSE) from April 2013 to March 2014 are given below:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April-2013	58.75	50.00	50.50	50.50
May-2013	59.00	50.15	50.50	50.50
June-2013	50.00	50.00	50.50	50.50
July-2013	50.00	50.00	48.30	48.30
August-2013	50.00	50.00	42.10	42.10
September-2013	41.05	41.05	40.00	40.00
October-2013	40.10	40.10	42.25	40.05
November-2013	43.05	40.55	74.00	72.20
December-2013	78.65	72.25	77.00	74.15
January-2014	79.80	76.00	80.00	77.00
February-2014	82.40	77.00	70.45	70.45
March-2014	74.00	71.05	66.15	65.60

AMARJOTHI SPINNING MILLS LIMITED



(x) Distribution of shareholding as on March 31, 2014

Slab of Shareholding	Shareholders	%	No. of Shares	%
0-5000	6918	96.15	846981	12.55
5001 – 10000	150	2.08	121902	1.80
10001 and above	127	1.77	5781117	85.65
Total	7195	100.00	6750000	100.00

(xi) Shareholding pattern as on 31st March 2014

Category	No. of Shares held	%
Indian Promoters	4668423	69.16
Financial Institutions & Mutual Funds	100	0.01
Bodies Corporate	151296	2.24
Indian Public	1928240	28.56
NRI	1941	0.03
Total	6750000	100.00

(xii) Shareholding of Non-executive Directors as on 31st March 2014

Sri N. Rajan, Chairman holds 1164780 equity shares. The other non-executive directors do not hold any shares.

(xiii) Plant Locations

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

(xiv) Investor Correspondence

The Managing Director,
Amarjothi Spinning Mills Limited,
 Amarjothi House, 157-Kumaran Road, Tirupur – 641 601
Registrar and Share Transfer Agents
M/s. S.K.D.C.Consultants Limited,
 Kanapathy Towers, 3rd Floor,
 No.1391/A-1, Sathy Road, Ganapathy,
 Coimbatore – 641006.

(xv) Unclaimed Dividend

A sum of Rs.368932.55 is the Dividend remaining unclaimed for the year 2006-07. Members who have not en-cashed their Dividend Warrants are requested to lodge their claim to the Company by surrendering the unencashed warrants immediately. The amount will be remitted to Investors Education & Protection Fund on or before 31st October 2014.



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.

(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 the year 2013-14

(iii). Shareholders' rights

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

(iv). Audit qualifications

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

(v). Training of Board members

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

(vi). Mechanism for evaluating Non-executive Board Members

There is no mechanism for the purpose at present.

(vii). Whistle blower policy

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

The above report was placed before the Board at its meeting held on 30th May 2014 and approved.

For and on behalf of the Board of Directors

Place : Tirupur
Date : 30.05.2014

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, 2014** as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an Audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

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

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Tirupur

Date : 30.05.2014.

Chartered Accountant

Membership No.023661

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

To the Shareholders of Amarjothi Spinning Mills Limited,

We hereby declare that all members of the board and the senior management personnel have affirmed compliance with the respective provisions of the Code of Conduct of the Company formulated by the Board of Directors for the financial year ended 31st March, 2014.

Place : Tirupur

Date : 30.05.2014.

R.PREMCHANDER

Managing Director.

R.JAICHANDER

Joint Managing Director.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****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 has allowed formation of textile parks in many parts of the country. Substantial capacity expansion has taken place in the textile sector. Industry has gone through rising raw material cost, fluctuation in currency etc.

3. OPPORTUNITIES AND THREATS:

This Company being a major supplier of melange yarn to the Tirupur market with its local presence, there is good scope for improved turnover and profitability. The Company has been improving its share of value added yarn in the market in the form of Dyed fibre yarn, Dyed cotton yarn, PC yarn, etc. The market for these products is very good and will increase over the years. The Company offers competitive price due to low power cost through windmills, low interest cost, low processing cost, etc. The Company has obtained ISO 9001:2000 Certification, MGMT.SYS RVA C 216 Certification for quality management and systems and OEKO TEX STANDARD-100 Certification for not using harmful substances in the product. The OEKO TEXT STANDARD-100 certification is a pre-requisite in the global market as the supplies are made to exporters. This will increase the trade / export opportunities to the Company.

Though presently there is a certain lack of clarity in the general market conditions, no unit - specific threat to the operations and performance of the Company is perceived in the long run. However any major changes in export / import policies related to cotton and yarn and foreign currency fluctuations will have their impact on textile sector. Current Price fluctuations in yarn will affect the Market of our product in the forthcoming period. More over we are facing Labour scarcity and it will have impact on our production. The lack of clear-cut government policy and parameters in respect of pollution control is delaying the benefits that the Company planned from the processing unit. Power generated by wind mills are not fully utilized by the Electricity Board and due to this wind mills were kept idle for some times.

