

## **ANNUAL REPORT 2003-2004**



# **AMARJOTHI SPINNING MILLS LIMITED**

## AMARJOTHI SPINNING MILLS LIMITED

### BOARD OF DIRECTORS

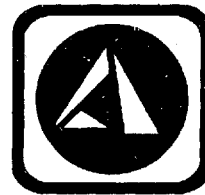
**Sri. N. RAJAN**  
(Chairman)

**Sri. R. PREMCHANDER**  
(Managing Director)

**Sri. R. JAICHANDER**  
(Joint Managing Director)

**Sri. S. SATHYANARAYANAN**

**Dr. V. SUBRAMANIAM**



### BANKERS

**BANK OF BARODA**  
**KARUR VYSYA BANK LTD.**  
**PUNJAB NATIONAL BANK**

### AUDITOR

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

### SHARE TRANSFER AGENTS

**M/s. S.K.D.C. CONSULTANTS LTD.**  
No.11, Street No.1  
S.N. Layout  
Tatabad  
Coimbatore - 641 012.

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

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**MILLS AT : Pudusuripalayam, Nambiyur - 638 458, Gobi Taluk.**



# AMARJOTHI SPINNING MILLS LIMITED

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## AMARJOTHI SPINNING MILLS LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of AMARJOTHI SPINNING MILLS LIMITED will be held on Thursday, the 30<sup>th</sup> September, 2004 at 10.00 A.M. at the Meeting Hall of Hotel Brindavan, 33, Harvey Road, Tirupur - 641 602 to transact the following business.

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2004, the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2004 and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Sri. N. Rajan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration. Sri. V. Narayanaswami, M.A., F.C.A., Chartered Accountant, Coimbatore retires at this meeting and is eligible for reappointment.

#### SPECIAL BUSINESS

5. To pass with or without modification the following Resolution as an ordinary Resolution.

"RESOLVED THAT pursuant to Section 293(1)(d) of the Companies Act, 1956 in supercession of the resolution passed at the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2002, the Board of Directors be and is hereby authorized to raise and borrow from time to time at its discretion either from the Company's Bankers or any Financial Institution or from the Directors or from elsewhere on such terms and conditions as the Board may deem fit for the purpose of business of the Company upto a limit of Rs.100 crores (Rupees one hundred crores) over and above the aggregate of the paid-up capital and free reserves of the Company, outstanding at any one time and that such borrowings shall be exclusive of temporary loans obtained or to be obtained by the Company from the Company's Bankers in the ordinary course of business for its working capital."

For and on behalf of the Board,

Place : Tirupur  
Date : 2nd August, 2004

**N. RAJAN**  
Chairman



## AMARJOTHI SPINNING MILLS LIMITED

### NOTES:

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The instrument of proxy should however be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the commencement of the meeting.
2. Member holding shares in physical form are requested to notify immediately any change in their address, to our Registrars viz., M/s. S.K.D.C. Consultants Ltd., No.11, Street No. 1, S.N. Layout, Tatabad, Coimbatore – 641 012. Those holding shares in dematerialized form may intimate the change to their depository participant. Any other correspondence relating to shares may also be addressed to the said Registrars.
3. The register of members and share transfer books of the Company will remain closed from 23<sup>rd</sup> September, 2004 to 30<sup>th</sup> September, 2004 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the meeting.
5. The members/proxy holders are requested to bring the attendance slip sent herewith duly filled for attending the meeting.
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. Consequent upon the amendment to Section 205A read with Section 205C of the Companies Act, 1956, the unclaimed dividend in respect of the financial year ended 31<sup>st</sup> March, 1997 will be transferred to the Investor Education and Protection Fund on or before 5<sup>th</sup> December, 2004. Subsequent dividends declared which remain unclaimed for a period of seven years will be transferred to the fund on due dates.

Members who have not encashed their dividend warrants in respect of the above period are requested to lodge their claim to the Company by surrendering the unencashed warrants immediately.

9. In terms of Clause 49 of the listing agreement with stock exchange a brief resume of the Director proposed to be reappointed at this meeting is given below.

### **Sri. N. Rajan:**

Sri. N. Rajan, aged 66 years, is a practising Chartered Accountant with an experience of over 40 years. He is also the Chairman of Amarjothi Industries Corporation (India) Limited, Amarjothi Threads (India) Limited, and Amarjothi Wind Energy Development Company Limited. He has been a Director of the Company from 29.09.1991 and has provided valuable advice in finance related areas. He is also a member of the Audit Committee, Investors' Grievance Committee, Share Transfer Committee and Remuneration Committee.

**AMARJOTHI SPINNING MILLS LIMITED****Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956****Item No.5**

The Company is planning to expand its present installed capacity, set up a Dyeing Factory and Wind Mills by availing of finance from Bankers and others. The members of the Company have, at their meeting held on 30<sup>th</sup> September, 2002, passed a resolution authorizing the Board of Directors to borrow upto Rs.50 crores over and above the aggregate of the paid-up capital and free reserves. In view of the proposed expansion, this limit will have to be enhanced and hence, a resolution is placed before you under Item No.5 for consideration and approval.

None of the Directors of the Company is directly or indirectly concerned or interested in this resolution.

For and on behalf of the Board,

Place : Tirupur  
Date : 2nd August, 2004

**N. RAJAN**  
Chairman

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## AMARJOTHI SPINNING MILLS LIMITED

### DIRECTORS' REPORT

#### TO THE MEMBERS OF AMARJOTHI SPINNING MILLS LIMITED

Your Directors have pleasure in presenting the **Sixteenth Annual Report** with audited accounts of your Company for the year ended **31st March, 2004**.

#### FINANCIAL RESULTS

	<b>2003-2004</b>		<b>2002-2003</b>
	<b>Rs. in lacs</b>		<b>Rs. in lacs</b>
Sales	<b>6199.63</b>		<b>4711.48</b>
Gross Profit	<b>1581.23</b>		<b>1020.20</b>
Less: Depreciation	<b>435.51</b>		396.40
Interest	<b>268.48</b>		206.71
Preliminary Expenses written off	<b>—</b>		5.07
Provision for Taxation	<b>74.64</b>	<b>778.63</b>	<b>33.49</b>
<b>Profit for the year</b>		<b>802.60</b>	<b>378.53</b>
Less: Deferred Tax for the current year		<b>238.84</b>	<b>64.32</b>
Profit After Deferred Tax		<b>563.76</b>	<b>314.21</b>
Add: Balance in Profit and Loss Account		<b>590.72</b>	<b>368.85</b>
<b>Surplus available for appropriation</b>		<b>1154.48</b>	<b>683.06</b>
<b>Appropriation:</b>			
Proposed Dividend (including Dividend Tax)		<b>76.15</b>	<b>60.92</b>
General Reserve		<b>56.38</b>	<b>31.42</b>
Balance carried to Balance Sheet		<b>1021.95</b>	<b>590.72</b>
		<b>1154.48</b>	<b>683.06</b>

#### DIVIDEND

Your Directors are glad to recommend payment of dividend of 10% on the Equity Capital, which is tax free in the hands of the shareholders.

#### OPERATIONS

The Company's turnover increased by over 30% to Rs.6199.63 lacs during the year under review as against Rs.4711.48 lacs in the previous year.

#### FINANCE

During the year under review, the Company was sanctioned term loans aggregating to Rs.1418.00 lacs including Rs.1328.00 lacs under the Textile Upgradation Fund Scheme.

M/s. Amarjothi Power Generation and Distribution Company Limited, which was incorporated as a subsidiary, has ceased to be a subsidiary with effect from 28.11.2003.

#### WIND ENERGY

The Company has installed one more wind mill of 1.65 MW capacity at Thanakkarkulam Village, Tirunelveli District during the last quarter of 2003-04.



## AMARJOTHI SPINNING MILLS LIMITED

The performance was found to be highly satisfactory. The two wind mills so far installed are expected to meet 50% of the Spinning Division's power requirement. One more wind mill of 1.65 MW capacity is proposed to be installed during the current year.

### DEPOSITS

Your Company has not accepted any deposits from the public.

### DIRECTORS

Sri. N. Rajan retires by rotation at this Annual General Meeting as per to the provisions of the Companies Act, 1956 and is eligible for reappointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 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 and that there are no material departures.
- 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 at the end of the financial year and of the profit of the Company for that period.
- 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. A certificate has been received under Section 224 (1-B) of the Companies Act, 1956 that if reappointed, it will be within the limits specified. Necessary resolution is brought before you for your approval.

### PERSONNEL

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

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

The particulars required to be included 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.



## AMARJOTHI SPINNING MILLS LIMITED

### 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 organization.

### CORPORATE GOVERNANCE

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

A certificate from the Auditors of the Company regarding compliance of conditions of corporate governance as stipulated under Clause 49 of the listing agreement is furnished in the section on Corporate Governance.

### MANAGEMENT'S ANALYTICAL REPORT

Management's Analytical Report as required by the listing agreement is furnished in the section on Corporate Governance.

### SUBSIDIARY COMPANY

M/s. Amarjothi Wind Energy Development Company Limited has been incorporated as a 100% subsidiary. The main object of the Company is generation of power. The prescribed statement under Section 212 of the Companies Act, 1956, in respect of the subsidiary is furnished in Annexure II.

### CONSOLIDATED FINANCIAL STATEMENTS

Apart from separate financial statements of your Company and its subsidiary viz., M/s. Amarjothi Wind Energy Development Company Limited, Consolidated Financial Statements of the holding and subsidiary company have been furnished, as required by Clause 32 of the listing agreement, duly certified by the Statutory Auditor of the Company.

### ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for assistance and co-operation received from Bank of Baroda, Karur Vysya Bank Ltd. and Punjab National Bank 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,

Place : Tirupur  
Date : 2nd August, 2004

**N. RAJAN**  
Chairman



## AMARJOTHI SPINNING MILLS LIMITED

### ANNEXURE I TO DIRECTORS' REPORT

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of the Directors) Rules, 1988 are as follows.

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

##### A. CONSERVATION OF ENERGY

###### (a) Measures taken

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

###### (b) Proposed measures

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

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

##### 1. POWER CONSUMPTION

TNEB Power*			Own Generation		
Units (KWH)	Value (Rs.)	Rate (per KWH)	Units (KWH)	Value (Rs.)	Cost (per KWH)
1,55,88,724	5,34,17,021	Rs.3.42	3,40,418	20,23,479	Rs.5.94

\* Includes power availed from wind mill

##### Current Year

##### Previous Year

##### 2. PRODUCTION OF YARN IN KGS.

46,74,495

39,98,814

##### 3. POWER COST PER KG. OF YARN (Rs.)

11.86

13.72

##### B. RESEARCH AND DEVELOPMENT

The Company is a member of SITRA (South India Textile Research Association) and is being benefitted 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