RISHAB SPECIAL YARNS LIMITED

10TH ANNUAL REPORT
1997-98

BOARD OF DIRECTORS

Shri Nathmall Hirawat, *Chairman*
Shri Amitabh Hirawat, *Managing Director*
Smt. Padam Devi Hirawat, *Director*
Shri K. Chandrashekar, *Executive Director*
Shri Anil Sharma, *Nominee Director, RIICO*
Shri M.P. Swami, *Nominee Director, R.F.C*

COMPANY SECRETARY

Shri N.K. Modi

AUDITORS

M/s R. Mohnot & Co.
Chartered Accountants

BANKERS

State Bank of Bikaner & Jaipur
Punjab National Bank

REGISTERED OFFICE

2070, Rasta Bara Gangore,
JAIPUR-302 003

WORKS

Unit-I : E-38-39, Ambaji Industrial Area,
Abu Road-307 026

Unit-II : B-130A, Ambaji Industrial Area,
Abu Road-307 026

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the company will be held at Kautilya Hall, Chanakya Restaurant, M.I.Road, Jaipur on Friday, the 26th day of June , 1998, at 12.00 Noon to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt Audited Statement of Accounts together with report of Directors and auditors for the period of fifteen months from 01.01.97 to 31.03.1998.
2. To appoint a Director in place of Sh. Nathmall Hirawat who retires by rotation and being eligible , offers himself for reappointment.
3. To appoint Auditors to hold office from conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

Registered Office :
2070,Rasta Bara Gangore,
JAIPUR- 302003.

By Order of the Board

N.K.MODI
Company Secretary

Dated : 30/05/98

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member. Proxies in order to be effective must be received at the Registered Office of the company not less than 48 hours before the meeting.
2. Members are requested to notify immediately any change in their address to the company.
3. The Register of Members and Share Transfer Registers of the company will remain closed from Monday 22nd June ,1998 to Friday 26th June, 1998 (both days inclusive).

DIRECTORS REPORT

To,
The Members of
RISHAB SPECIAL YARNS LTD.

Your Directors have pleasure in presenting the Tenth Annual Report together with Audited Statement of Accounts of the company for the period of fifteen months from 01.01.1997 to 31.03.1998 :-

	Fifteen Months ended 31.03.98 (Rs.)	Eighteen Months ended 31.12.96 (Rs.)
Financial Results		
Profit before depreciation & Taxes	1,22,35,128	1,81,52,909
Less Depreciation	76,33,792	74,65,142
Provision for Taxation	13,04,000	Nil
Profit after Tax	32,97,336	1,06,87,767
Add Balance Brought forward from the previous year	2,50,23,483	1,68,35,716
	2,83,20,819	**2,75,23,483**
Appropriations		
(a) Debenture Redemption Reserve	20,00,000	25,00,000
(b) Balance surplus carried over to Balance Sheet	2,63,20,819	2,50,23,483
	2,83,20,819	**2,75,23,483**

PERFORMANCE

During the fifteen months ending on 31.3.98 your company achieved a turnover of Rs.4002.70 lacs (previous year 18 months turnover Rs.5252.88 lacs) and cash profit of the company was Rs.117.13 lacs (previous year 18 months cash profit 186.10 lacs). The production of the company for the current fifteen months was 3367 M.T. as compared to 3255 MT in the previous eighteen months.

In line with generally grim scenario of manufacturing Industry in the country, your company also had to face tough market conditions specially in last six months of the accounting year. Despite the same, it has come up with reasonable performance.

DIVIDEND

In order to preserve the resources for furture growth and to ensure its impeccable record of timely payments to institutions and other creditors, your directors have not recommended any dividend.

FUTURE PROSPECTS

Your company plans to establish one more unit at Silvassa, in union Teritory of Dadra and Nagar Haveli for production of texturised yarn. The same is to be financed by IDBI. IDBI has sanctioned a loan of Rs.700 lacs and the total project cost is Rs. 1125.00 lacs. Company has already acquired land at Silvassa.

As the present market conditions are not encouraging, the company has not yet started the civil works. As soon as the market situation improves the company plans to start work at Silvassa.

FIXED DEPOSITS

The company has not accepted any fixed deposit in contravention of section 58 A of the Companies Act, 1956 and the Companies (Acceptance of Deposit), Rules, 1975.

DIRECTORS

Sh. Nathmalll Hirawat, Director of the company retires by rotation pursuant to section 256 of the Companies Act, 1956 and being eligible, offers himself for reappointment.

AUDITORS

M/s R.Mohnot & Co., Chartered Accountants, Jaipur retire at the ensuing Tenth Annual General Meeting and have given their consent for reappointment.

