

Tamilnadu
JAI BHARATH
Mills Limited



15TH ANNUAL REPORT 2003 - 2004

CONTENTS	PAGE
Notice to the Shareholders	2
Directors' Report	4
Balance Sheet	10
Profit and Loss Account	11
Schedules	12
Notes	16
Auditors' Report	20
Balance Sheet Abstract	22
Cash Flow Statement	23

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

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

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.

களவினால் ஆகிய ஆக்கம் அளவிறந்து
 ஆவது போலக் கெடும்.

- திருக்குறள் - 283

The wealth accumulated by fraud,
 will disappear equally fast.

- Thirukkural - 283



NOTICE OF THE 15TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS.

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of the company will be held on Monday the 30th August 2004 at the Registered Office of our 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 2004 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. J.Sree Rajasegaran who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri. G.Ramanujam who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Shri. T.R.Kannan 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 Shri. Manoj Kumar Kedia, 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".

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 August, 2004 to 30th August, 2004 (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 Meeting.

Place : Chennai

Date : 28th May, 2004

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

A notice has been received from one of the shareholders under Section 257 of the Companies Act, 1956 proposing Shri. Manoj Kumar Kedia for appointment as director, alongwith a deposit of Rs.500/=.

Shri. Manoj Kumar Kedia has a rich experience in Cotton yarn and Textiles Business for nearly a decade. The Board of Directors of the company are of firm opinion that with the appointment of Shri Manoj Kumar Kedia the company will greatly benefit with his rich experience in Textile trade. Your directors therefore recommend this resolution for adoption as an Ordinary Resolution.

None of the directors is interested in this resolution.

Place : Chennai

Date : 28th May, 2004

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, Shri. Manoj Kumar Kedia is to be appointed as Director of the Company. Shri. J.Sree Rajasegaran, Shri. G.Ramanujam and Shri. T.R.Kannan retire 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
1. Justice Shri. G.Ramanujam (Retd)	M.A.B.L.,	He is a Retired Judge of High Court of Madras. He is a Director of Madras Stock Exchange Ltd.,	7
2. Shri. J.Sree Rajasegaran	B.Com.,	He has rich experience and specialised knowledge on the textile industry, and also has very good exposure on corporate management.	4
3. Shri. T.R.Kannan	B.E	He has rich experience and specialised knowledge on the textile industry, and also has very good exposure on corporate management.	15
4. Shri. Manoj Kumar Kedia	B Com.,	He has rich experience in Cotton Yarn and Textile Business for nearly a decade.	1

JAI BHARATH

DIRECTORS' REPORT

To

The Members,

Tamilnadu Jai Bharath Mills Ltd.,

Ladies and Gentleman,

The Directors hereby present their Fifteenth Annual Report on the business and operations of the Company and Financial Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

	2003-2004 Rs.	2002-2003 Rs.
Profit(+)/Loss(-) from Operations before Depreciation	(+) 4,11,50,586	(+) 39,44,466
Less: Depreciation	1,99,00,899	2,88,62,031
Profit/Loss after Depreciation	(+) 2,12,49,687	(-) 2,49,17,565
Less : Tax Provision-MAT	12,00,000	-
NET PROFIT/LOSS	(+) 2,00,49,687	(-) 2,49,17,565
Add /Less Balance of Loss as per last Balance Sheet	(-) 8,16,58,769	(-) 5,67,41,204
Balance of LOSS carried over to Next Year	(-) 6,16,09,082	(-) 8,16,58,769

TURNOVER:

The Company has achieved an overall Sales Turnover of Rs. 58.07 Crores during the year against Sales Turnover of Rs. 42.60 Crores for the Previous Year, resulting in an increase of Rs.15.47 Crores (36.31% increase).

DIVIDEND:

In view of the accumulated loss of Rs.6.16 Crores, your 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 operative results of the Company in the coming years too. However your company will put in all its efforts in cutting costs of Production to achieve improved financial results in the ensuing year. With this end in view your Company has installed Captive Power Plant running with Furnace oil / HSD oil, which will go to reduce power cost. Other cost reduction measures are also being taken to improve the financial results of your company.

FIXED DEPOSIT:

There is no unclaimed Fixed Deposits remaining with the Company as on 31.03.2004.

