

# The Jamshri Ranjitsinghji Spg. & Wvg. Mills Co. Ltd.



94th Annual Report and Accounts 2001 - 2002

**THE JAMSHRI RANJITSINGHJI SPG. & WVG. MILLS CO. LTD.**

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**BOARD OF DIRECTORS**

Shri Prem Ratan Damani  
Chairman & Managing Director

Shri Navratan Damani  
Shri E. A. K. Faizullahoy  
Shri R. N. Joshi  
Shri Kiranbhai J. Shah  
Shri S. K. Somany

**ADVISORS**

Shri J. P. Singhal  
Shri S. R. Gandhi

**GENERAL MANAGER**

Shri J. M. Adhia

**SOLICITORS**

M/s. Mulla & Mulla & Craigie Blunt & Caroe

**AUDITORS**

M/s. K. S. Aiyar & Co.  
Chartered Accountants

**BANKERS**

Bank of India

**MILLS & REGISTERED OFFICE**

Fatehchand Damani Nagar,  
Station Road,  
Solapur - 413 001

**LISTED AT**

The Stock Exchange, Mumbai  
The Stock Exchange, Ahmedabad  
The Calcutta Stock Exchange Association Ltd. Calcutta  
The Delhi Stock Exchange Association Ltd. New Delhi  
The Madras Stock Exchange Ltd. Chennai

**THE JAMSHRI RANJITSINGHJI SPG. & WVG. MILLS CO. LTD.**

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**NOTICE**

NOTICE is hereby given that the Ninety Fourth Annual General Meeting of the Shareholders of THE JAMSHRI RANJITSINGHJI SPG. & WVG. MILLS CO. LTD., will be held at the Company's Registered office at Fatehchand Damani Nagar, Station Road, Solapur - 413 001, on Saturday, the 28<sup>th</sup> September, 2002 at 12.30 P.M. (S.T.) to transact, with or without modifications, as may be permissible, the following business ;

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 2002 and Profit and Loss Account for the year ended 31st March, 2002 and the Report of the Directors and the Auditors of the Company.
- 2) To Appoint a Director in place of Shri N.R. Damani, who retires by rotation but, being eligible, offers himself for reappointment.
- 3) To Appoint a Director in place of Shri Kiranbhai J. Shah, who retires by rotation but, being eligible, offers himself for reappointment.
- 4) To appoint Auditors and to fix their remuneration.

Place : Mumbai  
Dated : 30<sup>th</sup> July, 2002

By Order of the Board of Directors

**P.R. DAMANI**  
CHAIRMAN

**NOTES:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- (b) The Register of Members and Shares Transfer Books in respect of Equity Shares of the Company will remain closed from 17<sup>th</sup> September, 2002 to 24<sup>th</sup> September, 2002 (both days inclusive).
- (c) Shareholders are requested to intimate immediately any change in their registered address.
- (d) Members are hereby informed that dividends which remain unclaimed/unencashed over a period of seven years have to be transferred by the Company to the Investor Education & Protection Fund which shall be constituted by the Central Government under Sec.205(A) & 205(C) of the Companies Act, 1956 as amended up-to date.
- (e) Shareholders seeking any information with regard to Accounts are requested to write to the Company early so as to enable the management to keep the information ready.

## 94th ANNUAL REPORT

## NINETYFOURTH REPORT OF THE DIRECTORS

We present our Annual Report of the Company with the audited statement of accounts for the year ended 31st March, 2002.