NOTE ON REMARKS OF AUDITORS

Gratuity payable will be accounted as and when paymerit are made and as such liability has not been considered.

PARTICULARS OF EMPLOYEES

There were no employees in receipt of remuneration in excess of limits specified under section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC. :

A statement containing the information as per section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure I forming part of this report.

ACKNOWLEDGEMENTS

The Board gratefully acknowldges the co-operation and support given by the Financial Institutions, Company's Bankers, Shareholders and Employees.

For and on behalf of Board of Directors

Place : JAIPUR
Dated : 30.5.1998

NATHMALL HIRAWAT
Chairman

ANNEXURE TO DIRECTORS REPORT

Statement containing particulars to Companies (Disclosure of particulars in report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The company is making continuous efforts to conserve energy wherever practicable and also to economise the use of Power and Electricity in the factory and office. The total energy consumption as per prescribed form `A' is as under :

Form `A'
(See Rule 2)

Particulars with respect to conservation of energy

A. POWER AND FUEL CONSUMPTION

1. Electricity	Fifteen months ended 31.03.98	Eighteen months ended 31.12.96
(a) Purchased Units	2,00,698	42,36,299
Total Amount	6,26,197	1,20,83,784
Average Rate/Unit (Rs.)	3.12	2.85
(b) **Own Generation**		
Through Diesel Generator (units)	92,85,484	47,20,190
Diesel Consumed (Ltrs.)	24,30,755	13,84,220
Unit/Ltr. of Diesel	3.82	3.41
Total cost of Diesel & Others(Rs.)	2,18,04,575	105,42,620
Average cost/Unit	2.35	2.23
2. Coal: Quantity (Kg)	12,40,607	19,44,364
Cost (Rs.)	34,49,946	52,06,536
Average Rate	2.78	2.68

B. CONSUMPTION PER UNIT (KILOGRAM) OF PRODUCTION

Production (Kgs.)	33,67,413	32,54,587
Electricity (Units)	2.82	2.75
Furnance Oil	Nil	Nil
Coal (Kg)	0.37	0.59
Others	Nil	Nil

C. TECHNOLOGY ABSORPTION

Company is in constant touch with the Machinery Suppliers and Technical Institutions regarding the possibility of any change/modifications etc. to achieve better working & quality.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Earning	18,66,914	Nil
(b) Outgo	13,63,630	72,877

AUDITOR'S REPORT

To The Members of
Rishab Special Yarns Limited,
JAIPUR.

We have audited the attached Balance Sheet of Rishab Special Yarns Limited as at 31st March, 1998 and Profit and Loss Account for the period of fifteen months from 01.01.97 to 31.03.98 annexed thereto and report that:

(1) As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and in terms of the information and explanations given to us and on the basis of such checks as we considered appropriate, we enclose on the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

(2) Further to our comments in the annexure referred to in the paragraph(1) above :

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) In our opinion proper books of Accounts as required by the law have been maintained by the company so far as appears from our examination of such books.

(c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts.

(d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and subject to Note 1(viii) of Notes to Accounts (non provision of accrued gratuity) give a true and fair view :

(a) In case of Balance Sheet of the State of Affairs of the Company as at 31st March, 1998 and

(b) In the case of profit and Loss Account, of the profit for the period of fifteen months ended on that date.

For **R.MOHNOT & CO.**
Chartered Accountants

PLACE : JAIPUR
DATED : 30.5.98

(NARENDER MITTAL)
PARTNER.

ANNEXURE TO AUDITORS REPORT
(REFERRED TO IN PARARAPH 1 OF OUR REPORT OF EVEN DATE)

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. As informed to us, the fixed assets have been physically verified by the management during the period and no material discrepancies were noticed on such verification.
2. None of the fixed assets of the company have been revalued during the period.
3. As explained to us, physical verification of stocks of finished and semi-finished goods, raw materials, stores, spares and consumables has been conducted by the management at reasonable intervals during the period.
4. In our opinion and according to explanations given to us, the 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.
5. The discrepancies noticed on verification between physical stocks and book records were not material and these have been properly dealt with in the books of accounts.
6. In our opinion, the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. In respect of unsecured loans obtained by the company from companies, firms or other parties listed in the register maintained u/s 301 and 370(1-B) of the Companies Act, 1956, the rate of interest and the terms and conditions are prima facie not prejudicial to the interest of the company.
8. In our opinion, the rate of interest and other terms and conditions on which loans have been granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and to companies under the same management as defined under section 370(1-B) of the Companies Act, 1956 are not primafacie, prejudicial to the interest of the Company.
9. The company has given interest free advances in the nature of loans to its employees which are generally being repaid regularly.
10. In our opinion and according to the information and explanations given to us the company has adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. The transactions of purchase of goods and materials and sale of goods, material and services made in pursuance of contracts or arrangements entered in the Register 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 prices for such goods, materials and services or the prices at which transaction for similar goods or materials have been made with other parties.

