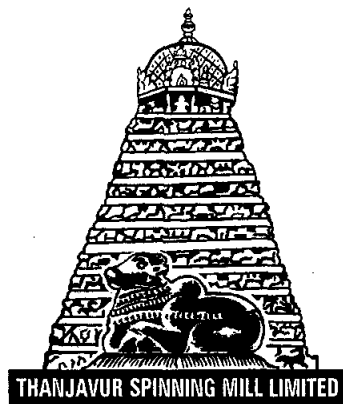
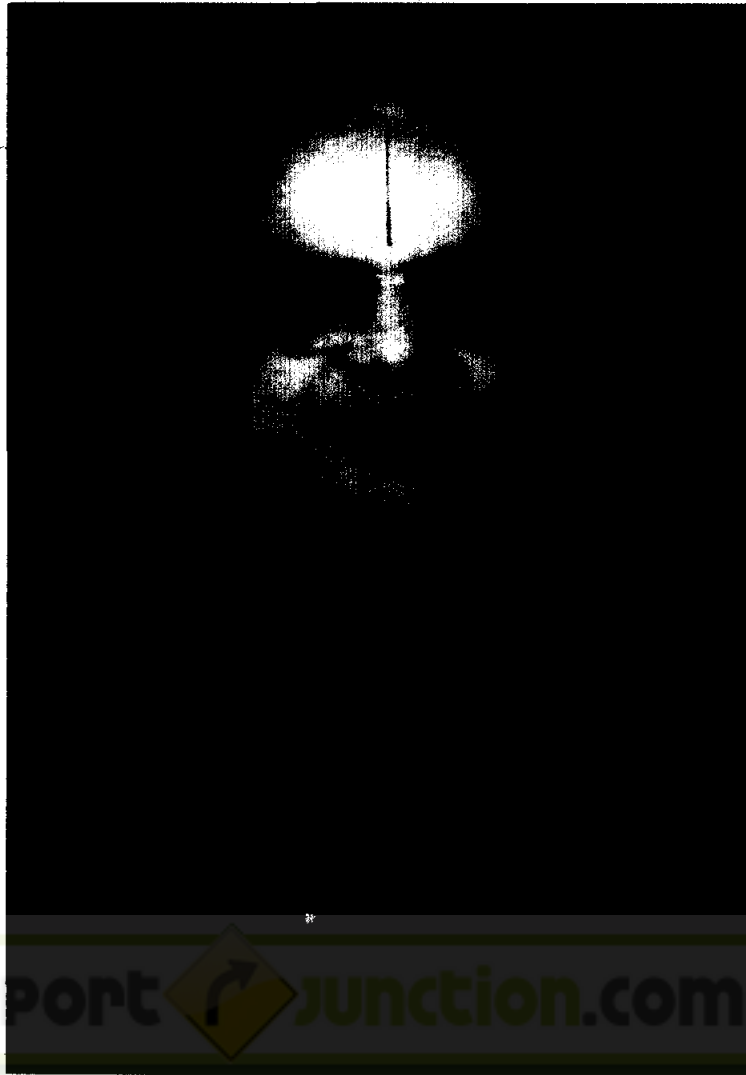


