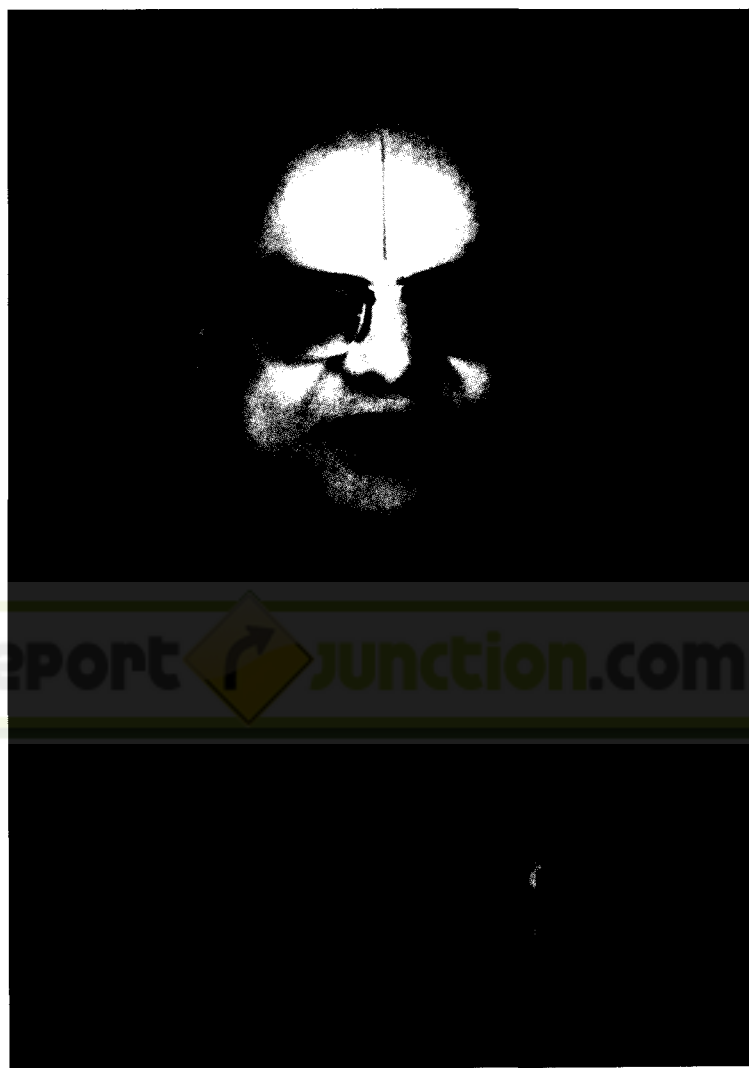


THANJAVUR SPINNING MILL LIMITED



FORTYFIRST ANNUAL REPORT AND ACCOUNTS 2002 - 2003



SHRI. K. TIRUVENGADA MUDALIAR
Founder

THANJAVUR SPINNING MILL LIMITED

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

PROXY FORM

FOLIO NO.

I/We _____

of _____ in the district of _____

being a member / members of the above mentioned Company do hereby appoint

_____ of _____

in the district of _____ or failing him _____

of _____ in the district of _____

as my / our proxy and to vote for me / us on my / our behalf at the Forty first Annual General Meeting of the Company to be held on Thursday, the 7th day of August, 2003 at 12.00 Noon and at any adjournment thereof.

Signed this _____ day of _____ 2003

Signature _____

Affix
1 Rupee
Revenue
Stamp

Note: 1. Any Member entitled to attend and vote at the Meeting is entitled to attend and either vote in person or by proxy and the proxy need not be a member of the company.

2. The form duly completed should be deposited at "Rajapalayam Mills Premises", P.A.C. Ramasamy Raja Salai, Rajapalayam – 626 117 before 12.00 Noon on the 5th August, 2003.

THANJAVUR SPINNING MILL LIMITED

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Rajapalayam – 626 117.