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 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

AMARJOTHI SPINNING MILLS LIMITED



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 and on behalf of the Board of Directors

Place : Tirupur
Date : 30.05.2014

N. RAJAN
Chairman

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF AMARJOTHI SPINNING MILLS LIMITED****Report on the Financial Statements**

I have audited the accompanying financial statements of **Amarjothi Spinning Mills Limited**, ("the Company") which comprise the Balance Sheet as at **31/03/2014**, and the Statement of Profit and Loss cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of financial position, financial performance and cash flow of the Company in accordance with the accounting standards referred to in sub –Section (3C) of Section 211 of the Companies Act 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from misstatements.

Audit involves performing procedure to obtain audit evidence about the amounts and disclosure in the financial statements. The procedure selected depend upon auditor's judgement, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances ,but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the



reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

I believe that audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in case of the Balance Sheet, of the state of affairs of the Company as at **31/03/2014**;
- (b) in case Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in case of the Cash Flow Statements, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") issued by Central Government of India in terms of sub-Section (4A) of Section 227 of the Act, I give in the Annexure a statements on the matters specified in paragraphs 4 and 5 of the order.
2. As required by Section 227(3) of the Act, I report that:
 - a) I have obtained all information and explanations which to the best of my knowledge and belief were necessary for the purpose 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 examinations of those books;
 - c) the Balance Sheet, Statement of Profit and Loss, and cash flow statements dealt with by this Report are in agreement with the books of account;
 - d) In my opinion, the Balance Sheet, Statement of Profit and Loss, and cash flow statements comply with the Accounting Standards referred to in sub-Section(3C)

AMARJOTHI SPINNING MILLS LIMITED



of Section 211 of the Companies Act, 1956 , read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

- e) On the basis of written representations received from the directors as on **31/03/2014** and taken on record by the Board of Directors, none of the director is disqualified as on **31/03/2014**, from being appointed as a director in terms of Clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956.

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

Chartered Accountant

Place : Tirupur

Date : 30.05.2014

Proprietor

Membership No.023661



The Annexure referred to in paragraph 1 of my report of even date to the members of Amarjothi Spinning Mills Limited on the accounts of the Company for the year ended 31 March 2014.

On the basis of such checks as I considered appropriate and according to the information and explanation given to me during the course of my audit, I report that;

1.
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in my opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c. The Company has not disposed off a substantial portion of the assets during the year and hence, does not affect the going concern status of the Company.
2.
 - a. The inventory has been physically verified during the year by the management. In my opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. On the basis of my examination of the records of inventory, I am of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3.
 - a. The Company has taken unsecured loan from parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.52.52 Crores and the year-end balance of loans taken from such party was Rs.52.52 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.52.52 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 **31.03.2014** for a period of more than six months from the date they became payable.
 - c. According to the records of the Company, there are no dues of sales tax, income-tax, customs tax/ wealth -tax, excise duty, service tax /cess which have not been deposited on account of any dispute.
10. There are no accumulated losses of the Company as on the date of the Balance Sheet. The Company has not incurred any cash losses during the financial year covered by my audit and the immediately preceding financial year.
11. Based on my audit procedures and on the information and explanations given by the management, I am of the opinion that the Company has not defaulted in repayment of dues to banks.
12. The Company has not granted any loans on the basis of the security by way of pledge of shares, debentures and other securities.

AMARJOTHI SPINNING MILLS LIMITED



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

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

Chartered Accountant

Place : Tirupur

Date : 30.05.2014

Proprietor

Membership No.023661

AMARJOTHI SPINNING MILLS LIMITED


BALANCE SHEET AS AT 31ST MARCH 2014		Rupees in Lakhs	
	Note no.	As at 31.03.2014	31.03.2013
I EQUITY AND LIABILITIES			
1 Shareholders' Funds :			
(a) Share Capital	1	675.00	675.00
(b) Reserves & Surplus	2	6135.69	4134.88
(c) Money Received Against Share Warrants		0.00	0.00
		6810.69	4809.88
2 Share Application Money Pending Allotment		0.00	0.00
3 Non-Current Liabilities			
(a) Long-term Borrowings	3	8379.78	6210.74
(b) Deferred Tax Liabilities (Net)	4	1568.06	1534.06
(c) Other Long-term Liabilities		0.00	0.00
(d) Long-term Provisions		0.00	0.00
		9947.84	7744.80
4 Current Liabilities			
(a) Short-term Borrowings	5	2053.92	2003.20
(b) Trade Payables	6	1276.15	461.37
(c) Other Current Liabilities	7	1194.59	1090.47
(d) Short Term Provisions	8	1005.00	598.35
		5529.66	4153.39
TOTAL		22288.19	16708.07
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	12388.94	10092.51
(ii) Intangible Assets		0.00	0.00
(iii) Capital Work-in-Progress		603.82	493.84
(iv) Intangible Assets under Developments		0.00	0.00
		12992.76	10586.35
(b) Non-Current Investments	10	82.64	76.57
(c) Deferred Tax Assets (Net)		0.00	0.00
(d) Long Term Loans And Advances		0.00	0.00
(e) Other Non-Current Assets	11	3.40	4.53
		13078.80	10667.45
2 Current Assets			
(a) Current Investments		0.00	0.00
(b) Inventories	12	5253.74	2169.30
(c) Trade Receivables	13	2091.13	1906.02
(d) Cash and Cash Equivalents	14	118.83	115.37
(e) Short-term Loans and advances	15	1745.69	1849.93
(f) Other Current Assets		0.00	0.00
		9209.39	6040.62
TOTAL		22288.19	16708.07
Notes to the financial statements		1-24	
The accompanying notes form an integral part of these financial statements			
As per my report of even date		On behalf of the Board of Directors	
V.NARAYANASWAMI, M.A., F.C.A.		N. RAJAN	R. PREMCHANDER
Chartered Accountant		Chairman	Managing Director
Membership No.023661			
Place : Tirupur		R.JAICHANDER	
Date : 30/05/2014		Joint Managing Director	

