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Sixteenth Annual Report

2004-2005



The Ahmedabad Advance Mills Limited

THE AHMEDABAD ADVANCE MILLS LIMITED

Sixteenth Annual Report

Board of Directors : **PARDEEP AGARWAL**
(CHAIRMAN & MANAGING DIRECTOR)
S. M. BATHE (BIFR'S NOMINEE)
S. D. VYAS
V. S. DIDWANIA

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

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 : **67, Bajaj Bhavan,**
Marketing Division **Nariman Point,**
Mumbai - 400 021.

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of **The Ahmedabad Advance Mills Limited** will be held on Friday , the 30th September, 2005 at 11 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, 2005 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.

By Order of the Board of Directors

R. Vijaykumar
Secretary

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 Any member requiring further information on Accounts at the Meeting is required to send the queries in writing so as to reach the Registered Office of the Company at least 10 days before the meeting .
- 3 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.

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

By Order of the Board
(R. Vijaykumar)
Secretary

Date : 05th September, 2005

Place : Ahmedabad

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 16th Annual Report and the Audited Accounts for the financial year ended March 31, 2005.

FINANCIAL RESULTS :

The highlights of financial results of the Company for the financial year ended March 31, 2005 are as under:

	2004-2005 Rs. In Lacs	2003-04 Rs.in Lacs
Gross Profit before Interest, Depreciation	122.43	467.70
Interest	11.41	22.32
Depreciation	0.83	1.56
Profit after Interest and Depreciation	110.19	443.82
Loss brought forward from last year	(3703.67)	(4147.48)
Appropriations	NIL	NIL
Balance Loss carried forward to Balance Sheet	(3593.48)	(3703.67)

Dividend:

Due to the inadequacy profits, the Directors do not recommend any dividend.

REVIEW OF OPERATION :

Your Directors are happy to inform you that pursuant to the Scheme of Revival sanctioned by the Hon.ble BIFR, the Company has sold app. 35864 sq.yards of land to Reliance Industries Limited on 31.08.2005 for a sum of Rs.23 crores. The Company has cleared the entire dues against the One Time Settlement Agreement with State Bank of India. During the year under review, the Company received good response from the workers opting for availing the benefits of the Agreement with Textile Labour Association and awarded by the Industrial Court, Ahmedabad.

Directors :

Shri V.S. Didwania, Director is liable for retirement by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment as Director.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of The Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that :-

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
2. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company as at March, 31, 2005 and of the Profit of the Com-

pany for the year ended on that date.

3. the Directors 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
4. the Directors have prepared the annual accounts of the Company on a going concern basis.

Corporate Governance :

The company has been complying with the principles and practices of good corporate governance. The Company has ensured that the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges are duly complied with. A separate Statement on Corporate Governance is given elsewhere in this Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

Provisions of the Section 217 (e) of The Companies Act, 1956 for disclosure of information on Conservation of Energy and Technology Absorption is presently not applicable to the Company. There is no Foreign Exchange earning or outgo during the year under consideration.

AUDITORS:

Your Company's Auditors, M/s A.F. Ferguson & Company, Mumbai retire and are eligible for re-appointment. The company has received letter from the above mentioned firm of Chartered Accountants, confirming that their appointments, if made, would be within the limits prescribed under Section 224 (1B) of The Companies Act, 1956. The members are requested to approve their appointment and authorize the Board of Directors to fix their remuneration.

AUDITORS' OBSERVATIONS:

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

PARTICULARS OF EMPLOYEES:

There were 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.

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, Banks, employees and Shareholders of the Company.

Place: Ahmedabad

Date : 05.09.2005

By Order of the Board of Directors

Pradeep Agarwal

Chairman and Managing Director

STATEMENT ON CORPORATE GOVERNANCE

The Company has been making endeavours for the generally accepted practices of Corporate Governance for ensuring protection of the rights and interests of its stakeholders. The Company's policies of implementing the broad principles of Corporate Governance viz. transparency, integrity, openness, fairness and accountability are imperative in the management of the Company and the increasing focus on investor protection. The Company has taken pro-active measures to periodically review and revise the corporate governance practices incorporating appropriate checks and balances at various levels of management.

1. Company's philosophy on Code of Corporate Governance:

Board of Directors of the Company fully subscribe to the framework for Corporate Governance as prescribed by the Code. The Board has set, as its mission, the implementation of a Corporate Governance system to ensure transparency, control, accountability and responsibility in all areas of operations.