12. As explained to us, the unserviceable or damaged stores and raw materials are determined by the company and adequate provisions for loss, wherever necessary has been made.
13. According to the information and explanation given to us, the company has not acccepted any deposit in contavention of the section 58A of the Companies Act,1956 and the Companies (Acceptance of Deposit) Rules, 1975.
14. As informed to us there is no by product of the company. The company is maintaining reasonable records for sale and disposal of waste/scrap
15. As explained to us, the company has reasonable internal audit system commensurate with the size and nature of the business.
16. On the basis of records produced before us, we are of the opinion that prima facie, the cost records and accounts prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 have been made and maintained by the company. However, in our opinion we are not required to carry out and we have not carried out any detailed examination of such accounts and records.
17. The company has generally been regular in depositing its Provident Fund and ESI dues.
18. According to the information and explanation given to us, there were no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty which have been remained outstanding as at 31st March, 1998 for a period of more than six months from the date they become payable.
19. According to the information and explanations given to us and records of the company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The company is not a sick industrial company under Section 3(1)(o) of the Sick Industrial Companies (Special Provisions), Act, 1985.

For **R.MOHNOT & CO.**
Chartered Accountants

Place : JAIPUR
DATED : 30.5.98

(NARENDER MITTAL)
PARTNER.

BALANCE SHEET AS ON 31ST MARCH, 1998

	SCHEDULE		As on 31.03.98 Rs.		As on 31.12.96 Rs.
Sources of Funds :					
1. Shareholders funds :					
a. Share Capital	`A'	35697500		35697500	
b. Share Application Money		7450000		-	
c. Reserves and Surplus	`B'	40272403	83419903	36975067	72672567
2. Loan Funds :					
a. Secured Loans	`C'	92126196		73985722	
b. Unsecured Loans		----	92126196	2800000	76785722
TOTAL:			**175546099**		**149458289**
Application of Funds :					
1. Fixed Assets :					
a. Gross Block	`D'	156087071		110414683	
b. Less :Depreciation		34242387		26847111	
c. Net Block		121844684		83567572	
d. Capital work in progress		503897	122348581	3059030	86626602
2. Investments	`E'		53800		2500
3. Current Assets,Loans & Advances	`F'				
a. Inventories		35838785		35635111	
b. Sundry Debtors		22359261		28224036	
c. Cash and Bank Balances		1454749		2099889	
d. Loans & Advances		7421703		4145904	
		67074498		70104940	
4. Less Current Libilities & Provisions	`G'				
a.Liabilities		14963134		8959283	
b.Provisions		1304000		-	
		16267134		8959283	
5. Net current Assets			50807364		61145657
6. Misc.Expenditure	`H'		2336354		1683530
TOTAL :			**175546099**		**149458289**
7. Notes to Accounts	`O'				

As Per Our Report Attached
FOR R.MOHNOT & CO.
Chartered Accountants

For and on Behalf of Board of Directors

(NARENDER MITTAL) Partner	**(NATHMALL HIRAWAT)** Chairman	**(AMITABH HIRAWAT)** Managing Director
Place : JAIPUR Dated:30.05.98	**(K.CHANDRASHEKAR)** Executive Director	**(N.K.MODI)** Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE FIFTEEN MONTHS ENDED ON 31ST MARCH, 1998

	SCHEDULE	15 Months ended 31.03.98 (Rs.)	18 Months ended 31.12.96 (Rs.)
Income			
YarnSales		400270310	525287558
OtherIncome	'I'	1649904	778775
Increase/(Decrease) in stocks	'J'	1272985	(5,689,968)
TOTAL		**403193199**	**520376365**
Expenditure			
Raw Material consumption		190099407	243914363
Excise Duty		89539702	143248800
Employee Remuneration and benefits		7414457	6766828
Manufacturing Expenses	'K'	72387804	73337144
Administrative Expenses	'L'	4388503	4043834
Selling and Distribution Exp.	'M'	5355248	6367048
Financial Expenses	'N'	20991287	24088579
Miscellaneous ExpenditureW/off		385380	456860
Depreciation	'D'	7633792	7465142
Loss on sale of machinery		396283	-----
TOTAL		**398591863**	**509688598**
Net profit for the year before tax		4601336	10687767
Less: Provision for taxation (M.A.T.)		1304000	
Profit after tax		3297336	10687767
Balance Brought forward from Previous year		25023483	16835716
Profit Available for Appropriation		28320819	27523483
Transfer to Debenture Redemption Reserve		2000000	2500000
Proposed Dividend		-	-
Balance Carried to Balance Sheet		26320819	25023483
Notes on Accounts	'O'		

