

J.R. FOODS LIMITED



TWELTH ANNUAL REPORT 2004 - 05

J.R. FOODS LIMITED**BOARD OF DIRECTORS**

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

CHAIRMAN
 MANAGING DIRECTOR
 DIRECTOR
 ALTERNATE DIRECTOR TO
 SHRI. R.L.KOTHARI

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 Twelfth Annual General Meeting of the members of **J.R.FOODS LIMITED** will be held on Wednesday, 28th September, 2005 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 2005 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 Auditors and fix their remuneration. The retiring auditors M/s. Gayathirri & Co., Chartered Accountants, Chennai are eligible for reappointment.

Special Business:

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

RESOLVED THAT Smt. Kamala J. Kothari be and is hereby appointed as a director of the Company liable to retire by rotation.

BY ORDER OF THE BOARD

PONDICHERRY

M.SIVAGURUNATHAN
 Director

30th June 2005

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the company.
2. Proxies in order to be effective, must be received at the registered office of the Company not later than 48 hours before the commencement of meeting.
3. An Explanatory Statement pursuant to sec. 173(2) of the companies Act, 1956 is annexed hereto.
4. The register of members and share transfer books will remain closed from 22nd September 2005 to 28th September 2005(both days inclusive).
5. 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.

**EXPLANATORY STATEMENT PURSUANT TO SEC 173(2)
 OF THE COMPANIES ACT,1956**

The Company has received a notice together with a deposit of Rs.500/- from a shareholder proposing the appointment of Smt. Kamala J.Kothari as a director of the Company liable to retire by rotation at the forthcoming Annual General Meeting.

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Shri. R.L.Kothari, Shri.J.K.Kothari and Smt Kamala J.Kothari
are deemed to be interested in this resolution

BY ORDER OF THE BOARD

PONDICHERRY

M.SIVAGURUNATHAN

Director

30th June 2005

**REPORT OF THE DIRECTORS TO THE
SHARE HOLDERS**

Your Directors have pleasure to submit the 12th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2005.

FINANCIAL RESULTS :

(Rupees in Lakhs)

	Year ended 31.03.2005	Year ended 31.03.2004
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Sales & Other Income	2671.31	3314.60
Operating Profit before		
Depreciation and Interest	164.72	181.17
Depreciation	69.55	69.30
Interest	19.50	24.48
Net Profit before Tax	75.67	87.39
Provision for Taxes	6.03	-
Net Profit after Tax	69.64	87.39
Balance Brought Forward from		
Previous year	(197.54)	(284.93)
Balance carried to Balance Sheet	(127.90)	(197.54)

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 towards cost reduction have borne fruit and resulted in a modest profit in 2004-05 despite a shortfall of turnover during the year when compared with the previous year.

The turnover during the period 2004-05 has come down due to a sizable drop in import of Crude Oil since there was huge rate fluctuation. The trend has once become normal and the company

has commenced importing crude. During the year 2004-05, the production of Rice Bran Oil increased considerably since the 2nd Solvent Extraction Plant became operational since December 2004.

The Company has during 2004-05 fully repaid 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, 2005, 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 maintenance 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, 2005 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 .

BOARD OF DIRECTORS

Smt.Kamala J.Kothari was on 15.09.2004 appointed by the Board as Alternate to Shri. R.L. Kothari.

Shri.R.L. Kothari retires by rotation but has expressed his unwillingness to be re appointed in view of his indifferent health. A Notice has been received from a shareholder together with a deposit of Rs 500/- proposing the appointment of Smt Kamala J.Kothari as a director of the Company liable to retire by rotation

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at the the forthcoming Annual General Meeting.

AUDITORS M/s. Gayathirri & 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 :

CONSERVATION OF ENERGY**Power and Fuel Consumption**

Electricity

Units Consumed : 1519611

Total Amount : Rs.45,70,890

Rate per Unit : Rs.3.00

Through Diesel Generator

Unit per Ltr. of Diesel Oil : 2.89

Rate per Unit 8.35

Consumption of Electricity

per tonne of production : Rs.146.30

Technology Absorption : Nil

Foreign Exchange Earnings & Outgo

i.Foreign Exchange Earnings : Nil

ii.Foreign Exchange Outgo : Rs.11.82 Crore

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, M/s.Vijaya Bank 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

KAMALA J.KOTHARI
Director

Place : Pondicherry

Date : 30th June, 2005.

REPORT ON CORPORATE GOVERNANCE**COMPANY'S PHILOSOPHY**

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. The Company has initiated steps for implementation of the additional requirements of new Clause 49 of the Listing Agreement with the Stock Exchanges. The Report on Corporate Governance as per applicable provisions prior to the additional requirements is as follows:

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. Smt. Kamala J. Kothari was on 15th Septemebr, 2004, appointed as Alternate Director to Shri. R.L. Kothari.