AMARJOTHI SPINNING MILLS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

		Rupees in Lakhs	
		For the year Ended	
	Note no.	31.03.2014	31.03.2013
I. Revenue from operations	16	19810.92	15996.73
II. Other Income	17	221.01	809.20
III. Total Revenue (I+II)		20031.93	16805.93
IV. Expenses			
Cost of Materials Consumed	18	10677.56	7282.97
Purchases of Stock-in-Trade		0.00	0.00
Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	19	-1384.87	2138.10
Employee Benefits Expenses	20	962.66	867.08
Finance Costs	21	1405.30	1302.31
Depreciation and Amortization Expenses		1593.48	1504.15
Other Expenses	22	4082.55	3084.58
Total Expenses		17336.68	16179.19
V. Profit Before Exceptional and Extraordinary Items and Tax (III-IV)		2695.25	626.74
VI. Exceptional Items		0.00	0.00
VII. Profit Before Extraordinary Items and Tax (V-VI)		2695.25	626.74
VIII. Extraordinary Items		0.00	0.00
IX. Profit Before Tax (VII-VIII)		2695.25	626.74
X. Tax Expense:			
[1] Current Tax		650.00	278.66
[2] Deferred Tax		34.00	-53.23
XI. Profit (Loss) for the period from Continuing Operations (IX-X)		2011.25	401.31
XII. Profit (Loss) from Discontinuing Operations		0.00	0.00
XIII. Tax Expense of Discontinuing Operations		0.00	0.00
XIV. Profit (Loss) from Discontinuing Operations (after tax) (XII-XIII)		0.00	0.00
XV. Profit (Loss) for the Period (XI+XIV)		2011.25	401.31
XVI. Earnings Per Equity Share:			
[1] Basic & Diluted		29.80	5.95

Notes to the financial statements 1-24

The accompanying notes form an integral part of these financial statements

As per my report of even date

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

Chartered Accountant
Membership No.023661

Place : Tirupur

Date : 30/05/2014

On behalf of the Board of Directors

N. RAJAN

Chairman

R. PREMCHANDER

Managing Director

R.JAICHANDER

Joint Managing Director


**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2014**

	Rupees in Lakhs Year ended	
	31.03.2014	31.03.2013
[1] SHARE CAPITAL:		
Equity Shares:		
Authorised:		
9750000 Equity Shares of Rs.10 each	975.00	975.00
Issued, Subscribed & Paid-up Capital :		
6750000 Equity Shares of Rs.10 each fully paid	675.00	675.00

Notes:

1.1 Reconciliation of Equity shares at the end of the year

	31.03.2014		31.03.2013	
	No.of shares	Amount	No.of shares	Amount
Balance at the beginning of the year	6750000	675.00	6750000	675.00
Additions	0	0.00	0	0.00
Deletions	0	0.00	0	0.00
Balance at the end of the year	6750000	675.00	6750000	675.00

1.2 List of shareholders holding more than 5%

Name	No.of shares	Amount	No.of shares	Amount
Rajan.N	1164780	17.25	1164780	17.25
Jaichander.R	1275498	18.90	1275498	18.90
Premchander.R	1275653	18.90	1275655	18.90
Total	3715931	55.05	3715933	55.05

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

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

AMARJOTHI SPINNING MILLS LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH 2014**