As Per Our Report Attached
FOR **R.MOHNOT & CO.**
Chartered Accountants

For and on Behalf of Board of Directors

(NARENDER MITTAL)
Partner

(NATHMALL HIRAWAT)
Chairman

(AMITABH HIRAWAT)
Managing Director

Place : JAIPUR
Dated:30.05.98

(K.CHANDRASHEKAR)
ExecutiveDirector

(N.K.MODI)
Company Secretary

	As on 31.03.98 Rs.	As on 31.12.96 Rs.
SCHEDULE `A'		
Share Capital:		
Authorised Capital		
60,00,000 Equity Shares of Rs.10/-each	**60000000**	**40000000**
(Previous year 40,00,000 Equity Shares		
of Rs. 10/- each)		
Issued, Subscribed and paid up		
35,60,000 equity Shares of Rs. 10/- each	35600000	35600000
Less : Allotment money in arrears	(15,000)	(15,000)
Add; Share Forfeited	112500	112500
TOTAL	**35697500**	**35697500**
SCHEDULE `B'		
Reserves and Surplus		
A. Capital Reserve	6006094	6006094
B. General Reserve	1050000	1050000
C. Investment Allowance Reserve Utilised	2395490	2395490
D. Debenture Redemption Reserve	4500000	2500000
D. Profit and Loss Account	26320819	25023483
TOTAL	**40272403**	**36975067**

	As on 31.03.98 Rs.	As on 31.12.96 Rs.
Schedule 'C'		
Secured loans		
A. Term Loans		
1. Rajasthan State Industrial Development & Investment Corporation Limited	----	386000
2. Rajasthan Financial Corporation	----	1631000
3. State Bank of Bikaner & Jaipur	----	307100
(The above term loans are secured by first pari-passu charge by creating joint equitable mortgageof land and building and hypothecation of all moveable/immoveable assets (both present and future) of the company)		
4. Industrial Development Bank of India	31581000	14536000
(The term loan of IDBI is secured by exclusive first charge on the fixed assets of the company under Equipment Finance Scheme.)		
B.Cash Credit		
From State Bank of Bikaner & Jaipur	21929041	18324389
From Punjab National Bank, Jaipur	22164746	22091233
(Secured against hypothecation of raw material, stock in process, finished goods stores & spares, book debts ranking pari -passu among each other and also secured, by second charge on fixed assets of the co.)		
C. Non-ConvertibleDebentures	15000000	15000000
(Secured against first pari passu charge on the fixed assets of the company)		
D. Deferred Payment Loan from RIICO	1260000	1710000
(Secured against assets acquired on deferred payment basis)		
(All the above loans are further secured by personal guarantee of promotor directors of the company.)		
E. Car loan from SRF Finance Ltd.,	191409	----
(Secured against hypothecation of vehicles)		
TOTAL	**92126196**	**73985722**

Schedule 'D'
Fixed Assets

Name of Assets	Gross Block: As on 01.01.97	Gross Block: Additions during the period	Gross Block: Sale during the period	Gross Block: As on 31.03.98	Depreciation: As on 01.01.97	Depreciation: Addition during the period	Depreciation: Written back	Depreciation: As on 31.03.98	Net Block: As on 31.3.98	Net Block: As on 31.12.96
Leasehold Land	2870729	—	—	2870729	—	—	—	—	2870729	2870729
Land(Silvassa)	—	4246347	—	4246347	—	—	—	—	4246347	—
Land Residential	490056	—	—	490056	—	—	—	—	490056	490056
Building	10463981	5906146	—	16370127	1321649	459263	—	1780912	14589215	9142332
Plant and Machinery	76692540	34040471	—	110733011	22991637	5755857	—	28747494	81985517	53700903
Electrical Installation	3105608	1286512	—	4392120	654050	246584	—	900634	3491486	2451558
D.G.Sets	10538939	—	834799	9704140	1113489	641133	238516	1516106	8188034	9425450
Weighing Scale	129622	1287	—	130909	24305	7677	—	31982	98927	105317
Lab Equipment	140943	—	—	140943	46983	8346	—	55329	85614	93960
Fire Fighting Equipment	25397	—	—	25397	4929	1504	—	6433	18964	20468
Furniture & Fixtures	477646	44727	—	522373	95502	38601	—	134103	388270	382144
Office Equipment	379389	55475	—	434864	65385	30455	—	95840	339024	314004
Vehicle	248810	386286	—	635096	69690	47562	—	117252	517844	179120
Boiler	4223467	40362	—	4263829	411099	280642	—	691741	3572088	3812368
Misc. Fixed Assets	202556	115574	—	318130	33252	14742	—	47994	270136	169304
Computers	425000	384000	—	809000	15141	101426	—	116567	692433	409859
	110414683	46507187	834799	156087071	26847111	7633792	238516	34242387	121844684	83567572
Capital Work in process including Material at site									503897	3059030
	110414683	46507187	834799	156087071	26847111	7633792	238516	34242387	122348581	86626602
Previous Year	93677282	16737401	-	110414683	19381969	7465142	-	26847111	83567572	74295313

