

J.R. FOODS LIMITED



ELEVENTH ANNUAL REPORT 2003 - 04

J.R. FOODS LIMITED

BOARD OF DIRECTORS

SHRI. R.L. KOTHARI
SHRI. J.K. KOTHARI
SHRI. M. SIVAGURUNATHAN

CHAIRMAN
MANAGING DIRECTOR
DIRECTOR

AUDITORS

MESSERS. GAYATHIRRI & COMPANY
CHARTERED ACCOUNTANTS
CHENNAI - 600 001

REGISTERED OFFICE

J.K. TOWERS
100 FEET ROAD
PONDICHERRY - 605 013

WORKS

THIRUBHUVANAI VILLAGE
PONDICHERRY - 605 107

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of **J.R.FOODS LIMITED** will be held on Wednesday, 29th September, 2004 at 10.00 A.M. at its Registered Office at "**J.K. TOWERS**", 100 Feet Road, Pondicherry - 605013 to transact the following business :

1. To receive, consider, approve and adopt the audited Balance Sheet of the Company as at 31st March 2004 and the Profit and Loss Account for the year ended on that date together with the notes thereon and the schedules thereto and the reports of the Auditors and the Directors.
2. To appoint a Director in place of Shri. M. Sivagurunathan who retires by rotation and, being eligible, offers himself for reappointment.
3. To Appoint Auditors and fix their remuneration. The retiring auditors M/s. Gayathirri & Co., Chartered Accountants, Chennai are eligible for reappointment.

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead at the meeting. A proxy need not be a member of the company.
2. Proxy forms should be lodged at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
3. The register of members and share transfer books will be closed from 23rd September 2004 to 29th September 2004, both days inclusive.
4. You are advised to send all your correspondence regarding change of address and share transfer documents to Cameo Corporate Services Limited, 1, Club House Road, Chennai - 600 002.

BY ORDER OF THE BOARD

PONDICHERRY
30th June 2004

J.K. KOTHARI
Managing Director

J.R. FOODS LIMITED**REPORT OF THE DIRECTORS TO THE
SHARE HOLDERS**

Your Directors have pleasure to submit the 11th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2004.

FINANCIAL RESULTS :

| | (Rupees in Lakhs) | |
|--|--------------------------|--------------------------|
| | Year ended 31.03.2004 | Year ended 31.03.2003 |
| Sales & Other Income | 3314.60 | 3580.98 |
| Operating Profit before Depreciation and Interest | 181.17 | 123.34 |
| Depreciation | 69.30 | 68.80 |
| Interest | 24.48 | 20.88 |
| Net Profit | 87.39 | 35.96 |
| Balance Brought Forward from Previous year | (284.93) | (320.84) |
| Balance carried to Balance Sheet | (197.54) | (284.93) |

Your Directors regret that they are unable to recommend any dividend for the year, due to accumulated loss though the Company has made net profit during the year.

REVIEW OF OPERATIONS & PROSPECTS :

The Company's efforts for the past 2 years towards cost reduction have borne fruit and resulted in a higher profit in 2003-04 than in the previous year. The easy availability of raw materials in the domestic market as a result of a good monsoon last year has helped the Company to record a high level of processing.

The turnover in the first 3 months of the current year has been less than that in the corresponding period last year. Margins, however, have improved considerably. This trend, it is hoped, will continue throughout the year.

The company will shortly complete the repayment of the term loan to IDBI.

PARTICULARS OF EMPLOYEES :

The company had no employees during the year, who came under the purview of the provisions of Sec 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby confirm that :

1. in the preparation of accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
2. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for the year under review;
3. the Directors have taken proper and sufficient care for maintainance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the accounts for the financial year ended 31st March, 2004 on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Reports on Management Discussion and Analysis and on Corporate Governance have been included elsewhere in this Annual Report as separate section.

BOARD OF DIRECTORS

Shri. M. Sivagurunathan retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

AUDITORS :

M/s. Gayathiri & Co., Chartered Accountants, Chennai, retire and are eligible for reappointment.

