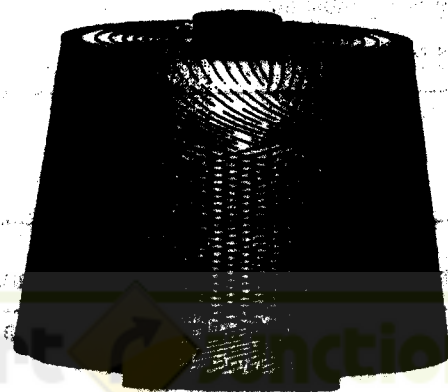


**Tamilnadu**

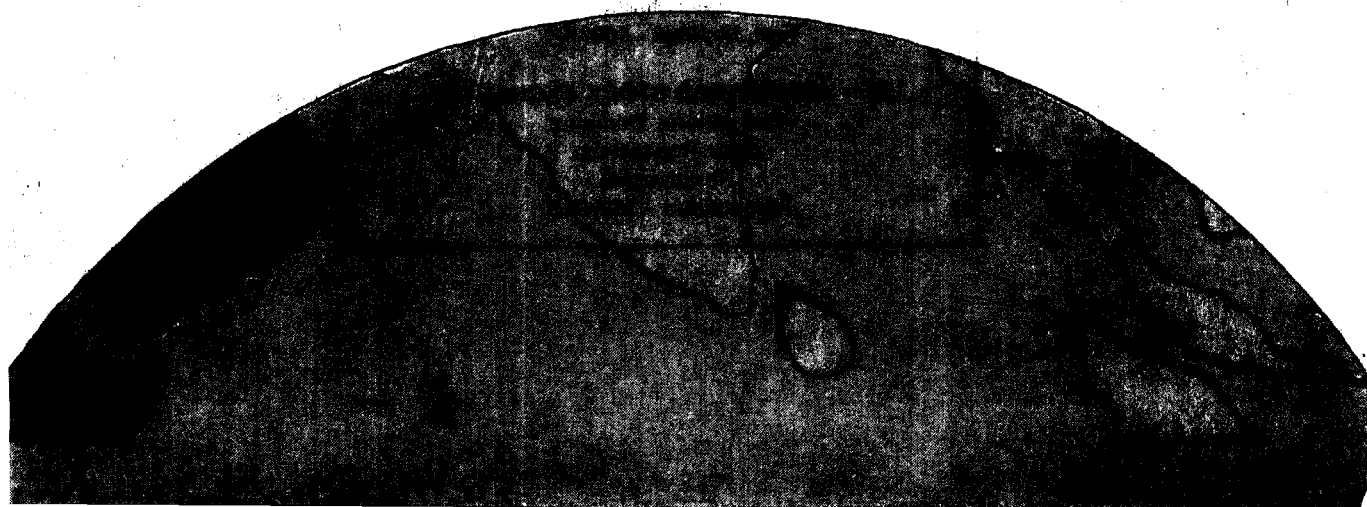
# **JAI BHARATH**

**Mills Limited**



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**14<sup>th</sup> Annual Report 2002 - 2003**



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#### Names & Addresses of the Stock Exchanges

- 1) **MADRAS STOCK EXCHANGE LTD**  
(Regional Stock Exchange)  
Post Box No. 183  
Second Line Beach  
Chennai - 600 001.
- 2) **MUMBAI STOCK EXCHANGE**  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Fort, Mumbai - 400 001.
- 3) **AHMEDABAD STOCK EXCHANGE**  
Kamadhenu Complex,  
Near Polytechnic  
Panjarapole  
Ahmedabad - 380 015.

