



The Jamshri Ranjitsinghji Spg. & Wvg. Mills Company Ltd.

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96th Annual Report and Accounts 2003-2004

BOARD OF DIRECTORS

Shri Prem Ratan Damani
Chairman & Managing Director

Shri Navratan Damani
Shri E. A. K. Faizullahbhoi
Shri Kiranbhai J. Shah
Shri S. K. Somany
Shri J. P. Singhal
Executive Director

ADVISOR

Shri S. R. Gandhi

GENERAL MANAGER

Shri J. M. Adhia

SOLICITORS

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

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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 Calcutta Stock Exchange Association Ltd., Kolkata

NOTICE

NOTICE is hereby given that the Ninety Sixth 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 Wednesday, the 29th September, 2004 at 12.30 P.M.(S.T.) to transact the following business;

- 1) To receive and adopt the Directors' Report and Audited Balance Sheet as at 31st March, 2004.
- 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 Auditors and to fix their remuneration.

PLACE : MUMBAI

DATE : 30th July, 2004

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 24th August, 2004 to 30th August, 2004 (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 Investors Education & Protection Fund established by the Central Government under Sec. 205(A) & 205(C) of the Companies Act, 1956.
- (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.
- (f) **BRIEF RESUME OF THE DIRECTORS SEEKING APPOINTMENT OR RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENTS.**

Shri N.R. Damani

ITEM 2

Shri N.R. Damani is an industrialist with a wide experience of 35 years in textile industry. He is Managing Director of Multimetals Ltd. and has advised our Company on many occasions. His presence on the Board of Company is an asset. He is a member of the Audit Committee and Shareholders/Investors Grievances Committee Constituted by the Board of Directors of the Company. The Board considers that the Company would be benefited from his experience and knowledge and recommends his re-appointment as Director on the Board of Company under item No.2 of the Agenda of accompanying Notice of 96th Annual General Meeting of the Members of the Company.

NINETY SIXTH REPORT OF THE DIRECTORS

We present our Annual Report of the Company with the audited statement of accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS	2003-2004	2002-2003
Gross Profit/(Loss)	33,32,288	(1,77,06,134)
ADDITIONS/DEDUCTIONS		
Depreciation	2,64,25,283	2,82,70,429
Profit/(Loss) before taxation	(2,30,92,995)	(4,59,76,563)
Add: Balance brought forward	(42,99,20,485)	(38,39,43,922)
: Income Tax of earlier years	(32073)	0
Profit/(Loss) dealt with as under	(45,30,45,553)	(42,99,20,485)
Surplus/(Deficit) carried to Balance Sheet	(45,30,45,553)	(42,99,20,485)

2. DIVIDEND

In view of losses suffered by the Company it is not possible for the Directors to recommend any dividend.

3. RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of Companies Act, 1956 your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 the period;
- 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;
- that the directors have prepared the annual accounts on a going concern basis.

4. WORKING

The performance during the year under review improved in comparison to last year however it continued to be poor because of lower plant utilization. There was a major fire in old unit resulting into severe damage to Fixed Assets and Inventory. The Company filed insurance claim and it was settled also. The company has made reference to Board for Industrial and Financial Reconstruction (BIFR) for rehabilitation package.

5. CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed as a part of this Annual Report of the Company. A certificate from Auditors of the Company regarding compliance of Corporate Governance as stipulated under clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

6. CURRENT OUTLOOK

The benefits of measures taken during last year for cost reduction is expected during this year. Further Company has approached Competent Authorities for the permission for constructing Housing Complex and expect this activity will be beneficial for further reduction in cost towards Financial Charges.

7. DIRECTORS

Under Articles 146 of the Articles of Association of the Company, Shri N.R. Damani retires by rotation and is eligible for re-election.

8. INSURANCE

Your Company's Buildings, Plant and Machinery, Tool, Electrical installations, Stock in Process, Finished Goods and Raw Materials have been adequately insured.

9. PUBLIC DEPOSITS

Fixed Deposits at the end of the year stood at Rs. NIL

10. AUDITORS' REPORT

Auditors' Report para VI, VII, VIII & IX are self explanatory and do not call for any specific response u/s. 217(3) of the Companies Act, 1956.

11. AUDITORS

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.

12. PARTICULARS OF EMPLOYEES

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.

13. ACKNOWLEDGEMENTS

Your Directors place on record the timely assistance and cooperation given to the Company by 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.

14. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EARNING AND OUTGO

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.

