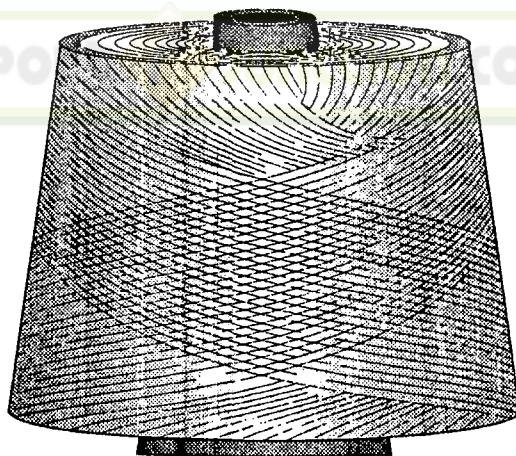


Tamil nadu

JAI BHARATH

Mills Ltd.

MD	✓		BKC	✓
CS	✓		D?Y	NA
RO	✓		DEV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		



9th Annual Report 97 - 98





JAI BHARATH

BOARD OF DIRECTORS

Shri. K.G. Appusamy (Chairman)
Shri. T.R. Dhinakaran (Managing Director)
Shri. Justice. G. Ramanujam (Retd)
Shri. T.R. Varadarajan
Shri. P.R. Prabhakar
Shri. Chandrasinh Hansraj Mirani
Shri. T.R. Kannan
Shri. Pawan Kumar Kedia
Shri. T.R.S. Vijairam
Shri. Subodh Santhilal Chokshi
Shri. J. Sree Rajasegaran
Shri. G.Thanabalan (IDBI Nominee)

PRESIDENT

Shri. D. Senthil Kumar

COMPANY SECRETARY

Shri. V. Vejeyadhythiah

AUDITORS

M/s. Krishnan & Raman
Chartered Accountants, Rajapalayam
M/s. K. Subramanian & Co.,
Chartered Accountants, Madurai.

BANKERS : State Bank of India

FINANCIAL INSTITUTION

Industrial Development Bank of India

REGISTERED OFFICE

212, Ramasamy Nagar, Aruppukottai - 626 159

CORPORATE OFFICE

T-1, Illrd Floor, JVL Paradise, 49, New Avadi Road,
Kilpauk. Chennai - 600 010. Phone : 044-6442730

SHARE TRANSFER

Being Done In-House at Corporate Office, Chennai - 600 010.

FACTORY

Malayankulam Village, Sankarankovil,
Tirunelveli District - 627 756.

Shareholders are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting as Copies of the Report will not be distributed at the Meeting.

நன்றே தரினும் நடுவிகந்தாம் ஆக்கத்தை
அன்றே ஒழிய விடல்.

- திருக்குறள்

Though nought but profit come of it, touch
not the wealth that cometh by deviating from the right.

- Thirukkurai

JAI BHARATH

CONTENTS	PAGE
Name & Address of the Stock exchange	2
Notice to the Shareholders	3
Directors' Report	4
Balance Sheet	6
Profit and Loss Account	7
Schedules	8
Notes	11
Auditors' Report	15
Balance Sheet Abstract	17
Cash Flow Statement	18



Name & Address of the Stock Exchange	
1.	MADRAS STOCK EXCHANGE LTD (Regional Stock Exchange) Post Box No. 183, Second Line Beach Chennai - 600 001.
2.	MUMBAI STOCK EXCHANGE Phiroze Jeejabhoy Towers, Dalal Street, Fort, Mumbai - 21.
3.	AHMEDABAD STOCK EXCHANGE Kamdhenu Complex, Near Polytechnic, Panjarapole, Ahmedabad - 15.



NOTICE OF THE 9th ANNUAL GENERAL MEETING OF THE SHAREHOLDERS.

Notice is hereby given that the 9th Annual General Meeting of the Shareholders of the company will be held on Friday, the 25th September 1998 at 4.00 p.m., at Sri Jayavilas Subbaraj Kalyana Mandapam, Sri Meenakshi Chockanathar Swami Temple Campus, Tiruchuzhi Road, Aruppukottai - 626 101 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 1998 and the Audited Balance Sheet as on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Shri. Subodh Santhilal Chokshi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri. C.H. Mirani who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Shri. Pawan Kumar Kedia who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Shri. T.R. Varadarajan who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors of the company and fix their remuneration.