THANJAVUR SPINNING MILL LIMITED

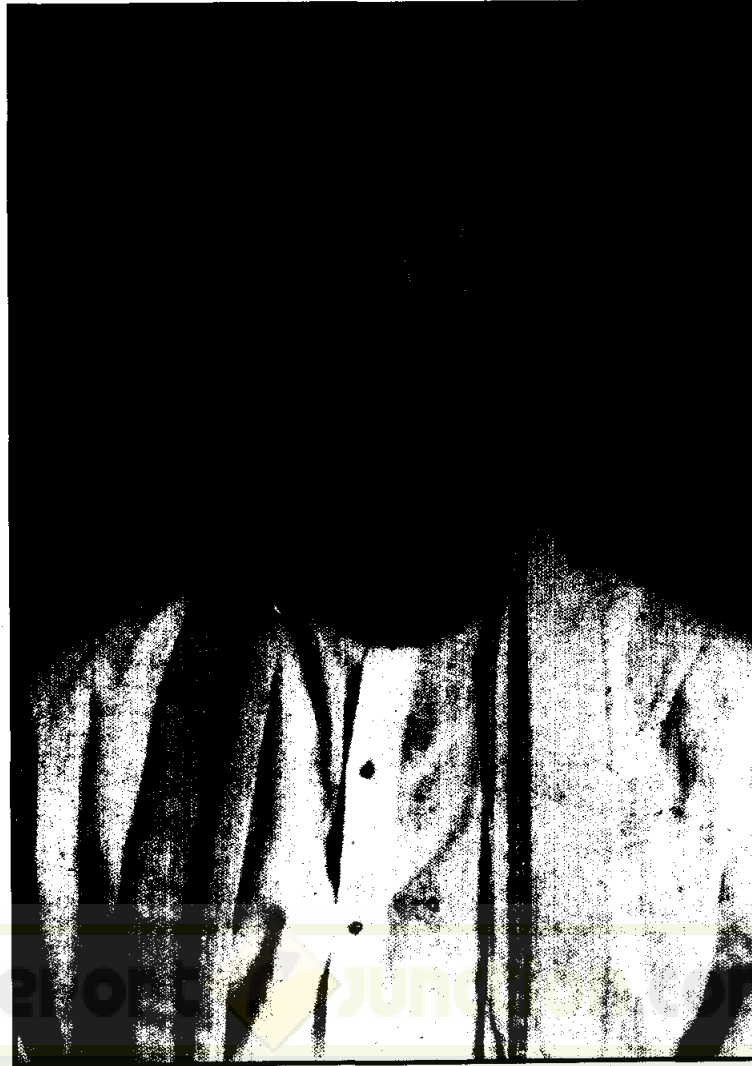


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FORTIETH ANNUAL REPORT AND ACCOUNTS
2000 - 2002



SHRI. K. TIRUVENGADA MUDALIAR
Founder



SHRI. P.A.C. RAMASAMY RAJA
Founder



**THANJAVUR SPINNING MILL LIMITED
THANJAVUR**

Board of Directors

Shri P.R. RAMASUBRAHMANEYA RAJHA B.Sc (Chairman)
Dr. K.T. KRISHNAN (Managing Director)
Shri. S. ARJUNA RAJA
Shri. K.T. RAMACHANDRAN
Shri. P.R. VENKETRAMA RAJA
Shri. S. KRISHNASWAMY KAMAYA NAICKER
Shri. R. SIVASUBRAMANIAN

Bankers

State Bank of India

Auditors

Messrs. S. VISWANATHAN
Chartered Accountants
Chennai - 600 004.

Registered Office

" Rajapalayam Mills Premises"
P.A.C.Ramasamy Raja Salai,
RAJAPALAIYAM - 626 117.

Mills

Vallam One Road,
Thanjavur - 613 005.

THANJAVUR SPINNING MILL LIMITED

Registered Office : " Rajapalayam Mills Premises " P.A.C.Ramasamy Raja Salai,
Rajapalaiyam - 626 117.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Fortieth Annual General Meeting of the Company will be held on Wednesday, the 12th June, 2002, at 47, P.S.K. Nagar, Rajapalaiyam - 626 108 at 10.30 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Profit and Loss Account for the 18 month period ended 31st March, 2002, the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Shri S. Arjuna Raja, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Shri R. Sivasubramanian who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration

A special Notice in terms of Section 190 of the Companies Act, 1956 has been received under Section 225(1) from a Member proposing the appointment of M/s. N.A. Jayaraman & Co., Chartered Accountants, Chennai as Auditors of the Company in the place of the retiring Auditors, M/s. S. Viswanathan, Chartered Accountants, Chennai.



CHENNAI
30-04-2002

on behalf of the Board
for THANJAVUR SPINNING MILL LIMITED
P.R. RAMASUBRAHMANEYA RAJHA
Chairman

THANJAVUR SPINNING MILL LIMITED

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.
2. Proxy form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer books of the Company will remain closed on 12th June, 2002.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING :-

Following is the biographical data about the Directors seeking re-election :-

1. Shri S. Arjuna Raja :

Shri S. Arjuna Raja, aged 85 years, has been a Director of Thanjavur Spinning Mill Limited for over three decades.

Shri S. Arjuna Raja has been rendering his valuable services / counsel to the Company.