		Rupees in Lakhs	
		Year ended	
		31.03.2014	31.03.2013
[2] RESERVES AND SURPLUS :			
(i) General Reserve			
As per last year Balance Sheet	592.85		552.49
Add : Additions during the year	201.50		41.00
Less: Transfer under Amalgamation Scheme	<u>0.00</u>		<u>0.64</u>
		794.35	592.85
(b) Securities Premium			
As per last year Balance Sheet	225.00		225.00
Add : Additions during the year	<u>0.00</u>	225.00	<u>0.00</u>
			225.00
(c) Surplus:			
As per last year Balance Sheet	3317.03		3097.93
Add: Net Profit during the year	2011.25		401.31
Previous year Excess Provision for Taxation reversed	146.46		0.00
Profit available for Appropriation	<u>5474.74</u>		<u>3499.24</u>
Less: Appropriations during the year			
Transfer to General Reserve	201.50		41.00
Proposed Dividend	135.00		121.50
Tax on Proposed Dividend	<u>21.90</u>		<u>19.71</u>
	358.40	<u>5116.34</u>	<u>182.21</u>
Total		<u>6135.69</u>	<u>4134.88</u>
[3] LONG TERM BORROWINGS:			
(a) Term Loan From Banks (Secured)		2975.06	1084.66
(b) Loan from Directors (Unsecured)		5252.72	4824.21
(c) Interest Free Sales Tax Loan (Unsecured)		152.00	301.87
(d) Other Loans & Advances		<u>0.00</u>	<u>0.00</u>
		<u>8379.78</u>	<u>6210.74</u>
Notes:			
3.1 Long Term Loans From Banks :			
Fully Dischargeable in 48 Months		1259.00	704.76
Fully Dischargeable in 36 Months		1451.00	850.05
Fully Dischargeable in 24 Months		0.00	170.88
Fully Dischargeable in 12 Months		170.88	275.10
3.2 Loan from Directors:			
These amounts have been brought in pursuant to the terms of sanction of Loans by Bankers and retained as unsecured loans.			
3.3 Interest Free Sales Tax Loan:			
The Company started to pay this loan from 2006 and will have to pay the loan fully within the year 2015-16.			

AMARJOTHI SPINNING MILLS LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH 2014**

	Rupees in Lakhs	
	Year ended	
	31.03.2014	31.03.2013
[4] DEFERRED TAX LIABILITIES (NET)		
As per last year Balance Sheet	1534.06	1587.29
Add/less : Transfer from / to P&L a/c for current year	34.00	-53.23
	1568.06	1534.06
[5] SHORT TERM BORROWINGS		
(a) Loan Repayable on Demand from Banks (Secured)	2019.56	1984.04
(b) Hypothecated Vehicle Loan from Bank (Secured)	35.75	19.68
Less: Interest Suspense a/c	1.39	0.52
	2053.92	2003.20
[6] TRADE PAYABLES		
(a) Sundry Creditors	1276.15	461.37
[7] OTHER CURRENT LIABILITIES		
(a) Current Maturities of Long Term Debts	969.30	927.90
(b) Unclaimed Dividend	34.40	32.76
(c) VAT Payable	68.16	53.99
(d) Disputed Electricity Charges	49.67	45.03
(c) Others	73.06	30.79
	1194.59	1090.47
[8] SHORT TERM PROVISIONS		
(a) Provision for Employee Benefits	55.04	52.89
(b) Others		
1 Provision for Outstanding Liability	143.06	125.59
2 Proposed Dividend	135.00	121.50
3 Tax on Proposed Dividend	21.90	19.71
4 Provision for Income Tax	650.00	278.66
	1005.00	598.35
Proposed Dividend per share (in Rs.)	2.00	1.80
Number of Shares	6750000	6750000
Total Proposed Dividend	135.00	121.50

9. FIXED ASSETS:**TANGIBLE ASSETS**

Rupees in Lakhs

Description	Gross Block				Depreciation				Net Block	
	As At 01.04.2013	Additions	Adjustments/ Deletion	As At 31.03.2014	Upto 31.03.2013	During the Period	Adjustments/ Deletions	Upto 31.03.2014	As At 31.03.2014	As At 01.04.2013
LAND	145.86	0.00	2.38	143.48	0.00	0.00	0.00	0.00	143.48	145.86
LEASE HOLD LAND	78.75	0.00	0.00	78.75	0.00	0.00	0.00	0.00	78.75	78.75
BUILDING	2342.23	0.00	0.00	2342.23	650.51	72.29	0.00	722.80	1619.43	1691.72
PLANT & MACHINERY	18751.58	3809.37	283.07	22277.88	10792.53	1479.04	268.91	12002.66	10275.22	7959.05
FURNITURE & FITTINGS	43.19	0.22	0.00	43.41	24.76	6.78	0.00	31.54	11.87	18.43
OFFICE EQUIPMENTS	259.18	15.85	0.00	275.03	146.58	19.02	0.00	165.60	109.43	112.60
VEHICLES	175.82	90.29	26.45	239.66	89.72	16.35	17.17	88.90	150.76	86.10
T O T A L	21796.61	3915.73	311.90	25400.44	11704.10	1593.48	286.08	13011.50	12388.94	10092.51
PREVIOUS YEAR	18365.71	3530.34	99.44	21796.61	10224.07	1504.15	24.11	11704.11	10092.50	8141.64



AMARJOTHI SPINNING MILLS LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH 2014**

