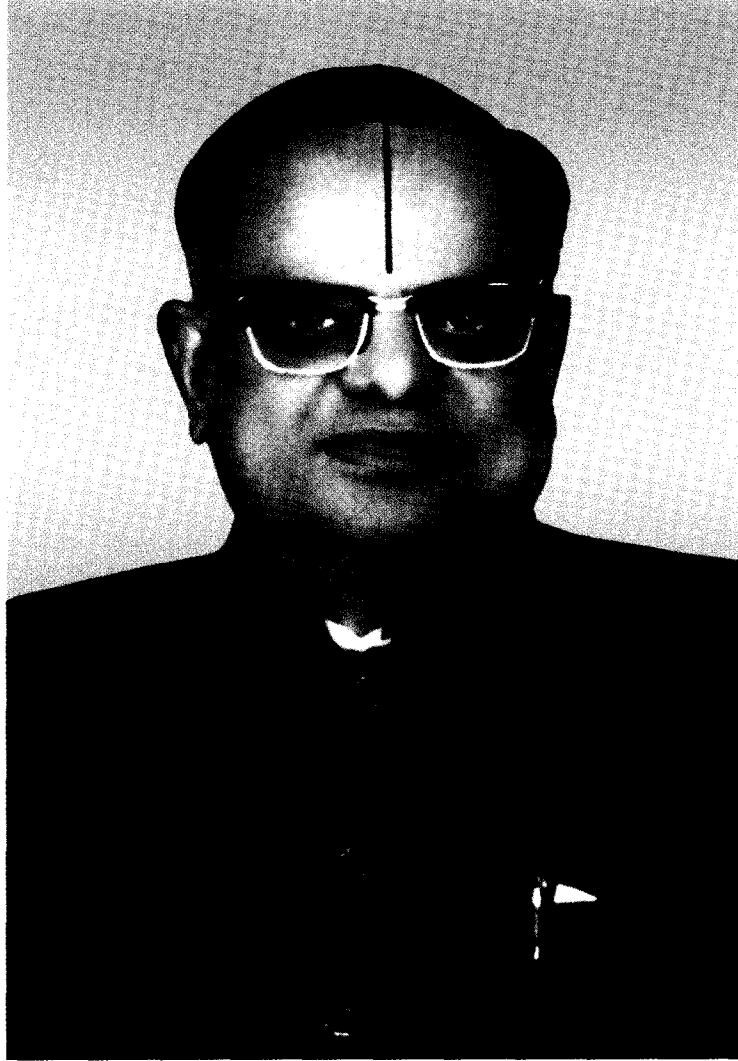


THANJAVUR SPINNING MILL LIMITED



FIFTY FIRST ANNUAL REPORT AND ACCOUNTS

2012 - 2013



SHRI. K. TIRUVENGADA MUDALIAR
Founder



SHRI P.A.C. RAMASAMY RAJA



THANJAVUR SPINNING MILL LIMITED

BOARD OF DIRECTORS :

Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.
Chairman

Dr. K.T. KRISHNAN, M.D., Managing Director

Shri K.T. RAMACHANDRAN

Shri P.R. VENKETRAMA RAJA

Shri S. KRISHNASWAMY KAMAYA NAICKER

Shri R. SIVASUBRAMANIAN

Shri R.T. IYENGAR

BANKERS

AXIS BANK LTD.

CANARA BANK

INDIAN BANK

KARUR VYSYA BANK LTD.

TAMILNAD MERCANTILE BANK LTD.

REGISTERED OFFICE :

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

Web Site :
www.thanjavurspinningmill.co.in

MILLS :

Vallam One Road,
Thanjavur - 613 005.

AUDITORS :

M/s. N.A. JAYARAMAN & CO.,
Chartered Accountants,
9, Cedar Wood, No. 11, 4th Main Road,
Raja Annamalaipuram,
Chennai - 600 028.

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THANJAVUR SPINNING MILL LIMITED

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 51st Annual General Meeting of the Company will be held at 11.30 A.M on Thursday, the 1st August, 2013 at P.A.C. Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalayam – 626 108, Tamil Nadu to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Profit and Loss for the year ended 31st March, 2013, and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. a) To appoint a Director in the place of Shri. K.T. Ramachandran, who retires by rotation and is eligible for re-appointment.
b) To appoint a Director in the place of Shri. S. Krishnaswamy Kamaya Naicker, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that Shri R. Palaniappan, Prop. M/s. N.A. Jayaraman & Co., Chartered Accountants, Chennai be and are hereby appointed as Auditor of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting on remuneration of Rs. 75,000/- (Rupees Seventy Five Thousand only) exclusive of out-of pocket expenses.”

By order of the Board,
For THANJAVUR SPINNING MILL LIMITED.,

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN

RAJAPALAYAM,
27-05-2013.