ATTENDANCE SLIP

Members are requested to bring their copy of the Annual Report along with them to the General Meeting.

Please complete this Attendance Slip and hand it over at the Entrance of the Hall. Only Members or their proxies are entitled to be present at the meeting.

Name and Address
of the Member

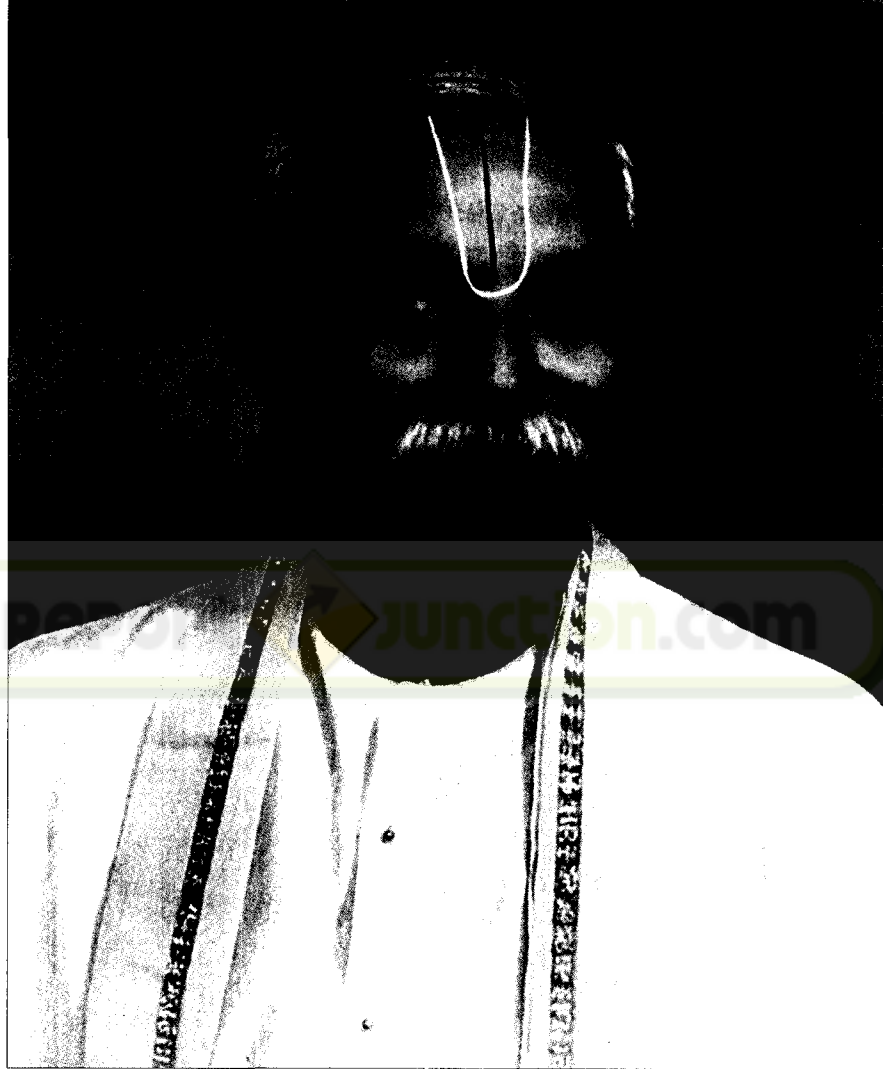
Folio No.



I hereby record my presence at the Fortyfirst Annual General Meeting held at P.A.C. Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalayam at 12.00 Noon on Thursday, the 7th August, 2003.