PUBLIC DEPOSIT :

As in the past, the company has not accepted during the year under review any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

Particulars u/s 217 (1) E of the companies Act, 1956 and the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 :

J.R. FOODS LIMITED**CONSERVATION OF ENERGY****Power and Fuel Consumption**

| | | |
|-----------------------------------|---|-----------------|
| Electricity | : | |
| Units Consumed | : | 1233800 |
| Total Amount | : | Rs.37,03,308 |
| Rate per Unit | : | Rs. 3.00 |
| Through Diesel Generator | | |
| Unit per Ltr. of Diesel Oil | : | 2.89 |
| Rate per Unit | | Rs. 7.26 |
| Consumption of Electricity | | |
| per tonne of production | : | Rs. 180.58 |
| Technology Absorption | : | Nil |
| Foreign Exchange Earnings & Outgo | | |
| i. Foreign Exchange Earnings | : | Nil |
| ii. Foreign Exchange Outgo | : | Rs.13,39,16,141 |

APPRECIATION:

Your Director express their appreciation of the employees at all levels for their high level of dedication and commitment.

ACKNOWLEDGEMENTS :

The directors are thankful to IDBI, the Government of Pondicherry, its bankers and customers for their support and to the employees of the company for their co-operation.

For and on behalf of the Board,

M. SIVAGURUNATHAN

Director

J.K. Kothari

Managing Director

Place : Pondicherry

Date : 30th June, 2004.

REPORT ON CORPORATE GOVERNANCE**INTRODUCTION**

The Company is committed to good corporate governance. It realises the rights of the shareholders to information on the performance of the company. The basic philosophy of Corporate Governance of the Company is to achieve improved performance and dedicate itself to increase the long term shareholder value, keeping in view the needs and interests of all its stakeholders. The Company believes in transparency in its dealings and adherence to basic ethics in business.

A. BOARD OF DIRECTORS

The Board of Directors of the Company consists of 3 Directors, Shri. J.K. Kothari, Managing Director and Shri. R.L. Kothari and Shri.M.Sivagurunathan, 2 non Executive Directors.

B. MEETINGS OF THE BOARD HELD DURING 2003 - 04 AND ATTENDANCE THERE AT :

The details of the meetings held during the year and the attendance by the directors are as follows:

| Date of Meeting | Attended by Directors | | |
|-------------------------------|-----------------------|-----|----|
| Board Meeting | RLK | JKK | MS |
| April 30, 2003 | ✓ | ✓ | ✓ |
| June 30, 2003 | ✓ | ✓ | ✓ |
| July 31, 2003 | ✓ | ✓ | ✓ |
| Oct 31, 2003 | ✓ | ✓ | ✓ |
| Jan 31, 2004 | ✓ | ✓ | ✓ |
| Mar 6, 2004 | - | ✓ | ✓ |
| Annual General Meeting | | | |
| Sept 25, 2003 | - | ✓ | ✓ |

| Sl.No. | Name | Position | No. of Board Meetings attended | Attendance at the last AGM held on 25.09.03 |
|--------|------------------------|-------------------|--------------------------------|---|
| 1. | Shri. R.L.Kothari | Chairman | 5 | No |
| 2. | Shri. J.K. Kothari | Managing Director | 6 | Yes |
| 3. | Shri M. Sivagurunathan | Director | 6 | Yes |

Shri. M. Sivagurunathan is the Managing Director of Mailam India Limited.

C. DISCLOSURES REGARDING THE REAPPOINTMENT OF DIRECTOR

Shri. M. Sivagurunathan retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. He is a senior Chartered Accountant having had nearly 30 years experience first in the profession and subsequently in industry. He is the Managing Director of Mailam India Limited. He has been a Director of J.R. Foods Limited since its incorporation.

D. AUDIT COMMITTEE

The Audit Committee is composed of Shri. M. Sivagurunathan and Shri. R.L. Kothari. Shri. M. Sivagurunathan is the Chairman of the Committee. The Committee is entrusted with the following functions:

- ✦ Overseeing of the company's financial report, process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ✦ Recommending the appointment and removal, if any, of the statutory auditor, fixation of audit fee and approval for payment of fee for any other services.

J.R. FOODS LIMITED

✧ Reviewing with the management the annual financial statements before submission to the Board focussing primarily on :

- ✧ Any changes in accounting policies and practices
- ✧ Major accounting entries based on exercise of judgement by the management.
- ✧ Qualifications in draft audit report.
- ✧ Significant adjustments arising out of audit.
- ✧ The going concern assumption
- ✧ Compliance with accounting standards
- ✧ Compliance with stock exchange and legal requirements concerning financial statements.
- ✧ Reviewing with the management and auditors the internal control systems.
- ✧ Discussing with the external auditors before the commencement of the audit the extent and scope of their audit as well as conducting post-audit discussion to ascertain any area of concern.
- ✧ Reviewing the Company's financial and risk management policies.