B.MEETINGS OF THE BOARD HELD DURING 2004 - 05**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	KK
April 30, 2004	-	✓	✓	-
June 7, 2004	-	✓	✓	✓
June 30, 2004	-	✓	✓	-
July 30, 2004	-	✓	✓	-
Sep 15, 2004	-	✓	✓	✓
Oct 30, 2004	-	✓	✓	✓
Jan 29, 2005	-	✓	✓	✓

Annual General Meeting

Sept 29, 2004 - - ✓ ✓

Sl.No.	Name	Position	No.of Board Meetings attended	Attendance at the last AGM held on 29.09.04
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1.	Shri. R.L.Kothari	Chairman	-	No
2.	Shri. J.K. Kothari	Managing Director	7	No
3.	Shri M. Sivagurunathan	Director	7	Yes
4.	Shri Kamala Kothari		3	Yes

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

C. DISCLOSURES REGARDING THE REAPPOINTMENT OF DIRECTOR

Shri R.L. Kothari retires by rotation at the ensuing Annual General Meeting and has expressed his unwillingness for reappointment. The appointment of Smt. Kamala J. Kothari as a director of the Company liable to retire by rotation at the forthcoming Annual General Meeting.

D. AUDIT COMMITTEE

The Audit Committee is composed of Shri. M. Sivagurunathan and Shri R.L. Kothari. Smt. Kamala J. Kothari has attended the meetings of the committee following her appointment from 15th September 2004 as alternate to 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.

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 2004-05 AND ATTENDANCE THERE AT :

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The Audit Committee met 4 times during the year on June 29, July 29, October 29, 2004 and January 29, 2005. 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	2
Smt. Kamala J. Kothari	2	2

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. G. Murali is the Compliance Officer.

Details of last 3 AGMs

Date	Time	Venue
September 26, 2002	10.00 a.m.	Registered Office at J.K. Towers, 100 Feet Road, Pondicherry-605 013
September 25, 2003	10.00 a.m.	
September 29, 2004	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, 28th September, 2005 at 10.00 a.m.

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

J.R. FOODS LIMITED**(ii) Financial Calendar of the Company**

The financial year covers the period from 1st April to 31st March.

Financial Reporting for

Quarter ending 30th June, 2005

- End July, 2005

Half-year ending 30th September, 2005

- End October, 2005

Quarter ending 31st December, 2005

- End January, 2006

Year ending 31st March, 2006

- End June, 2006

Note: The above dates are indicative

(iii) Book Closure

The Company's Register of Members and Share Transfer books will remain closed from 22nd, September to 28th, September, 2005 both days inclusive.

(iv) Shareholding Pattern as on March 31, 2005

Sl.No.	Category	No. of Shares held	Percentage of Holdings
1.	Directors & their relatives	5734000	60.36
2.	Institutional Investors Nationalised Bank	10000	0.10
3.	Corporate Bodies	202600	2.13
4.	Public	3553400	37.41
TOTAL:		9500000	100.00

(v) Distribution of Shareholding as on March 31, 2005

Category	No. of Shareholders	%	No. of Shares Held	%
10 - 5000	2458	61.9144	972500	10.2368
5001 - 10000	859	21.6373	797700	8.3968
10001 - 20000	345	8.6902	579800	6.1032
20001 - 30000	158	3.9798	412700	4.3442
30001 - 40000	32	0.8060	122500	1.2895
40001 - 50000	49	1.2343	241100	2.5379
50001 - 100000	44	1.1083	364700	3.8389
100001- and above	25	0.6297	6009000	63.2526
Total:	3970	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 2005-06 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 has entered 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 :

Thirubuvanai 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.
Ph: 022-28460390(6 lines) Fax:044-28460129

2. Company - Registered Office :

J.K. Towers, 100 Feet Road, Pondicherry-605 013.
Ph:0413-2249036

Non mandatory requirements

The Company has not adopted the non-mandatory requirements as mentioned in Annexure - 3 of Clause 49 of the listing agreement.

For and on behalf of the Board,

Place : Pondicherry
Date : 30th June, 2005.

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, 2005. 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.

	2003-04 (Rs in Lakhs)	2004-05 (Rs in Lakhs)
Sales	3274	2606
Net Profit after Tax	87	70

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) Increase of other income.

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 2005-06 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 foreseeable 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.

J.R. FOODS LIMITED**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 within 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, 2005

J.K.KOTHARI
Team Head

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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, 2005, 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 GAATHIRRI & CO.,
Chartered Accountants
Vedaiyan Devadass
Partner

Place: Chennai
Date: 30th June 2005