SCHEDULE 'E'

SCHEDULE		As on 31.03.98 Rs.		As on 31.12.96 Rs.
Investments				
A. National Saving Certificate (Pledged with Sales Tax Authorities)		2500		2500
B. Quoted Shares (At Cost) 95 Shares of State Bank of Bikaner & Jaipur (Market Value of quoted Shares Rs. 42,275/-)		51300		----
TOTAL		**53800**		**2500**

SCHEDULE 'F'

Current Assets, Loans & Advances

		As on 31.03.98 Rs.		As on 31.12.96 Rs.
A. Current Assets				
a) Inventories (As taken valued and certified by the management)				
Raw Material	3178708		1516954	
Work in process	9926157		8637771	
Finished Goods	14310438		14325839	
Stores & consumables	8423482		11154547	
		35838785		35635111
b) Sundry Debtors (unsecured considered good)				
Debtors outstanding over sixmonths)	1662696		2186793	
Others	20695565		26037243	
		22359261		28224036
c) Cash and Bank Balances				
Cash in hand	96960		599913	
With Scheduled Banks				
- On Current Accounts	1357789		1498176	
- On fixed deposits	-----		1800	
		1454749		2099889
B. Loans & Advances				
Advances recoverable in cash or in kind or for value to be received	1966057		2245966	
Advance payment of Income tax (including tax deducted at source)	1765354		26670	
Deposits with Governament Authorities	864333		860333	
Deposits with others	479000		15000	
Loans to Employees	137818		215318	
Income/Claim Receivable	1646727		607495	
Prepaid Expenses	562414		175122	
		7421703		4145904
TOTAL		**67074498**		**70104940**

SCHEDULE 'G'

	As on 31.03.98 Rs.	As on 31.12.96 Rs.
Current Liabilities and Provisions :		
A. Current Liabilities		
Sundry Creditors	7312478	2890059
Outstanding Expenses	900840	981325
Interest Accrued but not due	2226639	2162830
Other Liabilities	4523177	2925069
	14963134	8959283
B. Provisions		
Provision for Taxation	1304000	-----
	16267134	8959283

SCHEDULE 'H'

Miscellaneous Expenditure
(To the extent not written off or adjusted)

Preliminary Expenses	229285	17075
Public Issue Expenses	1078558	1415608
Debenture Issue Expenses	213957	250847
Preoperative Exp (Silvassa Project)	814554	-----
	2336354	1683530

SCHEDULE 'I'

Other Income

Claims & Discts received	422394	326367
Interest received others (Net)	457470	-
Intt on bank FDR	17093	79252
Misc. sales	442597	373156
Export Incentives	310350	-
	1649904	778775

SCHEDULE 'J'

Increase/(Decrease) in Stocks

A. Opening Stock		
a. Finished Goods	14325839	13935505
b. Work in process .	8637771	14718073
	22963610	28653578
B. Less :Closing Stock		
a. Finished Goods	14310438	14325839
b. Work in process	9926157	8637771
	24236595	22963610
Increase/(Decrease) in stocks (A-B)	1272985	(5689968)

SCHEDULE 'K'

	15 Months ended 31.03.98 (Rs.)	18 Months ended 31.12.96 (Rs.)
Manufacturing Expenses:-		
Consumption of Antistatic Oil	4878951	5093963
Consumption of stores & spares	3737747	3934492
Consumption of paper tubes & cones	8316698	7255223
Power &Fuel	26920766	27832940
ConsumptionofDyesandchemicals	12153941	13636396
PackingMaterial	5069311	5592418
Repairs & Maintenance		
- Plant & Machinery	718156	833264
- Others	477743	469275
Insurance Premium	639648	565468
Employee welfare expense	571210	557959
Job work expenses	6640799	6456960
Watercharges	822834	1108786
Lease Rent	1440000	-
TOTAL	**72387804**	**73337144**

