



Thirteenth Annual Report

2001 - 2002



The Ahmedabad Advance Mills Limited

THE AHMEDABAD ADVANCE MILLS LIMITED THIRTEENTH ANNUAL REPORT

Board of Directors : **PRADEEP AGARWAL**
(CHAIRMAN & MANAGING DIRECTOR)
A. K. GHOSH (BIFR'S NOMINEE)
S. D. VYAS
V. S. DIDWANIA

**Company Secretary-cum-
Manager (Finance)** : **R. Vijaykumar**

Bankers : **STATE BANK OF INDIA**

Auditors : **A. F. FERGUSON & CO.**
Chartered Accountants

Registered Office : **F. P. No. 105,**
Shahibaug Road,
Outside Delhi Gate,
Ahmedabad - 380 004.

**Head Office and International
Marketing Division** : **67, Bajaj Bhavan,**
Nariman Point,
Mumbai - 400 021.

NOTICE

NOTICE is hereby given that Thirteenth Annual General Meeting of the Members of **The Ahmedabad Advance Mills Limited** will be held on Friday, the 27th September, 2002 at 11.00 a.m. at the Registered Office of the Company at F.P. No. 105, Shahibaug Road, Outside Delhi Gate, Ahmedabad-380 004 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, 2002 and Profit and Loss Account for the year ended on that date and Auditors' Report thereon.
2. To appoint a Director in place of Shri V. S. Didwania who retires by rotation and offers himself for re-appointment.
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.

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 to be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2002 to 27.09.2002 (Both days inclusive).
3. Any member requiring further information on Accounts at the Meeting is required to send the queries in writing so as to reach at the Registered Office of the Company at least 10 days 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 the following Registered Office address.

F.P. No. 105,
Shahibaug Road,
Outside Delhi Gate,
Ahmedabad - 380 004.

Date : 31st August, 2002

Place : Ahmedabad.

By Order of the Board

PRADEEP AGARWAL

Managing Director

DIRECTORS' REPORT

To
The Members,
The Ahmedabad Advance Mills Limited

Your directors hereby present their Report and Audited Accounts of the Company for the year ended March 31st, 2002.

FINANCIAL RESULTS:

For the year ended	(Rs. in Lacs)	
	31.3. 2002	31.3. 2001
Loss before Interest,		
Depreciation and Taxation	130.07	63.34
Interest Paid	32.97	83.40
Depreciation	3.41	64.01
Provision for Taxation	---	---
Loss after tax	166.45	210.75
Transfer from Valuation Reserve	---	(36.23)
Loss brought forward from last year	3,943.40	3,768.88
	<u>4,109.85</u>	<u>3,943.40</u>
Appropriations	---	---
Balance carried forward to		
Balance Sheet	<u>4,109.85</u>	<u>3,943.40</u>

RESPONSIBILITY STATEMENT :

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) That they have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that period;
- c) That to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) That they have prepared the annual accounts on a going concern basis.

DIVIDEND :

Your Directors do not recommend to declare the dividend in view of Losses carried forward.

REVIEW OF OPERATION :

Most of the surplus machineries of Processing Dept. and Weaving Departments were disposed off within the year 2001 - 2002. Since last 3-4 months, Company has started selling surplus machineries of Spinning Department. Payments to workers and the Bank have been distributed in the ratio of 2:1.

The Company has been making efforts to get the permission of the Government of Gujarat for conversion of part of the land from Industrial Zone to Commercial / Residential Zone. The efforts to revive Spinning Unit are also in progress.

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 they are self-explanatory.

DIRECTORS :

Shri V.S. Didwania retires by rotation and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment as Director.

PARTICULARS OF EMPLOYEES :

There are no employees drawing salaries in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees Rules, 1975) as amended and hence no information is furnished thereto.

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

The provisions of Section 217 (e) of the Companies Act, 1956 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

PRADEEP AGARWAL
CHAIRMAN

Place : Ahmedabad

Date : 31st August. 2002

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

1. We have audited the attached Balance Sheet of The Ahmedabad Advance Mills Limited as at March 31, 2002 and also the profit and loss Account of the Company for the year ended on that date, annexed thereto. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. an audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the annexure referred to in paragraph 3 above. We report that :
 - a) *the accounts have been prepared on a going concern basis even though the Company is 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) *provisions for doubtful debts Rs. 9,97,798, advances of Rs.22,51,057 and Sundry Deposits amounting to Rs.7,83,758 (as indicated in Note 5) have not been made;*
 - c) *provisions for excise claims of Rs. 1,70,06,499 and interest claims by various authorities of Rs.4,44,96,609 has not been made as the Company has requested for waiver of interest and penalty (as indicated in Note 11 (iii) and (iv); this is not in accordance with Accounting Standard (AS 4) contingencies and Events Occurring after the Balance Sheet date;*
 - d) *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 Accounting Standard (AS 15) Accounting for Retirement Benefits.*
 - e) *sundry creditors, secured loan, Bank balances and loans and advances are subject to confirmation and consequent adjustments, if any (as indicated in Note 6)*
 - f) *the Company has not deposited certain statutory dues amounting to Rs.4,92,518 with the appropriate authorities (as indicated in Note 10).*
 - g) *Retrenchment expenditure are carried forward as Miscellaneous Expenditure and are written off over five years. During the year Rs. 89,94,631 has been written off and Rs. 3,48,37,860 is pending as at the year end (as indicated in Note 9);*

- h) *in the absence of adequate/complete records, adjustments to original cost, accumulated depreciation and revaluation reserve have been made by the Company on an estimated basis for the fixed assets sold/scrapped during the year (as indicated in Note 3) and depreciation on the remaining fixed assets as estimated has been provided for;*
- i) *the original cost, accumulated depreciation and written down value of the fixed assets held for disposal have not been disclosed as required by Accounting Standard (AS 10) Accounting for Fixed Assets;*
- j) *we further report that without considering the item mentioned in (a), (d), (e), (f), (h) and (i) above the effect of which could not be determined, had the observations made by us in items (b), (c) and (g) above been provided in the relevant years, the loss for the year would have been lower by Rs. 26,05,453 and the debit balance of profit and loss account would have been higher by Rs. 10,03,73,581.*

5. Subject to the matters referred to in paragraph (4) above;

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
- c) the Balance Sheet and the Profit and loss Account dealt with by this report are in agreement with the books of account;
- d) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account, comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 except in respect of the matters referred to in Paragraph 4 above;
- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2002 from being appointed as director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- f) in view of the significance of the matters referred to in Paragraph 4 above in particular the appropriateness of adopting the going concern basis, and consequential impact on the accounts as a whole we are unable to express an opinion that the said accounts give the information required by the Companies Act, 1956, in manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the State of affairs of the Company as at March 31, 2002;

and

- (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date.

Place : Mumbai
Date : 30th August, 2002

For A.F. FERGUSON & Co.
Chartered Accountants

A. C. Khanna
Partner.