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 your Directors declare :

- that in the preparation of the annual accounts for the financial year ended 31st March, 2004, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- 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.
- 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;
- that the directors had prepared the accounts for the financial year ended 31st March, 2004 on a 'going concern', basis.

DIRECTORS:

In the ensuing Annual General Meeting Shri. J.Sree Rajasegaran, Shri. G.Ramanujam and Shri.T.R.Kannan are retiring by rotation, and being eligible offer themselves for re-appointment.

Shri. Manojkumar Kedia who has been appointed as additional director in the Board Meeting held on 30.01.2004 ceases to be director at this Annual General Meeting. However, notice has been received from a shareholder proposing Shri.Manojkumar Kedia for appointment as director in terms of Sec.257 of the Companies Act, 1956 along with deposit of Rs.500/= in respect of proposed director.

Shri. K.G.Appusamy, Chairman resigned on 31.01.2004 due to personal reasons. The Board would like to place on record its gratitude for the valuable services rendered by him during his tenure as Chairman of the Company.

Shri. Pawan Kumar Kedia, Director resigned on 09.12.2003 due to personal reasons. 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.

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 Fifteenth 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)(e) 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 I.

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 - Vide Annexure - II.

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 on record its recognition of the overwhelming co-operation and performance rendered by company employees.

For and on Behalf of the Board
Justice. G.Ramanujam (Retd.)

Chairman.

T.R.Dhinakaran,
Managing Director

Place : Chennai

Date : 28th May 2004.

ANNEXURE TO DIRECTORS' REPORT - (ANNEXURE - I)

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

A CONSERVATION OF ENERGY:

- (a) Energy Conservation measures taken: : 1. Periodical energy analysis are being carried out to monitor the usage of energy.
2. For energy conservation the suggestions formulated by SITRA are being carried out.
- (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 : The Company is exporting yarn to Iran, Netherland, Germany, Belgium, Hongkong, Indonesia, Egypt and Korea and the company is on constant endeavour to locate more buyers in these countries and is also exploring the possibilities of exporting yarn to other Countries.

(g) Total Foreign Exchange used:

- 1) Capital Expenditure : Rs. 8,29,681/=
- 2) Foreign Travel : Rs. Nil
- 3) Consumable Spares : Rs. 16,19,064/=
- 4) Others : Rs. 19,93,018/=

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

- Export Sale of Cotton yarn : Rs. 2097.40 Lakhs.

ANNEXURE: FORM "A"

	Year Ended	Year Ended
	31.03.2004	31.03.2003

A) Power & Fuel Consumption:**1) Electricity**

a) Purchased:	KWH	99,91,840	1,86,73,680
Total Amount	Rs.	4,31,91,818	7,59,66,774
Av. Rate per unit	Rs.	4.32	4.07

b) Own Generation:**1) Through Diesel Generation:**

Units in	KWH	28,76,383	25,30,615
Total Amount	Rs.	1,71,58,575	1,12,86,507
Units per Litre		3.18	3.30
Cost per unit	Rs.	5.96	4.52
Coal, Furnace oil and other			
Internal Generation			

2) Through Power Plant (HFO)

Units in	KWH	1,11,24,342	--
Total Amount	Rs.	2,84,22,897	--
Units per Litre		3.76	--
Cost per unit	Rs.	2.55	--

B. Consumption per unit of Production:

Electricity unit consumed per kg. of yarn is 4.57 as compared to 5.30 in last year.

ANNEXURE: FORM "B"**Research and Development:-**

1. Special areas in which R & D carried out by the company : 1. Grading of Cotton for specific count and quality of yarn.
2. Evaluation and maintenance of quality of yarn at the various stages of processing and 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. NIL
b) Recurring : Rs. NIL
c) Total : Rs. NIL
d) Total R & D expenditure as percentage of total turnover : Rs. NIL
(Gross Receipts)

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts, in brief, made towards Technology absorption, adaptation and innovation : Continuous efforts are made towards technology absorption, Priority is being given to improve the quality of the products and increasing productivity through effective measures.
2. Imported Technology : NIL

REPORT ON CORPORATE GOVERNANCE - (ANNEXURE - II)

The present status with regard to the various aspects of the corporate governance is given below.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Tamilnadu Jai Bharath Mills Limited's philosophy on corporate governance envisages the attainment of transparency, accountability and equity in all facets of its operations, and in all its interactions with its shareholders, Suppliers, Creditors, Fixed deposit holders, Employees etc.,