Place : MUMBAI

Date : 29th June, 2004

For and on behalf of the Board

P.R. DAMANI
CHAIRMAN

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) THE POWER FACTOR IS MAINTAINED IN THE VICINITY OF 0.99.
- ii) EXHAUST AIR OF COMPRESSOR IS USED FOR CONDITIONING UNIT IN PACKING DEPT.

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

- i) INSTALLATION OF ROTARY SCREW COMPRESSOR.

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) TEMPERATURE OF COMPRESSOR ROOM HAS COME DOWN.

d. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF THE PRODUCTION FORM - "A" ENCLOSED.

B. TECHNOLOGY ABSORPTION

e. EFFORTS MADE IN TECHNOLOGY ABSORPTION : FORM - "B" ENCLOSED

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(RS. IN LACS)

- i) FOREIGN CURRENCY EARNED NIL
- ii) FOREIGN CURRENCY USED NIL

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004

FORM "A"

A. POWER AND FUEL CONSUMPTION		CURRENT YEAR 1.4.2003 - 31.03.2004	PREVIOUS YEAR 1.4.2002 - 31.03.2003
1. ELECTRICITY			
A) PURCHASED			
Unit (kwh) in Lakhs		101.31	136.78
Total Amount (Rs. in Lakhs)		385.56	539.41
Rate/Unit (Rs.)		3.81	3.94
B) OWN GENERATION THROUGH DIESEL GENERATOR			
Units (kwh) in Lakhs		0.00	0.00
Total Cost (Rs. in Lakhs)		0.00	0.00
Cost/Unit (Rs.)		0.00	0.00
2. COAL			
Quantity in M Tons		93.39	368.92
Total Cost (Rs. in Lakhs)		1.46	7.90
Average Rate (Rs./M Tons)		1559.76	2142.53
3. OTHER FUELS			
Quantity in M Tons		723.75	4488.36
Total Cost (Rs. in Lakhs)		6.94	45.50
Average Rate (Rs./M Tons)		959.46	1013.65
B. CONSUMPTION PER UNIT OF PRODUCTION			
1. ELECTRICITY (UNITS)			
Per Kg of Yarn		2.98	3.05
per Linear Metre of Fabric		0.00	5.04
2. FUELS (RS.)			
Per Kg of Yarn		0.26	1.19
per Linear Metre of Fabric		0.00	1.97

FORM - B

DISCLOSURE OF PARTICULARS WITH RESPECT OF TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT (R & D)

1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY

- THE ACTIVITIES OF QUALITY CIRCLES MONITORED REGULARLY.
- YARN CLASIMATE TESTING IS DONE ON RJK MACHINE.

2. BENEFIT DERIVED AS A RESULT OF THE ABOVE R & D.
PRODUCT DEVELOPMENT / IMPROVEMENT.

- PROPER DOCUMENTATION AND SYSTEMS ARE DEVELOPED FOR PROCEDURE TO MANUFACTURE AND SUPPLY QUALITY PRODUCTS.
- QUALITY OF YARN IS IMPROVED.

3. IMPORT SUBSTITUTION

NIL

4. FURTHER PLAN OF ACTION.

- WE SHALL IMPROVE QUALITY OF YARN BY IDENTIFYING AND ATTENDING PROCESS PARAMETERS.

5. EXPENDITURE ON R & D.

(RS. IN LACS)

a) CAPITAL	NIL
b) RECURRING	3.75
c) TOTAL	3.75
d) TOTAL R & D EXPENDITURE AS A PERCENTAGE OF TOTAL TURNOVER	0.10

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION.

EFFORTS IN BRIEF MADE TOWARDS TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION AND BENEFITS AS A RESULT THEREOF.

