RISHAB SPECIAL YARNS LIMITED

12TH ANNUAL REPORT
1999 - 2000

BOARD OF DIRECTORS
Shri Nathmall Hirawat, Chairman
Shri Amitabh Hirawat, Managing Director
Smt. Padam Devi Hirawat, Director
Shri K. Chandrashekhar, Executive Director

BANKERS
State Bank of Bikaner & Jaipur
Punjab National Bank

AUDITORS
M/s R. Mohnot & Co.
Chartered Accountants

REGISTERED OFFICE
2070, Rasta Bara Gangore,
Jaipur-302 003

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

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Company will be held at Kautilya Hall, Chankya Restaurant, M.I. Road, Jaipur on Thursday, the 30th day of November, 2000 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 year ended on 31st March, 2000.
2. To appoint a Director in place of Shri Nathmall Hirawat who retires by rotation and being eligibles, 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.

SPECIAL BUSINESS

4. To consider and if thought fit to pass the following resolution with or without modification, as an Ordinary Resolution :
"RESOLVED THAT pursuant to provisions of Section 198, 269, 309 read with the Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the company hereby accords its approval for the re-appointment of Mr. Amitabh Hirawat, Managing Director of the Company for a period of 5 years w.e.f. 1st February, 2001 and on the terms and conditions as regard to remuneration and perquisites set out in the explanatory statement and with further discretion to the Board of Directors to alter from time to time the said terms in such manner as it may deem fit in the best interest of the company with limitations in that behalf contained in Schedule XIII of the said Act."
5. To consider and if thought fit to pass the following resolution with or without modification, as an Ordinary Resolution :
"RESOLVED THAT pursuant to provisions of Section 198, 269, 309 read with the Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the company hereby accords its approval for the re-appointment of Mr. K. Chandrashekar, Executive Director of the Company for a period of 5 years w.e.f. 1st April, 2000 and on the terms and conditions as regard to remuneration and perquisites set out in the explanatory statement and with further discretion to the Board of Directors to alter from time to time the said terms in such manner as it may deem fit in the best interest of the company with limitations in that behalf contained in Schedule XIII of the said Act."

By the Order of the Board

Place : Jaipur

Dated : 16.10.2000

(AMITABH HIRAWAT)
Managing Director

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 Register of the Company will remain closed from Tuesday, 28th November, 2000 to Thursday, 30th November, 2000 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4 :

The tenure of Managing Director is ending on 31st January, 2001. The Board has considered his services very useful and his re- appointment is being recommended by the Board of Directors for a further period of 5 years w.e.f. 1st February, 2001.

Board of Directors recommends reappointment on the following terms and conditions :

(a) Salary : Rs. 15000/- per month

(b) Perquisites : Perquisites shall be restricted to an amount equal to his annual salary.

None of the Directors, other than Mr. Amitabh Hirawat is concerned or interested in the resolution.

The Board recommends adoption of the resolution as proposed.

Item No. 5 :

The tenure of Executive Director has expired on 31st March, 2000. The Board has considered his services very useful and has re- appointed him w.e.f. 1st April, 2000 in its meeting held on 04.03.2000. The appointment is being recommended by the Board of Directors for a further period of 5 years w.e.f. 1st April, 2000 for your approval. The above resolution is being recommended to the share holders for their approval.

The following are the terms and conditions as regards to salary and perquisites.

(a) Salary : Rs. 25000/- per month

(b) Perquisites : Perquisites shall be restricted to an amount equal to his annual salary.

None of the Directors, other than Mr. K. Chandrashekar is concerned or interested in the resolution.

The Board recommends adoption of the resolution as proposed.

DIRECTORS REPORT

To,
The members of
RISHAB SPECIAL YARNS LIMITED
JAIPUR

Your Directors have pleasure in presenting the Twelfth Annual Report together with Audited Statement of Accounts of the Company for the year ended on 31st March, 2000.