	Rupees in Lakhs	
	Year ended	
	31.03.2014	31.03.2013
[10] NON-CURRENT INVESTMENTS (AT COST)		
- Trade (Quoted)		
50 Equity Shares of Rs.10 each fully paid of Precot Meridian Industries Ltd.	0.09	0.09
(Market value – Rs.4225)		
100 Equity Shares of Rs.10 each fully paid of Thambbi Modern Spinning Mills Ltd.	0.05	0.05
(Market value – Rs.700)		
- Non - Trade (Un-Quoted)		
8250 Equity shares of Rs.1000 each fully paid of Perundurai Common Effluent Treatment Plant Ltd.	82.50	76.43
(Including premium)		
	82.64	76.57
[11] OTHER NON-CURRENT ASSETS:		
Preliminary expenses not written off (Transferred from Amalgamation Scheme)	3.40	4.53
	3.40	4.53
[12] INVENTORIES :		
a) Raw Materials	2170.50	1141.53
b) Work-in-Progress	473.92	114.93
c) Finished Goods	1590.01	564.13
d) Waste Stock	817.62	232.73
e) Stores, Tools, Spares & Packing Materials	201.69	115.98
	5253.74	2169.30
[13] TRADE RECEIVABLES (UNSECURED AND CONSIDERED GOOD) :		
1 Due for More than 6 months		
(a) Considered Good	163.70	51.45
(b) Considered Doubtful	32.82	30.81
2 Other Debts	1927.45	2123.97
Less : Provision for Doubtful Receivables	32.84	1856.60
	2091.13	1938.86
		1906.02

AMARJOTHI SPINNING MILLS LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH 2014**

	Rupees in Lakhs	
	Year ended	
	31.03.2014	31.03.2013
[14] CASH AND BANK BALANCES		
Cash on Hand	7.55	4.02
Balances with Scheduled Banks		
In Current Accounts	6.12	7.01
In Deposit Accounts	70.46	71.51
(given as security for bank guarantee - EPCG)		
In Unpaid Dividend Warrant Account	34.70	32.83
	118.83	115.37
[15] SHORT-TERM LOANS & ADVANCES		
(UNSECURED & CONSIDERED GOOD)		
Advances recoverable in cash or in kind or for value to be received	1532.18	1766.99
Balance with Excise Department	93.86	0.22
Deposit with Government Departments	119.65	82.72
	1745.69	1849.93
[16] REVENUE FROM OPERATIONS		
a) Sale of Products	19803.89	15584.38
b) Sale of Services	0.00	0.00
c) Other Operating Revenues	7.03	412.35
Less: Excise Duty	0	0
	19810.92	15996.73
[17] OTHER INCOME		
a) Interest Income (TDS Rs.4 lac (Rs.0.93 lac)	42.72	18.60
b) Dividend Income	0	0
c) Net gain / Loss on sale of Fixed assets	2.26	0
d) Foreign Exchange Rate Gain	82.60	13.55
e) Insurance Claims	22.26	721.05
f) Other Non-Operating Income	71.17	56.00
	221.01	809.20
[18] COST OF MATERIALS CONSUMED :		
Opening Stock :		
Raw Materials	1141.53	963.49
Waste Stock	232.73	186.03
ADD : Purchases	12291.42	7507.71
	13665.68	8657.23
LESS : Closing Stock :		
Raw Materials	2170.50	1141.53
Waste Stock	817.62	232.73
	10677.56	7282.97



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH 2014**

Rupees in Lakhs

Year ended

31.03.2014

31.03.2013

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

Inventories at the Beginning of the year

Finished Goods	564.13		2706.18	
Work-in-Progress	114.93	679.06	110.98	2817.16

Inventories at the end of the year

Finished Goods	1590.01		564.13	
Work-in-Progress	473.92	2063.93	114.93	679.06
Net (increase) / decrease		-1384.87		2138.10

[20] EMPLOYEE BENEFITS EXPENSES

i) Salaries & Wages	712.77		646.38	
ii) Contribution to Provident & Other Funds	38.41		19.22	
iii) Expense on ESOP & ESPP	0.00		0.00	
iv) Staff Welfare Expenses	211.48		201.48	
	962.66		867.08	

[21] FINANCE COSTS

a) Interest on Term Loans	505.76		254.09	
b) Interest on Other Loans	899.54		1048.22	
	1405.30		1302.31	

[22] OTHER EXPENSES

a) Consumption of Stores & Spare Parts	857.09		649.35	
b) Power & Fuel	1019.02		675.64	
c) Rent	19.13		12.69	
d) Repairs to Building	105.68		75.53	
e) Repairs to Machinery	460.29		379.04	
f) Insurance	68.84		38.44	
g) Rates and Taxes	29.04		37.37	
h) Dyeing and Processing Expenses	934.11		719.07	

