

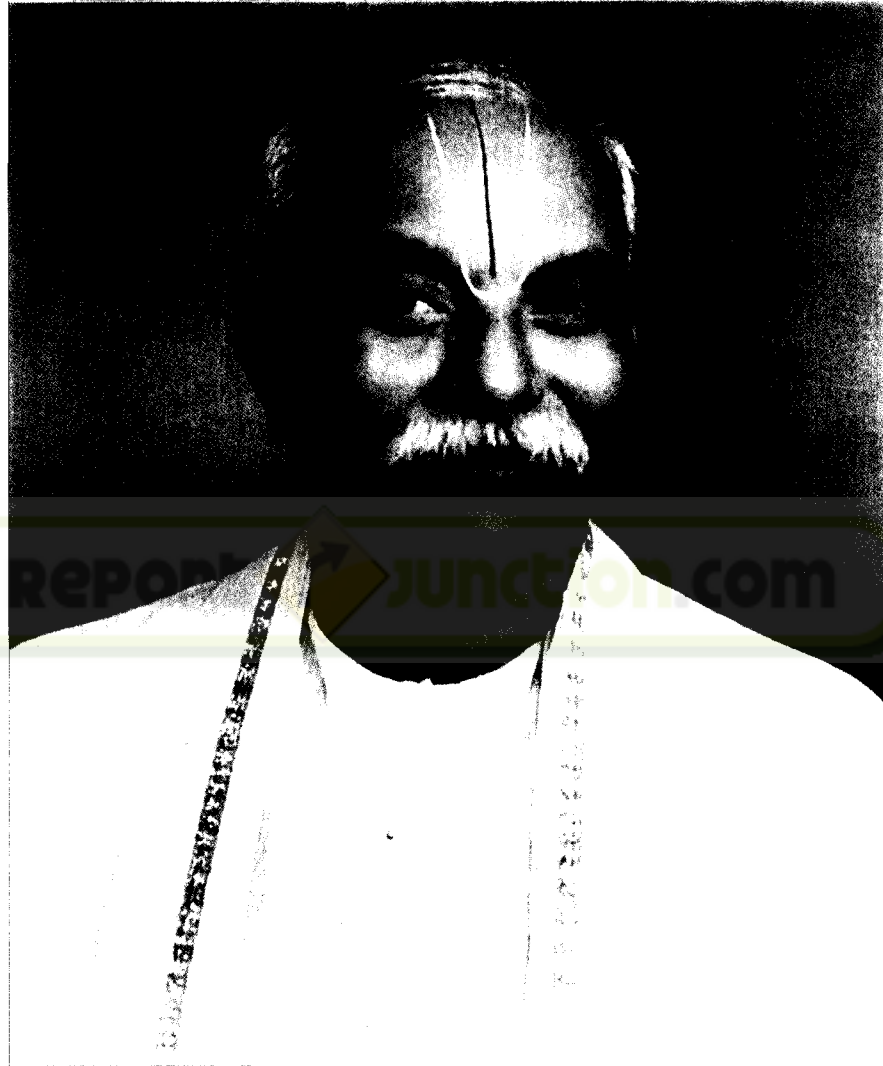
# THANJAVUR SPINNING MILL LIMITED



## FORTYSECOND ANNUAL REPORT AND ACCOUNTS 2003 - 2004



SHRI. K. TIRUVENGADA MUDALIAR  
*Founder*



SHRI F. C. RAMASAMY B.A.



**THANJAVUR SPINNING MILL LIMITED**  
**THANJAVUR**

**Board of Directors :** 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

**Bankers** State Bank of India

**Auditors** Messrs N.A. Jayaraman & Co.,  
Chartered Accountants,  
Chennai - 600 028.

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

**Mills** Vallam One Road,  
Thanjavur - 613 005.

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*Registered Office:*

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

### **NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Forty-second Annual General Meeting of the Company will be held on Thursday, the 5th August, 2004 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, 2004, the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Shri P.R. Ramasubrahmaneya Rajha who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri S. Krishnaswamy Kamaya Naicker, 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.

