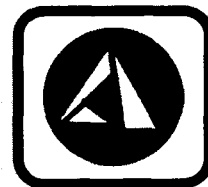


ANNUAL REPORT 2008-2009



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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 **Twenty First Annual General Meeting** of the members of **AMARJOTHI SPINNING MILLS LIMITED** will be held on Thursday, the **24th September, 2009** 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 2009**, the Profit and Loss Account for the year ended **31st March 2009** 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. V.Subramaniam who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri. N.Rajan 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 : 10.08.2009

(N. RAJAN)
Chairman



AMARJOTHI SPINNING MILLS LIMITED

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 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.
3. The Register of Members and share transfer books of the Company will remain closed from **18th September 2009 to 24th September 2009** (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. In term of 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 Investors Education and Protection Fund on due dates.
9. 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 exchanges, a brief resume of the Directors proposed to be re-appointed at the annual general meeting is given below:

1. Dr.V.Subramaniam:

Dr.V.Subramaniam, aged 71 years, is a Textile Technologist with an experience of over Four Decades. He is presently a Director of Jaya Engineering College Chennai. He has been a Director of the company from 29.09.1991 and has provided valuable advise in Technology related areas. He is a member of the Audit Committee & Remuneration committee of the Board.

**AMARJOTHI SPINNING MILLS LIMITED****2. Sri.N.Rajan**

Sri.N.Rajan aged 70 years, is a Practicing Chartered Accountant, with over Four Decades of Rich Experience in the areas of Income Tax, Finance & Accounts. He is the Chairman of the Company and has provided valuable advice and guidance for the Company's growth right from his inception. He is a member of the Audit Committee and the Shareholder and Investors Grievance Committee. He is also a Director of Amarjothi Power Generation and Distribution Company Limited.

By order of the Board

Place : Tirupur
Date : 10.08.2009

(N. RAJAN)
Chairman





AMARJOTHI SPINNING MILLS LIMITED

DIRECTORS' REPORT TO THE MEMBERS OF AMARJOTHI SPINNING MILLS LIMITED

Your Directors have pleasure in presenting the Twenty First Annual Report together with the audited accounts of your Company for the year ended 31st March 2009.

FINANCIAL RESULTS

	2008-2009		2007-2008	
	(Rupees in lacs)			
Sales		9300.31		7700.09
Gross Profit		2071.50		1433.14
Less: Depreciation	977.94		877.84	
Interest	578.41		484.20	
Provision for taxation(Including Deferred tax for current year)	<u>178.51</u>	<u>1734.86</u>	<u>2.24</u>	<u>1364.28</u>
Profit for the year		336.64		68.86
Add: Balance in Profit & Loss A/c		1299.05		1347.65
Surplus available for appropriation		1635.69		1416.51
APPROPRIATION:				
Proposed dividend (Including Dividend Tax)		118.46		110.56
Income-tax relating to earlier years		2.49		0
Transfer to General Reserve		33.66		6.89
Balance carried to Balance Sheet		1481.08		1299.05
Total		1635.69		1416.51

DIVIDEND

Your Directors are glad to recommend payment of dividend of **15%** on the Equity Capital as against 14% declared for the year 2007-2008. 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.9300.31 Lacs during the year under review as against Rs.7700.09 Lacs in the previous year.

YARN DIVISION

Your Directors are happy to inform you that in spite of the increase in Cotton Prices and the 40% Power Cut imposed by the Tamil Nadu Electricity Board, the profitability of the yarn Division has increased.

PROCESSING UNIT

The performance of the Processing unit has improved and problems arising from the effluent Treatment plants are being sorted out.



AMARJOTHI SPINNING MILLS LIMITED

WIND MILLS

During the year two more wind mills of 2.90 MW became operational. In addition to this Two More Wind Mills of 2.50 MW has become operational in April 2009. With this the Total Capacity of Wind Mills as on date has gone up to 13.35 M.W.

Your Directors are happy to inform you that the Company's Clean Development Mechanism (CDM) Project, involving the Company's wind mills, for the period from 30th January 2003 to 31st December 2006 has been approved by United Nations Frame work Convention on climate Change (UNFCCC) and the Company has been given Credit for 40,872 Numbers of Certified Emission Reductions (CERs).

FINANCE

During the year under review the Company availed Fresh term loans aggregating to Rs.1508 lacs for funding the purchase of Wind Mills and expansion of Processing unit.

During the year under review the Company discharged Term loans in full aggregating to Rs.1590 lacs and particulars were filed with the Statutory Authorities.

To Improve the Financial position further, your Directors planned to dispose off fully or partly 9.29 acres of unused land with incomplete and unused Buildings, which have been idle for some time and may not be required in the future also.

DEPOSITS

Your Company has not accepted any deposits from the Public.

DIRECTORS

Sri N.Rajan and Dr.V.Subramaniam retires by rotation at this Annual General Meeting and is 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 2009 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.Narayanawami, 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.



AMARJOTHI SPINNING MILLS LIMITED

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.

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 : 10.08.2009

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)
14976700	15347064	1.02	2593582	24548984	9.47

* (Includes power availed from Wind Mills)

	Current Year	Previous Year
2. PRODUCTION OF YARN IN KGS.	5383173	5508517
3. POWER COST PER KG.OF YARN (Rs.) (Includes power cost of Processing Unit)	7.41	6.08

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earnings	: Rs. 77.16 lakhs
Foreign Exchange outgo	: Rs. 1384.74 Lakhs