Shri S. Arjuna Raja is also a Director in M/s. Ramco Industries Limited.

2. Shri R. Sivasubramanian :

Shri R. Sivasubramanian, aged 61 years, has been a Director of Thanjavur Spinning Mill Limited for over three decades.

Shri R. Sivasubramanian has been rendering his valuable services / counsel to the Company.

Shri R. Sivasubramanian is also a Director in M/s. Suriya Prabha Mills (P) Limited.

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on behalf of the Board
for THANJAVUR SPINNING MILL LIMITED
P.R. RAMASUBRAHMANEYA RAJHA
Chairman

CHENNAI
30-04-2002

THANJAVUR SPINNING MILL LIMITED**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors wish to present the Fortieth Annual Report and Audited Accounts for the 18 month period ended 31st March, 2002.

1. FINANCIAL RESULTS	For the period ended		For the period ended	
	31st March, 2002		30th September, 2000	
	Rs.	Rs.	Rs.	Rs.
Operating loss before charging interest on borrowings, Depreciation and Amortization of Deferred Revenue Expenditure		(1,39,50,773)		(77,58,775)
Add :				
Interest on borrowings	3,05,34,917		39,48,256	
Depreciation	1,35,29,376		1,49,82,353	
Amortization of Deferred Revenue expenditure	90,17,311		-----	
		5,30,81,604		1,89,30,609
Total Net Loss		(6,70,32,377)		(2,66,89,384)
Less :				
Investment Allowance Reserve no longer required	-----		20,00,000	
Prior years interest reversed	-----		31,78,773	
Deferred Tax asset as per AS22	2,46,17,511		-----	
		2,46,17,511		51,78,773
Total Loss Carried forward		(4,24,14,866)		(2,15,10,611)

In view of this, your Directors regret their inability to recommend any dividend.

2. CHANGE OF NAME OF THE COMPANY

As approved by the members at the Annual General Meeting held on 20th December, 2000, the name of the Company has been changed to THANJAVUR SPINNING MILL LIMITED from Thanjavur Textiles Limited and the same has been approved by the Registrar of Companies.

3. CHANGE IN THE REGISTERED OFFICE OF THE COMPANY

As approved by the members at the Annual General Meeting held on 20th December, 2000, the Registered Office of the Company has been shifted to "Rajapalayam Mills Premises", P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117 from No. 18, Fourth Avenue, Indira Nagar, Adyar, Chennai - 600 020.

THANJAVUR SPINNING MILL LIMITED

4. EXTENSION OF FINANCIAL YEAR

The Financial year of the Company is for a period of 18 months starting from 1st October, 2000 to 31st March, 2002, as approved by the Registrar of Companies vide their letter No. 4505 / PC.1 / EXT / 2001 dated 28.8.2001.

5. REVIEW OF OPERATIONS

5.1 After a long closure due to labour unrest, the Thanjavur Unit was reopened during the period under review and the production activities resumed from 1st October, 2000. The plant and machinery of the Open end unit from Tiruttani was also shifted to Thanjavur and the OE unit started production at Thanjavur from April, 2001.

During the period under review, your Company recorded a total production of 33,50,120 Kgs of Yarn and sold 32,92,148 Kgs of Yarn valued at Rs. 3448.28 lacs. The cotton yarn market was affected by the general recessionary conditions and the price of cotton yarn continued to fall month by month.

During the period under review, the price of cotton was abnormally high. Though your Company was able to utilise the installed capacity to an optimum level, the increase in cotton price could not be matched with the comparable sale price, due to the general recessionary trend prevalent in the Cotton Yarn industry. This coupled with the higher interest outgo, contributed to the erosion in the network.

Your Directors are confident of reviving the Company by taking the following measures :-

- (a) Reduction of cost at all levels
- (b) Improving the productivity and quality of the product
- (c) Procuring cotton at competitive prices
- (d) Improving price realisation by aiming for higher exports.

Since the commencement of the new cotton season, there has been an appreciable fall in the price of cotton. Taking advantage of this the Company is covering the requirements of cotton for six months at a most competitive price.

