ANNUAL REPORT 2001-2002

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AMARJOTHI SPINNING MILLS LIMITED

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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.

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.

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 Fourteenth Annual General Meeting of the members of AMARJOTHI SPINNING MILLS LIMITED will be held on Monday, the 30th September, 2002 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, 2002, the Profit and Loss Account for the year ended 31st March, 2002 and the report of the Auditor thereon.

2. To declare a dividend.

3. To appoint a Director in the place of Sri. S. Sathyanarayanan 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 supersession of the resolution passed at the Extra Ordinary General Meeting of the Company held on 21st March, 1995, the Board of Directors be and is hereby authorised 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 purposes of business of the Company upto a limit of Rs.50 crores (Rupees fifty 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."

By order of the Board,

N. RAJAN
Chairman

Place : Tirupur
Date : 30th August, 2002

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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 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 26th September, 2002 to 30th September, 2002 (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.

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 gradually by availing of finance from Bankers and / or Financial Institutions or others. The members of the Company have, at their meeting held on 21.03.1995, passed a resolution authorising the Board of Directors to borrow upto Rs.1800 lacs over and above the aggregate of the paid 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.

By order of the Board,

Place : Tirupur
Date : 30th August, 2002

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 **Fourteenth Annual Report** with audited accounts of your Company for the year ended **31st March, 2002.**

FINANCIAL RESULTS

		2001-2002 Rs. in lacs		2000-2001 Rs. in lacs
Sales		4679.82		4244.45
Gross Profit		818.43		896.31
Less:				
Depreciation	369.91		370.44	
Interest	350.48		394.91	
Preliminary Expenses written off	5.07		5.07	
Provision for Taxation	7.00	732.46	17.50	787.92
Profit for the year		85.97		108.39
Less: Deferred Tax for the current year		10.31		—
Profit After Deferred Tax		75.66		108.39
Add: Balance in Profit and Loss Account		576.93		479.53
Surplus available for appropriation		652.59		587.92
Appropriation:				
Proposed Dividend		47.25		—
Deferred Tax Liability for earlier years		226.49		—
General Reserve		10.00		11.00
Balance carried to Balance Sheet		368.85		576.92
		652.59		587.92

DIVIDEND

Your Directors are pleased to recommend a dividend @ 7% on the Equity Share Capital of Rs.6,75,00,000 for the year ended 31st March, 2002 subject to deduction of tax at source wherever applicable. The dividend, if approved, will be paid to those members or their mandatees whose names appear on the Register of Members as on 30th September, 2002.

OPERATIONS

The Company has completed the 8th full year of its operation in 2001-2002 after the public issue. The Company has maintained its good performance during the year under review, in spite of recessionary trends in the industry in general. The Company has achieved a sales turnover of Rs.4679.82 lacs (2000-2001 - Rs.4244.45 lacs) which resulted in a Net Profit of Rs.85.97 lacs (2000-2001 - Rs.108.39 lacs).

Barring unforeseen circumstances, your Directors are optimistic of better working results during the current year, considering the prevailing favourable cotton prices.

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FINANCE

During the period under review, a sum of Rs.151.60 lacs has been repaid on the term loans taken from M/s. ICICI, with the result, the interest cost during the year has come down by Rs.22.09 lacs. Term loan from Karur Vysya Bank Ltd., to the tune of Rs.321.73 lacs was availed during the year against the sanction of Rs.340.00 lacs under Technology Upgradation Fund Scheme towards modernisation.

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.

DIRECTORS

Sri. S. Sathyanarayanan retires by rotation at this Annual General Meeting as per 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 judgements 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 Compaines Act, 1956 that if reappointed, it will be within the limits specified. Necessary resolution is brought before you for your approval.

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AMARJOTHI SPINNING MILLS LIMITED

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.

LISTING

The shares of the Company have been listed in Mumbai & Chennai Stock Exchanges. Listing fees payable till 31.03.2002 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.

CORPORATE GOVERNANCE

Pursuant to the provisions of Section 292A of the Companies Act, 1956, your Company has constituted an Audit Committee, more detailed in the Annexure enclosed. The other matters specified under Clause 49 of the listing agreement are not applicable to the Company for the year under review. However, during the current year, all other committees have been instituted.

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

In accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, a statement showing details of Conservation of Energy, Technology Absorption, Exports and Foreign Exchange Earnings and Outgo is enclosed as Annexure - A.

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 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,

R. PREMCHANDER
Managing Director

Place : Tirupur
Date : 30th August, 2002

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ANNEXURE - A

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

i) The Company's manufacturing facilities have been designed to minimise the use of energy. TNEB power of 2200 KVA is supplemented with 3160 KVA diesel generating sets. Conservation of energy continues to receive attention of the management.

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 is given below.

1. POWER CONSUMPTION

TNEB Power			Own Generation		
Units (KWH)	Value (Rs.)	Rate (per KWH)	Units (KWH)	Value (Rs.)	Cost (per KWH)
1,28,65,244	4,92,45,217	Rs.3.83	3,89,961	16,88,317	Rs.4.33

	Current Year	Previous Year
2. PRODUCTION OF YARN IN KGS.	37,87,076	36,19,479
3. POWER COST PER KG. OF YARN (Rs.)	13.45	14.08

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

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