#### **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 from 1st August, 2004 to 5th August, 2004 (both days inclusive).

### **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 P.R. RAMASUBRAHMANEYA RAJHA :**

Shri P.R. Ramasubrahmaneya Rajha, aged 68 years, is a leading Industrialist, heading the Rs.1500 Crore Ramco Group, which has interests spanning in the business of Cement, Fibre

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Cement products, Software, Cotton Yarn and Bio-technology. Under the leadership of Shri P.R. Ramasubrahmaneya Rajha, the Ramco Group has increased its turnover ten fold to become one of India's most respected industrial groups, achieving International recognition for its quality products and services.

Shri P.R. Ramasubrahmaneya Rajha has been on the Board of Thanjavur Spinning Mill Limited since inception and is a Director on the Board of the following Companies :-

1. Madras Cements Limited
2. Ramco Industries Limited
3. The Ramaraju Surgical Cotton Mills Limited
4. Rajapalayam Mills Limited
5. Ramco Systems Limited
6. Sri Vishnu Shankar Mill Limited
7. Madras Chipboard Limited
8. Sandhya Spinning Mill Limited
9. Sudharsanam Investments Limited
10. Ramco Systems Corporation - USA
11. Sri Ramco Lanka (Private) Limited, Sri Lanka
12. Sri Sandhya Farms (India) Private Limited
13. Ramamandiram Agricultural Estate Private Limited
14. Nalina Agricultural Farms Private Limited
15. Sri Saradha Deepa Farms Private Limited
16. Sudharshan Travel Services Private Limited
17. RCDC Securities and Investments Private Limited

Shri P.R. Ramasubrahmaneya Rajha is the father of Shri P.R. Venketrama Raja, Director.

### 2. Shri S. KRISHNASWAMY KAMAYA NAICKER :

Shri S. Krishnaswamy Kamaya Naicker aged 61 years, has been a Director of Thanjavur Spinning Mill Limited for over 4 decades.

Shri S. Krishnaswamy Kamaya Naicker has been rendering his valuable services / counsel to the company.

Shri S. Krishnaswamy Kamaya Naicker is also a Director in Bodinayakanur Silk Cotton Growers Marketing Combine Pvt. Ltd.,

None of the Directors is interested in this resolution.

Rajapalayam,  
18.06.2004

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

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### DIRECTORS' REPORT TO THE MEMBERS

Your Directors wish to present the Forty second Annual Report and Audited Accounts for the year ended 31st March, 2004.

#### **1. FINANCIAL RESULTS :**

The financial results for the year ended 31st March 2004 after charging all expenses but before deducting interest and providing depreciation has resulted in operating profit of Rs.7,42,72,076/-

After deducting Rs.2,11,78,736/- towards Interest cost and providing Rs. 80,18,064/- towards Depreciation and Rs.49,09,843/- towards Amortization of Deferred Revenue Expenditure, the Net Profit for the year is Rs.4,01,65,433/- The Profit has arisen due to the recognition of an Extra Ordinary Profit amounting to Rs.5,49,09,590/- from the Sale of Land in excess of operational requirements and obsolete machinery during the year under review.

#### **Taxation :**

In view of the Accumulated Losses of the previous years there is no Liability towards Taxation as per Income Tax Act. Minimum Alternate Tax also does not apply to the Company in view of the amount withdrawn from General Reserve and Depreciation brought forward during the year 2000-2002.

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#### **2. REVIEW OF OPERATIONS :**

##### **Production :**

During the year under review, your Company recorded a higher production of 27,21,064 kgs of yarn as against 26,16,131 kgs of yarn produced during the previous year.

##### **Sales :**

During the year your company recorded a total sale value of Rs. 3005.79 Lacs of yarn comprising of the following:

##### **(a) Domestic Sales :**

The sale in the domestic market was Rs.2388.34 Lacs as against Rs.1957.77 Lacs during the previous year.

