



## 14TH ANNUAL REPORT 2001-2002



**DAMODAR THREADS LIMITED**

## **DAMODAR THREADS LIMITED**

**Registered Office :** 5/145 - B, Dr. Viegas Street, Ground Floor, Kalbadevi, Mumbai - 400 002.

### **BOARD OF DIRECTORS**

Shri Arun Kumar Biyani - Chairman  
Shri Anil D. Biyani - Wholetime Director  
Shri Ajay D. Biyani - Managing Director  
Shri Girdharlal S. Daga

### **BANKERS**

Bank of Baroda  
Industrial Finance Branch  
Mumbai - 400 023.

Bank of Baroda  
Daman Branch  
Nani Daman (U.T.) - 396210.

### **AUDITORS**

A. J. Baliya & Associates  
Chartered Accountants  
Mumbai.

### **PLANT**

Plot No. 77 to 80, 89 to 91,  
Dabhel Industrial Co.-op. Society Ltd.,  
Nani Daman, (Union Territory) - 396210.



## DAMODAR THREADS LIMITED

### DIRECTORS REPORT

#### To the Members,

Your Directors hereby present their 14th Annual Report together with audited statement of accounts for the year ended 31st March, 2002  
(Amount in Rupees)

#### FINANCIAL RESULTS

	2001-2002 Rs.	2000-2001 Rs.
Sales & Other Income	32,45,32,639	27,51,03,349
Profit / (Loss) before Depreciation & Tax	95,22,984	71,12,310
Depreciation	50,30,157	48,34,332
Provision for Taxation	2,70,000	0
Profit / (Loss) after Tax	42,22,827	22,77,978
Profit B/F. from previous year	33,74,270	13,91,546
	<u>75,97,097</u>	<u>36,95,524</u>
Less : Previous Year Adjustment	NIL	2,95,254
Profit available for appropriation	<u>75,97,097</u>	<u>33,74,270</u>
<b>APPROPRIATION</b>		
Balance Carried Forward	<u>75,970.97</u>	<u>33,74,270</u>

#### DIVIDEND

In view to conserve resources for working capital requirements, your Directors do not recommend any Dividend for the financial year ended on 31st March, 2002.

#### DIRECTORS

Shri Girdharlal S. Daga, Director of the Company retires by rotation and being eligible offers himself for reappointment.

#### AUDITORS

M/s. A.J. Baliya & Associates, Chartered Accountants, Auditors of the Company, hold the office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment.

#### LISTING

The Equity Shares of the Company are listed on Mumbai, Jaipur and Calcutta Stock Exchanges.

#### PARTICULARS OF EMPLOYEE

During the year under review, company has not employed and person who was in receipt of remuneration exceeding the sum prescribed under the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUT GO

The information pursuant to Section 217 (i) (e) of the Companies Act, 1956 read with the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed.

#### FOREIGN EXCHANGE EARNING & OUTGO

During the year, there was no transaction relations to Foreign Exchange earning & outgo.

#### DEMATERIALISATION OF SHARES

With a view to provide better services to the shareholders, the Company has admitted its equity shares in the Depository system of NSD Ltd. & CSD Ltd. and has offered the shareholders the facility to hold shares of the Company in Electronic form for Scripless trading.

#### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm the following;

- that in the preparation of the annual accounts, the applicable accounting had been followed alongwith proper explanation relating to material departures;
- that 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 and of the profit of the Company for that period;
- that the Directors had 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.
- that the directors had prepared the annual accounts on a going concern basis.

#### AUDITOR'S REPORT

The Auditor have made observation about non compliance of 4Accounting Standard 22(AS22) issued by the Institute of Chartered Accountants of India. The management intends to comply with the same in the Current Year.

#### ACKNOWLEDGEMENT

The Directors would like to express their sincere appreciation of assistance and co-operation received from its bankers during year under review. Directors also wish to place on record their deep appreciation of devoted services rendered by all employees of the Company.

