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ANNUAL REPORT 2004-2005

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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

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BANKERS
BANK OF BARODA
KARUR VYSYA BANK LTD.
PUNJAB NATIONAL BANK
STATE BANK OF INDIA
STATE BANK OF TRAVANCORE
BANK OF INDIA
UTI 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.

Spinning Mill : Pudusuripalayam, Nambiyur - 638 458.

Dyeing Unit : Plot Nos. E7-E9 & G11-G13, Industrial Growth Centre, SIPCOT, Perundurai.

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AMARJOTHI SPINNING MILLS LIMITED

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AMARJOTHI SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of AMARJOTHI SPINNING MILLS LIMITED will be held on Wednesday, the 31st August, 2005 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 31st March, 2005, the Profit and Loss Account for the year ended 31st March, 2005 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 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 consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

   "**RESOLVED THAT** Sri. N. Radhakrishnan be and is hereby appointed as a Director of the Company."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

   "**RESOLVED THAT** Sri. K. Sriram be and is hereby appointed as a Director of the Company."

By order of the Board,

Place : Tirupur
Date : 30th July, 2005

N. RAJAN
Chairman

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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 time fixed for the commencement of the meeting.**

2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all the material facts in respect of Item Nos. 5 and 6 of the Notice is annexed to and forms part of the Notice.

3. 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.

4. The register of members and share transfer books of the Company will remain closed from **25th August, 2005 to 31st August, 2005** (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. Members/proxy holders in respect of dematerialized shares are requested to bring their DP Id and Client Id for recording their attendance.

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.

9. Consequent upon the amendment to 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 Fund on due dates.

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

10. 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. R. Jaichander

    Sri. R. Jaichander, aged 31 years, is a Commerce Graduate with an experience of over 10 years. He is also a Director of Amarjothi Industries Corporation (India) Limited, Amarjothi Threads (India) Limited and Amarjothi Wind Energy Development Company Limited. He has been the Joint Managing Director of the Company from 1.12.1996. He is also a member of the Investors' Grievance Committee and Share Transfer Committee.

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Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No.5

Sri. N. Radhakrishnan, aged about 56 years, is a Commerce Graduate with over three decades of experience in the textile industry as a yarn trader.

Sri. N. Rajan may be deemed to be interested in the above resolution, being related to Sri. N. Radhakrishnan.

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

Item No.6

Sri. K. Sriram, aged about 46 years, is a Chartered Accountant and Company Secretary, with over two decades of experience in finance, accounts and company law matters. He is presently practising as a Company Secretary. He is also a Director of ASK Advisory Services Private Limited.

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 July, 2005

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 **Seventeenth Annual Report** together with the audited accounts of your Company for the year ended **31st March, 2005.**

FINANCIAL RESULTS		2004-2005 Rs. in lacs		2003-2004 Rs. in lacs
Sales		7441.59		6199.63
Gross Profit		1838.37		1581.23
Less: Depreciation	619.09		435.51	
Interest	295.06		268.48	
Provision for Taxation	72.50	986.65	74.64	778.63
Profit for the year		851.72		802.60
Less: Deferred Tax for the current year		—		238.84
Profit After Deferred Tax		851.72		563.76
Add: Balance in Profit and Loss Account		1021.95		590.72
Surplus available for appropriation		1873.67		1154.48
Appropriation:				
Proposed Dividend (including Dividend Tax)		91.59		76.15
Transfer to General Reserve		85.17		56.38
Balance carried to Balance Sheet		1696.91		1021.95
		1873.67		1154.48

The Company has obtained an interim order on the writ petition filed in Madras High Court, permitting the Company to present accounts, pending disposal of the petition, without considering deferred tax in terms of Accounting Standard 22. The Company has hence not provided for deferred tax for the year 2004-05.

DIVIDEND

Your Directors are glad to recommend payment of dividend of 12% on the Equity Capital as against 10% declared for 2003-04.

OPERATIONS

The Company's sales increased by over 20% to Rs. 7441.59 lacs during the year under review as against Rs.6199.63 lacs in the previous year.

The Dyeing unit at Perundurai, with an installed capacity of 5,000 kgs per day, has become fully operational from March 2005.

FINANCE

During the year under review, the Company availed term loans aggregating to Rs.1832.42 lacs under the Textile Up-gradation Fund Scheme for funding the expansion, modernization of the Spinning Division and setting-up of the Dyeing unit.

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WIND ENERGY

The Company has installed two more windmills with a total capacity of 3.3 MW during the year 2004-05. The windmills so far installed are expected to meet the entire power requirement of the Spinning Division.

DEPOSITS

Your Company has not accepted any deposits from the public.

DIRECTORS

Sri. R. Jaichander retires by rotation at this Annual General Meeting as per to the provisions of the Companies Act, 1956 and is eligible for reappointment. Notices have been received from members under Section 257 of the Companies Act, 1956, proposing the appointment of Sri. N. Radhakrishnan and Sri. K. Sriram as Directors at the ensuing Annual General Meeting.

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 The Companies Act, 1956 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.

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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 Auditors 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 of 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

The Company has no subsidiary as on 31st March, 2005 and hence, reporting on the performance of the subsidiary under Section 212 of the Companies Act, 1956 does not arise.

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., Punjab National Bank, State Bank of India, State Bank of Travancore, UTI Bank Ltd. and Bank of India, 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 : 30th July, 2005

N. RAJAN
Chairman

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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) Optimisation 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)
1,65,85,528	3,13,79,741	Rs.1.89	3,15,162	26,91,500	Rs.8.54

* Includes power availed from wind mill

	Current Year	Previous Year
2. PRODUCTION OF YARN IN KGS.	**54,28,844**	46,74,495
3. POWER COST PER KG. OF YARN (Rs.)	**6.28**	11.86

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings : Rs.220.80 lacs

Foreign Exchange Outgo : Rs.898.74 lacs

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