# ANNUAL REPORT 2013-2014

# 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. N. RADHAKRISHNAN**
(Director)

**Sri. V.T. SUBRAMANIAN**
(Director)

**Sri. M. MOORTHI**
(Director)

**BANKERS**

BANK OF BARODA

KARUR VYSYA BANK LTD.

STATE BANK OF TRAVANCORE

AXIS BANK LTD.

**STATUTORY AUDITOR**
Sri.V.NARAYANASWAMI, M.A., F.C.A.
Chartered Accountant, Coimbatore

**REGISTRAR AND 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)
SIPCOT, Perundurai, Erode Dist (Processing unit)

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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the **Twenty Sixth Annual General Meeting** of the members of **AMARJOTHI SPINNING MILLS LIMITED** will be held on **Friday**, the **5th September, 2014** 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 **31st March 2014,** the Statement of Profit and Loss and Cash Flow Statement for the year ended **31st March 2014,** notes to the accounts 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 (DIN 00390836), who was appointed as a Director not liable to retire by rotation at the Annual General Meeting held on 29.09.2011, but who retires by rotation in terms of Section 152 of the Companies Act, 2013 and being eligible offers himself for reappointment.

4. To appoint Sri. V. Narayanaswami M.A., F.C.A.(ICAI Membership No.023661), Chartered Accountant, Coimbatore, as Statutory Auditor from the conclusion of this Annual General Meeting until the conclusion of the 28th Annual General Meeting subject to ratification at every Annual General Meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Director of the Company.

**SPECIAL BUSINESS:**

5. To pass with or without modification the following resolution as an ORDINARY RESOLUTION:-

   "**RESOLVED** that Sri.M.Moorthi (DIN 06801357) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 31.01.2014 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation"

6. To pass with or without modification the following resolution as an ORDINARY RESOLUTION:-

   "**RESOLVED** that pursuant to Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Sri.S. Sathyanarayanan (DIN 00390864), a non-executive Director of the Company whose term of appointment is liable to be

determined by rotation and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years from 5th September 2014 to 4th September, 2019.

7. To pass with or without modification the following resolution as an ORDINARY RESOLUTION:-

"**RESOLVED** that pursuant to Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Dr. V. Subramaniam (DIN 00781690), a non-executive Director of the Company whose term of appointment is liable to be determined by rotation and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years from 5th September 2014 to 4th September, 2019.

8. To pass with or without modification the following resolution as an ORDINARY RESOLUTION:-

"**RESOLVED** that pursuant to Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Sri. V. T. Subramanian (DIN 02311576), a non-executive Director of the Company whose term of appointment is liable to be determined by rotation and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years from 5th September 2014 to 4th September, 2019.

9. To pass with or without modification the following resolution as an ORDINARY RESOLUTION:-

"**RESOLVED** that pursuant to Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Sri. V. Manikandan (DIN 01920550), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years from 5th September 2014 to 4th September, 2019.

10. To pass with or without modification the following resolution as an ORDINARY RESOLUTION:-

"**RESOLVED** that pursuant to Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Sri. M.S.Sivakumar, (DIN 06930290), who

has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years from 5th September 2014 to 4th September, 2019.

11. To pass with or without modification the following resolution as a SPECIAL RESOLUTION:-

"**RESOLVED** that consent of the Company be and is hereby accorded to the Board of Directors, under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder to borrow money even though the money to be so borrowed, together with the moneys already borrowed will exceed aggregate of its paid-up share capital and free reserves, provided that the amounts so borrowed and outstanding at any point of time shall not exceed **Rs.150,00,00,000/-** (Rupees one hundred and fifty crores only)".

**"RESOLVED FURTHER** that the above referred limit of Rs.150 crores would exclude temporary loans (viz. loans repayable on demand or within six months from the date of the loan, such as short-term loans, cash credit arrangements, discounting of bills and the issue of short term loans of a seasonal character) obtained from the Company's bankers in the ordinary course of business but will include loans raised for the purpose of financial expenditure of a capital nature."

**By order of the Board**

Place : Tirupur
Date : 30.05.2014

**N. RAJAN**
Chairman

**NOTES:**

1. **A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the company. The Instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a proxy for more than 50 members and holding in aggregate not more than 10% of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than 10% of the total voting share capital of the Company provided that such person shall not act a proxy for any other person.**

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, 3rd 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 **30th August 2014 to 5th September 2014** (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 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 2005-2006 amounting to Rs.3,32,268 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. The Company is pleassed to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice of AGM by `electronic means' and all the businesses may be transacted through e-Voting services provided by Central Depository Services (India) Limited (CDSL), in compliance with the provisions of Section 108 of the Companies Act 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014.

11. Voting Rights are reckoned on the basis of the shares registered in the names of the members / beneficial owners as on the record date fixed for this purpose via 1st August 2014.