##### **(b) Exports :**

The Company recorded a total export of Rs.617.45 Lacs as against Rs.572.15 Lacs during the previous year. The exports comprised of Direct Exports and exports through Merchant exporters, and supplies to EOUs, under Deemed Exports.

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**DIRECTORS' REPORT (Contd.)****Cotton :**

The raw material cost prevailed at higher levels during the year. Though your Company was able to utilize the installed capacity to an optimum level, the increase in cotton price could not be matched with a comparable sale price.

**WINDMILL :**

To reduce the power cost, your Directors have installed 2 Nos. 1250 KW Suzlon make Wind Turbine Generators at a project cost of about Rs.980 Lacs. Orders have been placed for installing a 3rd Wind Generator of 1250 KW and this is expected to be commissioned in the 2nd quarter of the current year. This will result in substantial savings in Power Cost for the Company. In order to finance the Wind Mill acquisitions your company has availed Short Term loans. Your Directors have approached various Banks for loans under Technology Upgradation Fund in order to repay the Short Term loans.

Besides your company has spent an amount of Rs.14.59 Lacs in replacing the worn-out spindles to improve the productivity.

**Finance :**

During the year, the company sold about 20 Acres of land at Thanjavur. The proceeds from the sale of these lands have improved the liquidity position of the company.

**Voluntary Retirement Scheme :**

During the year under review, 38 workers have opted for retirement under the Voluntary Retirement Scheme and the company paid Rs.18.02 Lacs towards retirement benefits.

**Outlook for the year 2004-05 :**

The Cotton prices during the current year continue to prevail at higher levels despite good yields during the last cotton season due to export of cotton. The Domestic as well as the International yarn markets are improving after a long spell of sluggishness. In order to reduce the dependence on the Domestic market, your Directors are taking steps to increase the export performance of the company and orders are being canvassed for increasing the direct exports as well as through merchant exports and deemed exports.

With the reduction in power cost due to the installation of Wind Generators and other cost cutting measures undertaken, your Directors are confident that the current year will show improved performance.



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**DIRECTORS' REPORT (Contd.)****Reference to BIFR :**

Consequent to the erosion in the networth, the Company has filed the reference under Section 15 of the SICA Act, 1985 before the Honourable Board for Industrial and Financial Reconstruction, New Delhi.

**3. DEPOSIT :**

During the year, the company has not accepted any fixed deposit. The total amount of Fixed Deposits outstanding as on 31st March 2004 was Nil.

**4. DIRECTORS :**

In accordance with Article 102 of the Articles of Association of the Company, Shri P.R.Ramasubrahmaneya Rajha and Shri S. Krishnaswamy Kamaya Naicker, Directors, retire by rotation at the ensuing Annual General Meeting. They being eligible, offer themselves for re-appointment.

**5. AUDITORS :**

M/s. N.A. Jayaraman & Co., Chartered Accountants, Chennai, Auditors of the Company retire and are eligible for re-appointment.

**6. PARTICULARS OF EMPLOYEES :**

Particulars of employees required to be furnished under Section 217 (2A) of the Companies Act, 1956, is not applicable to the Company.

**7. CONSERVATION OF ENERGY :**

Particulars required under Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are appended.

**8. LISTING :**

The Company's shares are listed on Madras Stock Exchange Limited, and the Annual Listing fee has been paid for the year 2004-05.

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**DIRECTORS' REPORT (Contd.)****9. DIRECTORS' RESPONSIBILITY STATEMENT :**

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors would like to state that :-

- i) in the preparation of Annual Accounts for the year ended 31st March 2004, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 ended 31st March 2004, and of the profit or loss of the Company for that period.
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The Directors had prepared the annual accounts on a going concern basis.

**10. ACKNOWLEDGEMENT :**

Your Directors express their appreciation for the co-operation and assistance extended to the Company by Bankers and Financial Institutions.

The Directors wish to thank the Company's valued customers, members for their continued support and confidence.

The Directors also express their thanks for the co-operation and assistance extended to the Company by the Employees.

RAJAPALAYAM,  
18.06.2004

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