- |   | 2001-2002      | 2000-2001      |
|---|----------------|----------------|
| <b>1. FINANCIAL RESULTS</b>   |                |                |
| Gross Profit/(Loss)   | (10,14,24,689) | (2,17,78,722)  |
| ADDITIONS/DEDUCTIONS  |                |                |
| Depreciation  | 2,92,65,759    | 3,19,60,690    |
| Profit/(Loss) before taxation   | (13,06,90,448) | (5,37,39,412)  |
| Add : Balance brought forward   | (25,93,64,623) | (20,56,25,211) |
| Income Tax of earlier years   | (8,88,851)     | ---            |
| Transfer from Debenture Redemption  | 70,00,000      | ---            |
| Profit/(Loss) dealt with as under   | (38,39,43,922) | (25,93,64,623) |
| Surplus/(Deficit) carried to Balance Sheet  | (38,39,43,922) | (25,93,64,623) |
| <b>2. DIVIDEND</b>  |                |                |
| In view of losses suffered by the Company it is not possible for the Directors to recommend any dividend.   |                |                |
| <b>3. RESOPONSIBILITY STATEMENT</b>   |                |                |
| As stipulated in Section 217(2AA) of Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under :  |                |                |
| i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;  |                |                |
| ii) that the directors have 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 or loss of the Company for that period;  |                |                |
| iii) that the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;   |                |                |
| iv) that the directors have prepared the annual accounts on a going concern basis.  |                |                |
| <b>4. WORKING</b>   |                |                |
| During the year under review the performance was very poor because of continued recession in Textile Industry. Though many of the mills have closed their operations, we have been able to continue, by taking steps for bringing down the cost and improving efficiency. Due to Financial constraint and irregular supply of raw materials, the production was adversely affected. The unending competition with Imports has worsened the situation in Domestic Market. The net worth of the Company is eroded and the Company is making reference to the Board for Industrial and Financial Reconstruction (B.I.F.R.) for a rehabilitation package. |                |                |
| <b>5. CURRENT OUTLOOK</b>   |                |                |
| In view of improved availability of Cotton in terms of Quantity as well as Quality and closure of inefficient units throughout the country it is expected that the market of your company's product will look up. Further the benefit of Cost reduction is expected during the current year. Efforts will continue in the same directions.  |                |                |
| <b>6. DIRECTORS</b>   |                |                |
| Under Articles 146 of the Articles of Association of the Company, Shri N.R.Damani and Shri Kiranbhai J. Shah retire by rotation and are eligible for re-election.   |                |                |
| <b>7. INSURANCE</b>   |                |                |
| Your Company's buildings, Plant and Machinery, Tools, Electrical installations, Stock in Process, Finished Goods and Raw Materials have been adequately insured.  |                |                |
| <b>8. PUBLIC DEPOSITS:</b>  |                |                |
| Fixed Deposits at the end of the year stood at Rs.15,95,000/-. An amount of Rs.94,000/- remained unclaimed as on 31st March, 2002 out of which Rs.75,000/- has been repaid leaving a balance of Rs.19,000/- unclaimed.  |                |                |
| <b>9. AUDITORS</b>  |                |                |
| You are requested to appoint the Auditors to hold office from conclusion of the meeting till the conclusion of the next Annual General Meeting and fix their remuneration. The retiring Auditors, M/s. K.S. Aiyar & Co., Chartered Accountants being eligible offer themselves for reappointment.   |                |                |
| <b>10. PARTICULARS OF EMPLOYEES</b>   |                |                |
| There is no Employee in receipt of remuneration exceeding Rs.2,00,000 p.m. or part thereof or Rs.24,00,000 p.a. Accordingly no particulars are furnished u/s 217(2A) of the Companies Act.  |                |                |
| <b>11. ACKNOWLEDGEMENTS</b>   |                |                |
| Your Directors place on record the timely assistance and cooperation given to the Company by Bank of India and Industrial Development Bank of India. Your Directors also place on record their appreciation of contribution made by the employees at all levels to the operations of the Company during the year under review.  |                |                |
| <b>12. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO</b>  |                |                |
| Information pursuant to Section 217(i) (e) of the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 is given in the annexure.  |                |                |

For and on behalf of the Board

Place: MUMBAI  
Date : 31ST MAY, 2002

P.R. DAMANI  
CHAIRMAN



**THE JAMSHRI RANJITSINGHJI SPG. & WVG. MILLS CO. LTD.**

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**ANNEXURE "A" TO DIRECTORS' REPORT**

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

**A. CONSERVATION OF ENERGY****a. ENERGY CONSERVATION MEASURES TAKEN.**

- i) IN VIEW OF REDUCED LOAD FROM PROCESSING AND WEAVING SECTION, THE TRANSFORMERS HAVE BEEN REALLOCATED TO GET THE MAXIMUM OUTPUT AND AVOID EDDY CURRENT LOSS.
- ii) THE POWER FACTOR IS MAINTAINED IN THE VICINITY OF 0.99
- iii) EXHAUST AIR OF RING FRAME PNUMAFIL IS USED FOR COOLING OF DRIVE MOTOR.
- iv) REALLOCATION OF SYNTHETIC BLOWROOM LINE TO MATCH THE REQUIREMENT OF SUBSEQUENT PROCESS.
- v) TO MINIMIZE VOLTAGE FLUCTUATIONS TRANSFORMERS HAVE BEEN REALLOCATED.