Signature of the Shareholder / Proxy

Strike out whichever is not applicable



SHRI P.A.C. RAMASAMY RAJA



THANJAVUR SPINNING MILL LIMITED THANJAVUR

Board of Directors	<p>Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc., Chairman Dr.K.T. KRISHNAN, M.D., Managing Director Shri S. ARJUNA RAJA Shri K.T. RAMACHANDRAN Shri P.R. VENKETRAMA RAJA Shri S. KRISHNASWAMY KAMAYA NAICKER Shri R. SIVASUBRAMANIAN</p>
Bankers	<p>State Bank of India</p>
Auditors	<p>Messrs N.A.Jayaraman & Co., Chartered Accountants, Chennai - 600 028.</p>
Registered Office	<p>"Rajapalayam Mills Premises," P.A.C. Ramasamy Raja Salai, RAJAPALAYAM - 626 117.</p>
Mills	<p>Vallam One Road Thanjavur - 613 005.</p>

THANJAVUR SPINNING MILL LIMITED

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

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Fortyfirst Annual General Meeting of the Company will be held on Thursday, the 7th August, 2003 at P.A.C. Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalayam at 12.00 Noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, Profit and Loss Account for the year ended 31st March, 2003, the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Shri K.T. Ramachandran, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri P.R. Venketrama Raja, 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.

The retiring Auditors M/s. N.A. Jayaraman & Co., Chartered Accountants, Chennai, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED that in supersession of the resolution passed at the Extra-ordinary General Meeting of the Company held on 29th September, 2000 and pursuant to Section 293 (1) (d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the company for borrowing from time to time any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the maximum amount of moneys so borrowed by the Board, shall not at any time exceed Rs.60 Crores (Rupees Sixty Crores).

NOTES:

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of item No.5 of the Notice is annexed hereto;
 2. 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.
 3. 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.
 4. The Register of Members and Share Transfer books of the Company will remain closed from Friday, the 1st August, 2003 to Thursday, the 7th August, 2003 (both days inclusive)
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THANJAVUR SPINNING MILL LIMITED

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 K.T. RAMACHANDRAN:

Shri K.T. Ramachandran, aged 65 years, holds a Bachelor's degree in Civil Engineering from University of Madras. Shri K.T. Ramachandran, one of the Promoter Directors of the Company, had served as the Managing Director of the Company for two decades. He has been on the Board of Thanjavur Spinning Mill Limited since June, 1961. He continues to render his valuable services in the successful functioning of the Company. He is a Director of M/s. Ramco Industries Limited.

2. SHRI P.R. VENKETRAMA RAJA:

Shri P.R. Venketrama Raja, aged 44 years, is a B.Tech and MBA in Corporate Strategy from Michigan, USA. He is Vice Chairman and Managing Director of M/s. Ramco Industries Limited and M/s. Ramco Systems Limited. He continues to render his valuable services in the successful functioning of the Company. He has been on the Board of Thanjavur Spinning Mill Limited since September, 2000 and is a Director on the Board of the following Companies :-

- i) M/s. Rajapalayam Mills Ltd.
- ii) M/s. Madras Cements Ltd.
- iii) M/s. The Ramaraju Surgical Cotton Mills Ltd.
- iv) M/s. Sri Vishnu Shankar Mill Ltd.
- v) M/s. Sandhya Spinning Mill Ltd.
- vi) M/s. Sri Ramco (Lanka) Pvt Ltd.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No.5

Under Section 293 (1) (d) of the Companies Act, 1956 the Board of Directors cannot, except with the consent of the members in General Meeting, borrow moneys (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid up capital and free reserves of the Company, that is to say reserves not set apart for specific purpose.

The members of the Company at the Extra Ordinary General Meeting held on 29th September, 2000 passed an ordinary resolution under the aforesaid section empowering the Board of Directors of the Company to borrow upto Rs.25 Crores. Further borrowings are required to finance the revival scheme envisaged by the Company. As the existing limits sanctioned by the shareholders is considered inadequate, enhancement in the borrowing limit is sought to raise the same to Rs.60 Crores in excess of the paid up capital and free reserves.

Your Directors recommend the resolution for your approval.

