



Tamilnadu  
**JAI BHARATH**  
Mills Limited



**18<sup>TH</sup> ANNUAL REPORT 2006 - 2007**

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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) **BOMBAY STOCK EXCHANGE LTD.,**  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Fort, Mumbai - 400 001.
- 3) **AHMEDABAD STOCK EXCHANGE LTD.,**  
Kamadhenu Complex,  
Near Polytechnic  
Panjarapole  
Ahmedabad –380 015.

Dear Shareholder,

We take this opportunity to thank you very much for your continued support through out the period your Company was going through a very difficult phase of severe financial strain and losses.

We also thank you for your kind understanding of the situation and putting up with it very patiently. Your perseverance and your supportive co-operation have helped us to revive the Company.

In the last four consecutive years we have made a total Profit of Rs.9.89 Crores, thus wiping out the complete loss of Rs.8.17 Crores, which had accumulated over the earlier years. Now we are happy to inform you that this year we are reporting a positive Reserves & Surplus of Rs.1.72 Crores in our Balance sheet. Our motivated, efficient and hard working set of Staff and Employees are continuously striving to take your Company to a much higher level.

We are also glad to inform you that this financial year we are expanding our capacity by nearly 25%, taking our total spindleage capacity to nearly 50,000 spindles.

Though we have been trying our best to give some sort of return to our investors, this year itself, unfortunately, the Reserves and Surplus built up for the year ended is not sufficient enough for economically reasonable amount of dividend to be distributed. Moreover, the Company requires ploughing back this liquidity for capacity expansion also. Hence, we kindly request you to put up for some more time till the reserves could be strengthened further when appropriate dividend could then be distributed.

We are happy to inform you that, consequent to the accumulated losses being completely wiped out, National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) have permitted our scrips to be in Demat form. The Stock Exchanges are expected to resume trading in our scrips shortly. Formalities for this have almost been completed and are awaiting clearance.

With enhanced capacity to be commissioned during this financial year and with further improvement in efficiency, we would like to assure you that the worst is behind us and your company is well on its secular growth trajectory.

With warm Regards,

**D. SENTHILKUMAR**  
MANAGING DIRECTOR

**SRINIVAS A NAIDU**  
CHAIRMAN

# JAI BHARATH

## BOARD OF DIRECTORS

Shri. Srinivas A Naidu (Chairman)

Shri. D.Senthilkumar (Managing Director)

Shri. T.R.Dhinakaran

Shri. T.R.Varadarajan

Shri. J.Sree Rajasegaran

Smt. D.Kothai

Shri. G.Bhaskaran

Shri. Manojkumar Kedia

Shri. T.Balakumar

Shri. T.R. Kannan

(Resigned w.e.f. 24.01.2007)

## COMPANY SECRETARY

V.N. KITTAPPA

## 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.

## REGISTRARS AND SHARE TRANSFER AGENT

M/s. S.K.D.C.Consultants Ltd.,

P.B.No.2979, NO.11, Seth Narayandoss Layout

Street No.1, Coimbatore-641012

## FACTORY

Malayankulam village, Sankarankovil

Thirunelveli District – 627 756.

**NOTICE OF THE 18TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS**

Notice is hereby given that the 18th Annual General Meeting of the Company will be held on Friday, the 20th July, 2007, at the Registered Office of the Company, at No.212, Ramasamy Nagar, Aruppukottai – 626 159 at 2.15 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, 2007 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. G. Bhaskaran, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Shri. T.R. Varadarajan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Smt. D. Kothai, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint Auditors of the Company and fix their remuneration.

M/s.Krishnan & Raman, Rajapalayam and M/s. K. Subramanian & Co., Madurai, are retiring at the ensuing AGM and are eligible for re-appointment and the proposed remuneration is Rs.25000/- per annum for both the auditors.

**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 16<sup>th</sup> July, 2007 to 20<sup>th</sup> July 2007 (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 2007

By Order of the Board  
**D.SENTHILKUMAR**  
Managing Director

**JAI BHARAT H**

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

Shri. G. Bhaskaran, Shri. T.R.Varadarajan and Smt.D.Kothai are retiring by rotation and are eligible 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 AREA OF EXPERTISE	OTHER DIRECTORSHIP
1 Shri. G. Bhaskaran	B.Sc.,	He has good exposure in financial and corporate management.	1
2 Shri. T.R. Varadarajan	B.A,	He has vast experience in the textile industry for a considerable period of time.	9
3 Shri. D. Kothai	B.Com.,	She has good exposure in Managing Spinning Mills.	5


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**DIRECTORS' REPORT :**

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

The Directors hereby present their Eighteenth Annual Report on the business and operations of the Company and Financial Results for the year ended 31st March, 2007.