	Year ended 31.03.2000 (Rs.)	Year ended 31.03.1999 (Rs.)
Profit before depreciation, misc expenses w/off & Taxes	569712	40818
Less Depreciation	7691171	7538711
Less Misc. Exp. W/off	326941	326941
Provision for Taxation	0	0
Profit/(Loss) after tax	(7448400)	(7824834)
Prior Period Adjustments	0	12418
Excess/(Short) Tax Provision of earlier years	261932	0
Balance Brought forward from the last year	18508403	26320819
Balance Carried forward to Balance Sheet	**10798071**	**18508403**

PERFORMANCE

During the year ended on 31.03.2000, your company achieved a turnover of Rs. 2320:16 lacs. The market for the Company's products have remained extremely sluggish. Recession in the economy coupled with the increase in expenditure on all inputs have affected the Company's performance. The Company closed the year with a marginal cash profit of Rs. 5.70 lacs.

DIVIDEND

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

FUTURE PROSPECTS

The market position continues to remain extremely competitive. The Company is continuously exploring new products & markets which can help improve the profitability.

FIXED DEPOSITS

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

DIRECTORS

Sh. Nathmall 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 Twelfth 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

The Company's computer hardware & software system had become year 2000 (Y2K) compliant as on 31st October, 1999 and the change over on 1st January, 2000 was effected smoothly.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

(NATHMALL HIRAWAT)
Chairman

Place : Jaipur
Dated : 16.10.2000

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 to economize 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

		Year ended 31.03.2000	Year ended 31.03.1999
A.	**POWER AND FUEL CONSUMPTION**		
1.	**Electricity**		
(a)	**Purchased Units**	Nil	Nil
	Total Amount	Nil	Nil
	Average Rate/Unit (Rs.)	N.A.	N.A.
(b)	**Own Generation**		
	Through Diesel Generator Set (units)	5911989	7272352
	Diesel Consumed (Ltrs.)	1612706	1935766
	Unit/Ltr. Of Diesel	3.67	3.76
	Total cost of Diesel & Others (Rs.)	18362794	18251207
	Average cost/Unit.	3.11	2.51
2.	**Coal : Quantity (Kg.)**	669210	839240
	Cost (Rs.)	1759837	2092354
	Average Rate	2.63	2.49
B.	**CONSUMPTION PER UNIT (KILOGRAM) OF PRODUCTION**		
	Production (Kgs.)	1747617	2425675
	Electricity Units	3.38	3.00
	Furnace Oil	Nil	Nil
	Coal (Kg.)	0.38	0.35
	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	Nil	4563980
(b)	Outgo	2312585	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 2000 and Profit and Los Account for the year ended on that date annexed thereto and report that: –

(1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 277 (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, we report that:

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

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

(c) The balance Sheet and 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 & Loss Account comply with the mandatory accounting standards referred to in section 211(3C) of the Companies Act, 1956, to the extent applicable.

(e) In our opinion and to the best of our information and according to 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 :

(i) In the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2000 and

(ii) In he case of Profit & Loss Account, of the Loss for year ended on 31st March, 2000.

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

Place : Jaipur
Dated : 16.10.2000

(NARENDER MITTAL)
Partner

ANNEXURE 'I' TO THE AUDITOR'S REPORT

[Reg: Rishab Special Yarns Limited]

(Referred to in Paragraph 1 of our report of even date)

1. The company is in the process of maintaining proper records showing full particulars including quantitative details and location of fixed assets. As informed to us, the fixed assets of the company have been physically verified by the management during the year and no significant discrepancies were noticed on such verification.
2. None of the fixed assets of the company have been revalued during the year.
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 year.
4. In our opinion and according to explanations given to us, the procedure of physical verification to stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
5. The discrepancies noticed on verification between physical stocks and book records were not material in relation to the operations of the company and the same have been properly dealt with in the books of accounts.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on same basis as in the preceding year.
7. The company has taken unsecured loans from parties listed in the register maintained under section 301 of the Companies Act, 1956, the rates of interest and other terms and conditions thereof are not, prima-facie, prejudicial to the interest of the company. The company has not taken any loans from companies under the same management as defined under erstwhile section 370(1B) of the Companies Act, 1956.
8. The company has not granted any loans to the companies, firm or other parties listed in the Register maintained U/s 301 and from companies under the same management as defined under erstwhile 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 procedure 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 management in accordance to the Company's procedures and adequate provisions for loss, wherever necessary has been made.
13. In our opinion, the company has not accepted any deposit in contravention of the Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.
14. In our opinion, reasonable records have been maintained by the company for the sale and disposal of realizable scrap/waste. There is no by-product.
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 ae 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 explanations given to us, there is no undisputed amount payable in respect on income-tax, wealth-tax, sales-tax, custom duty and excise duty, which has remained outstanding as at 31st March, 2000 for a period of more than six months from the date they became 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 within the meaning of clause (O) of section 3(1) of the sick Industrial Companies (Special Provisions) Act, 1985.

