

**ANNUAL REPORT 2011-2012**



**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.  
Kanapathy Towers, 3rd Floor,  
1391/A-1 , Sathy Road, Ganapathy,  
Coimbatore – 641 006..

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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**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the **Twenty Fourth Annual General Meeting** of the members of **AMARJOTHI SPINNING MILLS LIMITED** will be held on **Friday, the 28<sup>th</sup> September, 2012** at 11.00 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 **31<sup>st</sup> March 2012**, the Profit and Loss Statement for the year ended **31<sup>st</sup> March 2012** 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 Dr.V.Subramaniam who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditor to hold office till the conclusion of the next Annual General Meeting and to fix his 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 : 17.08.2012

(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 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. Members 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., Kanapathy Towers, 3<sup>rd</sup> Floor, No.1391/A-1, Sathy Road, Ganapathy, Coimbatore-641006. 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 **22<sup>nd</sup> September 2012 to 28<sup>th</sup> September 2012** (both days inclusive).
4. **Members are requested to participate in the Green Initiative launched by the Ministry of Corporate Affairs and Register their e-mail address with the Registrars (in case of Physical holdings) and with their respective Depository Participants (in case of demat holdings). Those so Registering would be sent**



## AMARJOTHI SPINNING MILLS LIMITED

**Annual Reports, notices of meetings and other Statutory Circulations through e-mail to the e-mail address so registered by them. Any such person who requires a printed copy would be sent a printed copy on his/her request. Members are requested to support the Green Initiative to save the environment by opting for the e-mail procedure.**

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 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.
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. During the year Unclaimed dividend of the year 2003-2004 amounting to Rs.1,87,001.79 was transferred to the Investors Education and Protection Fund.
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. Sri.N.Rajan.**

Sri N.Rajan, B.Com., F.C.A., aged 73 years, is the Chairman of the Company from the Incorporation of the Company. He is a practicing Chartered Accountant with over 4 decades of rich experience in the areas of Income Tax, Finance and Accounts. He is providing valuable advice and guidance in production planning, technical, marketing, financial, cost management and monitoring. He is the Chairman of Investor grievance-cum- Share Transfer Committee and also a member of Audit Committee. He is also the Chairman of Amarjothi Power Generation and Distribution Company Ltd.,

**2. Dr.V. Subramaniam:**

Dr.V.Subramaniam , aged 74 years, is a Textile Technologist with an experience of over 4 decades 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 advice in Technology related areas. He is a Member of the Audit Committee and Remuneration Committee of the Board.

**By order of the Board**

Place : Tirupur  
Date : 17.08.2012

(N. RAJAN)  
Chairman



**DIRECTORS' REPORT TO THE MEMBERS OF  
AMARJOTHI SPINNING MILLS LIMITED**

Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with the audited accounts of your Company for the year ended 31<sup>st</sup> March 2012

**FINANCIAL RESULTS**

		<b>2011-2012</b>	<b>2010-2011</b>
		(Rupees in lacs)	
Sales		12956.48	12399.36
Gross Profit		2951.29	3838.25
<b>Less:</b> Depreciation	1322.28		1193.91
Finance costs	1207.31		1097.07
Provision for taxation(Including Deferred tax for current year)	91.62	2621.21	566.95
<b>Profit for the year</b>		<b>330.08</b>	<b>980.32</b>
<b>Add:</b> Balance in Profit & Loss A/c		2918.54	2192.69
<b>Surplus available for appropriation</b>		<b>3248.62</b>	<b>3173.01</b>
<b>APPROPRIATION:</b>			
Proposed dividend (Including Dividend Tax)		117.68	156.90
Income-tax relating to earlier years		0.00	-0.47
Transfer to General Reserve		33.01	98.04
Balance carried to Balance Sheet		3097.93	2918.54
<b>Total</b>		<b>3248.62</b>	<b>3173.01</b>

**DIVIDEND**

Your Directors are glad to recommend payment of dividend of **15%** on the Equity Capital. 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 by 4.5% to Rs.12956.48 Lacs during the year under review as against Rs.12399.36 Lacs in the previous year.

