RISHAB SPECIAL YARNS LIMITED

11th Annual Report

1998 - 1999

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*

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,

WORKS
Unit -1 : E-38-39, Ambaji Industrial Area, Abu Road-307 026
Unit -2 : B-130A, Ambaji Industrial Area, Abu Road-307 026

DIRECTOR'S REPORT

To,
The members of
RISHAB SPECIAL YARNS LTD.

Your Directors have pleasure in presenting the Eleventh Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March, 1999.

	Year Ended 31.03.99 (Rs.)	15 Months Ended 31.03.98 (Rs.)
FINANCIAL RESULTS		
Profit before depereciation, misc. expenses w/off & taxes	40,818	1,26,20,508
Less Depereciation	75,38,711	76,33,792
Less Misc. Expenses w/off	3,26,941	3,85,380
Provision for Taxation	Nil	13,04,000
Prior period adjustments	12,418	Nil
Profit/ (Loss) after tax	(78,12,416)	32,97,336
Add Balance brought forward from the previous year	2,63,20,819	2,50,23,483
	1,85,08,403	**2,83,20,819**
APPROPRIATION		
(A) Debenture Redemption Reserve	Nil	20,00,000
(B) Balance surplus carried over to Balance Sheet	1,85,08,403	2,63,20,819
	1,85,08,403	**2,83,20,819**

PERFORMANCE

During the year ended on 31st March 1999, your company achieved a turnover of Rs. 2546.40 lacs (previous period 15 months turnover Rs. 42002.70 lacs). The market for the Company's product s have *remained extremely sluggish. Recession in the economy coupled with the hike in the raw material* prices have affected the Company's performance. The company ended with a marginal cash profit of Rs. 0.40 lacs (previous year 15 months cash profit 117.13 lacs).

DIVIDEND

In view of such circumstances, your directors are not in a position to recommend any dividend.

FUTURE PROSPECTOUS

The market position continues to remain sluggish. The Company is therefore trying to develop and market niche products which can help in improving the performance.

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

Smt. Padam Devi Hirawat, Director of the company retires by rotation pursuant to section 256 of the Companies Act, 1956 and being eligible, offers herself for reappointment.

AUDITORS

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

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 (Particulars 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.

Y2K COMPLIANCE

Your Company has taken appropriate/ effective steps to secure Y2K compliance of equipment, Data processing System and main applications. Significant progress has been made in this direction and your Company would become Y2K compliant by October'99.

ACKNOWLEDGEMENTS

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

For and on behalf of Board of Directors

Place : JAIPUR
Dated : 30.10.99

NATHMALL HIRAWAT
Chairman

ANNEXURE TO DIRECTOR'S 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 continous efforts to conserve energy wherever practicable 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

	Twelve months ended 31.03.99	Fifteen months ended 31.03.98
(a). Purchased Units	Nil	2,00,698
Total Amount	Nil	6,26,197
Average Rate/ Unit	N.A.	3.12
(b) Own Generation		
Through Diesel Generator (units)	72,72,352	92,85,484
Diesel Consumed (Ltrs.)	19,35,766	24,30,755
Unit/ Ltr. of Diesel	3.76	3.82
Total cost of Diesel & others (Rs.)	1,82,51,207	2,18,04,575
Average cost / units	2.51	2.35
(c) Coal : Quantity (Kg)	8,39,240	12,40,607
Cost (Rs.)	20,92,354	34,49,946
Average Rate	2.49	2.78
B. CONSUMPTION PER UNIT (KILOGRAM) OF PRODUCTION		
Production (Kgs.)	24,25,675	33,67,413
Electricity (Units)	3.0	2.82
Furnace Oil	Nil	Nil
Coal	0.35	0.37
Others	Nil	Nil

C. TECHNOLOGY ABSORPTION

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Earning	45,63,980	18,66,914
(b) Outgo	Nil	Nil

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, 1999 and Profit and Loss Account for the year ended on 31.03.99 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 paragraphs (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, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable ;

(e) 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 Note1(viii) of Notes to Accounts (non provision of accrued gratuity) give a true and fair view :

(i) In case of Balance Sheet of the State of Affairs of the Company as at 31st March, 1999 and

(ii) In the case of Profit and Loss Account, of the Loss for the year ended on that date.