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

Place : Jaipur
Dated : 16.10.2000

(NARENDER MITTAL)
Partner

BALANCE SHEET AS ON 31ST MARCH, 2000

	SCHEDULE	As on 31.03.2000 (Rs.)	As on 31.03.1999 (Rs.)
SOURCES OF FUNDS :			
1. Shareholders Funds :			
a. Share Capital	'A'	35697500	35697500
b. Share Application Money		9050000	9050000
c. Reserves & Surplus	'B'	24749655	32459987
2. Loan Funds :			
a. Secured Loans	'C'	96072622	89484270
b. Unsecured Loans		1144598	0
	TOTAL	**166714375**	**166691757**
APPLICATION OF FUNDS			
1. Fixed Assets :	'D'		
a. Gross Block		161590833	154581076
b. Less : Depreciation		46715406	39024235
c. Net Block		**114875427**	**115556841**
d. Capital Work in Progress		0	49077
2. Investments	'E'	53800	53800
3. Current Assets, Loans & Advances	'F'		
a. Inventories		39961140	37169112
b. Sundry Debtors		26187614	21162415
c. Cash and Bank Balances		1346607	2289700
d. Loans and Advances		913279	3074786
		68408640	**63696013**
4. Less : Current Liabilities & Provisions	'G'	18645964	14673387
5. Net Current Assets		**49762676**	**49022626**
6. Misc. Expenditure	'H'	2022472	2009413
	TOTAL	**166714375**	**166691757**
7. Notes on Accounts	'O'		

As per our Report of even date
For **R. MOHNOT & Co.**
Chartered Accountants

For and on behalf of Board of Directors

NATHMALL HIRAWAT
Chairman

AMITABH HIRAWAT
Managing Director

(NARENDER MITTAL)
Partner

K.CHANDRASHEKAR
Executive Director

Place : JAIPUR
Dated : 16.10.2000

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2000

	SCHEDULE	Year Ended 31.03.2000 (Rs.)	Year Ended 31.03.1999 (Rs.)
INCOME			
Sales & Other Income	'I'	232016251	263605854
Increase/(Decrease) in Stock	'J'	4916354	2245055
	TOTAL	**236932605**	**265850909**
EXPENDITURE			
Raw Material Consumption		107440446	122526847
Excise Duty		44795354	58587587
Employee Remuneration and Benefits		6073455	5655048
Manufacturing Expenses	'K'	50264948	52379429
Administrative and other expenses	'L'	3380800	3795827
Selling and Distribution Expenses	'M'	5398945	5250869
Financial Expenses	'N'	19008945	17590914
Miscellaneous Expenditure Written off		326941	326941
Depreciation		7691171	7538711
Loss on Sale of Fixed assets		0	23570
	TOTAL	**244381005**	**273675743**
Profit/(Loss) for the year before tax		(7448400)	(7824834)
Provision for Taxation		0	0
Profit/(Loss) after Tax		(7448400)	(7824834)
Add/(Less) :			
Prior Period Adjustments (Net)		0	12418
Excess/Short) Tax Provision of earlier years		261932	0
Balance brought forward from last year		18508403	26320819
Balance Carried to Balance Sheet		10798071	18508403
Notes on Accounts	'O'		

