



The Ahmedabad Advance Mills Limited
Tenth Annual Report 1998 - 99

THE AHMEDABAD ADVANCE MILLS LIMITED

TENTH ANNUAL REPORT 1998-99

THE AHMEDABAD ADVANCE MILLS LIMITED

Board of Directors :

**PRADEEP AGARWAL
S. D. VYAS
V. S. DIDWANIA**

Bankers :

STATE BANK OF INDIA

Auditors :

A. F. FERGUSON & CO.
Chartered Accountants

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Registered Office :

F. P. No. 105,
Shahibaug Road,
Ahmedabad 380 004.

**Head Office and International
Marketing Division :**

67, Bajaj Bhavan,
Nariman Point,
Mumbai - 400 021.

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NOTICE

NOTICE is hereby given that Tenth Annual General Meeting of the Members of THE AHMEDABAD ADVANCE MILLS LIMITED will be held on Wednesday, the 29th September, 1999 at 11.00 a.m. at Ahmedabad Textiles Mills Association Hall, Navarangpura, Ahmedabad - 380009 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the report of the Board of Directors and Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date and Auditors' Report thereon.
2. To appoint a Director in place of Mr. V. S. Didwania who retires and offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting and to fix their remuneration.

For and on behalf of the Board

Report Junction.com

Place : Mumbai

Sd/-

Date : 23rd August, 1999

PRADEEP AGARWAL

Director

Note :

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. Proxies in order to be effective must be received by the Company not less than 48 hours before commencement of the meeting.
2. The Register of Members and Share Transfer Book of the Company will remain closed from 25-09-99 to 29-09-99 (Both days inclusive).
3. Any member requiring further information on accounts at the meeting is requested to send his queries in writing so as to reach at the registered office of the Company atleast 10days before the meeting.
4. The members are requested to notify change of their address and query relating to share transfer/transmission, if any, to the Company at following address :
67, Bajaj Bhavan,
Nariman Point,
Mumbai - 400 021.

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DIRECTORS' REPORT

To
The Members,

Your Directors present herewith their Tenth Annual Report and Audited Financial Statements of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

| For the year ended | (Rs. in Lacs) | |
|------------------------------|----------------|----------------|
| | 31-03-99 | 31-03-98 |
| Loss before Interest, | | |
| Depreciation and Taxation | 27.92 | 296.81 |
| Interest Paid | 219.78 | 38.63 |
| Depreciation | 74.43 | 74.64 |
| Provision for taxation | — | — |
| Loss after tax | 322.13 | 410.08 |
| Add:P & L Dr. (Cr.) Bal. B/f | <u>3099.68</u> | <u>2689.60</u> |
| | 3421.81 | 3099.68 |
| Appropriations : | — | — |
| Balance C/f to Balance Sheet | 3421.81 | 3099.68 |

DIVIDEND

The working results of the Company does not permit Directors to recommend any dividend for the year under review.

REVIEW OF OPERATIONS

As you are aware that Company has been declared Sick Industrial Company within the meaning of Section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 by BIFR. State Bank of India, who is operating Agency have submitted their viability report to BIFR.

After repeal of Urban Land Ceiling Act by Central Government and subsequent adoption by Gujarat State Government, Hon'ble Gujarat High Court abated all orders passed under Urban Land Ceiling Act and also vacated stay on development of land stayed by Government of Gujarat vide their order dated 28-03-95. Moreover, T. L. A. representative workers' union have also agreed for compensation as per agreement/industrial court award dated 12-02-97. All other concerned parties and statutory creditors are favourable to Company's proposal. Management is confident of getting matter resolved on all fronts and it is most likely that Company will resume its operations as directed by BIFR and by disposal of surplus assets Company will be able to clear their liabilities.

AUDITORS

Your Company's Auditors M/s. A. F. Ferguson & Company, Mumbai retire and are eligible for reappointment. The members are requested to appoint Auditors and authorise the Board of Directors to fix their remuneration.

AUDITOR'S OBSERVATIONS

The observations of Auditors are replied in the notes attached to the Annual Accounts and are self-explanatory.

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DIRECTORS

Mr. V. S. Didwania retire by rotation and offered himself for reappointment. Your Directors recommend his reappointment as Director.

PARTICULARS OF EMPLOYEES

The report under Section 217 (2A) is not applicable as there were no employees who were in receipt of remuneration of Rs. 3,00,000/- per annum or Rs. 25,000/- per month if employed for the part of the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO.

The provisions of Section 217(1) (e) regarding information on conservation of energy, technology absorption is presently not applicable to the Company. There is no foreign exchange earning or outgo during the year under consideration.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation of continuous support received by the Company from the Government of Gujarat, other semi-Government authorities, Bankers, Employees and Shareholders of the Company.

For and on behalf of the Board

Place : Mumbai
Date : 23rd August, 1999

Sd/-
Pradeep Agarwal
Chairman

AUDITORS' REPORT TO THE MEMBERS OF THE AHMEDABAD ADVANCE MILLS LIMITED

We have audited the attached Balance Sheet of The Ahmedabad Advance Mills Limited as at March 31, 1999 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and report that:

- I. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

- II. Further to our comments in the annexure referred to in paragraph I above:
 - a) the accounts have been prepared on a going concern basis even though the Company is a Sick Company as per Section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985, the operations at Ahmedabad have been suspended from 13th March, 1995 and there are significant uncertainties with respect to the resumption of operations (as indicated in Note 1A).
 - b) the physical stocks as on 31st March, 1999 were not counted and also the book stocks have been valued at expected market rates. Effect of not valuing the stock as per the Company's accounting policy has not been ascertained and provision has not been made for loss, if any (as indicated in Note 3).
 - c) provision for doubtful debts of Rs. 27,09,558 and advances of Rs. 38,89,662 has not been made (as indicated in Note 4).
 - d) provision for interest of Rs. 2,96,10,774 has not been made as the Company is negotiating for a waiver of interest (as indicated in Note 8); this is not in accordance with Accounting Standard (AS)4 Contingencies and Events Occurring after the Balance Sheet date.
 - e) as a consequence of the suspension of operations we were unable to carry out adequate procedures to ensure completeness and accuracy of provision for liabilities including those required to be provided by AS(15) Accounting for Retirement Benefits.
 - f) the Company has not deposited certain statutory dues amounting to Rs.3,36,199/- with the appropriate authorities (as indicated in Note 7).
 - g) the Company has not deposited certain statutory dues amounting to Rs.13,36,199/- with the appropriate authorities (as indicated in Note 6).
 - h) as the Company has no information about the outstandings to any Small Scale Industrial unit, the details of such outstandings are not given. (as indicated in Note 7).