E. MEETINGS OF THE AUDIT COMMITTEE HELD DURING 2003 - 04 AND ATTENDANCE THERE AT :

The Audit Committee met 4 times during the year on June 29, July 29, October 30, 2003 and January 31, 2004. The details of attendance by the members of the committee are as follows :

| Name of the Director | No. of meetings held | No. of meetings attended |
|-------------------------|----------------------|--------------------------|
| Shri. M. Sivagurunathan | 4 | 4 |
| Shri. R.L. Kothari | 4 | 4 |

F. REMUNERATION COMMITTEE :

The Remuneration Committee consisted of Shri. M. Sivagurunathan and Shri. R.L. Kothari. It did not meet during the year.

G. REMUNERATION PAID TO THE MANAGING DIRECTOR

a) Salary : Rs. 9,00,000/-

H. TRANSFER AND INVESTORS' GRIEVANCE

Transfer and Investors' Grievance Committee consisting of Shri. J.K. Kothari and Shri. M. Sivagurunathan met regularly to

consider and approve transfers of shares. Shri. M. Velmurugan is the Compliance Officer.

Details of last 3 AGMs

| Date | Time | Venue |
|--------------------|------------|---|
| August 30, 2001 | 10.00 a.m. | Registered Office at J.K. Towers, 100 Feet Road, Pondicherry-605 013. |
| September 26, 2002 | 10.00 a.m. | |
| September 25, 2003 | 10.00 a.m. | |

J. MEANS OF COMMUNICATION

(i) Financial Results :

The quarterly unaudited financial results, the half yearly financial results and the audited financial results are normally published in Trinity Mirror and Makkal Kural (Tamil).

(ii) Annual Report :

The Annual Report is mailed to the shareholders in end August/early September.

General Shareholders Information.

(i) Annual General Meeting :

Day, date and time: Wednesday, 29th September, 2004 at 10.00 a.m.

Venue: Registered Office at J.K. Towers, 100 Feet Road, Pondicherry - 605 013.

(ii) Financial Calendar

The indicative calendar of events for the year 2004-05 excluding Extraordinary General Meeting(s), if any, is as under :

| | |
|--|--------------|
| Fourth Quarter Financial Results (Fin. Year 2003-04) | 30 Jun, 2004 |
| First Quarter Financial Results | July, 2004 |
| Annual General Meeting | 29 Sep, 2004 |
| Second Quarter Financial Results | Oct, 2004 |
| Third Quarter Financial Results | Jan, 2005 |

(iii) Book Closure

The Company's Register of Members and Share Transfer books will remain closed from September, 23rd to September 29th, 2004 both days inclusive.

J.R. FOODS LIMITED**(iv) Shareholding Pattern as on March 31, 2004**

| Sl.No. | Category | No. of Shares held | Percentage of Holdings |
|---------------|-----------------------------|--------------------|------------------------|
| 1. | Directors & their relatives | 5690900 | 59.90 |
| 2. | Institutional Investors | 10000 | 0.10 |
| 3. | Nationalised Bank | | |
| 3. | Corporate Bodies | 202600 | 2.14 |
| 4. | Public | 3596500 | 37.86 |
| TOTAL: | | 9500000 | 100.00 |

(v) Distribution of Shareholding as on March 31, 2004

| Category | No. of Shareholders | % | No. of Shares Held | % |
|-------------------|---------------------|-----------------|--------------------|-----------------|
| 10 - 5000 | 2458 | 61.8832 | 972500 | 10.2368 |
| 5001 - 10000 | 859 | 21.6264 | 797700 | 8.3968 |
| 10001 - 20000 | 345 | 8.6858 | 579800 | 6.1032 |
| 20001 - 30000 | 158 | 3.9778 | 412700 | 4.3442 |
| 30001 - 40000 | 32 | 0.8056 | 122500 | 1.2895 |
| 40001 - 50000 | 49 | 1.2336 | 241100 | 2.5379 |
| 50001 - 100000 | 46 | 1.1581 | 384700 | 4.0495 |
| 100001- and above | 25 | 0.6294 | 5989000 | 63.0421 |
| Total: | 3972 | 100.0000 | 9500000 | 100.0000 |

(vi) Listing on Stock Exchanges

The shares are listed on the Stock Exchanges at Chennai and Mumbai. The listing fee for 2004-05 has been duly paid to both the exchanges.

