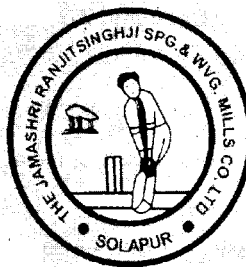


The Jamshri Ranjitsinghji Spg. & Wvg. Mills Company Ltd.

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100th Annual Report and Accounts 2007-08

BOARD OF DIRECTORS

Shri Prem Ratan Damani
Chairman & Managing Director

Shri Navratan Damani
Joint Managing Director

Shri J. P. Singhal
Executive Director

Shri E.A.K. Faizullahoy

Shri Kiranbhai J Shah

Shri S.K. Somany

ADVISOR

Shri S.R. Gandhi

GENERAL MANAGER

Shri J.M. Adhia

SOLICITORS

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

NOTICE

NOTICE is hereby given that the Hundredth 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 Monday, the 29th October, 2008 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, 2008.
- 2) To Appoint a Director in place of Shri S.K. Somany, who retires by rotation but, being eligible, offers himself for reappointment.

SPECIAL BUSINESS :

- 3) To consider and if thought fit to pass, with or without modifications, the following Resolution as a Special Resolution
"RESOLVED THAT M/s. Mittal & Associates be and are hereby appointed as Auditors of the Company from the conclusion of this Annual General Meeting to the next Annual General Meeting and their remuneration be fixed by the Board of Directors in consultation with them."
- 4) To consider and if thought fit to pass, with or without modifications, the following Resolution as a Special Resolution.
"RESOLVED THAT pursuant to Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and (Subject to the approval of the Shareholders in the General Meeting) and the Central Government, the approval of the Company be and is hereby accorded to the appointment of Shri J.P. Singhal as Executive Director of the Company for a further period of 5 years with effect from 1st August, 2008, on the following terms and conditions

- I. SALARY : Rs.12500/=(Rupees Twelve Thousand Five Hundred only) Per month
II. COMMISSION : One per cent of the net profits of the Company, subject to a ceiling of 50% of the salary or Rs. 75,000/= per annum, whichever is less.

PART - A

- (i) HOUSING : Unfurnished Accommodation to be provided at Solapur

PART - B

- (i) COMPANY'S CONTRIBUTION TOWARDS PROVIDENT FUND/ SUPERANNUATION FUND AND PENSION : As per Rules of the Company, but not exceeding 25% of the salary as laid down under the Income-Tax Rules, 1962.
- (ii) GRATUITY : Not exceeding one-half month's salary for each completed year of service.

PART - C

- (i) CAR : Free use of Car with driver for the Company's business.
- (ii) TELEPHONE : Free Telephone facility at residence.

OTHER PERQUISITES :

- (i) LEAVE : One full pay and allowance as per Rules of the Company but not exceeding one month's leave for every 11 months of service subject to condition that leave accumulated but not availed of will not be allowed to be en-cashed.
- (ii) ENTERTAINMENT : Reimbursement of all entertainment and all other expenses actually and properly incurred for the business of the Company which will not be treated as an item of remuneration for the purpose of the Companies Act, 1956.
- MINIMUM REMUNERATION** : Where in any financial year during the tenure of Mr.J.P. Singhal as the Executive Director, if the Company has no profit or the profits are inadequate that there will be no reduction in the remuneration by way of salary and perquisites.

5. RESOLUTION FOR RIGHT ISSUE AT PAR

To consider and if thought fit to pass, with or without modifications, the following Resolution as a Special Resolution
"RESOLVED THAT pursuant to Section 81(1) (a) of the Companies Act, 1956, 3499782 further Equity Shares of Rs.10/- each (herein after referred to as 'the said shares') out of the 4000218 unissued shares of Rs.10/- each be issued to fully paid equity shareholders upon the following terms and conditions and subject to the following rights:

1. The said shares shall rank in all respect pari passu with the existing equity shares save that the said shares shall rank for dividends which may be declared in respect of the Company's accounting year commencing from 01/04/2008 and subsequent years in proportion to the capital for the time being paid, whether such dividends are declared from the accumulated reserves or current profits.
2. The said shares shall be issued at par and offered to the members of the Company on the Company's Register of Members on a date to be hereafter fixed by the Directors in the ratio of one such new shares for every one existing equity shares held by each of such member with option only to such members as do not renounce their rights in whole or in part to apply for additional new shares.
3. The said offer shall be made to each such members by a notice specifying the number of new shares (and coupons, if any) to which each such member is entitled in respect of such member's existing holdings, with forms annexed to such notice of acceptance by such member (where such member personally accepts) and of renunciation and appointment (where such member appoints any other person or persons to take up the shares offered or any part thereof) and of application for additional new shares.

4. Any member receiving such offer shall be entitled to take up all or any of the new shares so offered to him and any member receiving such offer shall be entitled in lieu of personally taking up all or any of the new shares so offered to him, to renounce in favour of an irrevocably appointed nominee or nominees as the person or persons to take up all or any of such new shares, provided such nominee or nominees shall be person or persons approved by the Directors.
5. Any member receiving such offer and taking up all the new shares offered to him shall also be entitled to apply for additional new shares, viz, such new shares as are not taken up by the members to whom they are offered.
6. Rs.10/- being the full nominal value of each of the said shares taken up or applied for shall be paid to the Company with the acceptance of the offer; any such acceptance of the shares offered and/or renunciation and appointment thereof and any application for additional new shares shall be effective only if made on the forms supplied by the Company and if lodged with the Company on or before the date fixed by the Directors or such extended date as may be determined by them from time to time.
7. The offer if not accepted with payment of the said sum of Rs10/- per shares on or before the date fixed by the Directors or such extended date as may be determined by them from time to time, shall be deemed to be declined.
8. After the expiration of such time or in such receipt of an intimation that the member declines to accept the shares offered, the Directors be and are hereby authorized and empowered to dispose of and allot any of the said shares not taken by the members entitled thereto or remaining undisposed of to the applicants for additional shares on an equitable basis with reference to the shares already held by them provided that the members who renounce their rights in whole or in part to the said shares, shall not be entitled to any additional shares and provided further that the allotment of such additional new shares shall be at the entire discretion of the Directors, and to dispose of any balance still left unallotted at the ruling market price or at par whichever is higher.

Place : Mumbai

Date : 12th September, 2008

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 19th September, 2008 to 26th September, 2008 (both days inclusive).
- (c) Shareholders are requested to intimate immediately any change in their registered address.
- (d) 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.
- (e) **BRIEF RESUME OF THE DIRECTORS SEEKING APPOINTMENT OR RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENTS.**

ITEM 2

Shri S.K. Somany

- i) Name : Shri S.K. Somany
- ii) Age : 76 Years
- iii) Qualification : B.Com.
- iv) Experience : Textiles

Shri S.K. Somany is an industrialist with a wide experience of more than 52 years in textile industry. He is Chairman of Soma Textiles & Industries Ltd. and has advised our Company on many occasions. His presence on the Board of Company is an asset. He is a Chairman of the Audit Committee Constituted by the Board of Directors of the Company and Member of the Shareholder/ Investors Grievances Committee. 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 100th Annual General Meeting of the Members of the Company.

ITEM 3

The Company's retiring Auditors M/s. K.S. Aiyar & Co. have expressed their inability for the reappointment as Auditors in the ensuing General Meeting of the Company.

The Board recommended M/s. Mittal & Associates Chartered Accountant firm which is eligible for appointment as per their letter. The Shareholders are requested to consider their appointment.

No Director is interested in this Resolution.

ITEM 4

Shri J.P. Singhal

- i) Name : Shri J.P. Singhal
- ii) Age : 77 Years
- iii) Qualification : BSC. TEX
- iv) Experience : Textiles Industry

Shri J.P. Singhal Aged, 77 has studied in T.I.T. Bhiwani and obtained the degree of BSC. Tex in 1955. He has more than 50 years

experience in textile industry. He is working with the Company since 1969 and rose to the position of Advisor to Chairman. He has also written many useful articles on textiles technology and the same were published in various textiles journals. The Company would benefit from his sincerity and hard working and recommends for his re-appointment as Executive Director for a period of 5 years from 1st August, 2008.

This complies with the provisions of Section 302 of the Companies Act.

No other Director is interested in this Resolution except Mr. J.P. Singhal

ITEM 5

The Company has received the sanctioned scheme from BIFR dated 05th September 2008. In which point no 10.1 under revival plan envisages induction of Rs. 350 Lakhs by way of right issue at par to the existing equity shareholders during the financial year 2008-09. The Company is exempted from the requirement of following the provisions of Section 295,372A and other applicable provisions of the Companies Act, 1956, SEBI Guidelines for Preferential Allotment of Shares and without the requirement of following provisions of SEBI (Substantial Acquisition of Shares & Take over) Regulations 1997, SEBI (Disclosure of Investor Protection) Guidelines 2000, (Central Listing Authority) Regulations, 2003 and ceiling on promoters holding from the applicability. Any shortfall in the right issue shall be funded by the promoters/their relatives/associates to meet the cost of scheme. The amount invested shall be in the form of equity at par. The company proposes the right issue to payoff its liabilities. As required under Section 81 (i) (a) of the Companies Act, 1956 this Special resolution is placed for approval of members. The Shareholders having partly paid up equity shares will be entitled for Right issue only on payment of arrears against the equity shares held by them.

Directors are interested or concerned to the extent of their shareholding.



HUNDREDTH REPORT OF THE DIRECTORS

We present our Annual Report of the Company with the audited statement of accounts for the year ended 31st March, 2008.

1. FINANCIAL RESULTS

	THIS YEAR	PREVIOUS YEAR
Gross Profit/(Loss)	83,52,639	(548830)
ADDITIONS/DEDUCTIONS		
Depreciation	59,33,706	1,22,43,564
Profit/(Loss) before taxation	24,18,933	(1,27,92,394)
Less: Fringe Benefit Tax	2,83,662	(3,00,081)
Less: Provision for Bad & Doubtful Debts	0	(54,75,957)
: Balance brought forward	(28,18,42,918)	(26,32,74,486)
Profit/(Loss) dealt with as under	(27,97,07,647)	(28,18,42,918)
Surplus/(Deficit) carried to Balance Sheet	(27,97,07,647)	(28,18,42,918)

2. DIVIDEND

In view of negative worth of 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

Current year's working was adversely effected due to steep increase in prices of raw material and cost of power. The Management is making efforts to control the cost by curtailing expenses, optimizing production and reduction in waste.

The Company was declared sick by Board for Industrial and Financial Reconstruction (BIFR) U/S.3(1) (o) of the Act and Bank of India was appointed Operating Agency. The Draft Rehabilitation Scheme (DRS) is submitted to BIFR for consideration by the Operating Agency in June 2006 and revised DRS is also submitted on 31/03/2008 and regular follow up is in progress for sanction of DRS.

As per the OTS with BOI for Rs.18.50 Crores, upto 31/3/2008 payment of Rs.14.50 Crores is made and the balance amount of Rs.4.00 Crores is payable during the current financial year. Further simple interest @BPLR will be payable after full payment of balance outstanding principle amount of Rs.4.00 Crores.

The production during the year was higher by 13% compared to earlier year in terms of quantity and the sales realization was higher by 9.6%.

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

With the efforts for further optimization of production and improvement in quality, Management is hopeful of better performance; reduction in financial cost will also be helpful to lowering the cost.

Increasing of per acre yield of Cotton in the country, cost of raw material is expected to be lower. However continuous increase in price of oil, may lead to increase in cost of other material.

Government is planning substantial increase in power generation. This will help in uninterrupted power supply without fluctuation in voltage. This will also be helpful in reducing the overall cost of production.

7. DIRECTORS

Under Articles 146 of the Articles of Association of the Company, Shri S.K. Somany retires by rotation and is eligible for reappointment.

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

The Company has not taken any Fixed Deposit from the Public.

10. AUDITORS' REPORT

Auditors' Report para VI & VII 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. COST AUDITORS

The Company has appointed Shri S.V. Vhatte, Cost Accountant for conducting the Cost Audit of the Textiles for the financial year ended March, 2008. The Central Government approval is awaited.

13. 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.

14. 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.

15. 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.

For and on behalf of the Board

Place : MUMBAI
Date : 27th June, 2008

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). INVERTERS ARE FITTED ON CARDING MACHINES.
 - ii) 750KVA ENERGY EFFICIENT TRANSFORMER WITH OLTC & AVR COMMISSIONED.
- b. ADDITIONAL INVESTMENT AND PROPOSAL IF ANY BEING IMPLEMENTED FOR REDUCTION IN CONSUMPTION OF ENERGY.
 - i) ENERGY SAVING SPINDLES TO BE REPLACED ON RING FRAME.
 - ii) INVERTER DRIVE TO BE FITTED ON BALANCE CARDING MACHINES & SPEED FRAMES.
- c. IMPACT OF MEASURES AT (a) AND (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND ON THE COST OF PRODUCTION OF GOODS.
 - i) INVERTERS ON CARDING MACHINE HAVE ELIMINATED CUBERSOME MECHANICAL DRIVE AND REDUCED THE LOAD ON MACHINES.
 - ii) REPLACEMENT OF ENERGY EFFICIENT TRANSFORMER WITH AVR & OLTC HAS SAVED ENERGY BY WORKING MOTORS ON APPROPRIATE VOLTAGES.
 - iii) REPLACEMENT OF ENERGY SAVING SPINDLES WOULD SAVE ENERGY ON RING FRAMES.
- d. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF THE PRODUCTION : FORM - "A" ENCLOSED.

THE JAMSHRI RANJITSINGHJI SPG. & WVG. MILLS CO. LTD.**B. TECHNOLOGY ABSORPTION.**

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

C. FOREIGN EXCHANGE EARNING 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, 2008**FORM "A"****A. POWER AND FUEL CONSUMPTION****CURRENT YEAR**
1.4.2007 - 31.03.2008**PREVIOUS YEAR**
1.4.2006 - 31.03.2007**1. Electricity****a) Purchased**

Unit (kwh) in lakhs

153.19

138.65

Total Amount (Rs. in lakhs)

635.91

598.31

Rate/Unit (Rs.)