2. MANAGEMENT DISCUSSION AND ANALYSIS:

The Main business of the company is to manufacture cotton yarn for Indian as well as Foreign Markets. The Textile Industry is yet to see the upswing, as the prices of yarn have not increased while the cotton prices are going up, besides the rise in other manufacturing expenses. However your company has been constantly taking action in cost reduction measures and towards this the company has installed Captive Power Plant which has brought down the power cost, which is partly reflected in the profitable operations of the company for the year under report. The company has also taken a conscious decision to come out of 100% E.O.U status of the company, so as to enable the company to sell its products within India without any constraint, while taking measures to Export its products to the various countries as has hitherto been done.

3. BOARD OF DIRECTORS :

The Present strength of the Board is ten. Its composition/particulars of Directorships and the details of the Board Meetings held and attended by the directors during the year under report are given below.

Four Board Meetings were held on 30.05.2003, 04.08.2003, 30.10.2003 and 30.01.2004.

Name of the Director	Category	Attendance particulars		No of Directorships in other Companies			No of Committees / position held in other Companies	
		Board Meeting	Last AGM	Public Company	Private Company	Foreign Company	Members	Chairman
Shri. K.G.Appusamy (Resigned on 31.01.2004)	NEID	1	No	1	NIL	NIL	NIL	NIL
Shri T.R.Uninakaran	ED	4	Yes	7	19	NIL	NIL	NIL
Shri. Justice G.Ramanujam(Retd.)	NEID	3	No	7	NIL	NIL	2	2
Shri. T.R. Varadarajan	NED	-	No	3	6	NIL	NIL	NIL
Shri. T.R.Kannan	NED	2	No	4	11	NIL	NIL	NIL
Shri. Pawan Kumar Kedia (Resigned on 09.12.2003)	NEID	-	No	NIL	2	NIL	NIL	NIL
Shri. D.Senthilkumar	NED	3	Yes	7	4	NIL	NIL	NIL
Shri. P.R.Prabhakar	NEID	1	No	NIL	1	NIL	NIL	NIL
Shri. J.Sree Rajasegaran	NED	-	No	NIL	4	NIL	NIL	NIL
Smt. D.Kothai (Appointed on 04.08.2003)	NED	4	Yes	NIL	4	NIL	NIL	NIL
Shri. G.Bhaskaran (Appointed on 04.08.2003)	NEID	2	No	1	NIL	NIL	NIL	NIL
Shri.Manoj Kumar Kedia Additional Director (Appointed on 30.01.2004)	NEID	-	NIL	NIL	1	NIL	NIL	NIL

ED - Executive Director

NEID - Non - Executive and Independent Director

NED - Non - Executive Director.

4. AUDIT COMMITTEE:

The Audit Committee of the Board is headed by Justice G.Ramanujam (Retd.) a non Executive and Independent Director. Other members of the Committee are Shri. D.Senthilkumar, Shri. P.R.Prabhakar, Smt. D.Kothai and Shri. G.Bhaskaran. Three Committee Meetings were held on 30.05.2003, 04.08.2003 and 30.01.2004 and the details of the number of Meetings attended by the members are given below:

Sl.No.	Name of the Member	Total No.of Committee Meetings during 2003 - 2004	No.of Committee Meetings attended during 2003 - 2004
1	Shri. Justice G.Ramanujam(Retd.)	3	2
2	Shri. P.R.Prabhakar	3	1
3	Shri. D.Senthilkumar	3	3
4	Smt. D.Kothai	3	3
5	Shri. G.Bhaskaran	3	1

5. REMUNERATION COMMITTEE : NIL

Since no new appointment / revision of remuneration of Director was made during the year.

6. SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE:

A Committee headed by Shri.D.Senthilkumar Non Executive, Director looks into the aspects relating to the shareholders interests. The Compliance officer for the purpose of the listing agreement is Shri.C.Thirumalai, Company Secretary. The other members of the committee are Shri.P.R.Prabhakar, Shri.G.Ramanujam, Smt. D.Kothai and G.Bhaskaran. There are no pending share transfers. There were no significant Investor grievances during the year.

Three Committee Meetings were held on 30.05.2003, 30.10.2003 and 30.01.2004 and the details of the number of Meetings attended by the members are given below: