

Tamilnadu  
**JAI BHARATH**  
Mills Limited



**16<sup>TH</sup> ANNUAL REPORT 2004 - 2005**

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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. Justice. G.Ramanujam (Retd.) (Chairman)  
 Shri. T.R.Dhinakaran (Managing Director)  
 Shri. P.R.Prabhakar (Resigned w.e.f. 28.05.2005)  
 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.

Always aim high – failure then  
 Is as good as success.

– Thirukkural – 596

உள்ளுருவது எல்லாம் உயர்வு உள்ளல்; மற்று அது  
 தள்ளினும், தள்ளாமை நீர்த்து.

– திருக்குறள் – 596



## NOTICE OF THE 16TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS.

Notice is hereby given that the 16th Annual General Meeting of the Shareholders of the company will be held on Saturday the 20th August, 2005 at the Registered Office of the Company at No.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, 2005 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 Smt. D. Kothai who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in the place of Shri.G.Bhaskaran who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Shri. T.R.Varadarajan 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 thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

RESOLVED that the existing Article 98, of The Articles of Association of the Company be deleted and in its place the following be inserted.

"Subject to the provisions of the Companies Act, 1956, a Director may be paid Sitting Fees of Rs.1,500/- for each meeting of the Board or a Committee thereof attended by him / her and the Board be empowered to change the same within the limits fixed by the Companies Act, 1956 from time to time".

### 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, 2005 to 20th August 2005 (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 : 28th May, 2005

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

**Alteration of Articles of Association of the Company.**

The Directors are being paid sitting fees of Rs.250/- for each meeting of the Board or a committee thereof attended by them. The Sitting fees of Rs.250/- for each meeting as per Clause 98 of the Articles of Association was fixed at the time of incorporation of the Company in November 1989. As this sum is a meagre one, your directors decided to increase the Sitting Fees to Rs.1,500/- for each meeting or meeting of the Committee thereof attended by the directors. Your Directors recommend this resolution for adoption.

All the directors except Shri. T.R.Dhinakaran, Managing Director and Shri. D. Senthilkumar, Joint Managing Director who are wholtime Directors are interested in the resolution.

Place : Chennai

Date : 28th May, 2005

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 :

Smt. .D.Kothai, Shri.G. Bhaskaran and Shri. T.R.Varadarajan retire by rotation and being eligible offer themselves for re-appointment. The information / details to be provided for the above said Directors under Corporate Governance code are as under :

NAME	QUALIFICATION	BRIEF RESUME AND AREA OF EXPERTISE	OTHER DIRECTORSHIP
1. Smt.D.Kothai	B.Com.,	She has rich experience and specialized knowledge in the textile industry and also has very good exposure in Managing Spinning Mills.	5
2. Shri.G.Bhaskaran	B.Sc.,	He has good exposure in financial management and rich experience in corporate management.	1
3. Shri.T.R.Varadarajan	B.A.,	He has got wide experience in Managing Spinning Mills for a considerable period of time. He has also got highly pragmatic exposure on present trends in textile industry.	8

# JAI BHARATH

## Directors' Report

To

The Members,

Tamilnadu Jai Bharath Mills Ltd.,

Ladies and Gentlemen,

Your Directors hereby present their Sixteenth Annual Report on the business and operations of the Company and Financial Results for the year ended 31st March, 2005.

FINANCIAL RESULTS :	2004 - 2005 Rs.	2003 - 2004 Rs.
Profit (+)/Loss(-) from operations		
Before Depreciation (+)	3,56,02,221	(+) 4,11,50,586
Less : Depreciation (-)	1,91,24,592	(-) 1,99,00,899
Profit after Depreciation (+)	1,64,77,629	(+) 2,12,49,687
Less Prior period expenses (-)	92,000	NIL
Less : Tax Provision - MAT (-)	13,00,000	(-) 12,00,000
NET PROFIT / LOSS (+)	1,50,85,629	(+) 2,00,49,687
Add Balance of Loss as per		
Last Balance Sheet (-)	6,16,09,082	(-) 8,16,58,769
Balance of LOSS carried over to		
Next Year (-)	4,65,23,453	(-) 6,16,09,082

## TURNOVER :

The Company has achieved an overall Turnover of Rs.63.11 Crores during the year against the turnover of Rs.58.07 Crores for the previous year, resulting in an increase of Rs.5.04 Crores (8.7 % increase).

## DIVIDEND:

In view of the accumulated loss of Rs.4.65 Crores, your Directors regret their inability to declare any dividend for the year.

## FUTURE :

No doubt, the future of your Company mainly depends on the Cotton Prices and Yarn Prices ruling in the market. However, your company is taking all steps to procure cotton at the right time, of optimum quantities at the prices which are considered most favourable to the company. Your company is exploring new markets within India and abroad. In order to enjoy the flexibility in marketing its products in the Indian markets without any hindrance and also take advantage of marketing in overseas markets, your company has opted to come out of the 100% E.O.U status and debonded by paying small amounts as compensation to the Central / State Government Authorities. In view of the debonding, your directors are hopeful of achieving better Profitable Financial Results in the coming years. In addition, your company has also taken up cost reduction measures through integrated Production Planning and marketing strategies and also with preventive maintenance programmes, your directors are hopeful, of achieving better operating performances.

Since, with the advent of WTO agreements the World Textile Market has been thrown open to all the countries without any quota restrictions which will also lead to huge demand for textiles, benefiting Asian, South Asian Countries and China. These demands created for Textiles will require enormous quantities of quality yarn which your company can take advantage of, and thus improve its performance levels.

## FIXED DEPOSIT:

There is no unclaimed Fixed Deposits remaining with the Company as on 31.03.2005.

## 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 STATEMENTS:

Pursuant to the requirements 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, 2005, the applicable accounting standards had been followed along with proper explanations 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, 2005 on a going concern basis.

## DIRECTORS :

In ensuing Annual General Meeting Smt. D. Kothai, Shri. G.Bhaskaran and Shri.T.R.Varadarajan are retiring by rotation, and being eligible offer themselves for re-appointment.

Shri. P.R.Prabhakar, Director resigned on 28.05.2005 due to preoccupation in his profession. The Board would like to place on record its appreciation and 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 Sixteenth Annual General Meeting and are recommended for re-appointment. The notes forming part of 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 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 of the Company and would also like to place on record its recognition of the overwhelming co-operation and performance, rendered by Company's employees.

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

Place : Chennai  
Date : 28.05.2005

**ANNEXURE TO DIRECTORS' REPORT - (ANNEXURE - I)**

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

**A. CONSERVATION OF ENERGY :**

- (a) Energy Conservation : 1. Periodical energy analysis are being carried out and measures taken to monitor the usage of energy.  
2. For energy conservation the suggestions formulated by SITRA are being carried out. Energy saving and conservation devices are installed.
- (b) Additional investment and proposals if any, being implemented for reduction of consumption of energy.
- (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.
- (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 to Iran, Germany, United Kingdom, Poland, Indonesia, Hongkong, Egypt, Spain and Vietnam 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. 1,97,23,284/-  
2. Foreign Travel : Rs. NIL  
3. Consumable : Rs. NIL  
4. Others : Rs. 1,55,56,445/-

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

Export Sale of Cotton Yarn : Rs. 1109.57 Lakhs

**ANNEXURE : FORM "A"**

	Year Ended 31.03.2005	Year Ended 31.03.2004
<b>a) Power &amp; Fuel Consumption :</b>		
i) Electricity		
Purchased :	KWH	99,91,840
Total Amount	Rs.	4,31,91,818
Av. Rate per unit	Rs.	4.32
ii) Own Generation :		
Through Diesel Generation :		
Units in	KWH	15,21,593
Total Amount	Rs.	1,54,71,449
Units Per Litre		2.77
Cost Per unit in	Rs.	10.17
Coal, Furnace Oil and other		
International Generation :		
Through Power Plant (HFO)		
Units in	KWH	2,01,49,699
Total Amount	Rs.	6,77,33,092
Units Per Litre		3.71
Furnace Oil in	Rs.	12.50
Cost per unit	Rs.	3.36

**a) Power & Fuel Consumption :**

- i) Electricity
- ii) Purchased : KWH 99,91,840  
Total Amount Rs. 4,31,91,818  
Av. Rate per unit Rs. 4.32
- iii) Own Generation :
- Through Diesel Generation :
- Units in KWH 15,21,593 28,76,383  
Total Amount Rs. 1,54,71,449 1,71,58,575  
Units Per Litre 2.77 3.18  
Cost Per unit in Rs. 10.17 5.96  
Coal, Furnace Oil and other
- International Generation :
- Through Power Plant (HFO)
- Units in KWH 2,01,49,699 1,11,24,342  
Total Amount Rs. 6,77,33,092 2,84,22,897  
Units Per Litre 3.71 3.76  
Furnace Oil in Rs. 12.50  
Cost per unit Rs. 3.36 2.55

**B. Consumption per unit of Production :**

Electricity unit consumed per Kg. of yarn is 4.47 as compared to 4.57 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 optimizing 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 : The existing and future overseas sales contracts as well as realizing good prices for yarn in indigenous markets.  
3. Future Plan of Action : To compete effectively in the International / Indigenous Markets.  
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 (Gross Receipts) : Rs. NIL

**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 by constantly watching the latest developments in India and abroad in the new designs of machines etc in the textile industry with Special attention to Spinning Industry. 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 Stakeholders, Suppliers, Creditors, Customers, Fixed deposit holders, Employees etc., The Company's decisions/ actions in the conduct of business and in the treatment of its employees shall be devoid of any discriminations on the basis of sex, colour, creed, castes 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 has started looking up with the quota regime in the World Trade in Textiles coming to an end from the beginning of the year 2005 which will lead to creation of huge demand for quality yarn. It is hoped that the prices of yarn will stabilize and move in consonance with the prices of cotton. 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 various countries as has hitherto been done.



### 3. BOARD OF DIRECTORS :

The present strength of the Board is Nine. Its composition / particulars of Directors 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 28.05.2004, 30.08.2004, 26.10.2004 and 25.01.2005.

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. Justice G.Ramanujam (Retd) Chairman	NEID	4	yes	7	NIL	NIL	3	3
Shri T.R.Dhinakaran Managing Director	ED	4	Yes	7	22	NIL	NIL	NIL
Shri. T.R.Varadarajan	NED	-	No	3	6	NIL	NIL	NIL
Shri. T.R.Kannan	NED	1	No	4	11	NIL	NIL	NIL
Shri. D.Senthilkumar	NED	3	Yes	7	4	NIL	NIL	NIL
Shri. P.R.Prabhakar (Resigned on 28.05.2005)	NEID	1	No	NIL	1	NIL	NIL	NIL
Shri. J.Sree Rajasegaran	NED	-	No	NIL	7	NIL	NIL	NIL
Smt. D.Kothai	NED	3	Yes	NIL	5	NIL	NIL	NIL
Shri. G.Bhaskaran	NEID	4	Yes	1	NIL	NIL	NIL	NIL
Shri.Manoj Kumar Kedia	NEID	3	Yes	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 Company 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.

In compliance with the requirement of Section 292 A read with Clause 49 of the Listing Agreement, the Board has constituted an Audit Committee with terms of reference as detailed in the said section / clause. Three Committee Meetings were held on 28.05.2004, 26.10.2004 and 25.01.2005 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 2004 - 2005	No.of Committee Meetings attended during 2004 - 2005
1	Justice Shri. G. Ramanujam (Retd) Chairman	3	3
2	Shri. P.R. Prabhakar (Resigned w.e.f 28.5.2005)	3	1
3	Shri. D. Senthilkumar	3	2
4	Smt. D. Kothai	3	2
5	Shri. G. Bhaskaran	3	3

### 5. REMUNERATION COMMITTEE MEETINGS : NIL

Since no new appointment / revision of remuneration of Directors was made during the year, no meetings were held.

Shri. T. R. Dhinakaran, Managing Director, the only Whole Time Director was paid a remuneration of Rs.3,60,000/- (Consolidated) for the year under report.

### 6. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE :

A committee headed by Shri. D. Senthilkumar Non Executive Director, as Chairman of the Committee looks into the aspects relating to the shareholders' interest as stipulated in clause 49 of the Listing Agreement with Stock Exchanges. The Compliance Officer for the purpose of the listing agreement is