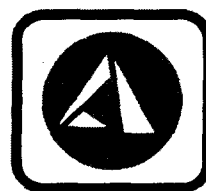


ANNUAL REPORT 2007-2008



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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)

Sri. S. SATHYANARAYANAN
(Director)

Dr. V. SUBRAMANIAM
(Director)

Sri. K. SRIRAM
(Director)

Sri. N. RADHAKRISHNAN
(Director)

Sri. V.T. SUBRAMANIAN
(Director)

BANKERS

BANK OF BARODA
KARUR VYSYA BANK LTD.
PUNJAB NATIONAL BANK
STATE BANK OF INDIA
STATE BANK OF TRAVANCORE
BANK OF INDIA
AXIS 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)



AMARJOTHI SPINNING MILLS LIMITED

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AMARJOTHI SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twentieth Annual General Meeting** of the members of **AMARJOTHI SPINNING MILLS LIMITED** will be held on Monday, the **29th September, 2008** 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 2008**, the Profit and Loss Account for the year ended **31st March 2008** 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. S.Sathyanarayanan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri. K.Sriram 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.

SPECIAL BUSINESS:

6. To consider and if thought fit to pass, with or without modification, the following resolution as an ordinary resolution:

RESOLVED THAT Mr.V.T.Subramanian be and is hereby appointed as a director of the company, liable to retirement by rotation.

By order of the Board

Place : Tirupur
Date : 25.08.2008

(N. RAJAN)
Chairman



AMARJOTHI SPINNING MILLS LIMITED

NOTES:

1. Explanatory statement under section 173(2) of the Companies Act, 1956 in respect of the special business is annexed to and forms part of this notice.
2. 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.
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 **23rd September 2008 to 29th September 2008**(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 atleast 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.
10. Members who have not encashed their dividend warrants are requested to lodge their claim to the company by surrendering the unencashed warrants immediately.
11. In terms of clause 49 of the listing agreement with stock exchanges, a brief resume of the Directors proposed to be appointed/ re-appointed at the annual general meeting is given below:

1. **Sri. S.Sathyannarayanan:**

Sri.S.Sathyannarayanan, aged 77 years, is a Technical Expert over 5 decades experience. He served as a Technical expert in the United Nations Industrial Development



AMARJOTHI SPINNING MILLS LIMITED

Organisation. He has been a Director of the Company from 1ST July 1992 and has provided valuable advice in Technology related areas. He is a member of the Audit Committee and Remuneration Committee of the Board. He is also the President of the Salem Dharmapuri Chamber of Commerce and Senate Member of the Periyar University, Salem.

2. Sri. K.Sriram:

Sri. K.Sriram, aged 49 years, is a Chartered Accountant and Company Secretary, with over 25 years' experience in Finance, Accounts and Company Law matters. He is presently practicing as a Company Secretary. He is also a Director of AGS Corporate Solutions Pvt.Ltd.,

3. Sri. V.T.Subramanian:

Sri. V.T.Subramanian, aged 63 years, is a retired Thasildar who served to the welfare of the people. He is the General Secretary of Tirupur Art and Cultural Society and author of many books on social subjects. He is actively involved in many social activities and the General Secretary of "Padigal", an organization for development of reading habits among people. He is an independant director.

By order of the Board

Place : Tirupur
Date : 25.08.2008

(N. RAJAN)
Chairman

Annexure to notice

Explanatory statement u/s 173(2) of the Companies Act, 1956

Item no. 6

Sri.V.T.Subramanian was inducted into the Board as an Additional Director on 25.08.2008.

In terms of section 260 of the Companies Act, 1956, he holds office upto the ensuing annual general meeting. He is an independant director.

A notice has been received from a member proposing his candidature for the office of director at the ensuing annual general meeting in terms of section 257 of the said Act.

Sri.V.T.Subramanian has also expressed his willingness to be so appointed and has confirmed that he is duly qualified for such appointment in terms of the relevant provisions of the Act.

The appointment of Sri.V.T.Subramanian will also be beneficial to the company.

None of the directors other than Sri.V. T. Subramanian is concerned or interested in this item of business

By order of the Board

Place : Tirupur
Date : 25.08.2008

(N. RAJAN)
Chairman



AMARJOTHI SPINNING MILLS LIMITED

DIRECTORS' REPORT TO THE MEMBERS OF AMARJOTHI SPINNING MILLS LIMITED

Your Directors have pleasure in presenting the Twentieth Annual Report together with the audited accounts of your Company for the year ended 31st March 2008.

FINANCIAL RESULTS

	2007-2008		2006-2007	
	(Rupees in lacs)			
Sales		7700.09		8143.30
Gross Profit		1433.14		1757.87
Less: Depreciation	877.84		850.18	
Interest	484.20		353.84	
Provision for taxation(Including Deferred tax for current year)	2.24	1364.28	163.37	1367.39
Profit for the year		68.86		390.48
Add: Balance in Profit & Loss A/c		1347.65		2047.89
Surplus available for appropriation		1416.51		2438.37
APPROPRIATION:				
Proposed dividend (Including Dividend Tax)		110.56		110.56
Income-tax relating to earlier years		0		4.32
Deferred Taxation for earlier years		0		936.79
Transfer to General Reserve		6.89		39.05
Balance carried to Balance Sheet		1299.06		1347.65
Total		1416.51		2438.37

DIVIDEND

Your Directors are glad to recommend payment of dividend of 14% on the Equity Capital thereby maintaining the dividend declared for the year 2006-2007. 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 decreased to Rs.7700.09 Lacs during the year under review as against Rs.8143.30 Lacs in the previous year.

The performance of the yarn division was affected by the exchange rate fluctuations, which resulted in reduced profitability.

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

During the year two more windmills became operational. With this the total capacity of wind mills has gone up to 7.95 MW.



AMARJOTHI SPINNING MILLS LIMITED

FINANCE

During the year under review the Company utilised term loans aggregating to Rs.200 lacs for funding the purchase of wind mills.

DEPOSITS

Your Company has not accepted any deposits from the Public.

DIRECTORS

Sri.V.T.Subramanian was inducted into the Board as an additional director on 25.08.2008. A notice has been received u/s 257 of the Companies Act, 1956, proposing his appointment as a director at the ensuing annual general meeting.

Sri. S. Sathyanarayanan and Sri. K. Sriram retire by rotation at this Annual General Meeting 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 2008 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 with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure-I.

**AMARJOTHI SPINNING MILLS LIMITED****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 Axis 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 of Directors

Place : Tirupur
Date : 25.08.2008

N. RAJAN
Chairman



AMARJOTHI SPINNING MILLS LIMITED

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)
19416512	28462491	1.47	347731	5024339	14.45

* (Includes power availed from Wind Mills)

	Current Year	Previous Year
2. PRODUCTION OF YARN IN KGS.	5508517	5906097
3. POWER COST PER KG.OF YARN (Rs.)	6.08	6.42

(Includes power cost of Processing Unit)

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. 139.14 lakhs
Foreign Exchange outgo	: Rs. 36.72 lakhs