<b>FINANCIAL RESULTS :</b>	<b>2006 -2007 Rs.</b>	<b>2005 - 2006 Rs.</b>
Profit (+)/Loss(-) from operations		
Before Depreciation	(+) 4,73,20,467	(+) 6,17,66,968
Less : Depreciation	(-) 2,20,54,482	(-) 2,21,83,427
Profit after Depreciation	(+) 2,52,65,985	(+) 3,95,83,541
Less : Prior period expenses	3,25,205	(-) NIL
Less : Tax Provision – MAT	(-) 30,00,000	(-) 35,00,000
Less : Tax Provision – FBT	(-) 4,50,000	3,17,000
Add:MAT credit entitlement	(+) 65,00,000	NIL
NET PROFIT / LOSS	(+) 2,79,90,780	(+) 3,57,66,541
Add Balance of Loss as per		
Last Balance Sheet	(-) 1,07,56,912	(-) 4,65,23,453
Balance of LOSS carried over	NIL	(-) 1,07,56,192
to Next Year		
Transfer to General Reserves	1,72,33,868	NIL

**TURNOVER:-**

The Company has achieved an overall Turnover of Rs.58.84 Crores during the year against turnover of Rs.56.33 Crores for the previous year, resulting in increase of Rs.2.51 Crores . The Net profit for the year is Rs.2.79 Crores against the net profit of Rs.3.57 Crores for the previous year. The decrease in the net profit was due to (1) pricing pressure on sale of yarn; (2) the increase in prices of raw materials; (3) increase in key input cost including employee cost and financial cost; (4) provision for gratuity from this year onwards.

**DIVIDEND:**

As the Company has just wiped out the accumulated loss and due to inadequacy of reserves, your Directors regret their inability to declare any dividend for the year. The Board of Directors is confident of declaring dividend in the coming years once sufficient reserves are available for appropriation.

**FUTURE :**

Your Company is constantly striving hard to achieve better results and to economize the cost of operation by adopting strategies like procurement of raw materials at the appropriate lean time, implementation of cost reduction measures in all points of operations, like power utility, checking pilferages and better utilization of available business resources. Keeping pace with the industrial development and technical innovations in the industry, modernisation of existing plant and machinery is going on in a planned manner. The capacity expansion of 10,688 spindles is expected to be completed during this year. This would definitely result in increased volume of business and better earnings in the years to come.

**FIXED DEPOSIT :**

There is no unclaimed Fixed Deposits remaining with the Company as on 31.03.2007.

**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, 2007, 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 judgments 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, 2007 on a going concern basis.

**DIRECTORS :**

In ensuing Annual General Meeting Shri. G. Bhaskaran, Shri.T.R.Varadarajan and Smt.D.Kothai are retiring by rotation and are eligible 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 Eighteenth 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 Department / 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.

Place : Chennai  
Date : 28.05.2007

for and on Behalf of the Board  
**SHRI.SRINIVAS A NAIDU**  
Chairman

## 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 : 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.
- (b) Additional investment and : Energy saving and conservation proposals if any, being implemented for reduction of consumption of energy.
- (c) Impact of the measures at : Consumption of energy has been (a) and (b) above for reduction closely monitored and usage is of energy consumption and consequent impact on the optimized. cost of production of goods.
- (d) Total energy consumption : Particulars are given in Form "A" and energy consumption per unit of production.

### 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 : The Company is exporting to Iran, initiative taken to increase Germany, United Kingdom, Poland, exports and development of Indonesia, Hongkong, Egypt, Spain and new export markets for Vietnam and the company is on products and services. 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. 1,51,58,694/= |
| 2) Foreign Travel      | : Rs. Nil           |
| 3) Consumable Spares   | : Rs. Nil           |
| 4) Others              | : Rs. 17,83,477/=   |

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

- |                            |                      |
|----------------------------|----------------------|
| Export Sale of Cotton yarn | : Rs. 10,29,47,217/= |
|----------------------------|----------------------|