As per our Report of even date
For **R. MOHNOT & Co.**
Chartered Accountants

(NARENDER MITTAL)
Partner

Place : JAIPUR
Dated : 16.10.2000

For and on behalf of Board of Directors

NATHMALL HIRAWAT
Chairman

AMITABH HIRAWAT
Managing Director

K.CHANDRASHEKAR
Executive Director

	As on 31.03.2000 (Rs.)	As on 31.03.1999 (Rs.)
SCHEDULE 'A' : SHARE CAPITAL		
Authorised Capital		
60,00,000 Equity Shares of Rs. 10/- each	**60000000**	**60000000**
Issued, Subscribed and paid up Capital		
35,60,000 Equity Shares of Rs. 10/- each	35600000	35600000
Less : Allotment money in arrears	(15000)	(15000)
Add : Shares Forfeited	112500	112500
TOTAL	**35697500**	**35697500**
SCHEDULE 'B' : RESERVES & SURPLUS		
Capital Reserve	6006094	6006094
General Reserve	1050000	1050000
Investment Allowance Reserve Utilised	2395490	2395490
Debenture Redemption Reserve	4500000	4500000
Profit & Loss Account	10798071	18508403
TOTAL	**24749655**	**32459987**
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)	*11630000*	*25938000*
2. Deferred Payment Loan from RIICO (Secured against assets acquired on deferred payment basis)	1140109	1140109
3. Interest accrued & due on term loans	410694	1528454
B. Cash Credit		
From State Bank of Bikaner & Jaipur	*20129168*	*20840639*
From Punjab National Bank, Jaipur	21745602	22365314
(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 Company)		
C. Non-Convertible Debentures-I	15000000	15000000
(Secured against first pari passu charge on fixed assets of the Company)		
Advance Subscription Towards Non-Convertible Debentures-II	25000000	0
(Secured against hypothecation of Plant & Machinery and other movable assets of the Company)		
Interest accrued & due on NCD	1017049	2671754
(All the above loans are further secured by personal guarantee of promoter directors of the Company)		
	96072622	**89484270**

SCHEDULE 'D' : FIXED ASSETS

S. No.	Particulars	Gross Block			Depreciation			Net Block	
		As at 01.04.99	Addition/ (Sales) during the year	Total as at 31.03.2000	As at 01.04.99	During the Year (Written Back)	Total As at 31.03.2000	As at 31.03.2000	As at 31.03.99
1.	Lease Hold Land	2870729	0	2870729	0	0	0	2870729	2870729
2.	Land (Silvassa)	4281347	0	4281347	0	0	0	4281347	4281347
3.	Land Residential	490056	0	490056	0	0	0	490056	490056
4.	Building	16835192	125015	16960207	2327674	562307	2889981	14070226	14507518
5.	Plant & Machinery	108248174	6285414	114533588	32119421	5842057	37961478	76572110	76128753
6.	Electrical Installation	4674140	0	4674140	1146888	246794	1393682	3280458	3527252
7.	D.G. Sets	9124869	0	9124869	1608576	481794	2090370	7034499	7516293
8.	Weighing Scale	187605	0	187605	39569	8912	48481	139124	148036
9.	Lab Equipments	140943	0	140943	62024	6695	68719	72224	78919
10.	Fire Fighting Equipments	25397	0	25397	7639	1206	8845	16552	17758
11.	Furniture & Fixtures	531063	3750	534813	167504	33689	201193	333620	363559
12.	Office Equipments	457364	1080	458444	116637	21776	138413	320031	340727
13.	Vehicles	636651	0	636651	177720	60482	238202	398449	458931
14.	Boiler	4263829	0	4263829	916871	225130	1142001	3121828	3346958
15.	Misc. Fixed Assets	989773	555648	1545421	86006	65440	151446	1393975	903767
16.	Computer	823944	38850	862794	247706	134889	382595	480199	576238
	TOTAL	154581076	7009757	161590833	39024235	7691171	46715406	114875427	115556841
	Previous Year	156087071	2498338 (4004333)	154581076	34242387	7538711 (2756863)	39024235	115556841	121844684