**BOARD OF DIRECTORS**

Shri. K.G.Appusamy (Chairman)  
 Shri. T.R.Dhinakaran (Managing Director)  
 Shri. Justice. G.Ramanujam (Retd)  
 Shri. J.Sree Rajasegaran  
 Shri. P.R.Prabhakar  
 Shri. T.R.Varadarajan  
 Shri. Pawan Kumar Kedia  
 Shri. T.R.Kannan  
 Shri. D.Senthilkumar  
 Smt. D. Kothai

**COMPANY SECRETARY**  
 C.THIRUMALAI
**AUDITORS**

M/s. Krishnan & Raman  
 Chartered Accountants, Rajapalayam

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

**BANKERS :**

State Bank of India  
 The Bank of Nova Scotia

**FINANCIAL INSTITUTION**

Industrial Development Bank of India

**REGISTERED OFFICE**

212, Ramasamy Nagar,  
 Aruppukottai - 626 159.

**SHARE TRANSFER**

Registered Office : 212, Ramasamy Nagar,  
 Aruppukottai - 626 159.

**FACTORY**

Malayankulam village, Sankarankovil,  
 Thirunelveli District - 627 756

அருமை உடைத்து என்று அளவாமை வேண்டும்.

பெருமை முயற்சி தரும்.

- திருக்குறள்

Do not give up saying, It is impossible!  
 Effort will overcome.

- Thirukkural



### NOTICE OF THE 14TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS.

Notice is hereby given that the 14th Annual General Meeting of the Shareholders of the company will be held on Monday the 4th August, 2003 at the Registered Office of the company at 212, Ramasamy Nagar, Aruppukottai – 626 159 at 4.30 p.m 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, 2003 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. T.R.Varadarajan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri. Pawan Kumar Kedia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Shri. P.R.Prabhakar who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the company and fix their remuneration.

#### SPECIAL BUSINESS :

6. To consider, and if deemed fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:  
Resolved that Smt. D.Kothai, in respect of whom a notice has been received from a member under Section 257 of the Companies Act, 1956 together with a deposit of Rs.500/= proposing her candidature for the office of the Director, be and is hereby appointed as a director of the company, whose office shall be liable to determination by retirement of directors by rotation".
7. To consider, and if deemed fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:  
"Resolved that Shri G.Bhaskaran, in respect of whom a notice has been received from a member under Section 257 of the Companies Act, 1956 together with a deposit of Rs.500/= proposing his candidature for the office of the Director, be and is hereby appointed as a director of the company, whose office shall be liable to determination by retirement of directors by rotation".
8. To consider and if deemed fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:  
"Resolved that the present status of the company as 100% E.O.U. be converted as Non E.O.U Company to enable the company to tap the potential of the domestic market and to sell all its production locally if necessary instead of solely depending on Export Market, with the approvals of the Central / State Governments and other Authorities as may be required and the Board of Directors be and is hereby authorised to take all necessary action as may be deemed necessary in this regard".
9. To consider, and if deemed fit, to pass with or without modification(s) the following resolution as a **Special Resolution**.  
"Resolved that the consent of the Members of the company be and is hereby accorded for maintaining the shares in a Dematerialised form in addition to the present Physical form and that the Board of Directors be and is hereby authorised to take all necessary action to give effect to this resolution".
10. To consider and if deemed fit to pass with or without modification(s) the following resolution as a **Special Resolution**.  
Resolved that the Articles of Association of the Company be altered as follows :  
(i) Ammendment to Articles 2(f) :  
The following be substituted in the place of existing article2(f) :  
"Member" means a duly registered holder from time to time of a Share in the Company and includes the Subscribers to the Memorandum of the Company and the beneficial Owner(s) as defined in Clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996"  
(ii) The following be inserted after articles 16(4) as 16(A) :