### ANNEXURE: FORM "A"

	Year Ended	Year Ended
	31.03.2007	31.03.2006

### A) Power & Fuel Consumption:

- |                               |     |              |             |  |
|-------------------------------|-----|--------------|-------------|--|
| 1) Electricity                |     |              |             |  |
| a) Purchased :                | KWH | 2,52,02,039  | 1,25,32,544 |  |
| Total Amount                  | Rs. | 10,59,67,908 | 5,42,45,158 |  |
| Av. Rate per unit             | Rs. | 4.20         | 4.33        |  |
| b) Own Generation             |     |              |             |  |
| 1) Through Diesel Generation: |     |              |             |  |
| Units in                      | KWH | 3,87,598     | 3,29,731    |  |
| Total Amount                  | Rs. | 46,04,334    | 51,85,455   |  |
| Units per litre               |     | 2.88         | 2.80        |  |
| Cost per unit in              | Rs. | 12.28        | 15.73       |  |
| Coal, Furnace Oil and other   |     |              |             |  |
| Internal Generation:          |     |              |             |  |
| 2) Through Power Plant (HFO)  |     |              |             |  |
| Units in                      | KWH | NIL          | 1,15,85,389 |  |
| Total Amount                  | Rs. | NIL          | 5,33,16,835 |  |
| Units per litre               |     | NIL          | 3.59        |  |
| Cost per unit                 | Rs. | NIL          | 4.60        |  |

### B. Consumption per unit of Production:

Electricity unit consumed per kg. of yarn is 4.46 as compared to 4.50 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.<br>2. Evaluation and maintenance of quality of yarn at 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 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, 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 :

Textile Industry is set to play a dominant role in the Indian Industry in view of the traditional strengths, availability of skills, raw material and global technology. The government has taken several steps to support this industry. Your company has been constantly taking action in cost reduction measures and towards this the company has switched over to EB Power than HFO Power due to high increase in oil prices.

The capacity expansion of 10,688 spindles is expected to be completed during this year. With the enhanced capacity the Company would be able to give better returns to the Shareholders.



**3. BOARD OF DIRECTORS :**

The present strength of the Board is Nine. Its composition / particulars of Directors and the details of the Board meeting held and attended by the Directors during the year under report are given below.

Six Board Meetings were held on 27.04.2006, 16.06.2006, 01.08.2006, 22.09.2006, 28.10.2006 and 24.01.2007..

Name of the Director	Nature of Directorship	No of Board Meetings	Attendance at last AGM	No of other Directorship (**)	No. of other Committee Membership (**)	No. of other Committee Chairmanship (**)
1. Shri.Srinivas A Naidu Chairman	NEID	5	YES	3	NIL	NIL
2. Shri.D. Senthikumar Managing Director	ED	6	YES	14	2	NIL
3. Shri. T.R. Dhinakaran	NED	5	YES	27	NIL	NIL
4. Shri. T. R. Varadarajan	NED	--	--	9	NIL	NIL
5. Shri. J Sree Rajasegaran	NED	--	--	7	NIL	NIL
6. Smt. D. Kothai	NED	6	YES	5	NIL	NIL
7. Shri. G.Bhaskaran	NEID	6	YES	1	NIL	NIL
8. Shri. T.Balakumar	NEID	5	YES	2	NIL	NIL
9. Shri. Manoj Kumar Kedia	NEID	4	YES	1	NIL	NIL
10. Shri. T.R. Kannan (Resigned w.e.f. 24.01.2007)	NED	4	YES	15	NIL	NIL

\*\* includes all companies viz., public and private companies.

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 Shri.T.Balakumar, a Non Executive and Independent Director. Other members of the Committee are Shri. G.Bhaskaran, Smt D.Kothai and Shri. Manoj Kumar Kedia.

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.

Four Committee Meetings were held on 27.04.2006, 22.07.2006, 28.10.2006 and 24.01.2007 and the details of the number of meetings attended by the members are given below :

Sl No.	Name of the Member	No. of Committee Meetings attended during 2006 - 2007
1.	Shri. T.Balakumar, Chairman	3
2.	Smt. D. Kothai, Member	3
3.	Shri. G.Bhaskaran, Member	4
4.	Shri.Manoj Kumar Kedia, Member (appointed from 28.05.2007)	NIL

**5. REMUNERATION COMMITTEE MEETINGS :**

**NIL**

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

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

A committee headed by Shri. Srinivas A Naidu, Non Executive Independent 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 Shri. V.N. Kittappa, Company Secretary. The other members of the committee are Smt. D. Kothai, Shri. G.Bhaskaran and Shri. Manoj Kumar Kedia. There are no pending share transfers. There were no significant Investor grievance during the year and no Grievance / Letters from the Investors were pending disposal as on the date of this report.

Three Committee Meetings were held on 27.04.2006, 28.10.2006 and 24.01.2007 and the details of the number of meetings attended by the members are given below :