AMARJOTHI SPINNING MILLS LIMITED



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH 2014**

Rupees in Lakhs

Year ended

31.03.2014

31.03.2013

i) Miscellaneous Expenses:		
Bank Charges	81.02	42.34
Service Tax Paid	9.69	6.82
Sales Commissions	34.02	44.62
Printing, Stationery & Postage	47.80	52.24
Telephones	13.17	11.98
Travelling & Conveyance	26.66	24.64
Vehicle Maintenance – car	6.54	1.55
Vehicle Maintenance – Lorry & Van & others	81.85	60.57
Share Transfer Expenses	2.41	2.10
Managerial Remuneration	116.14	68.99
Advertisement	15.42	20.20
Sitting Fees	2.56	3.71
Freight & Other Expenses	60.05	57.31
Computer Maintenance Expenses	7.29	6.12
Professional Charges	8.60	16.02
RF Maintenance Expenses	3.79	3.73
Consignment Expenses	7.37	19.39
Net Loss on sale of Fixed assets	0.00	0.46
General Expenses	62.22	52.03
Preliminary expenses w/o	1.13	1.13
Remuneration to Auditors	1.62	1.50
Total	<u>4082.55</u>	<u>3084.58</u>

**23. 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.



24. OTHER NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24.1 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 Ltd	1550.00	Working Capital Facility	First Charge on Current Assets and second charge on the other fixed assets
2	State Bank of Travancore	709.87	Term Loan under TUF Scheme.	First charge on Machineries purchased and paripasu charge on other fixed assets.
3	Axis Bank Ltd	194.65	Term Loan under TUF Scheme.	First charge on Machineries purchased and second charge on other fixed assets.
4	Karur Vysya Bank Ltd	710.00	Machinery Term Loan	First charge on Machineries purchased and second charge on other fixed assets
5	Karur Vysya Bank Ltd	1259.00	Machinery Loan	Exclusive charge on the Plant and Machinery Transferred from M/s.Amarjothi Colour Melange Spg Mills Ltd after Amalgamation.
6	Bank of Baroda	1383.00	Machinery Import LC	Exclusive charge on the Plant and Machinery Imported.
7	HDFC Bank Ltd	48.85	Vehicle Hypothecation Loan	Exclusive charge on the Vehicle Purchased
8	Karur Vysya Bank Ltd	1000.00	Machinery Loan	Exclusive charge on the Plant and Machinery Purchased.
9	Karur Vysya Bank Ltd	741.00	Machinery Loan	Exclusive charge on the Plant and Machinery Purchased.
10	Karur Vysya Bank Ltd	500.00	Working Capital Demand Loan	Paripasu first charge on the entire current assets of the Company

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

AMARJOTHI SPINNING MILLS LIMITED



24.2 CONTINGENT LIABILITIES:		31.03.2014	31.03.2013
		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)	5.00	NIL
24.3	Income Tax assessments have been completed up to the Assessment Year 2012– 2013.		
24.4	The Company has opted the exemption route vide Central Excise Notification No.30/2004 and 31/2004 dated 09.07.2004.		
24.5	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.		
24.6	Sundry debtors which are overdue for a period of 6 months and more include a sum Rs.32.82 lacs (Rs.30.80 lacs) for which the Company has taken legal action and is hopeful of recovery. Provision has been made for Rs.32.84 Lacs for Doubtful Debtors.		
24.7	Depreciation has been calculated according to Schedule XIV of the Companies Act, 1956 as amended on straight-line method.		
24.8	The Company has received a demand towards Peak Hour Electricity charges amounting to Rs.55.36 lacs from TNEB against which the Company has gone on appeal to the Honourable High Court of Madras. The Company has paid this amount "Under Protest". This amount has not been debited to the Profit & Loss account nor any provision made in the accounts, pending disposal of appeal by the Honourable High Court of Madras.		
		As on	
		31.03.2014	31.03.2013
		(Rs.in Lacs)	(Rs.in Lacs)
24.9	(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.	2050.00	2090.00
	(b) Counter Guarantee given by the Chairman, Managing Director and Joint Managing Director for Term Loans taken by the Company from its Bankers.	6046.37	4773.50

AMARJOTHI SPINNING MILLS LIMITED


		As on	
		31.03.2014	31.03.2013
24.10 QUANTITATIVE PARTICULARS:			
i) Licensed Capacity*	Spindles	75000	75000
	Rotor	2080	2080
ii) Installed Capacity*	Spindles	37392	37392
ii) Actual Production - Yarn	Kgs.	6911388	5252632
iv) Turnover - Yarn	Kgs.	6450420	6268728
	Rs.	1945530601	1546475115
Turnover - Waste	Kgs.	805912	733496
	Rs.	20836002	11963155
v) Opening Yarn Stock	Kgs.	350024	1293653
	Rs.	56413404	270618272
vi) Closing Yarn Stock	Kgs.	856780	350024
	Rs.	159001360	56413404
* As certified by Management not verified by Auditor			
vii) Consumption of Raw Materials	Kgs.	8374995	6597854
	Rs.	1067756473	728296827
viii) Consumption of Stores & Spares			
Indigenous (98.98%/87.80%)	Rs.	84838188	66493172
Imported (1.02%/12.20%)	Rs.	870956	350471
24.11 EARNINGS IN FOREIGN CURRENCY :			
FOB Value of Exports	Rs.	111616212	123083210
24.12 EXPENDITURE IN FOREIGN CURRENCY :			
a) Traveling	Rs.	796264	1355459
b) CIF Value of Imports	Rs.	26361802	81725682
c) Certification charges	Rs.	649042	741481
24.13 REMUNERATION TO DIRECTORS:			
a) Managing Director (Salary)	Rs.	720000	720000
b) Joint Managing Director (Salary)	Rs.	720000	720000
c) Managing Director (Commission)	Rs.	4559274	2415909
d) Joint Managing Director (Commission)	Rs.	4559274	2415909
e) Chairman (Commission)		1055855	627182
Total		11614403	6899000
Computation of Remuneration to Directors:			
Net Profit before tax as per Profit & Loss account		269525053	62674516
Add: Remuneration debited to Profit & Loss account		11614403	6899000
Less/(-)Add: Profit/(-) Loss on Sale of Assets		225902	(-) 46383
Net Profit available		280913554	69619899
Managerial Remuneration eligible		11614403	6899000