Various cost reduction measures in the areas of power consumption, Stores, Interest are underway. The Company continues to avail the support from M/s. Rajapalayam Mills Limited, in the areas of cotton purchase, machinery selection and purchase, fixing of productivity norms, export market development, as well as improvement in domestic realisation in terms of finished yarn.

The aforesaid measures are expected to result in higher productivity, effective cost control, higher realisation which would enable the company to make a turnaround in the coming years.

THANJAVUR SPINNING MILL LIMITED

5.2 Plant Upgradation and Productivity Improvement Measures :

With a view to improving the quality of yarn, rings and spindles with the State of the Art technology have been replaced in the existing ring frames. Further the following new machinery have been added to the mills.

- a) RSB Draw Frame
- b) LR Combers 3 Nos
- c) Sliverlap, Ribbonlap Machines
- d) Ring Doubling Machines
- e) Elgi Jacobi OHTC Units
- f) Waste collecting System
- g) Humicon Control System

The overall Capital Additions during the period under review, was for a value of Rs. 1,57,13,944.

It is also proposed to install 3 Nos. of Auto Cone Winders and 3 Nos. RSB Draw Frames with auto levellers. With this, the quality of the yarn is expected to reach high standards. It is proposed to market the yarn under the brand name of "Elegant" for which the company is in the process of applying for registration of the brand name. The mill has started to receive orders for merchant exports and orders for direct exports are also expected.

Further, it was found that 15 LR Ring frames comprising 6,432 Ring Spindles installed during the years 1980 to 1982 have outlived their useful life and the same needed to be replaced as the quality of the yarn produced in the said frames were not upto the Quality Standards required by the market.

Operating the said 15 Ring frames was also found to be uneconomical in the existing circumstances and hence, are to be condemned and replaced. As a result, currently the Company is operating with the reduced Spindleage of 24,192 Spindles. The Company is in the process of disposing of the said discarded Ring frames. In view of the various measures taken to improve the quality of the yarn produced, in the opinion of the Directors, operating at such a reduced Spindleage will not have an impact on the operations of the Company. Replacement of these Spindles will be taken up at the appropriate time.

In order to further improve the worker's productivity, a programme aimed at giving vigorous online training to the work force has been initiated.

5.3 Voluntary Retirement Scheme :

A fresh scheme of Voluntary Retirement has been offered to the workmen. So far 59 Workmen have opted for the said Scheme.

THANJAVUR SPINNING MILL LIMITED

5.4 Finance :

During the period under review, the company availed a Term Loan of Rs. 10 Crores and working Capital facility of Rs. 4 Crores from State Bank of India. The Term loan was utilised to settle the dues to IDBI Bank Limited, Indian Bank. However, the Term loan of Rs. 10 Crores was subsequently replaced by availing a Term loan from ICICI Limited, at lower rate of interest with the support of a Corporate Guarantee from M/s. Madras Cements Limited.

During the period under review, the Company repaid the Hire Purchase Loan of Rs. 1.07 Crores availed from M/s. India Cements Capital Finance Ltd., under One Time Settlement.

5.5 Reference To BIFR :

Consequent to the erosion in the networth, the Company has attracted the provisions of Section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985, which necessitates the Company to make a reference to the Board for Industrial and Financial Reconstruction.

6. DEPOSITS

There are no deposits which have become due or unclaimed as on 31st March, 2002. During the period under review, Deposits to the extent of Rs. 100.69 lacs were settled together with interest to the satisfaction of the deposit holders. Your Directors wish to thank the deposit holders for the trust and confidence reposed by them on the Company. The Company has not accepted any fresh deposits during the year.

7. DIRECTORS

The appointment of Dr. K.T. Krishnan as the Managing Director of the Company with effect from 10th November, 2000 was approved by the shareholders at the Annual General Meeting held on 20th December, 2000. He will continue to hold office for a period of 5 years from that date.

The Directors regret to inform that Sri. G. Karuppaiya Mooppanar, who resigned from the Board of the Company on 24th January, 2001 after serving four decades, expired on 30th August, 2001.

The Directors regret to inform that Sri. V.N. Swaminathan, who resigned from the Board of the Company on 29.10.2001 after serving three decades, expired on 4th April, 2002.

The Directors place on record the valuable services rendered by Shri G. Karuppaiya Mooppanar and Shri V.N. Swaminathan, during their association with the Company.