**YARN DIVISION**

Your Directors inform you that in spite of the increase in raw material prices and the power-cut imposed by the Tamil Nadu Electricity Board, the profitability of the yarn Division has not been affected much.

**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**

The Total Capacity of Wind Mills as on date remains at 17.60 MW, the same as in the Previous year.

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 2007 to 2010 has been approved by the United Nations Framework Convention on climate change (UNFCCC) and the Company has been given credit for 44342 Numbers of Certified Emission Reductions (CERs).

### **FINANCE**

During the year under review the Company has:

- a) Availled Fresh Long term loans aggregating to Rs.275 lacs for funding the purchase of Machineries and Construction of Building and Fresh Short Term Loans aggregating to Rs.1750 lacs for Raw Material procurement.
- b) Discharged Long Term loans in full aggregating to Rs.90 lacs and short term loans in full aggregating to Rs.4600 lacs.

The Particulars of such availment and discharges were duly filed with the Statutory Authorities.

### **DEPOSITS**

Your Company has not accepted any deposits from the Public.

### **DIRECTORS**

Sri N.Rajan and Dr.V.Subramaniam 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 31<sup>st</sup> March 2012 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 the Company who come under the purview of Sec. 217 (2A) of the Companies Act, 1956.

**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 Auditor 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 on 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 : 17.08.2012

N. RAJAN  
Chairman



**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 here under.**

**1. POWER CONSUMPTION (SPINNING AND PROCESSING UNITS)**

	Current Year	Previous Year
Electricity		
a) Purchased from TNEB:		
Units(KWH)	18406324	20907318
Total amount (Rs.)	95797941	97656523
Rate per unit (Rs.)	5.20	4.67
b) Own Generation:		
i) Through Diesel Generator		
Units(KWH)	2076818	1909864
Units per ltr. Of Diesel oil	3.16	3.19
Total amount (Rs.)	28099764	24231189
Rate per unit (Rs.)	13.53	12.69
ii) Through Wind Mills		
Units(KWH)	32509591	30681814

	Current Year	Previous Year
<b>2. PRODUCTION OF YARN IN KGS.</b>	<b>5115304</b>	<b>5643589</b>
<b>3. POWER COST PER KG.OF YARN (Rs.)</b>	<b>6.10</b>	<b>4.15</b>
(Includes power cost of Processing Unit and power generated by wind mills)		

**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. 382.52 Lakhs  
Foreign Exchange outgo : Rs. 316.42 Lakhs

**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. (i). Board of Directors**

The Board of Directors comprises eight members including one non-executive Chairman and four independent directors. The Board functions either as full Board or through committees.

Name of Director	Category of Director	No. of other Director-ships	No. of Committee Chairman-ships	No. of Committee member-ships
Sri.N.Rajan	Promoter-Non-Executive	2	2	4
Sri.R.Premchander	Promoter-Executive	2	—	2
Sri.R.Jaichander	Promoter-Executive	2	—	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	—	—	—
Sri.V.T.Subramanian	Independent-Non-Executive	—	—	—

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

The Board met 13 times during the financial year 2011-12 on 15<sup>th</sup> April, 2011, 29<sup>th</sup> April 2011, 30<sup>th</sup> May 2011, 29<sup>th</sup> July 2011, 27<sup>th</sup> August 2011, 23<sup>rd</sup> September 2011, 4<sup>th</sup> October 2011, 28<sup>th</sup> October 2011, 9<sup>th</sup> December 2011, 31<sup>st</sup> December 2011, 30<sup>th</sup> January 2012, 28<sup>th</sup> March 2012 and 30<sup>th</sup> March 2012. 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	13	Yes
Sri R.Premchander	13	Yes
Sri R.Jaichander	13	Yes
Sri S.Sathyanarayanan	13	Yes
Dr.V.Subramaniam	13	Yes
Sri. N.Radhakrishnan	13	Yes
Sri. K.Sriram	4	Yes
Sri. V.T.Subramanian	13	Yes