AMARJOTHI SPINNING MILLS LIMITED

As on
31.03.2014 31.03.2013

24.14 PAYMENT TO AUDITOR :

Audit Fees (inclusive of Service Tax)	Rs.	123596	112360
Reimbursement of Expenses	Rs.	12000	10000
Other Services	Rs.	26406	28050
Total		<u>162002</u>	<u>150410</u>

24.15 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
Membership No.023661

Place : Tirupur

Date : 30/05/2014

On behalf of the Board of Directors

N. RAJAN

Chairman

R. PREMCHANDER

Managing Director

R.JAICHANDER

Joint Managing Director



NOTES FORMING PART OF ACCOUNTS – DISCLOSURES

I. Segment-wise Reporting:

The Company is engaged mainly in the manufacture of yarn. The Company owns Eleven wind mills mainly for captive consumption purpose only. During the year the value of power generated through these mills is Rs. **14,95,17,309.00** (24443368 units) and this is adjusted with the power cost of the Company. The processing division is operating mainly for captive utilization and hence segment-wise reporting as defined in Accounting Standard 17 is not required.

II. Deferred Tax Assets / Liability:

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

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

As on 01.04.2013	153407075.77
------------------	--------------

Add: Transfer to Profit & Loss a/c	3400000.00
------------------------------------	------------

Balance of Liability as on 31.03.2014	<u>156807075.77</u>
---------------------------------------	---------------------

III. Employee Benefits: AS-15:

a. Provident Fund Contribution:

During the year the Company has contributed Rs.3748419/- 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 (ii) Sri.R.Jaichander, Joint Managing Director.
------------------------------	---

AMARJOTHI SPINNING MILLS LIMITED



Transactions:

Particulars	Related Parties/ Associates.	Key Management Personnel & Relatives	Directors
Remuneration	—	Rs. 1,16,14,403	—
Sitting fees	—	—	Rs.2,56,000
Payment of Interest	Rs.8,91,26,906	—	—
Credit Balance as at 31.03.2014	Rs.52,52,72,015	—	—

V. Earning Per share as per AS 20.

Particulars	31.03.2014	31.03.2013
(a) Net Profit after tax (Rs.)	20,11,25,053	4,01,31,076
(b) Number of Equity shares	67,50,000	67,50,000
(c) Earning Per Share (Rs.) (a/b)	29.80	5.95

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

Place : Tirupur
 Date : 30/05/2014

On behalf of the Board of Directors

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

R.JAICHANDER
 Joint Managing Director

AMARJOTHI SPINNING MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Rupees in Lakhs

Year Ended	Year Ended
31.03.2014	31.03.2013

A. CASH FLOW FROM OPERATING ACTIVITIES:

NET Profit before Taxation	2695.25	626.74
----------------------------	---------	--------

Adjustments for:

Depreciation and amortisation	1593.48	1504.15
-------------------------------	---------	---------

Loss /(Profit) on Sale of Assets	-2.26	0.46
----------------------------------	-------	------

Interest Income	-42.72	-18.60
-----------------	--------	--------

Finance costs	1405.30	1302.31
---------------	---------	---------

2953.80	2788.32
---------	---------

Operating Profit before Working Capital Changes	5649.05	3415.06
---	---------	---------

Adjustments for:

Trade & other Receivables	-80.87	-1415.78
---------------------------	--------	----------

Inventories	-3084.44	1977.29
-------------	----------	---------

Trade Payable & Other Liabilities	935.17	-2230.14	31.65	593.16
-----------------------------------	--------	----------	-------	--------

Cash Generated from Operations	3418.91	4008.22
--------------------------------	---------	---------

Direct Taxes provisions / paid	-419.87	-244.35
--------------------------------	---------	---------

Net Cash from Operating activities	A 2999.04	3763.87
------------------------------------	------------------	----------------

B. CASH FLOW FROM INVESTMENT ACTIVITIES:

Purchase of Fixed Assets	-3915.73	-3530.34
--------------------------	----------	----------

Sale of Fixed Assets	314.16	98.98
----------------------	--------	-------

Payment for Capital Projects in Progress	-109.98	-250.69
--	---------	---------

Interest Received	42.72	18.60
-------------------	-------	-------

Net Cash from Investment activities	B -3668.83	-3663.45
-------------------------------------	-------------------	-----------------