None of the Directors is interested in this resolution.

Rajapalayam,
16.06.2003.

On behalf of the Board,
For THANJAVUR SPINNING MILL LIMITED,
P.R. RAMASUBRAHMANEYA RAJHA,
Chairman.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors wish to present the Forty first Annual Report and Audited Accounts for the year ended 31st March, 2003.

1. FINANCIAL RESULTS	For the year ended 31st March, 2003		For the 18 months period ended 31st March, 2002	
	Rs.	Rs.	Rs.	Rs.
Operating Profit/(Loss) before charging interest on borrowings, Depreciation and Amortization of Deferred Revenue Expenditure		2,86,28,414		(1,39,50,773)
<u>Less:</u>				
Interest on borrowings	2,06,34,563		3,05,34,917	
Depreciation	56,87,817		1,35,29,376	
Amortization of Deferred Revenue Expenditure	79,55,676	3,42,78,056	90,17,311	5,30,81,604
Total Net Loss		(56,49,642)		(6,70,32,377)
<u>Add:</u>				
Deferred Tax asset as per AS 22		3,03,571		2,46,17,511
Total Loss Carried forward		(53,46,071)		(4,24,14,866)

2. REVIEW OF OPERATIONS:

Production :

During the year under review, your Company recorded a total production of 26,16,131 kgs of yarn as against 26,16,561 kgs of yarn produced during the 12 months period April, 2001 to March, 2002 of the previous year.

Sales :

During the year your company recorded a total sale value of Rs.2529.92 Lacs of yarn comprising of the following.

(a) Domestic Sales :

The sale in the domestic market was Rs.1957.77 Lacs as against Rs.2644.69 Lacs during the comparative period of 12 months from April, 2001 to March, 2002 of the previous year. Since the yarn price in the domestic market was sluggish, your Company concentrated more in the export market.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT (Contd.)

(b) Exports :

Your company resumed its export operations since May, 2002 and during the year under review recorded total export of Rs.572.15 Lacs. The exports comprised exports through Merchant exporters, and supplies to EOUs, under Deemed Exports. For the year 2003-04, your company is planning to increase the export performance and it is targeted that nearly 75% of the total sales will be accounted for by exports. Orders are being canvassed for making direct exports besides increasing the quantity of yarn sold through merchant exporters and deemed exports to fulfill the target.

Cotton :

The cotton prices during the current year were prevailing at lower level than the prices during the same period of the previous year. However, the yarn prices did not show much improvement.

Plant upgradation :

During the year under review the following imported machines have been added to the mills:

i)	RSB Draw Frame	-	3 Nos.
ii)	Auto Cone Winders	-	3 Nos.
iii)	TFO Winders	-	5 Nos.

Besides your company has spent an amount of Rs.24.85 Lacs in replacing the worn-out spindles, rings etc. to improve our productivity.

Finance:

During the year, the company sold 67 plots of land previously earmarked for workers colony for a consideration of Rs.83.05 Lacs at market price to the general public. The proceeds from the sale of these lands have improved the liquidity position of the company.

During the year under review, the company availed an inter-corporate loan of Rs.500 Lacs from M/s. Rajapalayam Mills Ltd. in various stages. As a result of this, the company was able to keep the incidence of working capital cost under control.

During the year under review the Term Loan of Rs.10 Crores availed from M/s.ICICI Bank Ltd. has been replaced by a Term Loan of Rs.10 Crores from M/s.Citibank at a lower rate of interest and with convenient facility of one time payment at the end of 3 year period with the support of a Corporate Guarantee from M/s. Madras Cements Ltd. for Rs.10 Crores and from M/s.Rajapalayam Mills Ltd. for Rs.1.20 Crores. This will reduce the interest cost of the company besides improving the liquidity position. Your Directors wish to thank M/s. Madras Cements Ltd. and M/s.Rajapalayam Mills Ltd. for the assistance extended to the Company by them.