For **R. MOHNOT & Co**
Chartered Accountant

Place : JAIPUR
Dated : 30.10.99

(NARENDER MITTAL)
Partner

(REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE)

1. *The Company is maintaing proper records showing full particulars including quantitaive details and situation of fixed* assets. As informed to us, the fixed assets have been physically verified by the management during the year and no material descrepancies 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 material, stores, spares and consumables has been conducted by the management at reasonable intervals during the year.
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. *The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register* maintained under section 301 and from companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
8. 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 and to companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
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 material 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 transactions 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 accepted any deposit in contravention* 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 except for delayed deposit in some months.
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, 1999 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
Date : 30.10.99

NARENDER MITTAL
PARTNER

BALANCE SHEET AS ON 31ST MARCH, 1999

	SCHEDULE	As on 31.03.99 (Rs.)	As on 31.03.98 (Rs.)
SOURCES OF FUNDS :			
1. Shareholders Funds :			
a. Share Capital	'A'	35697500	35697500
b. Share Application Money		9050000	745000
c. Reserves and Surplus	'B'	32459987	40272403
		77207487	**8341990**
2.Loan Funds :			
a. Secured Loans	'C'	89484270	92126196
b. Unsecured Loans		-	-
TOTAL		166691757	175546099
APPLICATION OF FUNDS :			
1. Fixed Assets :			
a. Gross Block	'D'	154581076	156087071
b. Less : Depereciation		39024235	34242387
c. Net Block		**115556841**	**121844684**
d. Capital work in progress		49077	503897
2. Investments	'E'	53800	53800
3. Current Assets, Loans & Advances	'F'		
a. Inventories		37169112	35838785
b. Sundry Debtors		21162415	22359261
c. Cash and Bank Balance		2289700	1454749
d. Loans & Advances		3074786	7421703
		63696013	**67074498**
4. Less : Current Liabilities & Provision	'G'	14673387	16267134
5. Net Current Assets		**49022626**	**50807364**
6. Misc. Expenditure	'H'	2009413	2336354
TOTAL		166691757	175546099

As per our report attached

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

NARENDER MITTAL
Partner

For and on behalf of Board of Directors

NATHMALL HIRAWAT
Chairman

AMITABH HIRAWAT
Managing Director

K.CHANDRASHEKAR
Executive Director

N.K. MODI
Company Secretary

Place : JAIPUR
Dated : 30.10.99

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1999

	SCHEDULE	Year Ended 31.03.99 (Rs.)	15 Months Ended 31.03.98 (Rs.)
INCOME			
Yarn Sales		254640410	400270310
Other income	'I'	9113145	1649904
Increase/ (Decrease) in stocks	'J'	2245055	1272985
	TOTAL	**265998610**	**403193199**
EXPENDITURE			
Raw Material Consumption		122526847	190099407
Excise Duty		58587587	89539702
Employee Remuneration and Benefits		5655048	7414457
Manufacturing Expenses	'K'	52379429	72387804
Administrative and Other Expenses	'L'	3795827	4388503
Selling and Distribution Expenses	'M'	5398570	5355248
Financial Expenses	'N'	17590914	20991287
Miscellaneous Expenditure Written Off		326941	385380
Depreciation	'D'	7538711	7633792
Loss on Sale of Fixed Assets		23570	396283
	TOTAL	**273823444**	**398591863**
Profit/ (Loss) for the year before tax		(7824834)	4601336
Provision for Taxation		-	(1304000)
Profit after tax		(7824834)	3297336
Add/ (Less) Prior Period Adjustments		12418	-
Balance Brought forward from Previous Year		26320819	25023483
Profit Available For Appropriation		18508403	28320819
Transfer to Debenture Redemption Reserve		-	2000000
Proposed Dividend		-	-
Balance carried to Balance Sheet		18508403	26320819
Notes to Accounts	'O'		