	As on 31.03.2000 (Rs.)	As on 31.03.1999 (Rs.)
SCHEDULE 'E' : INVESTMENTS		
Long Terms (Non-Trade)		
A. National Saving Certificate (Pledged with sales tax authorities)	2500	2500
B. Quoted Shares (At cost)		
95 Shaes of State Bank of Bikaner & Jaipur Market value of quoted shaes Rs. 26030/- (Previous Year Rs. 33934/-)	51300	51300
TOTAL	**53800**	**53800**
SCHEDULE 'F' : CURRENT ASSETS, LOANS & ADVANCES		
1. CURRENT ASSETS		
(a) INVENTORIES		
(As taken, valued and certified by the management)		
Raw Material	1177626	1319797
Finished Goods	15517803	16013938
Work in Process	15880201	10467712
Stores & consumables	7385510	9367665
	39961140	**37169112**
(b) SUNDRY DEBTORS		
(Unsecured considered good)		
Outstanding over six months	4523903	729222
Others	21663711	20433193
	26187614	**21162415**
(c) CASH & BANK BALANCES		
Cash in hand	1348117	443465
With Scheduled Banks in		
– Current Accounts	(4010)	1628735
– Fixed Deposits	2500	217500
(Pledged with bankers against Letter of Credit/Guarantees)		
	1346607	**2289700**
2. LOANS AND ADVACES		
(Unsecured and considered good)		
(Recoverable in cash or in kind or for value to be received)	12197	299775
Advance payment of Income Tax	283818	1864533
Deposit with Government Authorities	92900	92000
Deposit with Others	39000	324000
Loans to Employees	209642	313140
Income/Claims receivables	123195	80034
Prepaid Expenses	152527	101304
	913279	**3074786**
TOTAL	68408640	63696013

	As on 31.03.2000 (Rs.)	As on 31.03.1999 (Rs.)
SCHEDULE 'G' : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	8536613	2094590
Outstanding Expenses	993176	518899
Interest accrued but not due	2481426	2240165
Other Liabilities	6634749	8515733
	18645964	**13369387**
PROVISIONS		
Provision for Taxation	0	1304000
TOTAL	**18645964**	**14673387**
SCHEDULE 'H' : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	173707	201496
Public Issue Expenses	539278	808918
Debenture Issue Expenses-I	154933	184445
Preoperative Expenses (Silvassa)	814554	814554
Debenture Issue Expenses-II	340000	0
TOTAL	**2022472**	**2009413**
SCHEDULE 'I' : SALES & OTHER INCOME		
Yarn Sales	221725114	249650840
Job Work	5483045	4841869
Claims & discount received	481463	211497
Interest received (Net)	953951	20922
Misc. Sales	482900	427353
Export Incentives	0	758978
Commission Received	2889778	7694395
TOTAL	**232016251**	**263605854**
SCHEDULE 'J' : INCREASE/(DECREASE) IN STOCKS		
Opening Stock		
Finished Goods	16013938	14310438
Work in process	10467712	9926157
	26481650	24236595
Less : Closing Stock		
Finished Goods	15517803	16013938
Work in process	15880201	10467712
	31398004	26481650
Increase/(Decrease) in stocks	**4916354**	**2245055**