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

AUDITORS' REPORT

To the Members of

The Jamshri Ranjitsinghji Spinning & Weaving Mills Company Limited

We have audited the attached Balance Sheet of **The Jamshri Ranjitsinghji Spinning & Weaving Mills Company Limited** as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. 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 Companies (Auditor's Report) Order, 2003, 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards for referred to in sub-section (3C) of section 211 of the Companies Act, 1956. Related party transactions referred to in note no. 10 are as disclosed by the Company, we are unable to confirm that the list is an exhaustive compilation of all the related parties as defined in Accounting Standard 18. For disclosures as per Accounting Standard 17 refer note no. 9 of Notes to Account.
- (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 31st March 2004 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. 13, interest for the year amounting to Rs. 3,63,79,663/- on bank demand loan, term loans and on other credit facilities given by a bank have not been provided during the year, as a consequence the loss for the year, the accumulated loss till date and the amount of secured loans are understated to that extent.**
- (vii) Debtors include Rs. 92.35 lacs receivable from a customer outstanding for more than three years. The management is following up with the concerned party for recovery of the dues. In view of the inordinate delay in recovery of the dues, we are unable to opine on the recoverability of the amount.
- (viii) **As detailed in note no. 6 of the notes to accounts, the Company has been incurring continuing losses resulting in the erosion of its Net-worth. Despite this aspect the accounts of the Company have been prepared on a Going Concern basis.**
- (ix) **Subject to, (vi),(vii),(viii) above and also to our observation in point number (i) of the annexure to this report, relating to the verification of the fixed assets, 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 31st March, 2004;
 - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date and;
 - (c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For K. S. Aliyar & Co.
Chartered Accountants
Ramakrishna Prabhu
Partner

Place: Mumbai
Date : 29th June, 2004

**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 verified during the year, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on such verification. The Fixed Assets disposed off during the year are not Substantial and therefore the Question of reporting on Clause 4(i)(c) of companies (Auditors Report) order, 2003 does not arise.*
- 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 31st 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 31st 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 except few cases.
- 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. are 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 generally regular in depositing the Provident Fund, Employees State Insurance dues, Income tax, wealth tax, custom duty, Excise duty & other statutory dues except as stated below with the appropriate authorities.
 - a) Cess - Rs 385701/-
 - b) Sales tax - Rs 764643/-
 - c) Talathi Tax -Rs 1400000/-
- xviii) According to the information and explanation given to us, *except for sales tax dues amounting to Rs.478465/-* no undisputed amount payable in respect of income tax, customs and excise duty were outstanding as on 31st March 2004 for a period of more than six months from the date they become 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 and has made a reference to the Board for Industrial and Financial Reconstruction under section 15 of that Act.*
- xxi) In respect of trading activities of the Company, there were, as-explained to us, no damaged goods noticed during the year.
- xxii) In our opinion and according to the information and explanation given to us, the company has defaulted in repayment of dues to banks amounting to Rs 36379663/-
- xxiii) According to the information and explanations given to us and on an overall examination of the Balance sheet of the company, in our opinion, no funds raised on short-term basis have been used for long-term investment. Also no long-term funds have been used to finance short-term assets except permanent working capital.
- xxiv) The company is not a chitfund or nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the said order are not applicable to the company.
- xxv) The company has not made any preferential allotment of shares to the parties and the companies covered under section 301 of the companies act 1956. Accordingly, the question of reporting on whether the price at which such shares have been issued is prejudicial to the interest of the company does not arise.
- xxvi) The company has not raised any money by public issue during the year. Accordingly, the question of disclosure of end use of such monies does not arise.
- xxvii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

**Ramakrishna Prabhu
Partner**

Place: Mumbai
Date : 29th June, 2004

MANAGEMENT DISCUSSION AND ANALYSIS

A) INDUSTRY STRUCTURE AND DEVELOPMENT

The textile industry in India plays a pivotal role in the economy next only to Agriculture. It contributes 14 percent to the industrial production, provides direct and indirect employment to 35 million people. The export earnings of this sector in the country's exports is more.

The spinning capacity in India during 2003-2004 expanded by 20,00,000 spindles as compared to 2002-2003. This decline took place in the organized sector only. The capacity in the small scale sector has slightly gone up. The Government is actively considering the proposal of long term low cost finance for modernization of Industry.

B) OPPORTUNITIES, THREATS, RISKS AND CONCERNS

The health of textile units is primarily dependant on adequate availability of raw materials at competitive prices.

With the development of decentralized sector for weaving and installation of high speed machines in this sector the requirement of better quality of yarn is increasing to get maximum output of the new machines. Also the consumption of Polyester blended yarn is increasing steadily replacing other yarn. On the other hand International competition with liberal Import policy is considered as threat.

C) OUTLOOK

Please refer Directors report.

D) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded, protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

E) FINANCIAL AND OPERATIONAL PERFORMANCE

Please refer Director's Report.

F) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT.

The Company has always recognized the manpower as its asset and that the people had been the driving force for the growth and expansion of the Company. Industrial relations during the year were cordial and peaceful.

The Company has taken a number of new initiatives, to improve efficiencies and reduce costs.

G) CAUTIONARY STATEMENT

Statement in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or event.