As per our report attached
For **R. MOHNOT & Co.**
Chartered Accountants

NARENDER MITTAL
Partner

For and on behalf of Board of Directors

NATHMALL HIRAWAT
Chairman

AMITABH HIRAWAT
Managing Director

K.CHANDRASHEKAR
Executive Director

N.K. MODI
Company Secretary

Place : JAIPUR
Dated : 30.10.99

		As on 31.03.99 (Rs.)	As on 31.03.98 (Rs.)
SCHEDULE 'A'			
SHARE CAPITAL			
Authorised Capital			
60,00,000 Equity Shares of Rs. 10/- each		60000000	60000000
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 : Shares Forfeited		112500	112500
	TOTAL	35697500	35697500
SCHEDULE 'B'			
RESERVES AND SURPLUS			
Capital Reserve		6006094	6006094
General Resrve		1050000	1050000
Investment Allowance Reserve Utilised		2395490	2395490
Debenture Redemption Reserve		4500000	4500000
Profit and Loss Account		18508403	26320819
	TOTAL	32459987	40272403
SCHEDULE 'C'			
SECURED LOANS			
A. Term Loans			
1. Industrial Development Bank of India (The term loans of IDBI is secured by exclusive first charge on the fixed assets of the company acquired under Equipment Finance Scheme)		25938000	31581000
2.Deferred Payment Loan from RIICO (Secured against assets acquired on deferred payment basis)		1140109	1260000
3. Interest accrued & due on term loan		1528454	-
B. Cash Credit			
From State Bank of Bikaner & Jaipur		20840639	21929041
From Punjab National Bank, Jaipur (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.)		22365314	22164746
C. Non- Convertible Debentures (Secured against first pari passu charge on the fixed assets of the company)		15000000	15000000
Interest accrued & due on NCD (All the above loans are further secured by personal gurantee of promotor directors of the company)		2671754	-
D. Car loan from SRF Finance Ltd. (Secured against hypothecation of vehicle financed)		-	191409
	TOTAL	89484270	92126196

SCHEDULE 'D'
FIXED ASSETS

Amount (Rs.)

NAME OF ASSETS	GROSS BLOCK				DEPRECIATRION				NET BLOCK	
	As on 1.4.98	Additions *during the year*	Sale during *the year*	As on 31.3.99	As on 1.4.98	During the year	Written Back	As on 31.3.99	As on 31.3.99	As on 31.3.98
Leasehold Land	2870729	-	-	2870729		-	-		2870729	2870729
Land (Silvassa)	4246347	35000	-	4281347	-	-	-	-	4281347	4246347
Land Residential	490056	-	-	490056	-	-	-	-	490056	490056
Building	16370127	465065	-	16835192	-1780912	546762	-	-2327674	14507518	14589215
Paint & Machinery	110733011	940225	3425062	108248174	28747494	5737790	2365863	32119421	76128753	81985517
Electrical Installation	4392120	282020	-	4674140	900634	246254	-	1146888	3527252	3491486
D.G. Sets	9704140	-	579271	9124869	1516106	483470	391000	1608576	7516293	8188034
Weighing Scale	130909	56696	-	187605	31982	7587	-	39569	148036	98927
Lab Equipment	140943	-	-	140943	55329	6695	-	62024	78919	85614
Fire Fighting Equipments	25397	-	-	25397	6433	1206	-	7639	17758	18964
Fumiture & Fixtures	522373	8690	-	531063	134103	33401	-	167504	363559	388270
Office Equipments	434864	22500	-	457364	95840	20797	-	116637	340727	339024
Vehicles	635096	1555	-	636651	117252	60468	-	177720	458931	517844
Boiler	4263829	-	-	4263829	691741	225130	-	916871	3346958	3572088
Misc. Fixed Assets	318130	671643	-	989773	47994	38012	-	86006	903767	270136
Computer	809000	14944	-	823944	116567	131139	-	247706	576238	692433
	156087071	2498338	4004333	154581076	34242387	7538711	2756863	39024235	115556841	121844684
Previous year figure	110414683	46507187	834799	156087071	26847111	7633792	238516	34242387	121844684	83567572