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself/herself. Such Proxy need not be a member of the company. Proxies, in order to be effective, must be received by the company not less than 48 hours before the Annual General Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 16th September 1998 to 25th September 1998 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report and Accounts to the Meeting.
4. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
5. Members are requested to mail all their correspondences relating to share transfers to the Corporate Office of our company.

Place : Chennai
Date : 14th August, 1998.

By order of the Board
T.R. Dhinakaran
Managing Director



DIRECTORS' REPORT

To
The Members,
Tamilnadu Jai Bharath Mills Limited.

Ladies and Gentlemen,

The Directors hereby present their Ninth Annual Report on the Business and Operations of the Company and the Financial Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

	1997-98 Rs.	1996-97 Rs.
Profit from Operations	3,78,69,862	1,76,90,645
Less : Depreciation	2,76,01,424	2,55,70,579
Profit (+)/Loss (-) after Depreciation	(+) 1,02,68,438	(-) 78,79,934
Less : Provision for Taxation	---	2,18,00,000
Profit (+)/Loss (-) after Taxation	(+) 1,02,68,438	(-) 2,96,79,934
Less : Previous Year Expenses for Pollution Control	(-) 60,000	---
	(+) 1,02,08,438	(-) 2,96,79,934
Less : I.T. Paid relating to Assessment Year 1993-94 in excess of Provision	(-) 2,54,065	---
NET PROFIT (+)/LOSS (-)	(+) 99,54,373	(-) 2,96,79,934
Add : Balance of Loss as per last Balance Sheet	(-) 3,84,79,454	(-) 87,99,520
Balance of Loss carried over to Next Year	(-) 2,85,25,081	(-) 3,84,79,454

TURNOVER :

The Company has achieved a overall Turnover of Rs.39.07 Crores during the period against turnover of Rs.39.59 Crores for the Previous year. The C&F Realisation from the Direct Exports alone stands as Rs.36.56 Crores (FOB Rs.35.52 Cr.) during the period against Rs.37.73 Crores (FOB Rs.36.45 Cr.) for the previous year. Generally, the Volatility of Cotton Prices and Reduction in International Price for Cotton Yarn had a bearing on the Operative Results of Your Company.

NET PROFIT

We are pleased to inform that the Company has earned a Net Profit of Rs.99.54 Lakhs for the year 1997-98.

FUTURE :

The Cotton Price trends were not so encouraging during the year and the continuous depressed trend in Yarn Price and increase in Cotton Price were the main causes for Reduction in Turnover and the reduced net profit. As such, the reduction is due to fall in International Price for Cotton Yarn and cut throat competition from other Asian Countries whose currencies were devalued.

The future trends of Cotton Prices and Yarn realisation Rate shall decide the Operative results of the Company in the coming years too.

FIRE ACCIDENT :

For the Fire Brokeout in Cotton Godown in the Factory at Sankarankovil on 15.03.97, the Insurance Company has finally settled the claim for Rs. 7,64,03,850/- during April, 1998 as against Company's initial claim of Rs. 8.09 Crores.

FIXED DEPOSIT :

There is no unclaimed Fixed Deposits remaining with the Company as on 31.03.1998.

PERSONNEL :

Particulars of Employees pursuant to the provisions of Sec. 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended upto date.

Employees who were paid Remuneration in aggregate of Rs. 3,00,000/- per annum. Nil.

Employees who were paid Rs. 25,000/- or more per month in any part of this year.

1.Mr.T.R. Dhinakaran	: Managing Director.
Remuneration	: Rs. 30,000/- per month with perks with effect from 26.06.97.

DIRECTORS :

Shri. S.S. Chokshi, Shri. C.H. Mirani, Shri. Pawan Kumar Kedia and Shri. T.R. Varadarajan are the Directors who retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS :

M/s. Krishnan & Raman, Rajapalayam and M/s. K. Subramanian & Co., Madurai, the Auditors of the Company hold Office till the conclusion of the Ninth Annual General Meeting and are recommended for re-appointment.