	As on 31.03.2000 (Rs.)	As on 31.03.1999 (Rs.)
SCHEDULE 'K' : MANUFACTURING EXPENSES		
Consumption of Antistatic Oil	3652548	3979235
Consumption of Stores & Spares	3439008	2528982
Consumption of Paper Tubes & Cones	4674926	5691217
Power & Fuel	20196537	20485848
Consumption of Dyes and Chemicals	8957036	10020323
Packing Material	2059774	2826508
Reparis & Maintenance		
–Plant & Machinery	539908	268533
–Others	393662	1403887
Insurance Premium	358288	483464
Employee Welfare Expenses	387623	427526
Job Work Expesnes	3157091	1841881
Water Charges	528547	502025
Lease Rent	1920000	1920000
TOTAL	**50264948**	**52379429**
SCHEDULE 'L' : ADMINISTRATIVE AND OTHER EXPENSES		
Printing and Stationery Expenses	156025	257905
Travelling & Conveyance	653195	628498
Professional & Legal Fee	109110	160773
Auditors Remuneration	50000	50000
Misc. Expenses	683682	580578
Rent, Rates & Taxes	175116	662310
Telephone and Telex Expenses	869355	794674
Postage & Courier Expenses	94764	88984
Electricity and Water Charges	96234	58881
Directors Remuneration	480000	480000
Repairs and Maintenance (Vehicle)	13319	33224
TOTAL	**3380800**	**3795827**
SCHEDULE 'M' : SELLING & DISTRIBUTION EXPENSES		
Commission on Sales	2353930	1511437
Transportation Charges	2336594	3220202
Brokerage on Sales	120182	368934
Insurance (Marine Transit)	71937	0
Sales Tax	489302	54766
Octroi Expenses	0	95530
Sales Promotion Expenses	27000	0
TOTAL	**5398945**	**5250869**
SCHEDULE 'N' : FINANCIAL EXPENSES		
Cash Discount	1982404	1197960
Interest on Secured Loans	16493965	16055386
Bank Commission and Charges	532576	337568
TOTAL	**19008945**	**17590914**

SCHEDULE 'O' : NOTES ON ACCOUNTS

(Annexed to and forming part of Balance Sheet as at 31st March, 2000 and Profit & Loss Account for the year ended 31.03.2000).

1. SIGNIFICANT ACCOUNTING POLICIES :

(i) **Basis of Accounting :** The financial statements are prepared uner 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 recognizes *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 Materials	:	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 recognized on the profit and loss account on realization/payment.

2. CONTINGENT LIABILITIES :

		As At 31.3.2000 (Rs. in lacs)	As At 31.03.1999 (Rs. in lacs)
(a)	In respect of excise demand not accepted by the compny *(deposited under protest)*	NIL	1.55
(b)	Bank Guarantee in favour of Excise Department	0.25	0.25
(c)	Foreign Letters of Credits outstanding	NIL	21.58
(d)	In respect of sales tax demand not accepted by the Company (Deposited under Protest)	0.08	NIL
3.	*Estimated amount of contracts remaining to be executed* on capital account not provided for (Net of advances)	NIL	21.58

4. Balances of Sundry Debtors, Creditors and Loand and Advances are subject to confirmation.

5. In the opinion of management, sundry debtors, loans and advances are approximately of the value stated, if realized in the ordinary course of business unless and otherwise stated. The provisions of all liabilities are adquate and not in excess of the amount reasonably necessary.

6. Managerial Remuneration

	Current Year 31.3.2000 (Rs. in lacs)	Previous Year 31.3.1999 (Rs. in lacs)
Salaries	4.80	4.80
Perquisites	—	—
TOTAL	4.80	4.80

7. Payment to Auditors

	Current Year 31.3.2000 (Rs. in lacs)	Previous Year 31.3.1999 (Rs. in lacs)
Statutory Audit Fees	0.40	0.40
Tax Audit Fees	0.10	0.10
Out of Pocket Expenses	0.09	0.06
TOTAL	0.59	0.56

8. Additional information pursuant to the provisions of paragraph 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	
	31.03.00	31.03.99	31.03.00	31.03.99
Textursing	1080	1080	1080	1080
Twisting	2848	2848	2848	2848

b) Production, Turnover and Stocks (Yarn)

		For the year ended 31.03.2000		For the year ended 31.03.1999	
		Qty. in (Kg.)	Amount (Rs.)	Qty. in (Kg.)	Amount (Rs.)
	Opening Stock	126564.798	16013938	135056.740	14310438
	Production	1747616.598	0	2425674.691	0
	Sales	1784755.847	221725114	2434166.633	249650840
	Closing Stock	89425.549	15517803	126564.798	16013938
c)	Details of Work in Process				
	Opening Stock	65248.853	10467712	95309.444	9926157
	Closing Stock	95036.361	15880201	65248.853	10467712
d)	Raw Material Consumed	1765064.584	107440446	2385590.651	122526847
e)	C.I.F. Values of Imports			2312585	NIL
f)	Expenditure in Foreign Currency			NIL	NIL
g)	Earning in Foreign Currency (FOB value of Exports)			NIL	4563980