For and on behalf of the Board  
(Arun Kumar Biyani)

Chairman  
PLACE : MUMBAI  
DATED : 21<sup>st</sup> JUNE, 2002



## DAMODAR THREADS LIMITED

### ANNEXURE TO DIRECTORS' REPORT

#### I. CONSERVATION OF ENERGY

There are no major areas where energy conservation measures were viable, However, all possible efforts were made to conserve through improved operational methods.

#### II. RESEARCH AND DEVELOPMENT

##### a. Specific areas in which R & D was carried out by the Company.

The Company is actively engaged in product upgradation design development and new product development.

##### b. Benefits derived as a result of the above R & D

Improved product designs resulted in higher value added products which achieved better realisations.

##### c. Future plan of action

Emphasis on the above activities will be an on going exercise.

##### d. Expenditure on R & D

Since the expenditure incurred on research and developed activities were not substantial, no separate account for the same was being maintained.

#### III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Since the Company's products are being development by an in-house R & D team, no further information under this head is required to be given.

#### IV. FOREIGN EXCHANGE EARNING AND OUTGO

##### a. Initiatives taken to increase exports and export plans

Your Company has been in constant touch with various customers around the world. We do hope that our regular follow-up will result in order from other countries also.

##### b. Development of new export markets for synthetic yarn.

Your Company is constantly exploring possibilities of exporting its products to new markets. This is an on going process.

##### c. Total Foreign Exchange Used Earned

The information on the above is given in Notes on Accounts (Schedule - O to the Accounts)

For and on behalf of the Board

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(Arunkumar Biyani)  
Chairman

Place : MUMBAI

Date : 21<sup>st</sup> JUNE, 2002



## DAMODAR THREADS LIMITED

### REPORT OF THE AUDITORS TO THE MEMBERS OF DAMODAR THREADS LIMITED

We have audited the attached Balance Sheet of Damodar Threads Limited as at 31st March, 2002 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also 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 and report that :

1. We have obtained all the information and explanations to the best of our knowledge and belief were necessary for the purpose of our audit;
2. 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;
3. The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;
4. Save observations made by us in para 6 (i) and (ii) to in our report, In our opinion, the Balance sheet and Profit and Loss Account complies with the Accounting Standards referred in section 211 (3C) of the Companies Act, 1956;
5. In our opinion and based on information and explanations give to us, none of the directors are disqualified as on 31st March, 2002 from being appointed as directors in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
6. (i) The future liability for gratuity payable in accordance with the provisions of the Payment of Gratuity Act, 1972 has neither been provided nor ascertained. The same is accounted for on cash basis which is not in accordance with the Accounting Standard (AS-15) issued by the Institute of Chartered Accountants of India.

**(ii) The Company has not complied with the Accounting standard 22 (AS 22) in respect of Accounting for Taxes on Income issued by the Institute of Chartered Accounts of India and further its financial effect on Profit and Loss Account and Balance Sheet has not been ascertained by the Company.**

Subject to above in our opinion and to the best of our information and according to the explanations given to us, the accounts together with notes thereon gives the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view :

- a) in the case of the Balance sheet of the state of affairs of the company as at 31st March, 2002.
- and
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give a statement on the matters specified in paragraphs 4 and 5 of the said Order :

- i) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at the end of the year and no material discrepancies were noticed on such verification.
- ii) The fixed assets have not been revalued during the year.
- iii) The stock of finished goods, stores and raw-materials have been physically verified by the management at reasonable intervals during the year.
- iv) In our opinion and according to information and explanations given to us, procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) There were no material discrepancies noticed on physical verification of stocks as compared to book records.