NOTE :

1. Every member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself. Such 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 Member and Share Transfer Register of the Company will be closed from 27.07.2013 to 01.08.2013 (both days inclusive).
4. Under the provisions of Section 205C of the Companies Act, 1956 dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. Hence, the members who have not claimed their dividend relating to the year 2006-2007 and 2007-2008 may write to the Company for claiming the amount before it is so transferred to the fund. The details of due dates for transfer of such unclaimed dividend to the said fund are:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31.03.2007	25.07.2007	24.07.2014	22.08.2014
31.03.2008	06.08.2008	05.08.2015	03.09.2015

By order of the Board,
For THANJAVUR SPINNING MILL LIMITED.,

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN

RAJAPALAYAM,
27-05-2013.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

To the Members

Your Directors wish to present the 51st Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2013 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit of Rs. 2,150.81 Lakhs as against operating loss of Rs.0.45 Lakhs for the previous year ended 31st March,2012.

After deducting Rs. 1,610.16 Lakhs towards finance cost, providing Rs.709.60 Lakhs towards Depreciation, the loss for the year is Rs. 168.95 Lakhs. After taking into account Rs. 51 Lakhs towards Deferred Tax Asset, the Net Loss for the year is Rs 117.95 Lakhs (Previous Year: Net Loss of Rs.1,589.74 Lakhs).

DIVIDEND

In view of loss incurred by the Company, your Directors are unable to recommend any dividend for the current year.

TAXATION

The Company is not liable to pay income tax under both regular method and Minimum Alternate Tax. An amount of Rs.51 Lakhs towards Deferred Tax Assets is considered, which is in accordance with the Accounting Standards.

TRADE CONDITIONS

After a long spell of sluggishness, there was a sign of revival witnessed in Textile Industry. The cotton and yarn prices prevailed at a reasonable level. The installed capacity with most modern and automatic machines has been utilized fully to make use of the improved demand situation. Better yarn realization coupled with higher capacity utilization have contributed for overall improved financial performance of the Company.

The severe power cut in Tamilnadu is still continuing. Timely decision taken by your Directors to install Windmills in previous years and purchase of power from Third Party have helped the Company to tide over the power crisis to a greater extent. Still to meet the power short fall, we have to use Diesel Generator sets resulting in higher costs. The hike in electricity tariff rate by 30% by Government of Tamilnadu and also hike in Wheeling and other charges imposed on Wind Mills have pushed up the cost of power very steeply.

Inspite of spiraling wage cost, cost of power and logistics cost, the strategic decisions taken by the Company for installation of Wind Mills, implementation of various cost reduction measures and production of flexible/value added count pattern have helped the Company to achieve improved results in the current market scenario.

EXPORTS

On the export front during the year, we have made export of Cotton Yarn including merchant export for a value of Rs. 2,066.16 Lakhs as against Rs. 3,544.36 Lakhs of the previous year.

PROSPECTS FOR THE CURRENT YEAR

The high volatility in cotton prices during the current cotton season 2012-13 is creating uncertainties for Spinning Mills. The cotton prices are currently ruling high at uneconomical levels. There is no sustained demand for yarn both in domestic and global markets to absorb the increased cotton cost. The power cut imposed in Tamilnadu and increase in power tariff are severely affecting the operations of the Company.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

The Company is maintaining high standards of yarn quality, cost effective production and stringent waste control measures. The Company is focusing on more automation with a view to utilize the skilled manpower more efficiently and also focusing on value added yarn. These measures have strengthened the Company to face the challenges in the current scenario. Your Directors are hopeful of achieving satisfactory results for the current year with the implementation of above steps.

WIND MILL

The Wind Mill Division with an installed capacity of 9 MW is working satisfactorily. There was good wind velocity during the year compared to previous year, which resulted in higher generation of power. This year our wind farm have generated 196 Lakhs Kwh as compared to 154 Lakhs Kwh of the previous year because of favourable wind season. The income during the year from the Wind Mill Division was Rs. 11.30 Crores as against Rs.6.45 Crores of previous year. All the power generated from our wind farm were consumed captively.

PERSONNEL

Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment. The scarcity of skilled labour and heavy absenteeism in labour attendance are causing loss of production. We are striving our best to retain them by implementing attractive incentive schemes to labourers to achieve better attendance.

None of the employee is receiving remuneration more than Rs. 5,00,000/- per month. Hence, disclosure under section 217(2A) of the Companies Act, 1956, is not applicable.

INTERNAL CONTROL SYSTEM

Your Company has adequate internal control systems commensurate with the size and nature of its operations. ERP System developed by Ramco Systems Ltd., has been installed for online monitoring of all functions and management information reports are being used to have better control and to take decisions in time.

DIRECTORS

The following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Shri K.T. Ramachandran
2. Shri S.Krishnaswamy Kamaya Naicker

PUBLIC DEPOSITS

During the year, the Company has not accepted any fixed deposit. The total deposits from the public outstanding with the Company as on 31st March, 2013 was Nil.

SHARES

The Company's shares are listed in Madras Stock Exchange Limited. The Company had paid listing fees to the Stock Exchange for the financial year 2013-14.

The Company's shares are available for dematerialization both in NSDL & CDSL (Company's ISIN No. INE715M01010). The Company has already appointed M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club house Road, Chennai- 600002 as Registrar of the Company for the Depository Services relating to both NSDL & CDSL and also for the Share Transfer Registry Services in respect of shares held in physical form.

