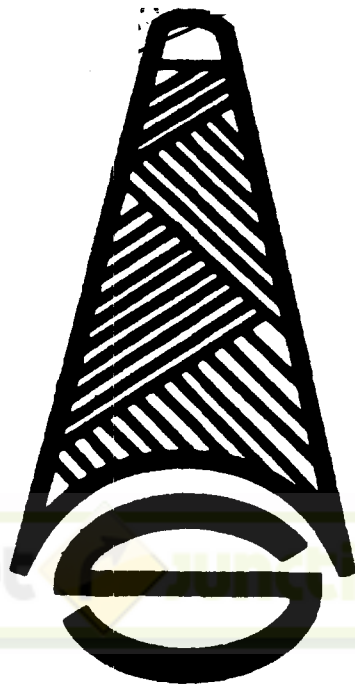


Alka Spinners Ltd.



Marching Ahead For A Better Tomorrow

ANNUAL REPORT
1998-1999



Alka Spinners Ltd.

ANNUAL REPORT 1998-99

BOARD OF DIRECTORS

Shri Ramswaroop B. Panchariya
 Shri Satish R. