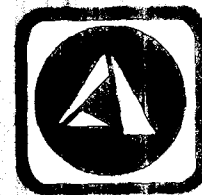


MD	✓		KC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



ANNUAL REPORT 1997-98

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AMARJOTHI SPINNING MILLS LIMITED



AMARJOTHI SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sri. N. RAJAN
(Chairman)

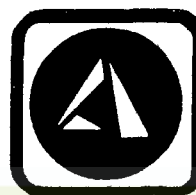
Sri. R. PREMCHANDER
(Managing Director)

Sri. R. JAICHANDER
(Joint Managing Director)

Dr. V. SUBRAMANIAM

Sri. S. SATHYANARAYANAN

Sri. S.N. RAMASWAMY RAJHA
(Executive Director)



BANKERS
BANK OF BARODA
KARUR VYSYA BANK LTD.

AUDITORS
M/s. SRIDHAR & SANTHANAM
Chartered Accountants, Chennai

SHARE TRANSFER AGENTS
M/s. COMPUTER AGE MANAGEMENT
SERVICES PVT. LTD.
A&B, LAKSHMI BHAVAN,
609, Anna Salai, Chennai - 600 036.
Phone : 8520788/8524188

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

MILLS AT : Pudukottai, Nambiyur - 638 458, Gobi Taluk.

**AMARJOTHI SPINNING MILLS LIMITED****Contents**

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AMARJOTHI SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Tenth Annual General Meeting of the members of AMARJOTHI SPINNING MILLS LIMITED will be held on Monday, the 28th September, 1998 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 Directors' Report, the Audited Balance Sheet as at 31st March, 1998, the Profit and Loss Account for the year ended 31st March, 1998 and the Auditors' Report thereon.
2. To appoint a Director in the place of Mr.S.Sathyanarayanan who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s.Sridhar & Santhanam, Chartered Accountants, Chennai retire at this meeting and are eligible for reappointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following Resolution as a Special Resolution with or without modification.

"RESOLVED THAT Sri.S.N.Ramaswamy Rajha be and is hereby reappointed as the Executive Director of the Company for 5 years from 01.11.1997, subject to the control, direction and superintendence of the Board of Directors of the Company on the following terms and conditions.

- a) Salary of Rs.15,000/- (Rupees fifteen thousand only) per month inclusive of all allowances and perquisites.
- b) Telephone at his residence.
- c) Other benefits and amenities as are generally applicable to senior executives of the Company.

"FURTHER RESOLVED THAT the aforesaid remuneration be paid to Sri.S.N.Ramaswamy Rajha as the minimum remuneration in the absence of or inadequacy of profits in any year subject to the provisions of Schedule XIII of the Companies Act, 1956.

"FURTHER RESOLVED THAT Sri.S.N.Ramaswamy Rajha be not liable for retirement by rotation so long as he functions as the Executive Director of the Company.

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to revise or vary the remuneration of Sri.S.N.Ramaswamy Rajha during his period of office at any time subject to the provisions regarding maximum remuneration payable under the Companies Act, 1956 in vogue for the time being".

By order of the Board

Place : Tirupur
Date : 28th August, 1998

R.PREMCHANDER
Managing Director



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 proxies should however be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business set out above is annexed.
3. Members are requested to notify immediately any change in their address, if any, to our Registrars viz., M/s.CAMS SHARE REGISTRY PRIVATE LIMITED, A&B, LAKSHMI BHAVAN, 609, ANNA SALAI, CHENNAI - 600 006. Any other correspondence relating to shares may also be addressed to the said Registrars.
4. The Register of members and share transfer books of the Company will remain closed from 21st September, 1998 to 28th September, 1998 (both days inclusive).
5. Members are requested to bring their copies of the Annual Report to the meeting.
6. *The members/proxy holders are requested to bring the attendance slip sent herewith duly filled for attending the meeting.*
7. *Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the meeting to enable the management to keep the information ready.*
8. Members are requested to be in their seats at the meeting hall before the scheduled time of commencement of the Annual General Meeting to avoid interruption in the proceedings.



AMARJOTHI SPINNING MILLS LIMITED

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.4 :

As the shareholders are aware, the present tenure of office of Sri.S.N.Ramaswamy Rajha, the Executive Director of the Company expires on 31st October, 1997. The Board of Directors at their meeting held on 1st November, 1997 have reappointed Sri.S.N.Ramaswamy Rajha as Executive Director for a further period of 5 years with effect from 01.11.1997 on terms and conditions as stipulated in the resolution placed before the shareholders under this item in the Notice.