12. The e-voting commences on 30th August 2014 (9.00 A.M.) and ends on 1st September 2014 (6.00 P.M.). During this period, members holding shares either in physical form or demeterialised form as on 01-08-2014, may cast their vote electronically. The e-voting modules will be disabled by CDSL for voting thereafter.
13. Mr. R. Sivasubramanian, Practicing Company Secretary, Coimbatore has been appointed as scrutinizer for conducting the e-Voting process in a fair and transparent manner.
14. Members are requested to read the instructions enclosed in the postal ballot form.
15. In terms of Clause 49 of the listing agreement entered into with stock exchanges, a brief resume of the Directors proposed to be re-appointed at the annual general meeting is given below:

**1. Sri.R. Jaichander:**
Sri R.Jaichander, B.Com., aged 40 years, is the Joint Managing Director of the Company from 30.09.1993. He has over 20 years experience in production planning, technical, finance, cost management and monitoring factory management. He is a member of Investor grievance-cum- Share Transfer Committee. He is also a Director of Amarjothi Power Generation and Distribution Company Ltd.,

**2. Sri.M.Moorthi:**
Sri.M.Moorthi, aged 35 years, is a Business Management graduate with an experience of over 10 years in the field of Human Resource Management. He was appointed as Additional Director of the Company from 31.01.2014. He will provide his valuable guidance in the Labour related areas.

**3. Sri.S.Sathyanarayanan:**
Sri S.Sathyanarayanan, aged 83 years, is a technical expert over five decade's experience. He served as a technical expert in the United Nations Industrial Development 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.

**4. Dr.V.Subramaniam:**
Dr.V.Subramaniam , aged 76 years, is a Textile Technologist with an experience of over four 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.

**5. Sri.V.T.Subramanian:**
Sri V.T Subramanian, aged around 68 years, is a Retired Tahsildar who served to the welfare of the society. He is the General Secretary of "Tirupur Art and Cultural Society" and also the General Secretary of 'Padigal", an organization for development of reading habits among people. He is the Author of many books on social Subjects. He is

actively involved in many social activities. He has been a Director of the Company from the year 2008.

**Statement of material facts pursuant to Section 102 of the Companies Act 2013**
**Item No.5**

Sri. M.Moorthi was appointed as an Additional Director by the Board of Directors at their meeting held on 31.01.2014. In terms of Section 161 of the Companies Act, 2013, he can holds office upto the date of the ensuing Annual General Meeting. Notice in writing has been received from a member, signifying his intention to propose Sri. M Moorthi as a candidate for the office of Director at the ensuing Annual General Meeting, under Section 160 of the Companies Act, 2013 along with the prescribed deposit of Rs.1,00,000/- (Rupees one lakh only). Considering his valuable guidance in labour related areas, the Board recommends his appointment as a Director subject to retirement by rotation.

**Disclosure of Interest**

Other than the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. This may be taken to be declaration under Section 302 of the Companies Act 1956.

**Item No.6**

Sri.S. Sathyanarayanan (DIN 00390864), is a Non-Executive Independent Director of the Company. He is a technical expert over five decade's experience. He served as a technical expert in the United Nations Industrial Development Organisation. He is also the President of the Salem Dharmapuri Chamber of Commerce and Senate Member of the Periyar University, Salem.

He was appointed to the Board on 1st July 1992 and has been an Independent Director of the Company in terms of Clause 49 of the Listing Agreement. He has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Companies Act 2013. In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules made thereunder and that he is independent of the Management. Hence, being eligible in terms of Section 149 and other applicable provisions of the Companies Act, 2013, he has been selected by the Board for appointment as an Independent Director for a term of five (5) consecutive years effect from 5th September, 2014 to 4th September, 2019.

He is not a member in any committees. He is not a Director in any other Companies

He is also a Member in the following Committees:-

| Name of the Company | Name of the Committee | Position |
|---|---|---|
| Amarjothi Spinning Mills Ltd | Audit Committee | Chairman |
| Amarjothi Spinning Mills Ltd | Remuneration Committee | Member |

He does not hold any shares in the Company.

A copy of the draft letter of his appointment as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

**Disclosure of Interest:**

Other than the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and this Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement.

**Item No.7**

Dr. V. Subramaniam (DIN 00781690), is a Non-Executive Independent Director of the Company. He is a Textile Technologist with an experience of over four decades. At present he is a Director of Jaya Engineering College, Chennai. He has been a Director of the Company from the year 1991 and has provided valuable advice in Technology related areas.

He was appointed to the Board on 29th September 1991 and has been an Independent Director of the Company in terms of Clause 49 of the Listing Agreement. He has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Companies Act 2013. In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules made there under and that he is independent of the Management. Hence, being eligible in terms of Section 149 and other applicable provisions of the Companies Act, 2013, he has been selected by the Board for appointment as an Independent Director for a term of five (5) consecutive years effect from 5th September, 2014 to 4th September, 2019.

He is not a Director in any other Companies

He is also a Member in the following Committees:-

| Name of the Company | Name of the Committee | Position |
|---|---|---|
| Amarjothi Spinning Mills Ltd | Remuneration Committee | Chairman |
| Amarjothi Spinning Mills Ltd | Audit Committee | Member |

He does not hold any shares in the Company.

A copy of the draft letter of his appointment as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

**Disclosure of Interest:**

Other than the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution. The Notice and