	As on 31.03.99 (Rs.)	As on 31.03.98 (Rs.)
SCHEDULE 'E		
INVESTMENTS		
Long Term (Non- Trade)		
A. National Saving Certificate	2500	2500
(Pledged with sales tax authorities)		
B. Quoted Shares (at cost)	51300	51300
95 shares of State Bank of Bikaner & Jaipur		
Market value of quoted shares Rs.33934/-		
(Previous year Rs. 42275/-)		
TOTAL	53800	53800
SCHEDULE 'F'		
CURRENT ASSETS, LOANS & ADVANCES		
A. Current Assets		
a) Inventories		
(As taken, valued and certified by the management)		
Raw Material	1319797	3178708
Finished Goods	16013938	14310438
Work in Process	10467712	9926157
Stores & Consumables	9367665	8423482
	37169112	35838785
b) Sundry Debtors		
(unsecured considered good)		
Outstanding over six months	729222	1662696
Others	20433193	20696565
	21162415	22359261
c) Cash & Bank Balance		
Cash in hand	443465	96960
With Schedule Banks in		
- Current Accounts	1628735	1357789
- Fixed Deposits	217500	-
(Pledged with bankers against Letter of Credit/ Guarantees)	2289700	1454749
B. Loans & Advances		
(Unsecured and considered good)	299775	1966057
Advances recoverable in cash or in kind or for value to be received.		
Advance Payment of Income Tax	1864533	1765354
Deposit with Government Authorities	92000	864333
Deposit with others	324000	479000
Loans to employees	313140	137818
Income/ Claims Recevables	80034	1646727
Prepaid Expenses	101304	562414
	3074786	7421703
TOTAL	63696013	67074498

		As on 31.03.99 (Rs.)	As on 31.03.98 (Rs.)
SCHEDULE 'G'			
CURRENT LIABILITIES AND PROVISIONS			
A. Current Liabilities			
Sundry Creditors		2094590	7312478
Outstanding Expenses		518899	900840
Interest accrued but not due		2240165	2226639
Other Liabilities		8515733	4523177
		13369387	14963134
B. Provision			
Provision for Taxation		1304000	1304000
	TOTAL	14673387	16267134
SCHEDULE 'H'			
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
Preliminary Expenses		201496	229285
Public Issue Expenses		808918	1078558
Debenture Issue Expenses		184445	213957
Preoperative Expenses (Silvassa)		814554	814554
	TOTAL	2009413	2336354
SCHEDULE 'I'			
OTHER INCOME			
Claims & Discount received		211497	422394
Intrerest received (Net)		20922	474563
Misc. Sales		427353	442597
Export Incentives		758978	310350
Commission Received		7694395	-
	TOTAL	9113145	1649904
SCHEDULE 'J'			
INCREASE/ (DECREASE) IN STOCKS			
A. Opening Stock			
a. Finished Goods		14310438	14325839
b. Work in process		9926157	8637771
		24236595	**22963610**
B. Less : Closing Stock			
a. Finished Goods		16013938	14310438
b. Work in process		10467712	9926157
		26481650	24236595
Increase/ (Decrease) in Stocks (A-B)		2245055	1272985
SCHEDULE 'K'			
MANUFACTURING EXPENSES			
Consumption of Antistatic Oil		3979235	4878951
Consumption of Stores & Spares		2528982	3737747
Consumption of paper tubes & cones		5691217	8316698
Power & Fuel		20485848	26920766
Comnsumption of Dyes & Chemicals		10020323	12153941
Packing Material		2826508	5069311
Repairs & Maintenance			
- Plant & Machinery		268533	718156
- Others		1403887	477743
Insurance Premium		483464	639648
Employee Welfare Expense		427526	571210
Job Work expenses		1841881	6640799
Water Charges		502025	822834
Lease Rent		1920000	1440000
	TOTAL	52379429	72387804

		As on 31.03.99 (Rs.)	As on 31.03.98 (Rs.)
SCHEDULE 'L'			
ADMINISTRATIVE & OTHER EXPENSES			
Printing & Stationary expenses		257905	228195
Travelling & Conveyance		628498	976405
Professional & Legal fee		160773	135450
Auditor's Remuneration		50000	62500
Misc. Expenses		580578	696945
Rent, Rates & Taxes		662310	577528
Telephone and telex expenses		794674	963639
Postage & Courier Expenses		88984	113815
Electricity and water charges		58881	57720
Director's Remuneration		480000	480000
Repairs and Maintenance (vehicles)		33224	96306
	TOTAL	**3795827**	**4388503**
SCHEDULE 'M'			
SELLING & DISTRIBUTION EXPENSES			
Commision on sale		1511437	1614843
Transportation charges		3220202	2988111
Brokerage on sales		368934	531366
Insurance (Marine Transit)		-	22684
Rebate and discount on sale		147701	53354
Sales tax		54766	144890
Octroi Expense		95530	-
	TOTAL	**5398570**	**5355248**
SCHEDULE 'N'			
FINANCIAL EXPENSES			
Cash Discount		1197960	992790
Interest on Secured Loans		16055386	19689125
Bank commission and charges		337568	309372
	TOTAL	**17590914**	**20991287**