SCHEDULE 'L'

Administrative and Other expenses :-

Printing and stationery exp	228195	364135
Travelling & Conveyance	976405	962665
Professional & Legal fee	135450	192860
Auditors Remuneration	62500	75000
Misc. Expenses	696945	638692
Rent, Rates & Taxes	577528	63275
Telephone and telex expenses	963639	966266
Postage & Telegram	113815	109484
Electricity and water charges	57720	83101
Directors Remuneration	480000	540000
Repairs and Maintenance (vehicles)	96306	48356
TOTAL	**4388503**	**4043834**

	15 Months ended 31.03.98 (Rs.)	18 Months ended 31.12.96 (Rs.)
SCHEDULE`M'		
Selling & Distribution Expenses :-		
Commission on sales	1614843	2859835
Transporatation charges	2988111	2369922
Brokerage on sales	531366	823944
Insurance (Marine transit)	22684	231875
Rebate and discount on sales	53354	24843
SalesTax	144890	31437
Other Selling Expenses	-	25192
TOTAL	**5355248**	**6367048**
SCHEDULE`N'		
Financial Expenses:		
Cash Discount	992790	658839
Interest on Secured Loans	19689125	20755140
Interest to Others (Net)	-	2473908
Bank commission and charges	309372	200692
TOTAL	**20991287**	**24088579**

SCHEDULE 'O'

Notes to Accounts :

(Annexed to Balance Sheet as at 31st March, 1998 and Profit and Loss account for the period of 15 months from 01.01.97 to 31.03.98)

1. Significant Accounting Policies

i) Basis of Accounting : The financial statements are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956 and accepted accounting standards.

ii) Fixed Assets :Fixed assets are stated at Cost less depreciation. Cost of acquisition, fabrication or construction is inclusive of freight, duties and other incidental expenses during construction period but excludes the modvat credit available on the capital goods.

iii) Depreciation : Depreciation on all assets has been provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956

iv) Treatment of Expenditure during Construction Period : Incidental Expenditure during construction period/Trial Production period is allocated to the respective fixed assets on completion of construction period/on date of commissioning.

v) Revenue Recognition : The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.

vi) The refund of excise in the form of Modvat credit available on inputs of materials as per Excise Laws are deducted from the cost of the materials and accordingly closing stock of input materials are valued.

vii) Inventories : The method of Inventories valuation has been adopted as follows :

Raw Material	:	At Cost
Work in Process	:	At Estimated Cost
Finished Goods	:	At Cost or Market value whichever is lower.
Stores &Spares, Fuel, Packing materials etc.	:	At cost

viii) Gratuity : The company has not made any provision for accruing liabilities for gratuity for its employees . Gratuity payable will be accounted as and when payments are made and as such liability has not been ascertained.

ix) Amortisation of Miscellaneous Expenditure : Preliminary, Public Issue and Debenture Issue expenses are being amortised in equal installments in 10 years.

(x) Foreign Exchange Transactions : Foreign currency transactions are accounted at current exchange rates. Gain and losses on foreign exchange transactions other than those related to fixed assets are recognised in the profit and loss account on realisation/payment.

2. Contingent Liabilities :	As At 31.03.98 (Rs. in lacs)	As At 31.12.96 (Rs. in lacs)
a) In respect of excise demand not accepted by the company. (deposited under protest)	1.55	1.55
b) In respect of RSEB fuel surcharge from April 96 to June 97	Amount unascertainable.	

3. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances)	NIL	155.47

4. The company is not liable to pay Income Tax in view of unabsorbed depreciation and other statutory tax reliefs available under the Income Tax Act, 1961. However, the company is liable to pay Minimum Alternate Tax under section 115 J A of Act for which provision has been made in books of Accounts.
5. Balances of Sundry Debtors, Creditors and Loans and Advances are subject to confirmation.
6. In the opinion of management, sundry debtors, loans and advances are approximately of the value stated, if realised in the ordinary course of business unless and otherwise stated. The provisions of all liabilities are adequate and not in excess of the amount reasonably necessary.
7. Managerial Remuneration

	For the 15 months ended **31.03.98** (Rs.in lacs)	For the 18 Months ended **31.12.96** (Rs.in lacs)
Salaries	4.80	5.40
Perquisites	-----	----
TOTAL	**4.80**	**5.40**

8. Payment to Auditors :

a) Statutory Audit fee	0.53	0.70
b) For Tax Audit	0.10	0.05
d) Out of Pocket expenses	0.26	0.21
TOTAL	**0.89**	**0.96**

9. Advances include Rs.16.40 Lacs (Previous year Rs.21.04 Lacs) due from a concern in which directors of the company are interested. Maximum amount due at any time during the year Rs.51.98 Lacs (Previous year Rs. 52.63 Lacs)
10. Additional Information Pursuant to the Provisions of Paragraphs 3 and 4 of Part-II of Schedule VI of the Companies Act, 1956.

a) Licensed and Installed Capacity :
(No. of Spindles)

Class of Goods	**Licensed/Registered**		**Installed Capacity**	
	31.03.98	**31.12.96**	**31.03.98**	**31.12.96**
i) Texturising	1080	864	1080	864
ii) Twisting	2848	1344	2848	1344

b) Production, Turnover and Stocks (Yarn)

	For the 15 months ended **31.03.98**		For the 18 months ended **31.12.96**	
	Qty(in kg)	Amount(Rs.)	Qty(in kg)	Amount(Rs.)
Opening Stock	101118.570	143258397	73777.886	13935505
Production	3367413.981	-	3254586.625	-
Sales	3333475.811	400270310	3227245.941	525287558
Closing Stock	135056.740	14310438	101118.570	14325839
c) Details of Work in Process				
Opening Stock	71667.281	8637771	87204.549	14718073
Closing Stock	95309.444	9926157	71667.281	8637771
d) Raw Material Consumed	3377389.905	190099407	3232151.195	243914363
e) Expenditure in foreign currency (foreign travelling)		----		72877
f) C.I.F. value of Imports (Capital goods)		1363630		Nil
g) Earnings in Foreign Currency (FOB value of export)		1866914		Nil

11. The company has extended its accounting year to 31.03.98 to make it uniform with the year end under Income Tax Act, 1961. Current period figures in Profit and Loss account are for 15 months, whereas previous period figures are for 18 months. To that extent figures in Profit & Loss account are not comparable.
12. Figures for the previous period have been regrouped/rearranged whereever considered necessary to conform to this period's classification.
13. All the figures have been rounded off to the nearest of rupee.

Signatures to Schedule `A' to `O'

As per our report of even date
FOR **R.MOHNOT & CO.**
Chartered Accountants

For and on Behalf of Board of Directors

(NARENDER MITTAL)
Partner

(NATHMALL HIRAWAT)
Chairman

(AMITABH HIRAWAT)
Managing Director

PLACE : JAIPUR
DATED : 30.5.98

(K.CHANDRASHEKAR)
Executive Director

(N.K.MODI)
Company Secretary

CASH FLOW STATEMENT

	15 Months Ended on 31.3.98 (Rs.)		18 Months Ended on 31.12.96 (Rs.)	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax and Extraordinary item	4997619		10687767	
Adjustment for :				
Depreciation	7395276		7465142	
Misc. Expenses Written off	385380		456860	
Interest Paid	19689125		23229048	
Interest received	(474563)		(79252)	
Operating Profit Before Working Capital Changes	31992837		41759565	
Changes in Working Capital				
(Increase)/Decrease in Inventories	(203674)		5906801	
(Increase)/Decrease in Sundry Debtors	5864775		7935632	
(Increase)/Decrease in Loans and Advances	(3275799)		4547	
(Increase)/Decrease in Current Liabillities	7307851		(17244450)	
Cash Generation from Operations	41685990		38362095	
Interest Paid	(19689125)		(23229048)	
Direct tax	(1304000)		----	
Cash flow before Extraoridinary items	20692865		15133047	
Extraordinary items-				
Loss on Sale of Machinery	(396283)		----	
Net Cash Flow from Operating Activity		20296582		15133047
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Inflow/(outflow)				
Interest and Other Income	474563		79252	
Purchase of Fixed Assets	(45672388)		(16737401)	
(Increase)/Decrease in Capital Work-in-Progress	2555133		(3059030)	
Miscellaneous Expenses	(1038204)		(112613)	
Other Investment	(51300)		(500)	
Net Cash Flow from Investing Activities		(43732196)		(19830292)
		(23435614)		(4697245)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Inflow/(Outflow)				
Proceeds from Share Application Money	7450000		1000	
Proceeds from Long Term Borrowings (Net)	14462309		7097085	
Repayment of unsecured loan.	(2800000)			
Increase/(Decrease) in Cash Credit Utilisation	3678165		(3873695)	
Net Cash Flow from Financing Activities		22790474		3224390
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash Equivalents as at the Commencement of the year		2099889		3572744
Cash and cash Equivalents as at the close of the year		1454749		2099889

We have verified the above Cash Flow Statement of RISHAB SPECIAL YARNS LIMITED derived from Audited Financial Statements for the Fifteen months ended on 31st March, 1998 and found the same in accordance therewith, and also with the requirement of clause 32 of the listing agreement with Stock Exchanges.

As per Our Report of even date
FOR R. MONHOT & CO.
Chartered Accountants

for and on Behalf of Board of Directors

(NARENDER MITTAL)
Partner

(NATHMALL HIRAWAT)
Chairman

(AMITABH HIRAWAT)
Managing Director

PLACE : JAIPUR
Dated : 30.5.98

(K. CHANDRASHEKAR)
Executive Director

(N. K. MODI)
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 4 0 6 7 State Code 1 7

Balance Sheet Date: 3 1 (Date) 0 3 (Month) 9 8 (Year)

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
X X X X X X X X X X X	X X X X X X X X X
Bonus Issue	**Private Placement**
X X X X X X X X X X X	7 4 5 0

III. Position of Mobilisation and Depolyment of Funds (Amount in Rs. Thousands)

	Total Liabilities	Total Assets
	1 7 5 5 4 6	1 7 5 5 4 6
Sources of Funds	Paid-up-Capital	Reserves and Surplus
	3 5 6 9 8	4 0 2 7 2
	Secured Loans	Unsecured Loans
	9 2 1 2 6	X X X X X X X X X
	Share Application Money	
	7 4 5 0	
Application of Funds	Net Fixed Assets	Investments
	1 2 2 3 4 9	5 4
	Net Current Assets	Misc. Expenditure
	5 0 8 0 7	2 3 3 6
	Accumulated Losses	
	X X X X X X X X X	

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
4 0 3 1 9 3	3 9 8 5 9 2
Profit Before Tax	Profit After Tax
4 6 0 1	3 2 9 7
Earning per share in Rs.	Dividend
1	X X

V. Generic Names of Three Principal Products/Services of Company (as per monetory terms)

Item Code No. (ITC Code)	5 4 0 2 3 2
Product Description	SYNTHETIC FILAMENT YARN TEXTURISED
Item Code No. (ITD Code)	5 4 0 2 5 2
Prdouct Description	SYNTHETIC FILAMENT YARN OF YARN SINGLE TWISTED
Item Code No. (ITD Code)	X X X X X X X X X X X
Prdouct Description	X X X X X X X X X X X X X X X X X X X X X X

RISHAB SPECIAL YARNS LIMITED
JAIPUR

L.F. NO.	
No. of Shares held	

ATTENDANCE CARD

We hereby record my/our presence at the Tenth Annual General Meeting of the Company held at Kautilya Hall, Chanakya Restaurant, M. I. Road, Jaipur-302 001 on Friday 26th June, 1998 at 12.00 Noon.

NAME OF THE SHAREHOLDER (IN BLOCK LETTERS)	
SIGNATURE OF THE SHAREHOLDER	
NAME OF THE PROXY (IN BLOCK LETTERS)	
SIGNATURE OF THE PROXY	

NOTES :

1. Your are requested to sign and hand this over at the entrance.
2. If you intend to appoint a proxy to attend the meeting instead of yourself, the proxy, must be deposited at the Registered Office of the Company at 2070. Rasta Bara Gangore, Jaipur-302 003, not less than 48 hours before the time of holding the meeting.
3. If you are attending the meeting in person or by proxy, your copy of the Balance Sheet may please be brought by you/your proxy for reference at the meeting.

— — — — — — — — — — — — — — — — TEAR HERE— — — — — — — — — — — — — — — — — —

RISHAB SPECIAL YARNS LIMITED
JAIPUR

L.F. No.	
No. of Shares held	

FORM OF PROXY

I/We.................................Of .... in the district of ....being a member/members of the above named Company hereby appoint...........................of.....................in the districit me/us on my/our behalf at the Tenth Annual General Meeting of the Comapny to be held on the 26th day of June, 1998 and at any adojournment thereof.

Signed this..........day of............1998

NOTES

1. The Proxy must be deposited at the Registered Office of the Company at 2070, Rasta Bara Gangore, Jaipur-302 003 not less than 48 hours before the time for holding the meeting.
2. This from is to be used in favour of/Against the resolution. Unless otherwise directed, the Proxy will vote as he thinks fit.

* Strike out whicheve is not applicable.

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