(vi) Share Transfer Process

The Transfer of Shares are approved by a committee consisting of Shri. J.K. Kothari and Shri. M. Sivagurunathan.

(vii) Dematerialisation of Shares

In terms of the directive of the Securities and Exchange Board of India, the company has sought to have its shares dematerialised and is in the process of entering into agreements with NSDL and CDSL. It has appointed Cameo Corporate Service Limited., 1 Club House Road, Chennai - 600 002 as its Share Transfer Agents in respect of both physical and electronic holding of shares.

(viii) Outstanding ADR/GDR/ Warrants

There are no outstanding ADR/GDR/Warrants or convertible instruments.

(ix) Outstanding Fixed Deposits

There are no outstanding/matured Fixed Deposits.

(x) Plant location :

Thirubuvani Village, Pondicherry-605 107.

(xi) Address for Correspondence :**1. Registrar and Share Transfer Agents :**

Cameo Corporate Services Ltd.,
No. 1, Club House Road, Chennai - 600 002.

2. Company - Registered Office :

J.K. Towers, 100 Feet Road, Pondicherry-605 013.

For and on behalf of the Board,

Place : Pondicherry
Date : 30th June, 2004.

J.K. Kothari
Managing Director.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

We herewith submit the Management Discussion & Analysis Report on the business of the Company for the year ended 31st March, 2004. In this we have attempted to include discussion on all the specified matters to the extent relevant or within limits that in our opinion are imposed by the Company's own competitive position.

COMPANY & INDUSTRY STRUCTURE

The Company manufactures Solvent Extracted oils and Refined oils exclusively at its factory at Tirubhuvanai Village, Pondicherry. This unit is self sufficient to perform its duties and functions. The commitment of the Company towards quality and customer orientation reflects in its growing clientele.

REVIEW OF OPERATIONS.

A summary of major performance indicators is given below, while the detailed and physical performance may be viewed from the Balance Sheet and Profit & Loss Account and the Annexures thereto.

| | 2002-03 (Rs in Lakhs) | 2003-04 (Rs in Lakhs) |
|------------|--------------------------|--------------------------|
| Sales | 3553 | 3274 |
| Net Profit | 36 | 87 |

The Company has adopted a time-bound policy in the short term to balance production to a level which could avoid build up of inventory and taken special measures to bring down stocks to optimum levels.

However, despite the lower sales, the financial results have been satisfactory during the year for the following reasons:

- 1) Higher realisation on oil.
- 2) Reduction in employee cost owing to reorganisation of the work force.
- 3) Increase of other income.

J.R. FOODS LIMITED**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE****OUTLOOK**

The Industry continues to be in uncertainty owing to frequent changes in Government Policies. However, with the recent announcement of reliefs to the agricultural sector in the Budget for 2004-05 and the bountiful but delayed rains in many parts of the country, hopes have been revived that the current year will prove to be good for the industry.

ENVIRONMENT & SAFETY

The Company is conscious of the need for environmentally, clean and safe operations. Our industry is not a polluting one. The company's policy requires that all operations be conducted in such a way as to ensure safety of all concerned, compliance of statutory and industrial requirement for environment protection and conservation of natural resources.

OTHER MATTERS

There are no further or typical areas of risks or concerns in the usual course of business forceable at this time. Internal control system had been found to be adequate and is continuously reviewed for further improvement. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence including compliances of all relevant laws and regulations. Our appreciation is due to all employees and gratefulness to our Board, shareholders, financial institutions/Banks and other stakeholders.

CAUTIONARY STATEMENT

Statements in this "Management Discussion & Analysis" which seek to describe the company's objectives, projections, estimates, expectations or predictions may be considered to be forward looking statements with in the meaning of applicable Laws and Regulations.

Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include global and Indian demand – supply conditions, finished goods prices, stock availability and prices, cyclical demand and pricing in the company's markets, changes in the government regulations, tax regimes, economic developments within India and countries with which the company conducts business besides other factors, such as litigation and other labour negotiations.

For and on behalf of the Management Team

Pondicherry,
30th June, 2004

J.K. Kothari
Team Head

To

The Members, J.R. Foods Limited,

We have examined the compliance of conditions of Corporate Governance by J.R. Foods Limited, for the year ended 31st March, 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state generally no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For GAYATHIRRI & CO.,
Chartered Accountants

Place : Pondicherry
Date : 30th June, 2004

Vedaiyan Devadass
Partner.