SCHEDULE 'O'

Notes to Accounts :

Annexed to Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended 31.03.99

1. SIGINIFICANT 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 othe r 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 as a going concern.

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 liabilities have not been ascertained.

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

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

2. CONTINGENT LIABILITIES :

	As At 31.3.99 (Rs. in lacs)	As At 31.3.98 (Rs. in lacs)
a) In respect of excise demand not accepted by the company. (deposit under protest)	1.55	1.55
b) Bank Guarantee in favour of Excise department	0.25	-
c) Foreign Letter of Credits outstanding	21.58	-
3. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances)	21.58	NIL

4. During the year excise records and other relevant papers were resumed by the Excise Department for investigation purpose. However so far, no liability/ demand has been raised by the Excise Department on the company. Liability, if any, arises shall be provided as and when decided by the department.

5. Balances of Sundry Debtors, Creditors and Loans and Advances are subject to confirmation.

6. In the opinion of management, sundry debtors, loan and advances are approximately of the value stated, if realised in the ordinary course of business unless and otherwise stated. The provision of all liabilities are adequate and not in excess of the amount reasonably necessary.

7. The company owes an amount of Rs. 17.92 lacs to Small Scale Undertaking listed below, exceeding Rs. 1 lac which is outstanding for more than 30 days, within the agreed terms.(Daman Ganga Board Mills, Somesh Paper Tubes, Sipro Pack Industries, Bhuwania Industries)

8. Managerial Remuneration

	Current Year 31.3.99 (Rs. in lacs)	Previous Period 31.3.98 (Rs. in lacs)
Salaries	4.80	4.80
Prequisities	-	-
TOTAL	4.80	4.80

9. Payment to Auditors

a) Statutory Audit Fee	0.40	0.53
b) For Tax Audit	0.10	0.10
c) Out of pocket expenses	0.06	0.26
TOTAL	0.56	0.89

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**	
	31.3.99	**31.3.98**	**31.3.99**	**31.3.98**
i) Texturising	1080	1080	1080	1080
ii) Twisting	2848	2848	2368	2848

b) Production, Turnover and Stocks (Yarn)

	For the year ended 31.3.99		For the 15 months ended 31.3.98	
	Qty. in (Kg)	Amount (Rs.)	Qty. in (Kg)	Amount (Rs.)
Opening Stock	135056.740	14310438	101118.570	14325839
Production	2425674.691	-	3367413.981	-
Sales	2434166.633	254640410	3333475.811	400270310
Closing Stock	126564.798	16013938	135056.740	14310438
c) Details of Work in Process				
Opening Stock	95309.444	9926157	71667.281	8637771
Closing Stock	65248.853	10467712	95309.444	9926157
d) Raw material Consumed	2385590.651	122526847	3377389.905	190099407
e) Expenditure in foreign currency (foreign travelling)		Nil		Nil
f) C.I.F. value of Imports (Capital goods)		Nil		Nil
g) Earnings in Foreign Currency (FOB value of export)		4563980		1866914

11. Previous year figures in Profit and Loss account are for 15 months, whereas current year figure are of 12 months. To that extent figures in Profit & Loss account are not comparable.

12. Figures for the previous period have been regrouped/ rearranged wherever consider necessary to conform to this period's classification.