9. Previous year's have been regrouped and/or rearranged to conform to those of current year's figures wherever necessary

10. All the figures stated in rupees are rounded off to the nearest rupee.

11. Schedule 'A' to 'O' are integral part of Balance Sheet and Profit and Loss Account.

As per our Report of even date
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

Place : JAIPUR
Dated : 16.10.2000

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(AMOUNT IN RUPEES THOUSAND)

(a) **Registration Details**

Registration No.	4067	State Code	17
Balance Sheet Date	31.03.2000		

(b) **Capital raised during the year (Amount in rupees thousand)**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private	NIL

(c) **Position of Mobilization and Development of Funds**

Total Liabilities	Total Assets
166714	166714

Source of Funds

Paid up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans	Share Application Money
35697	24750	96073	1144	9050

Application of Funds

Net Fixed Assets	Investment	Net Current Assets	Miscellaneous Expenditure	Accumulated Losses
114875	54	49763	2022	—

(d) **Performance of Company**

Turnover	Total Expenditure	Profit/(Loss) Before Taxes	Profit/(Loss) After Taxes
232016	239464	(7448)	(7448)

Earning per Share (in Rs.)	Dividend Rate (in %)
NIL	NIL

(e) **Generic names of Principal Products/Services of the Company (as per Monetary Terms)**

Item Code (ITC) Code	Product Description
540232	Synthetic Filament Yarn Texturised
540252	Synthetic Filament Yarn to Yarn Single Twisted

As per our reported of even date
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

Place : JAIPUR
Dated : 16.10.2000

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2000

		Year ended 31.03.2000 (Rs.)	Year ended 31.03.1999 (Rs.)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) Before Tax & Extraordinary item	(7448400)	(7824834)
	Adjustment for :		
	Depreciation	7691171	7538711
	Misc. Expenditure Written Off	326941	326941
	Prior Period Adjustment/Short Tax Provision	(261932)	12418
	Interest Paid	16493965	16055386
	Interest received	(953951)	(20922)
	Loss on sale of Fixed Assets	0	23570
	Operating Profit Before Working Capital Changes	15847794	16111270
	ADJUSTMENTS FOR		
	Inventories	(2792028)	(1330327)
	Sundry Debtors	(5025199)	1217231
	Loans & Advances	2161507	4326532
	Current Liabilities	3972577	(1593747)
	Cash Generated from Operations	14164651	18730959
	Interest Paid	(16493965)	(16055386)
	Direct Taxes Paid	0	0
	Net Cash from operating Activities	**(2329314)**	**2675573**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets and Other Capital Expenditure (Net)	*(6960680)*	*(819618)*
	Interest Received	953951	20922
	Debenture Issue Expenses-II	(340000)	0
	Net Cash used in Investing Activities	***(6346729)***	***(798696)***
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Share Application Money	0	1600000
	Proceeds from Borrowings (Net)	*7919535*	(1754092)
	Increase in Unsecured Loans	1144598	0
	Increase/(Decrease) in Working Capital Loans	(1331183)	(887834)
	Net Cash used in Financing Activities	***7732950***	***(1041926)***
	Net Changes in Cash and Cash Equivalents (A+B+C)		
	Cash and Cash Equivalents As at 1st April, 99 (Opening Balance)	2289700	1454749
	Cash and Cash Equivalents As at 31st March, 2000 (Closing Balance	1346607	2289700

For and on behalf of Board of Directors

NATHMALL HIRAWAT	**AMITABH HIRAWAT**	**K.CHANDRASHEKAR**
Chairman	*Managing Director*	*Executive Director*

AUDITORS 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, 2000. 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 & Loss Account and Balance Sheet of the Company covered by our report dated October 16, 2000 to the members of the Company

FOR R. MOHNOT & CO.
Chartered Accountants

Place : Jaipur
Dated : 16.10.2000

(NARENDER MITTAL)
Partner