In view of the advantages offered by the Depository System, the Members are requested to avail the facility of dematerialization of the shares held by them.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

STATUS OF REFERENCE TO THE BIFR:

Consequent to the erosion of networth, the Company has filed the reference under Section 15 of the Sick Industrial Companies(Special Provisions) Act, 1985 before the Honourable Board for Industrial and Financial Reconstruction (BIFR), New Delhi.

AUDITORS

Mr. R. Palaniappan, Proprietor of M/s. N.A.Jayaraman & Co., Chartered Accountants, Chennai, Auditor of the Company retire at the end of the 51st Annual General Meeting and are eligible for re-appointment.

COST AUDITORS

As per Central Government's direction, cost audit will be done every year. The Board of Directors have appointed M/s. RKMS Associates, Cost Accountants, Madurai as cost auditor for the year ended 31-03-2013 on a remuneration of Rs. 35,000/- exclusive of out-of-pocket expenses.

The due date of filing the cost audit report for the year ended 31st March, 2012, was extended upto 31st January 2013, and the actual date of filing the cost audit report was 1st January, 2013.

CONSERVATION OF ENERGY, ETC.,

The Company continues to take keen interest in conservation of energy and the information required under Section 217(1) (e) of the Companies Act, 1956 read with the relevant Rules, with regard to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure I to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors Confirm that -

- i) In the preparation of Annual Accounts for the year ended 31st March, 2013, the applicable accounting standards had been followed;
- ii) The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made 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 loss of the Company for that period.
- iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts were prepared on a going concern basis.
- v) Secretarial Compliance Certificate issued by a practicing Company Secretary u/s. 383 A of the Companies Act, 1956 is given in Annexure II to this report.

ACKNOWLEDGEMENT

The Directors are grateful to the various Departments and agencies of the Central and State Governments for their help and co-operation. They are thankful to the Financial Institutions and Banks for their continued help, assistance and guidance. The Directors wish to place on record their appreciation of employees at all levels for their commitment and their contribution.

On behalf of the Board of Directors,
For THANJAVUR SPINNING MILL LIMITED.,

RAJAPALAYAM,
27-05-2013.

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN

THANJAVUR SPINNING MILL LIMITED

ANNEXURE I TO DIRECTORS' REPORT

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

- | | | |
|---|---|---|
| (a) Energy conservation measures taken | : | The Company is continuously making efforts to conserve energy. |
| (b) Additional investments 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. | : | Energy saving devices have already been installed and energy consumption is constantly monitored. |
| (d) Total energy consumption per unit of production of good | : | |
| | : | Particulars given in Form A |

B. TECHNOLOGY ABSORPTION:

- | | | |
|---|---|-----------------------------|
| (e) Efforts made in Technology Absorption | : | Particulars given in Form B |
|---|---|-----------------------------|

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | | |
|---|---|--|
| (f) (i) Activities relating to exports | : | The Company has made direct exports for a value of about Rs. 0.83 Crores (FOB value) besides merchant exports for a value of Rs.19.82 Crores during the year under review. |
| (ii) Initiatives taken to increase exports | : | The Company has taken steps to increase the yarn exports during the current year. |
| (iii) Development of new export markets for products and services | : | The possibilities of exporting yarn to other Asian countries, Western Countries including EEC countries are being explored. |
| (iv) Export Plans | : | |
| (g) (i) Total foreign exchange outgo (including Capital Goods) | : | Rs. 3.60 Crores |
| (ii) Total foreign exchange earned (in FOB Value) | : | Rs. 0.83 Crores |

THANJAVUR SPINNING MILL LIMITED

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION:

1. Electricity		2012-13	2011-12
(a) Purchased from Electricity Boards			
Unit	Lakhs KWH	206.85	205.16
Total amount	Rs. In Lakhs	1,333.65	977.02
Rate / Unit	Rs.	6.45	4.76
(b) Own Generation			
i) Through diesel generator Units	Lakhs KWH	5.76	2.26
Unit per Litre of Diesel Oil	KWH	3.41	3.30
Diesel Cost per unit	Rs.	11.80	11.16
ii) Wind Energy	Lakhs KWH	195.51	154.00
(c) Purchased from Third Party			
Units	Lakhs KWH	50.85	22.26
Total amount	Rs. In Lakhs	360.70	160.62
Rate / Unit	Rs.	7.09	7.22
2. DIESEL OIL			
Quantity	Lakhs Ltrs	1.69	0.68
Total Cost	Rs. In Lakhs	67.99	25.18
Average Cost per Litre	Rs.	40.22	36.84

B. CONSUMPTION PER UNIT OF PRODUCTION:

Product : Cotton Yarn		
Unit : Kgs. (40s Converted)	48,49,460	39,58,888
Electricity unit / Kg.	5.43	5.80
(Based on 40s converted production)		

NOTE:

- 1 No standard rate of consumption can be given as several factors enter into the picture.
2. As the Company is producing various counts separate details for each count are not given.