13. All the figures have been rounded off to the nearest of rupee.

14. Balance Sheet Abstract and Company's General Business Profile
(Amount in Rupees Thousands)

1. Registration Details

Registration No. 4067				State Code : 17
Balance Sheet Date	31 Date	03 Month	1999 Year	

2. Capital Raised During The Year (Amount in Rupees Thousands)

Public Issue	*Right Issue*	*Bonus Issue*	*Private*
--------	-----	----	1600

3. Position of Mobilization and Deployment of Funds

Total Liabilities	Total Assets
166692	166692

Sources of Funds

Paid up Capital	*Share Application Money*	*Reserves & Surplus*	*Secured Loans*	*Unsecured Loans*
35698	9050	32460	89484	-----

Application of Funds

Net Fixed Assets	*Investments*	*Net Current Assets*	*Misc. Expenditure*
115606	54	49023	2009

Accumlated Losses
----

4. Performance of Company :

Turnover	*Total Expenditure*	*Profit/ (Loss) (before tax)*	*Profit/ (Loss) (after tax)*
263754	271578	(7824)	(7824)

Earning per share (in Rs.)	*Dividend Rate (in %)*
NIL	NIL

GENERIC NAMES OF PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY
(AS PER MONETARY TERMS)

Item Code No. (ITC Code)	*(Product Description)*
540232	Synthetic Filament Yarn Texturised
540252	Synthetic Filament Yarn of Yarn Single Twisted

Signature to Schedule 'A' to 'O'

As per our report of even date

For and on behalf of Board of Directors

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

NARENDER MITTAL
Partner

NATHMALL HIRAWAT
Chairman

K.CHANDRASHEKAR
Executive Director

AMITABH HIRAWAT
Managing Director

N.K. MODI
Company Secretary

Place : JAIPUR
Dated : 30.10.99

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st, MARCH, 1999

	Year ended 31.03.99 (Rs.)	15 months ended 31.03.98 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before tax & extraordinary item	(78,24,834)	49,97,619
Adjustment for :		
Depreciation	75,38,711	73,95,276
Misc. Expenditure written off	3,26,941	3,85,380
Prior period adjustments	12,418	-
Interest Paid	1,60,55,386	1,96,89,125
Interest Received	(20,922)	(4,74,563)
Loss on sale of fixed assets	23,570	(3,96,283)
Operating Profit before working capital changes	**1,61,11,270**	**3,15,96,554**
Adjustments for :		
Inventories	(13,30,327)	(2,03,674)
Sundry Debtors	12,17,231	58,64,775
Loans & Advances	43,26,532	(32,75,799)
Current Liabilities	(15,93,747)	73,07,851
Cash generated from operation	**1,87,30,959**	**4,12,89,707**
Interest paid	(1,60,55,386)	(1,96,89,125)
Direct Taxes paid	-	(13,04,000)
Net cash from operating activities	**26,75,573**	**2,02,96,582**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and other Capital Expenditure (Net.)	(8,19,618)	(4,31,17,255)
Interest Received	20,922	4,74,563
Miscellaneous Expenses	-	(10,38,204)
Purchase of Investments	-	(51,300)
Net cash used in investing activities	**(7,98,696)**	**(4,37,32,196)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Application Money	16,00,000	74,50,000
Proceeds from Borrowings (Net)	(17,54,092)	1,44,62,309
Repayment of Unsecured Loan	-	(28,00,000)
Increase/ Decrease in Working Capital	(8,87,834)	36,78,165
Net Cash used in Financing Activities	**(10,41,926)**	**2,27,90,474**
Net changes in Cash and Cash equivalents (A+B+C)	**8,34,951**	**(6,45,140)**
Cash and Cash equivalent as at 1st April, 98 (Opening Balance)	14,54,749	20,99,889
Cash and Cash equivalent as at 31st March,99 (Closing Balance)	22,89,700	14,54,749

For and on behalf of Board of Directors

NATHMALL HIRAWAT	**AMITABH HIRAWAT**	**K.CHANDRASHEKAR**	**N.K. MODI**
Chairman	*Managing Director*	*Executive Director*	*Company Secretary*

AUDITOR'S REPORT ON CASH FLOW STATEMENT

The Board of Directors,

We have examined the attached Cash Flow Statement of Rishab Special Yarns Limited, for the year ended March 31,1999. The Statement has been prepared by the Company in accordance with the requirements of Listing agreement with Stock Exchanges and is based on and is in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated October 30,1999 to the members of the Company.

For **R.MOHNOT & Co.**
Chartered Accountants
(NARENDER MITTAL),
Partner

Place : JAIPUR
Dated : 30.10 99