**16(A) DEFINITIONS / INTERPRETATIONS:**

- i. "Depositories Act" shall mean the Depositories Act, 1996 and include any Statutory Modification or Reenactment thereof.
- ii. "Depository" shall have the meaning assigned thereto by Clause(e) of Sub-Section(1) of Section(2) of the Depositories Act, 1996.
- iii. "SEBI" means the Securities Exchange Board of India "Security" means such security as may be specified by SEBI from time to time.
- iv. "Beneficial Owner" shall have the meaning assigned thereto in Clause (a) of Sub-Section(1) of Section 2 of the Depositories Act, 1996.
- v. "The Registrar and Index of beneficial owner maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of these Articles and the Act'.
- vi. "Nothing contained in the Act or these Articles relating to progressive numbering of Securities issued by the Company shall apply to the securities of the company which are dematerialised".
- vii. Notwithstanding anything contained in the Act, or these Articles, transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository will be governed by the provisions of the Depositories Act, 1996".
- viii. "The Company shall be entitled to dematerialise its existing shares and rematerialise its shares held in depositories and to offer fresh shares in dematerialised form pursuant to the provisions of the Depositories Act, 1996".
- ix. "All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and Section 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners".
- x. "Every person subscribing to or holding securities of the company shall have the option to receive security certificates or to hold securities with a depository. A beneficial owner of any security can at any time opt out of a depository, if permitted by law and not prohibited under the Listing Agreement, in the manner provided by the Depositories Act, 1996 and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities".

**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 1st August, 2003 to 4th August, 2003 (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.

Place : Chennai  
Date : 30<sup>th</sup> May, 2003

By Order of the Board  
T.R.Dhinakaran,  
Managing Director.

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 :****Item No.6**

Smt. D.Kothai, appointed as additional director in the meeting of the Board of directors held on 25.10.2002, ceases to be a director at this Annual General Meeting. However a Notice has been received from one of the shareholders under Section 257 of the Companies Act 1956, proposing Smt. D.Kothai for appointment as director, along with a deposit of Rs.500/-.

Smt. D.Kothai, has vast experience in managing Textile Industry and your Board of directors is of the strong opinion that her appointment as director will be beneficial to the company and as such your Directors recommend this resolution for adoption as an **Ordinary Resolution**.

None of directors is interested in this resolution except Shri. T.R.Dhinakaran, Shri. D.Senthilkumar, T.R.Varadarajan and T.R.Kannan, as relatives under Section 6 of the Companies Act, 1956.

Item No.7

A notice has been received from one of the shareholders under Section 257 of the Companies Act, 1956 proposing Shri. G.Bhaskaran for appointment as director, along with a deposit of Rs.500/=.

Shri. G.Bhaskaran has a rich experience in managing the Corporate Business and financial affairs of large public limited companies for around two decades. The Board of Directors of the company are of strong opinion that with the appointment of Shri.G.Bhaskaran the company will greatly benefit with his rich experience in management of Corporate affairs. Your directors therefore recommend this resolution for adoption as an **Ordinary Resolution**.

None of the directors is interested in this resolution.

Item No.8

Exit from E.O.U. scheme ( DEBONDING):

European union remains the biggest market for yarn. But due to quota restrictions we are having limited scope. Export Market involves more costs inclusive of higher overheads like selling expenses, L/C shipment execution and follow up, quality claims and compensation. Frequent product changes reduce the machinery utility and raise the fixed cost / output ratio. Relaxations have been proposed in the recent exim policy. Cost involved in debonding has come down drastically and it is very nominal considering the flexibility the unit would get after debonding. The flexibility could be effectively leveraged to switch between the international Markets and domestic Markets, so that the accumulated losses could be wiped off in a short span of time. The present scenario is conducive for debonding. Hence the resolution set out in item No.8 above is placed before the shareholders for their consideration and passing it as **Special Resolution**.

None of the directors is interested in this resolution.

Item No.9

Dematerialisation of shares :

The Paid up Share Capital of the Company as at the end of 31.03.2003 was Rs.13,80,00,000 out of which the shares held by the Public works out to around 48%. The Mumbai, Ahmedabad, Madras Stock Exchanges insist that in order to facilitate trading of the shares in all the Stock Exchanges the Share Certificates be converted into dematerialised form instead of the present physical form if the shares to be traded online through these Stock Exchanges. Otherwise the trading on the shares should be done on "trade to trade" basis and cannot be done on online basis. Therefore the Board of Directors of the Company is of the opinion that the company may dematerialise shares to facilitate smooth trading. Therefore your directors recommend this resolution for adoption as **Special Resolution**.