Approval of the Company in General Meeting is required for the said resolution under the provisions of the Companies Act, 1956 and accordingly, necessary resolutions are submitted to the shareholders for their consideration and approval.

The shareholders' approval has also been sought for the Board of Directors varying or revising the remuneration of Sri.S.N.Ramaswamy Rajha from time to time during the period from 01.11.1997 to 31.10.2002 taking into account the prevailing corporate practices, market situations, responsibilities and duties entrusted to the Executive Director and the policy of the Government and provisions of law in this regard on vogue from time to time.

The Resolution and this Explanatory Statement may be treated as abstract of the terms and conditions of appointment of Sri.S.N.Ramaswamy Rajha as Executive Director of the Company required to be circulated to the members under Section 302 of the Companies Act, 1956.

Sri.S.N.Ramaswamy Rajha, Executive Director is interested in this resolution as it relates to his reappointment.

By order of the Board

Place : Tirupur

Date : 28th August, 1998

R.PREMCHANDER
Managing Director



AMARJOTHI SPINNING MILLS LIMITED

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

Your Directors have pleasure in presenting the **Tenth Annual Report** with audited accounts of your Company for the year ended **31st March, 1998**.

FINANCIAL RESULTS

	1997-98 Rs. in Lacs	1996-97 Rs. in Lacs
SALES	3722.64	2702.30
Gross Profit	728.31	671.91
Less :		
Depreciation	247.99	176.97
Interest	426.77	228.75
Preliminary Expenses written off	4.93	4.93
Provision for taxation	<u>6.00</u>	<u>40.00</u>
	685.69	450.65
Profit for the year	<u>42.62</u>	<u>221.26</u>
Add : Balance in Profit and Loss Account	381.15	313.51
Surplus available for appropriation	<u>423.77</u>	<u>534.77</u>
Appropriation :		
Debenture Redemption Reserve	—	19.25
General Reserve	6.00	23.00
Proposed Dividend	—	101.25
Dividend Tax	—	10.12
Balance Carried to Balance Sheet	<u>417.77</u>	<u>381.15</u>
	<u>423.77</u>	<u>534.77</u>

DIVIDEND

Having regard to the considerable reduction in the net earnings of the Company, the Directors do not recommend any dividend for the year 1997-98 (previous year 15%) on the Company's equity shares with a view to conserving the resources for the future.

OPERATIONS

The Company has completed the fourth full year of its operation in 1997-98 after the Public Issue. During the year under review, the Company has achieved a sales turnover of Rs.3722.64 Lacs (1996-97 Rs.2702.30 Lacs) which resulted in a Net Profit of Rs.42.62 Lacs (1996-97 Rs.221.26 Lacs).

FINANCE

Term loans of ICICI to the tune of Rs.200 Lacs were availed during the year against the sanction of Rs.1200.00 Lacs and in addition to that, a term loan of Rs.500.00 Lacs was also availed from ICICI towards expansion.

DEPOSITS

Your Company has not accepted any deposits from the public.



AMARJOTHI SPINNING MILLS LIMITED

OUTLOOK

Your Company has been able to keep customers happy by supplying high quality yarn in required quantity, shade and within the schedule time. Your Directors are confident that your Company will be able to achieve new heights of performance in coming years also.

DIRECTORS

In accordance with the requirements of the Companies Act 1956, Sri. S. Sathyanarayanan retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

AUDITORS

M/s. Sridhar & Santhanam, the Auditors of your Company retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

PERSONNEL

None of the employees of your Company was drawing a remuneration exceeding Rs.3,00,000/- per annum or Rs.25,000/- per month or part thereof. Hence, no particulars of employees as per Section 217(2A) of the Companies Act, 1956 need be furnished.

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.

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

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 :

A. CONSERVATION OF ENERGY

- i) The Company's manufacturing facilities have been designed to minimise use of energy. TNEB power of 1000 KVA is supplemented with 2280 KVA diesel generating sets. Conservation of energy continues to receive attention of the Management. In addition to the above, we have obtained a sanction for supply of 1250 KVA for our expansion unit.
- ii) We have installed power capacitors and the power factor is being maintained at the level of 0.96.
- iii) As stated above, the factory is designed to minimise the use of energy, the power consumption is minimum and the power cost is low.
- iv) Total energy consumption and energy consumption per unit of production as per Form A of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given below :

1. POWER CONSUMPTION

TNEB Power			Own Generation		
Units (KWH)	Value Rs.	Rate (per KWH) Rs.3.53	Units (KWH)	Value Rs.	Cost (per KWH) Rs.2.63
30,48,150	1,07,46,598		67,05,316	1,76,14,716	