**b. ADDITIONAL INVESTMENT AND PROPOSAL IF ANY BEING IMPLEMENTED FOR REDUCTION IN CONSUMPTION OF ENERGY.**

- i) REPLACEMENT OF 20 OLD TEXAMCO RING FRAMES.
- ii) INSTALLATION OF OLTC WITH AVR IN "A" UNIT.

**c. IMPACT OF MEASURES AT (a) AND (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND ON THE COST OF PRODUCTION OF GOODS.**

- i) REDUCTION IN EDDY CURRENT LOSSES RESULTED IN SAVING OF ENERGY.
- ii) MAINTENANCE OF HIGH POWER FACTOR FETCHED MAXIMUM AND EFFICIENT UTILIZATION OF ENERGY.
- iii) MOTOR BURNING RATE HAS GONE DOWN DUE TO PROPER COOLING.
- iv) WITH REALLOCATION OF MACHINES/TRANSFORMERS THE POWER UTILIZATION IS OPTIMISED AND WASTAGE OF ENERGY IS AVOIDED.

**d. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF THE PRODUCTION : FORM - A ENCLOSED****B. TECHNOLOGY ABSORPTION****a. EFFORTS MADE IN TECHNOLOGY ABSORPTION : FORM - B ENCLOSED****C. FOREIGN EXCHANGE EARNING AND OUTGO****(RS. IN LACS)**

- |                            |        |
|----------------------------|--------|
| i) FOREIGN CURRENCY EARNED | 192.17 |
| ii) FOREIGN CURRENCY USED  | 1.66   |

**94th ANNUAL REPORT****FORM "A"**

<b>A. POWER AND FUEL CONSUMPTION</b>		<b>CURRENT YEAR</b> <b>1.4.2001 - 31.3.2002</b>	<b>PREVIOUS YEAR</b> <b>1.4.2000 - 31.3.2001</b>
<b>1. Electricity</b>			
a) Purchased			
Unit (kwh) in lacs	128.93	179.60	
Total Amount (Rs. in lacs)	505.95	700.43	
Rate/Unit (Rs.)	3.92	3.90	
b) Own generation through Diesel Generator			
Units (KWH) in lacs	0.00	0.03	
Total Cost (Rs. in lacs)	0.00	0.16	
Cost/unit Rs.	0.00	6.46	
<b>2. Coal</b>			
Quantity in M.Tons.	216.30	1003.67	
Total Cost (Rs. in lacs)	4.65	20.85	
Average Rate (Rs./M.Tons)	2150.31	2077.38	
<b>3. Other Fuels</b>			
Quantity in M.Tons.	5447.70	9420.27	
Total Cost (Rs. in lacs)	45.53	60.74	
Average Rate (Rs./M.Tons)	835.77	644.78	
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
<b>1. Electricity (Units)</b>			
per kg of yarn	3.30	3.46	
per linear metre of fabric	4.14	3.34	
<b>2. Fuels (Rs.)</b>			
per kg of yarn	1.28	1.56	
per linear metre of fabric	1.61	1.51	

**FORM - "B"****DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT (R & D)**

- 1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY**
  - i) SPEED OF FAMATAX MACHINE WAS INCREASED BY PROVIDING NECESSARY GUIDERS & AVOIDING DECLIPING PROBLEMS.
  - ii) THE ACTIVITIES OF QUALITY CIRCLES MONITORED REGULARLY.
  - iii) YARN CLASSIMATE TESTING IS DONE ON RJK MACHINE.
- 2. BENEFIT DERIVED AS A RESULT OF THE ABOVE R & D.**

**PRODUCT DEVELOPMENT / IMPROVEMENT**

  - i) PROPER DOCUMENTATION AND SYSTEMS ARE DEVELOPED FOR PROCEDURE TO MANUFACTURE AND SUPPLY QUALITY PRODUCTS.
  - ii) WE HAVE INCREASED THE BUSINESS WITH DEFENCE AS QUALITY PRODUCTS DULY TESTED GOT APPROVED.
  - iii) QUALITY OF YARN IS IMPROVED.
- 3. IMPORT SUBSTITUTION**

WE HAVE DEVELOPED SUBSTITUTION OF MANY IMPORTED COLOUR AND CHEMICALS AND REPLACEMENT IS DONE FROM TIME TO TIME.
- 4. FURTHER PLAN OF ACTION.**
  - i) WE SHALL IMPROVE QUALITY OF YARN BY IDENTIFYING AND ATTENDING PROCESS PARAMETERS.
- 5. EXPENDITURE ON R & D.**