The notes forming part of the Accounts referred to in the Auditor's Report are self-explanatory and complete.

INFORMATION AS PER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956.

Particulars required under Companies (Disclosure of particulars in the report of Board of Directors) Rule, 1988 as amended are furnished in the annexure.

ACKNOWLEDGEMENT :

Your Directors would like to, on behalf of the Company, thank the State Bank of India, Industrial Development Bank of India and various Government Agencies for their continued support. We thank our valued Shareholders, Fixed Deposit Holders and Customers for their contribution to the growth and would also like to place our recognition for the Employees for their overwhelming co-operation and Performance.

Place : Chennai
Date : 14th August, 1998

For and on Behalf of the Board
T.R. Dhinakaran
Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken :

1. Periodical energy audit and analysis are being carried out to monitor the usage of energy.
2. Factory Building by itself has been designed to receive maximum natural light in the day time so much to say that electrified lighting is not necessary during the day.
3. Adopting the suggestions formulated by SITRA, Coimbatore for energy conservation.

(b) Additional investments and proposals if any, being implemented for reduction of consumption of energy :

Energy saving and conservation devices are installed.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

Consumption of energy has been closely monitored and usage is optimised.

(d) Total energy consumption and energy consumption per unit of Production :

Particulars are given in Form "A".

B. TECHNOLOGY ABSORPTION :

(e) Efforts made in technology absorption :

Particulars are given in Form "B"

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

(f) Activities relating to export initiative taken to increase exports and development of new export markets for products and services:

"We are exploring the possibilities of exporting yarn to other countries."

(g) Total Foreign Exchange used :

- | | |
|------------------------|-------------------|
| 1) Capital Expenditure | : Nil |
| 2) Foreign Travel | : Nil |
| 3) Consumable Spares | : Rs. 8,21,771/- |
| 4) Others | : Rs. 34,42,240/- |

(h) Total Foreign Exchange earned in C & F :

Export Sale of Cotton Yarn : Rs. 3656.48 Lakhs.

ANNEXURE : FORM "A"

Year Ended
31-03-1998

Year Ended
31-03-1997

A) Power & Fuel Consumption :

1) Electricity

a) Purchased:

Units in	KWH	1,37,16,680	1,33,45,180
Total Amount	Rs.	4,56,27,929	3,70,45,727
Av. Rate per unit	Rs.	3.33	2.78

b) Own Generation :

i) Through Diesel Generation :

Units in	KWH	12,54,913	4,20,381
Units per Litre		3.41	3.39
Diesel, Oil			
Cost per unit	Rs.	2.88	2.62

2) Coal, Furnace oil and other

Internal Generation : Not Applicable.

B) Consumption per unit of Production :

Electricity unit consumed per kg. of yarn is 4.87 as compared to 5.17 in last year.

ANNEXURE : FORM "B"

Research and Development

- | | |
|---|--|
| 1. Specific areas in which R & D carried out by the company | 1. Grading of Cotton for Specific count and quality of yarn. |
| | 2. Evaluation & Maintenance of quality of yarn at the various stages of processing & optimising the process parameters to achieve the best yarn quality to meet the International standards. |
| 2. Benefit derived as a result of the above R & D | : Existing and future overseas sales contracts. |
| 3. Future Plan of Action | : To compete effectively in the International Market. |
| 4. Expenditure on R & D | |
| a) Capital | : Rs. 20,33,040 (Imported - Testing equipment-FE Fluctuation Adjustment. |
| b) Recurring | : Nil. |
| c) Total | : Nil. |
| d) Total R&D expenditure as percentage of Total Turnover (Gross Receipts) | : 0.52% |

Technology Absorption, Adaptation and Innovation :

- | | |
|--|---|
| 1. Efforts, in brief made towards technology absorption, adaptation and innovation and benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. | : Continuous efforts are made towards technology absorption. Priority be given in improving the quality of the products and increasing productivity through effective measures. |
| 2. Imported Technology | : NIL |