None of the Directors is interested in the resolution.

Item No.10

Amendment to Articles of Association :

In the event of company resorting to dematerialisation of shares it is necessary to alter the articles of association of the company to give effect to the dematerialisation of shares. Therefore your directors recommend this resolution for adoption as **Special Resolution** as any amendment to articles requires special resolution to be passed by the shareholders at a General Meeting.

None of the directors is interested in this resolution.

Place : Chennai  
Date : 30<sup>th</sup> May, 2003

By Order of the Board  
T.R.Dhinakaran,  
Managing Director.

Details of appointment / re-appointment of Directors as per Clause 49 of the Listing Agreement :

At the ensuing Annual General Meeting, Smt. D.Kothai and Shri. G.Bhaskaran are to be appointed as Directors of the Company. Shri. T.R.Varadarajan, Shri. Pawan Kumar Kedia, and Shri. P.R.Prabhakar are retiring by rotation and being eligible offer themselves for re-appointment. The information / details to be provided in respect of the above said Directors under Corporate Governance code are as under:



Name	Qualification	Brief Resume and Area of Expertise	Other Directorships	Company Name
1. Shri. T.R.Varadarajan,	B.A.,	He has got wide experience in the textile industry for a considerable period of time. He has also got high pragmatic exposure on present trends in textile industry.	8	1. Shri Govindaraja Mills Ltd., 2. Shri Ramalinga Mills Ltd., 3. Sri Jayajothi & Co. Ltd., 4. Sri Sathu Spinning Mills (P) Ltd., 5. Aruppukottai Sri Jayavilas Transports (P) Ltd., 6. Valgai Transport (P) Ltd., 7. Shri Jayasakthi Polymers (P) Ltd., 8. Jaya Devi Mills (P) Ltd.,
2. Shri. Pawan Kumar Kedia	B.Com.,	He has rich exposure on textile industry because of his close and long-standing relationship with the industry.	2	1. Bhawani Exports (P) Ltd., 2. Roha Leasing Finance Co.Ltd.,
3. Shri. P.R.Prabhakar	B.Com.,	He has rich experience and specialised knowledge on the textile industry, and also has very good exposure on corporate management.	1	Sri Prashant Spinners Ltd.,
4. Smt. D.Kothai	B.Com.,	She has rich experience and specialised knowledge on the textile industry, and also has very good exposure on corporate management.	3	1. Shri Jayasoundaram Textile Mills (P) Ltd., 2. Aruppukottai Sri Jayavilas Finance (P) Ltd., 3. Aruppukottai Sri Jayavilas Investment (P) Ltd., Kilpauk Benefit Fund Society Ltd.,
5. Shri. G.Bhaskaran	B.Sc.,	He has good exposure in financial management and rich experience in corporate management.	1	

**DIRECTORS' REPORT**

To

The Members, Tamilnadu Jai Bharath Mills Ltd.,  
Ladies and Gentlemen,

The Directors hereby present their Fourteenth Annual Report on  
the Business and Operations of the Company and Financial  
Results for the year ended 31<sup>st</sup> March, 2003.

FINANCIAL RESULTS:	2002-2003		2001-2002
	Rs.		Rs.
Profit(+) / Loss(-) from Operations			
before Depreciation (+)	39,44,466	(-)	39,30,615
Less: Depreciation	2,88,62,031		3,27,70,162
Loss after Depreciation (-)	2,49,17,565	(-)	3,67,00,777
NET LOSS (-)	2,49,17,565	(-)	3,67,00,777
Add : Balance of Loss as per			
last Balance Sheet (-)	5,67,41,204	(-)	2,00,40,427
Balance of LOSS carried			
over to Next Year (-)	8,16,58,769	(-)	5,67,41,204

**TURNOVER:**

The Company has achieved an overall Sales Turnover of Rs.42.60 Crores during the year against turnover of Rs.44.96 Crores for the Previous Year, resulting in decrease of Rs.2.36 Crores due to depressed market conditions.

