



AMARJOTHI SPINNING MILLS LIMITED



ANNUAL REPORT 2006-2007



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

(Director)

Dr. V. SUBRAMANIAM

(Director)

Sri. K. SRIRAM

(Director)

Sri. N. RADHAKRISHNAN

(Director)

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.

STATUTORY AUDITOR

SRI. 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.

Factories at : Pudusuripalayam, Nambiyur - 638 458, Gobi Taluk. (Spinning unit)
Perundurai, Erode Dist (Processing unit)



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AMARJOTHI SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Nineteenth Annual General Meeting** of the members of **AMARJOTHI SPINNING MILLS LIMITED** will be held on Friday, the 28th September, 2007 at 10.15 A.M. at the Meeting Hall of Gayathri Hotel, Kangayam Road, Tirupur - 641 604 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007, the Profit and Loss Account for the year ended 31st March 2007 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 a Director in the place of Sri. N. Radhakrishnan who retires by rotation and being eligible, offers himself for reappointment.
5. 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 the conclusion of this meeting and is eligible for reappointment.

By order of the Board

Place : Tirupur
Date : 25.08.2007

N. RAJAN
Chairman

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.



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3. The Register of Members and share transfer books of the Company will remain closed from **22nd September 2007 to 28th September 2007** (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. Members/ proxy holders in respect of dematerialized shares are requested to bring their DP Id and Client Id for recording their attendance.
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.
8. 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.
9. In terms of clause 49 of the listing agreement with stock exchanges, a brief resume of the Directors proposed to be re-appointed at the annual general meeting is given below:

1. **Sri. N. Rajan**

Sri. N. Rajan, aged 68 years, is a Practicing Chartered Accountant with over four decades experience. He has been a Director of the Company from 29th September 1991 and has provided valuable advice in all areas. He is a member of the Audit Committee and Share-transfer-cum-investor Grievances Committee.

2. **Sri. N. Radhakrishnan**

Sri. N. Radhakrishnan, aged 58 years, is a Commerce Graduate with an experience of over 38 years in the field of yarn marketing and textile processing. He has been a Director of the Company from 31.08.2005 and has provided valuable advice in marketing related areas.

By order of the Board.

Place : Tirupur
Date : 25.08.2007

N. RAJAN
Chairman



AMARJOTHI SPINNING MILLS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS OF THE AMARJOTHI SPINNING MILLS LIMITED

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the audited accounts of your Company for the year ended 31st March 2007.

Financial Results

	Rupees in Lakhs	
	2006-2007	2005-2006
Sales	8143.30	7731.43
Gross Profit	1757.87	1848.54
Less : Depreciation	850.18	891.91
Interest	353.84	381.21
Provision for taxation (Including Deferred Tax for current year)	163.37	50.28
	1367.39	1323.40
Profit for the year	390.48	525.14
Add : Balance in Profit & Loss A/c	2047.89	1696.91
Surplus available for appropriation	2438.37	2222.05
APPROPRIATION:		
Proposed dividend (Including Dividend Tax)	110.56	107.75
Income-tax relating to earlier years	4.32	13.90
Deferred Taxation for earlier years	936.79	0
Transfer to General Reserve	39.05	52.51
Balance carried to Balance Sheet	1347.65	2047.89
TOTAL	2438.37	2222.05

DIVIDEND

Your Directors are glad to recommend payment of dividend of 14% on the Equity Capital thereby maintaining the dividend declared for the year 2005-2006. The dividend will be free of tax in the hands of shareholders since the company will be paying the Dividend Distribution Tax at the prescribed rate.

OPERATIONS

The company's sales increased to Rs. 8143.30 Lacs during the year under review as against Rs.7731.43 Lacs in the previous year.

The performance of the yarn division was satisfactory.



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The performance of the processing unit was affected due to problems arising from the common effluent treatment plant as well as the company's own effluent treatment plant.

The power generated by the three wind mills (5.45 MW capacity) were not fully taken by the State Electricity Board, which resulted in an increase in the net power cost.

FINANCE

During the year under review the Company has utilised term loans aggregating to Rs.121.90 lacs for funding the modernization of the spinning division.

DEPOSITS

Your Company has not accepted any deposits from the Public.

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Sec.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.
- 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 as at 31st March 2007 and of the profit of the Company for the year ended on that date.
- 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.

PERSONNEL

There are no employees of your Company who come within the purview of Sec. 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 furnished in terms of Section 217 (1)(e) of the Companies Act, 1956



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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.

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, Bank of India and UTI 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 the Board of Directors

Place : Tirupur
Date : 25.08.2007

N. RAJAN
Chairman



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ANNEXURE - I TO DIRECTOR'S REPORT

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

(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 (SPINNING AND PROCESSING UNITS)

* TNEB Power			Own Generation		
Units (KWH)	Value (Rs.)	Rate (per KWH)	Units (KWH)	Value (Rs.)	Rate (per KWH)
20183084	33097627	1.64	397808	4809475	12.09

* (Includes power availed from Wind Mills)

	Current Year	Previous Year
2. PRODUCTION OF YARN IN KGS.	5906097	5595344
3. POWER COST PER KG. OF YARN (Rs.) (Includes power cost of Processing Unit)	6.42	6.43

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earnings	: Rs. 207.30 lacs
Foreign Exchange outgo	: Rs. 162.86 lacs



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REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The Company believes in systematic approach, professionalism, accountability and transparency. It will constantly endeavor to improve in all spheres of activity.

2. Board of Directors

- (i) The Board of Directors comprises seven members including one non-executive Chairman and three independent directors. The Board functions either as full Board or through committees.

Name of Director	Category of Director	No. of other Directorships Chairman	No. of Committee member ships	No. of Committee ships
Sri. N. Rajan, Chairman	Promoter-Non-Executive	1	2	4
Sri. R. Premchander	Promoter-Executive	1	-	2
Sri. R. Jaichander	Promoter-Executive	1	-	2
Sri. S. Sathyanarayanan	Independent-Non-Executive	-	1	2
Dr. V. Subramaniam	Independent-Non-Executive	-	1	2
Sri. N. Radhakrishnan	Promoter-Non-Executive	-	-	-
Sri. K. Sriram	Independent-Non-Executive	1	-	-

(ii) Attendance of Directors at Board Meetings and Annual General Meeting

The Board met 8 times during the financial year 2006-07 on 29th April, 2006, 24th July 2006, 29th July, 2006, 23rd August, 2006, 28th October, 2006, 2nd January 2007, 22nd January 2007 and 29th January, 2007. Budgets, performance details, financial position, minutes of meetings of the Audit and other Committees and all other information specified in Annexure I of Clause 49 of the listing agreement, to the extent applicable, were placed before the Board. Attendance at the Board Meeting and Annual General Meeting were as under:

Name of Director	No. of Board Meetings Attended	Whether attended the AGM
Sri. N. Rajan	8	Yes
Sri. R. Premchander	8	Yes
Sri. R. Jaichander	8	Yes
Sri. S. Sathyanarayanan	4	Yes
Dr. V. Subramaniam	4	No
Sri. N. Radhakrishnan	4	Yes
Sri. K. Sriram	4	No