4.15

4.32

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

0.00

0.00

Total Cost (Rs. in lakhs)

0.00

0.00

Average Rate (Rs./M.Tons)

0.00

0.00

3. Other Fuels

Quantity in M. Tons

0.00

0.00

Total Cost (Rs. in lakhs)

0.00

0.00

Average Rate (Rs./M.Tons)

0.00

0.00

B. CONSUMPTION PER UNIT OF PRODUCTION**1. Electricity (Units)**

per kg of yarn

2.95

2.80

per linear metre of fabric

0.00

0.00

2. Fuels (Rs.)

per kg of yarn

0.00

0.00

per linear metre of fabric

0.00

0.00

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.**

i) DRIVE OF CARDING MACHINES IS MODIFIED.

ii) SPEED FRAMES SENSER POSITION IS MODIFIED.

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

i) CHANGING OF DRIVE ON CARDING MACHINE HAS REDUCED THE BREAKDOWNS RESULTING IN HIGH PRODUCTIVITY AND LOWER MAINTENANCE COST.

ii) CHANGING THE SENSER POSITION ON SPEED FRAMES HAS SOLVED THE PROBLEM OF DOFF SPOILING AND THEREBY REDUCTION IN WASTE.

3. IMPORT SUBSTITUTION NIL**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

NIL

b) RECURRING

3.00

c) TOTAL

3.00

d) TOTAL R & D EXPENDITURE AS A PERCENTAGE OF TOTAL TURNOVER

0.06

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

i) THE PRODUCTION ON 30s POLYSTER COUNT AND 20s COTTON HAS IMPROVED BY SUITABLE MODIFICATION IN PROCESS PARAMETERS.

ii) 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, 2008 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, as amended by companies (Auditor's Report) (Amendment) Order, 2004 (the Order) 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 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 7 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 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) We draw attention to Note No. 12(d) & 12(e). The amount of Rs. 713.57 lacs credited in the profit & loss account for the year ended March 31, 2006 under the head 'Extra-ordinary Items' and the Interest for the period 2003-04 onwards at original applicable rate, on bank demand loan, term loans and other credit facilities given by a bank which has not been provided, is based on a compromise settlement. Since the bank has retained the right to revert back to the original dues under the original terms and conditions, in the event of any default or non-compliance of the terms & conditions of the settlement, the ultimate outcome of the matter hinges on strict compliance of the compromise settlement.
- (vii) We draw attention to Note No 9 in respect of unutilized Cenvat credit amounting to Rs. 48.50 lacs appearing in the books; we are informed that the management is actively considering available alternatives for utilizing this balance.
- (viii) As detailed in note no. 6(a) & 6(b) 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 para (viii) 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 31st March, 2008;
 - (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. Aiyar & Co.
Chartered Accountants

P R Sethuraman
Partner

Membership No. 7768

Place : Mumbai

Dated : 27th June, 2008

THE JAMSHRI RANJITSINGHJI SPG. & WVG. MILLS CO. LTD.**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 3 of our report of even date,

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A substantial portion of the Fixed Assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. To the best of our knowledge, no material discrepancies were noticed on such verification.
- (c) In our opinion, except for the write off of Rs. 25.94 Lacs, no substantial part of the fixed assets has been disposed off during the year.
- (ii) (a) As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods.
- (b) 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.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of the stocks as compared to book records.
- (iii) (a) As informed, the company has not taken any loans, secured, and unsecured loan from companies, firms or other parties listed in the register maintained under section 301 except for a temporary unsecured loan from Damani Textile Company amounting to Rs 80 lacs, which was repaid during the year.
- (b) The rates of interest and the terms and conditions are prima facie not prejudicial to the interest of the company.
- (c) There are no terms for repayment of loan or interest.
- (d) Accordingly, Sub clause (d) is not applicable
- (e) As informed, the company has not granted any loans, secured, or unsecured to companies, firms and other party listed in the register maintained under section 301 of the Companies Act, 1956 during the year. Accordingly, sub-clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of Sections 58A, 58AA of the Act and the rules framed there under.
- (vii) No internal audit was carried out during the year.
- (viii) The Central Government under Section 209(1)(d) of the Companies Act, 1956, has prescribed the maintenance of cost records. On a prima facie examination, such records are duly maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and other material statutory dues applicable to it have been generally regularly deposited during the year with the appropriate authorities.

According to the information and explanations given to us, undisputed dues in respect of Provident Fund, Investor