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

Borrowings (net)	2219.76	1367.29
Dividend paid	-121.50	-101.25
Tax on dividend	-19.71	-16.43
Finance costs	-1405.30	-1302.31
Net Cash from Financing Activities	C 673.25	-52.70
Net Increase/ (Decrease) in cash and cash equivalents	(A+B+C) 3.46	47.72
Cash and Cash Equivalents as at the beginning of the period	115.37	67.65
Cash and Cash Equivalents as at the end of the period	118.83	115.37

As per my report of even date

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

Chartered Accountant

Membership No.023661

Place : Tirupur

Date : 30/05/2014

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 2014. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreements with the Stock Exchanges and is based on and is in agreement with the corresponding Profit and Loss Statement and Balance Sheet of the Company covered by my report of 30th May, 2014 to the members of the Company.

Place : Tirupur

Date : 30.05.2014.

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

Chartered Accountant

Membership no.023661

AMARJOTHI SPINNING MILLS LIMITED



AMARJOTHI SPINNING MILLS LIMITED

Registered Office: "Amarjothi House", 157, Kumaran Road, Tirupur - 641 601.
Ph: 0421 4311600 Fax: 0421 4326694. Email: mill@amarjothi.net Website: amarjothi.net
CIN: L17111TZ1987PLC002090

FORM NO. MGT-11

PROXY FORM

Name of the member(s):

Registered address:

E-mail ID:

Folio No./Client ID: DP ID:

I/we being the member(s) holding shares of the above named Company, hereby appoint:

1) Name :

Address

Email ID

Signature

or failing him/her

2) Name

Address

Email ID

Signature

or failing him/her

3) Name

Address

Email ID

Signature

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the Company, will be held on Friday, 5th September, 2014 at 11.00 A.M. at the Meeting Hall of Gayathiri Hotel, Kangayam Road, Tirupur - 641604 and at any adjournment thereof in respect of such resolutions set out in the Notice convening the meeting, as are indicated herein:

P.T.O.

AMARJOTHI SPINNING MILLS LIMITED



Resolution Number	Resolution	Vote (see note 2)	
		For	Against
Ordinary Business			
1.	Adoption of Financial Statements for the year ended 31st March, 2014.		
2.	Declaration of dividend for the Financial year 2013-14		
3.	Re-appointment of Sri. R. Jaichander as a Director of the Company		
4.	Re-appointment of Auditors and Fixing the remuneration.		
Special Business			
5.	Appointment of Sri.M. Moorthi as a Director of the Company.		
6.	Appointment of Sri. S. Satyanarayanan as an Independent Director of the Company.		
7.	Appointment of Dr. V. Subramaniam as an Independent Director of the Company.		
8.	Appointment of Sri. V.T. Subramanian as an Independent Director of the Company.		
9.	Appointment of Sri. V. Manikandan as an Independent Director of the Company.		
10.	Appointment of Sri. M.S. Sivakumar as an Independent Director of the Company.		
11.	To Borrow money under Section 180(1)(c) of the Companies Act, 2013. in excesss of the aggregate of paid-up capital and free reserves of the Company.		
<p>Signed this day of 2014.</p> <p>Signature of shareholder :.....</p> <p>Signature of Proxy holder (s) :.....</p> <p>Note:</p> <p>1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.</p> <p>2. It is optional to indicate your preference, If you leave the for, against, abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner he/she may deem applicable.</p>			

Affix
Re.1/-
Revenue
Stamp



AMARJOTHI SPINNING MILLS LIMITED

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

ATTENDANCE SLIP

26th Annual General Meeting on 5th September, 2014

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

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

Name and Address.....

NAME OF THE ATTENDING MEMBER:

NAME OF THE PROXY:

I hereby record my presence at the Twenty sixth Annual General Meeting held at the Meeting Hall of Gayathri Hotel, Kangayam Road, Tirupur - 641 604 at 11.00 A.M. on Friday, 05.09.2014.

Signature of the Shareholder or Proxy

To

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

FORM A

Format of covering letter of the Annual Report to be filed with the Stock Exchanges

- | | | |
|---|--|----------------------------------|
| 1 | Name of the Company | Amarjothi Spinning Mills Limited |
| 2 | Annual Financial Statements for the year ended | 31 st March 2014 |
| 3 | Type of Observation | Unqualified |
| 4 | Frequency of Observation | Not Applicable |
| 5 | To be signed by | |

1. CEO / Managing Director



2. Chief Financial Officer

For Amarjothi Spinning Mills Ltd.,



Chief Financial Officer

3. Auditor of the Company



V. NARAYANASWAMI M A., F.C.A.,
Chartered Accountant
MF3, Ramana Prasad
28, Desabandhu Rd, P.O. 641 009
Coimbatore - 641 009 Ph: 2260984
Membership No: 200-23601

4. Audit Committee Chairman