**DIVIDEND:**

The Company has incurred a Net loss of Rs.2.49 Crores. This is mainly due to increase in the cost of inputs coupled with the reduction in yarn prices. In view of the loss the Directors regret their inability to declare any dividend for the year.

**FUTURE:**

The future trends of Cotton Prices and yarn realisation rate shall decide the operating results of the Company in the coming years too. However your company will put in all its efforts in cutting costs of operations to achieve improved financial results in the ensuing year.

Your Company has also proposed to convert its present status as 100% E.O.U into a Non E.O.U company in order to enable it to sell its entire production within India instead of depending only on the Export Market as 100% E.O.U. Such conversion will provide the company the necessary flexibility in shaping up its future marketing strategy by adopting an optimum combination of exports as well as domestic sales within India keeping in view the cost of production, yarn price realisation and the margins. Your directors have also included the conversion of the company's status into a Non E.O.U company as an item in the agenda for the 14<sup>th</sup> Annual General Meeting for the approval of the shareholders.

**FIXED DEPOSIT:**

There is no unclaimed Fixed Deposits remaining with the Company as on 31.03.2003. The company is not receiving or accepting deposit with effect from Sep 2002. The deposits already received has exceeded the limits prescribed by the Companies Act, 1956. However the Company will not accept further deposits until the balance in the fixed deposits account is brought down below the level prescribed under the Companies Act, 1956.

**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.24,00,000/= per annum. NIL

Employees who were paid Rs.2,00,000/= or more per month in any part of this year. NIL

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year

ended 31<sup>st</sup> March, 2003, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (ii) that the directors had 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 or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting 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;
- (iv) that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2003 on a 'going concern' basis.

**CORPORATE GOVERNANCE:**

As per the amended Listing Agreement with the Stock Exchanges, a Report on Corporate Governance together with the Auditors Certificate regarding the compliance of conditions of Corporate Governance form part of the Annual Report.

**DIRECTORS:**

In the ensuing the Annual General Meeting, Shri. T.R.Varadarajan, Shri. Pawan Kumar Kedia, and Shri. P.R.Prabhakar are retiring by rotation, and being eligible offer themselves for reappointment.

Smt. D.Kothai who has been appointed as additional director in the Board Meeting held on 25.10.2002 ceases to be director at this Annual General Meeting. However, notices have been received from two shareholders proposing Smt. D.Kothai and Shri. G.Bhaskaran for appointment as directors in terms of Sec.257 of the Companies Act, 1956 along with deposits of Rs.500/= each in respect of two proposed directors.

Shri. S.S.Chokshi, Director resigned on 08.03.2003 due to pre occupation in his profession. The Board would like to place on record its gratitude for the valuable services rendered by him during his tenure as director of the Company.

Shri. K.Sundararaju, Nominee Director (IDBI) ceased to be director from 02.05.2003 as his nomination was withdrawn by IDBI on 02.05.2003. The Board would like to place on record its gratitude for the valuable services rendered by him during his tenure as director of the Company.

Shri. C.H.Mirani, Director deceased on 14.10.2002 and the Board wishes to place on record its condolences to the bereaved family and appreciation for the valuable services rendered by Late C.H.Mirani during his tenure as director of the Company.

**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 Fourteenth Annual General Meeting and are recommended for re-appointment.

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

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

Particulars required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 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, The Bank of Nova Scotia, 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 on record our recognition of the overwhelming co-operation and performance rendered by company employees.

Place : Chennai  
Date : 30<sup>th</sup> May, 2003

For and on Behalf of the Board  
T.R.Dhinkaran,  
Managing Director  
Justice. G.Ramanujam (Retd.),  
Director.