	(RS. IN LACS)
a) CAPITAL	0.00
b) RECURRING	5.40
c) TOTAL	5.40
d) TOTAL R & D EXPENDITURE AS A PERCENTAGE OF TOTAL TURNOVER	0.09

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION****EFFORTS IN BRIEF MADE TOWARDS TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION AND BENIFITS AS A RESULT THEREOF**

- i) THE MARKET SURVEY WAS DONE AND IDENTIFIED THE REQUIREMENT, ACCORDINGLY, YARN PARAMETERS WERE MODIFIED.
- ii) NEW TECHNIQUE FOR WORK PRACTICE ARE ADOPTED.
- iii) MINOR INNOVATION ARE REGULARLY CARRIED OUT TO COUNTER PROBLEMS ENVISAGED DAY TO DAY.

**THE JAMSHRI RANJITSINGHI SPG. & WVG. MILLS CO. LTD.****AUDITORS' REPORT**

To the Members of  
**The Jamshri Ranjitsinghi Spinning & Weaving Mills Company Limited**

We have audited the attached Balance Sheet of **The Jamshri Ranjitsinghi Spinning & Weaving Mills Company Limited** as at 31<sup>st</sup> March, 2002 and also the Profit and Loss Account 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 of material misstatement. 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.

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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) 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 those books;
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) **As detailed in note no. 6 of the notes to accounts, the Company has been incurring continuing losses resulting in the erosion of its Networth. Despite this aspect the accounts of the Company have been prepared on a Going Concern basis.**
- (vii) Subject (vi) above, we report that in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2002; and
  - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date

**FOR K. S. AIYAR & CO.**  
 CHARTERED ACCOUNTANTS

**RAMAKRISHNA PRABHU**  
 PARTNER

PLACE: MUMBAI  
 DATE : 31ST MAY, 2002

**94th ANNUAL REPORT****ANNEXURE TO THE AUDITORS' REPORT  
(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)**

- i) The Company has maintained records showing full particulars including quantitative details and situation of fixed assets. All the fixed assets have been physically verified by the management during the year and no serious discrepancies were noticed on such verification as compared with the available records.
- ii) The Company has not revalued its fixed assets during the year.
- iii) As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials. Stocks of finished goods lying with third parties have been confirmed by them.
- iv) The procedure of physical verification by the management, in our opinion is reasonable and adequate in relation to the size of the company and the nature of its business.
- v) No material discrepancies have been noticed on physical verification of stocks as compared to book records.
- vi) In our opinion 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 not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 except for a temporary unsecured loan from Damani Textile Company whereof the rate of interest and the terms and conditions are prima facie not prejudicial to the interests of the Company. We have been informed that there are no companies covered under section 370(1-B) of the Companies Act, 1956. The provisions of section 370 are not applicable with effect from 31<sup>st</sup> October 1998.
- 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. We have been informed that there are no companies covered under section 370(1-B) of the Companies Act, 1956. The provisions of section 370 are not applicable with effect from 31<sup>st</sup> October 1998.
- ix) The Company has placed inter corporate deposits with other Companies in respect of which the principal and interest are due for repayment but have not been received as stipulated. We are informed that follow up steps are being taken. As regard interest free loan given to certain employees, the principal is being recovered as stipulated.
- x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of the business with regard to the purchase of stores, raw materials (including components), plant and machinery, equipment and other assets and with regard to the sale of goods.
- xi) The transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and 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 price for such goods or materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
- xii) As explained to us, the Company has a regular procedure for determining unserviceable and damaged stores and raw materials.
- xiii) The Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder for the deposits accepted from the public.
- xiv) The Company has maintained reasonable records for the sale and disposal of waste. The Company states that other scraps etc. is not significant. The Company does not have any realisable by-product.
- xv) No Internal Audit was carried out during the year.
- xvi) The Central Government has prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. On a prima facie examination, such records are duly maintained.
- xvii) The Company is regular in depositing the Provident Fund and Employees State Insurance dues with the appropriate authorities.
- xviii) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty, and Excise Duty were outstanding as at 31<sup>st</sup> March 2002 for a period of more than six months from the date they became payable.
- xix) According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under the contractual obligations or in accordance with generally accepted business practice.
- xx) The Company is a sick industrial company within the meaning of clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi) In respect of trading activities of the Company, there were, as explained to us, no damaged goods noticed during the year.

**FOR K.S. AIYAR & CO**  
**CHARTERED ACCOUNTANTS**

PLACE: MUMBAI  
 DATE : 31<sup>ST</sup> MAY, 2002.

**RAMAKRISHNA PRABHU**  
 PARTNER