

ANNUAL REPORT 1998-99

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AMARJOTHI SPINNING MILLS LIMITED

AMARJOTHI SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sri. N. RAJAN
(Chairman)

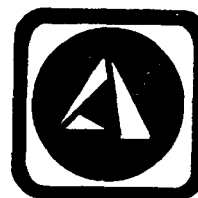
Sri. R. PREMCHANDER
(Managing Director)

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. S.K.D.C. CONSULTANTS LTD.

No.11, Street No.1
S.N. Layout, Tatabad
Coimbatore - 641 012.

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

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

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AMARJOTHI SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of the Company will be held on Thursday, the 30th September, 1999 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, 1999, the Profit and Loss Account for the year ended 31st March, 1999 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri.N.Rajan, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr.V.Subramaniam, 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. M/s.Sridhar & Santhanam, Chartered Accountants, Chennai retire at this meeting and are eligible for reappointment.

For and on behalf of the Board

Place : Tirupur
Date : 30th August, 1999

R.PREMCHANDER
Managing Director

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. Members are requested to notify immediately any change in their address, if any, to our Registrars viz., M/s.S.K.D.C.CONSULTANTS LTD., NO.11, STREET NO.1, S.N.LAYOUT, TATABAD, COIMBATORE - 641 012. 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 23rd September, 1999 to 30th September, 1999 (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 atleast 7 days before the meeting to enable the management to keep the information ready.
7. Members are requested to be in their seats at the meeting hall before the scheduled time of commencement of the Annual General Meeting to avoid interruption in the proceedings.



AMARJOTHI SPINNING MILLS LIMITED

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

Your Directors have pleasure in presenting the **Eleventh Annual Report** with audited accounts of your Company for the year ended **31st March, 1999**.

FINANCIAL RESULTS

	1998-99	1997-98
	Rs. in Lacs	Rs. in Lacs
SALES	3942.48	3722.64
Gross Profit	782.90	728.31
Less :		
Depreciation	271.05	247.99
Interest	378.21	426.77
Voluntary Retirement compensation	91.45	—
Preliminary Expenses written off	4.93	4.93
Provision for MAT & Interest for the previous year	5.29	—
Provision for taxation	5.70	6.00
Profit for the year	<u>26.27</u>	<u>42.62</u>
Add : Balance in Profit and Loss Account	417.77	381.15
Surplus available for appropriation	<u>444.04</u>	<u>423.77</u>
Appropriation :		
General Reserve	93.75	6.00
Debenture Redemption Reserve withdrawn	(90.75)	—
Balance Carried to Balance Sheet	<u>441.04</u>	<u>417.77</u>
	<u>444.04</u>	<u>423.77</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 1998-99 (previous year Nil) on the Company's equity shares with a view to conserving the resources for the future.

OPERATIONS

The Company has completed the fifth full year of its operation in 1998-99 after the Public Issue. During the year under review, the Company has achieved a sales turnover of Rs.3942.48 Lacs (1997-98 Rs.3722.64 Lacs) which resulted in a Net Profit of Rs.26.27 Lacs (1997-98 Rs.42.62 Lacs).

FINANCE

The Company has pre-redeemed the debentures for a value of Rs.109.50 Lacs with LIC Mutual Fund and Can Bank Mutual Fund. The Company also prepaid a term loan of Rs.10.00 Lacs to Karur Vysya Bank Ltd., Tirupur during the year in order to reduce the interest burden of the Company.

DEPOSITS

Your Company has not accepted any deposits from the Public.

OUTLOOK

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



AMARJOTHI SPINNING MILLS LIMITED

DIRECTORS

In accordance with the requirements of the Companies Act 1956, Sri.N.Rajan and Dr.V.Subramaniam retire by rotation at the ensuing Annual General Meeting and are being eligible, offer themselves for reappointment.

AUDITORS

M/s. Sridhar & Santhanam, Chartered Accountants, retire at the conclusion of the Annual General Meeting and are eligible for reappointment.

PERSONNEL

None of the employees of your Company was drawing a remuneration exceeding Rs.6,00,000 /= per annum or Rs.50,000/- per month or part thereof. Hence, no particulars of employees as per Section 217(2A) of the Companies Act, 1956 need be furnished.

The Company announced a voluntary retirement benefit to its workers and the workers have accepted the scheme. The Company has paid a compensation of Rs.91.45 Lacs towards voluntary retirement during the year under review.

Y2K (Year 2000) PREPAREDNESS

Your Company has already taken steps for the existing systems to be made Y2K compliant and the Company does not foresee any risk with regard to any of its operations on this account.

LISTING

The shares of the Company have been listed on Mumbai and Chennai Stock Exchanges. Listing fees payable till 31.03.1999 have been duly paid.

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 350 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 0.98.
- 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 :



AMARJOTHI SPINNING MILLS LIMITED

1. POWER CONSUMPTION

TNEB Power			Own Generation		
Units (KWH)	Value (Rs.)	Rate (per KWH)	Units (KWH)	Value (Rs.)	Cost (per KWH)
14,56,794	61,81,518	Rs.4.24	90,90,586	2,43,58,809	Rs.2.68

2. PRODUCTION OF YARN IN KGS.

Current Year	Previous Year
28,66,636	31,09,608

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

10.65	9.12
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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. Several shades of yarn have been developed during the year.

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

Overseas market for our products is being studied and exports are being planned for future.

Foreign exchange earnings	: Rs.150.35 Lacs
Foreign exchange outgo	: Rs. 42.21 Lacs

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for assistance and co-operation received from ICICI, Bank of Baroda and Karur Vysya Bank Ltd. during the year under review.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of 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 : 30th August, 1999

N. RAJAN
Chairman

ADDENDUM TO THE DIRECTORS' REPORT

With regard to qualifications in the Audit Report, your Directors wish to state that the Company has taken necessary steps for regularising the system.

For and on behalf of the Board

Place : Chennai
Date : 3rd September, 1999

N. RAJAN
Chairman