## DAMODAR THREADS LIMITED

- vi) In our opinion, on the basis of our examination of the stock records, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.
- vii) The company has taken unsecured loans from companies, and other parties listed in the register maintained under section 301 of the Companies Act, 1956 (1 of 1956), and from the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956 (1 of 1956). The rate of interest and other terms and conditions of such loans are not prima facie, prejudicial to the interest of the company.
- viii) The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, or to companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
- ix) The Company has not given any loan or advance in the nature of loan, except interest free loans to its employees and in respect of which there is no stipulation regarding repayment of principal amount.
- x) In our opinion and according to information and explanations given to us, there is an adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials, components, plant and machinery, equipments and other assets, and for the sale of goods.
- xi) In our opinion and according to the information and explanations given to us, the purchase of goods and materials and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained u/s. 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods or the prices at which transactions for similar goods have been made with other parties.
- xii) According to the information and explanations given to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- xiii) The Company has not accepted any deposits from the public.
- xiv) In our opinion reasonable records have been maintained by the Company for the sale and disposal of scrap.
- xv) In our opinion the internal audit system of the Company is commensurate with its size and the nature of its business.
- xvi) The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- xvii) According to the records of the Company, Employee State Insurance and Provident Fund Dues have been regularly deposited with the appropriate authorities.
- xviii) According to the records examined by us and the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as on March 31, 2002 for a period exceeding six months from the date they became payable.
- xix) According to the information and explanations given to us and the records of the company examined by us, no personal expenses have been charged to profit and loss account except those payable under contractual obligations or in accordance with normal business practice.
- xx) The Company is not a sick industrial company within the meaning of clause (o) of section 3 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi) In respect of trading activities of the Company, we are informed that there are no damaged goods.
- xxii) The Company has maintained proper records of the transactions and contracts pertaining to trading or dealing in shares and timely entries therein. Share have been held in its own name

**FOR A. J. BALIYA & ASSOCIATES**  
Chartered Accountants

**(A. J. BALIYA)**  
Partner

PLACE : MUMBAI

DATED : 21<sup>st</sup> JUNE, 2002

**DAMODAR THREADS LIMITED****BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2002**

		2001-2002		2000-2001	
Schedule	Rs.	Rs.	Rs.	Rs.	
<b>SOURCES OF FUNDS :</b>					
<b>SHAREHOLDERS' FUND:</b>					
Share Capital	A	30,957,000		30,957,000	
Reserves & Surplus	B	21,945,514	52,902,514	17,722,687	48,679,687
<b>LOAN FUND :</b>					
Secured Loans	C	49,308,213		56,798,580	
Unsecured Loans	D	9,182,035	58,490,248	13,330,988	70,129,568
<b>TOTAL</b>			<b>111,392,762</b>		<b>118,809,255</b>
<b>APPLICATION OF FUNDS :</b>					
<b>FIXED ASSETS</b>					
a) Gross Block	E	65,654,894		63,588,326	
b) Less : Depreciation		26,596,597		21,856,772	
c) Net Block			39,058,297		41,731,554
<b>INVESTMENTS</b>	F		268.470		625.970
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
a) Accrued Interest on Investment		10,000		10,000	
b) Inventories		28,779,406		33,662,272	
c) Sundry Debtors		36,439,136		40,000,905	
d) Cash & Bank Balances		3,780,014		3,352,617	
e) Loans & Advances		4,487,701		4,600,354	
		73,496,257		81,626,148	
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>	H				
a) Current Liabilities		2,263,667		6,314,817	
			71,232,590		75,311,331
<b>MISCELLANEOUS EXPENDITURE</b>					
(To the extent not written off or adjusted)					
Share Issue Expenses			833,405		1,140,400
<b>TOTAL</b>			<b>111,392,762</b>		<b>118,809,255</b>
<b>NOTES ON ACCOUNTS</b>					
As per our report of even date					
For A. J. BALIYA & ASSOCIATES			For and On behalf of the Board		
Chartered Accountants					

(A.J. Baliya)  
Partner

(Arunkumar Biyani)  
Chairman

(Ajay D. Biyani)  
Managing Director

PLACE : MUMBAI  
DATED : 21<sup>st</sup>, JUNE, 2002