2. Board of Directors:

a) Composition and category of Directors:

The Board of Directors of the Company consists of 4 Directors. The composition and the category of Directors as under:

Category	Name of the Directors	No. of other Directorships
Chairman & Managing Director	Shri Pradeep Agarwal	3
Non-Executive Directors :	Shri S.D. Vyas	5
	Shri V.S. Didwania	0
Special Director	Shri S.M. Bathe	4
Nominee of Hon.ble BIFR		

No. of Board Meetings:

5 Board Meetings were held during the year 2004-2005 on the following dates:
22.06.2004, 30.09.2004, 14.10.2004, 27.01.2005 and 21.02.2005

(b) Attendance of Directors at Board Meetings and the last Annual General Meeting

Name of the Directors	Board Meetings Attended	Last AGM Attended
Shri Pradeep Agarwal	5	YES
Shri S.D. Vyas	4	YES
Shri V.S. Didwania	0	NO
Shri S.M. Bathe	3	NO

3. Meetings of Management Audit Committee:

The Audit Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising the following members.

Shri Pradeep Agarwal

Shri S.M. Bathe

Shri S.D. Vyas

During the year one meeting of Management Audit Committee was conducted on 27.01.2005.

4. Shareholders' Grievance Committee:

The Shareholders' Grievance Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising the following members.

Shri Pradeep Agarwal and

Shri S.D. Vyas

A meeting of the Shareholders' Grievance Committee was held on 31.08.2005 where the Members of the Committee were present. It was reported in the Meeting that no complaint was received.

5. Remuneration Committee:

The Remuneration Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising the following members.

Shri Pradeep Agarwal and

Shri S.D. Vyas

No Meeting of remuneration committee was held during the year.

Details of Remuneration paid to Directors:

S. No.	Name of the Director	Relationship With other Directors	Sitting Fee for Board & Committee Meetings	Salary/Perquisites and Commission
1.	Shri Pradeep Agarwal	None	NIL	NIL
2.	Shri S.M. Bathe	None	NIL	NIL
3.	Shri S.D. Vyas	None	NIL	NIL
4.	Shri V.S. Didwania	None	NIL	NIL

6. General Body Meetings:

The last Three Annual General Meetings of the Company were held as follows:

Year	AGM	Location	Date	Time
2001-02	13 th	Registered Office	27.09.2002	11.00 a.m
2002-03	14 th	Registered Office	27.09.2003	11.00 a.m
2003-04	15 th	Registered Office	30.09.2004	11.00 a.m.

Last year, no resolutions were passed through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

7(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large

In terms of Section 299 (3) of the Companies Act, 1956, the General Notices of disclosure of interest are obtained from the Directors and accordingly, the Register of Contracts under Section 301 of the Companies Act, 1956 is tabled and signed.

(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

In the year 2001, the shares of the Company were put under suspension by the Bombay Stock Exchange. The Company has approached the Bombay Stock Exchange and completing the formalities for revoking the listing. Otherwise, no strictures and penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities, on matters related to capital markets, during the last three years.

(c) Regarding Dematerialisation of Shares:

The Company is in the process of dematting the shares and this is expected to take another 2-3 months.

8. Means of Communication:

Quarterly/Half Yearly Financial Results of the Company are forwarded to the Ahmedabad and Mumbai Stock Exchanges.

9. Shareholders Information:

Annual General Meeting:

Date : September 30, 2005

Time : 11.00 a.m.

Venue : Company's Registered Office at F.P.No.105, Outside Delhi Gate, Shahibaug Road, Ahmedabad-380 004

Financial Calendar:

1st April to 31st March next, following.

Stock Exchanges:

Shares of the Company are listed on the Mumbai and Ahmedabad Stock Exchanges.

Stock Market Data:

There has been no quotation during the year.

Registrars & Share Transfer Agents:

Presently, the Share correspondence, transfer etc. are being done in-house. During third quarter of 2005, a Registered Share Transfer Agent will be appointed. Now, the Share Transfers are registered and duly transferred share certificates are dispatched within 30 days of receipt, if the transfer documents are otherwise in order. The total number of shares transferred during the year 2004 – 2005 were 100.

Distribution of Shareholding as on 31st March, 2005 :

CATEGORY	No.of shares held	% age of Shareholding
Promoters Holding		
Promoters:		
- Indian Promoters	2457810	78.96
- Foreign Promoters	0	
Persons acting in concert	0	
Non-Promoters Holding		
Institutional Investors		
Mutual Funds and UTI		
Banks, Financial Institutions, Insurance	634	0.02
Companies (Central/State Govt. Institutions/ Non-Government Institutions)		
(Bank of India)		
FII's		
Others		
Private Corporate Bodies		
Indian Public	654431	21.02
NRIs/OCBs		
Any Other (please specify)		
Grand Total	3112875	100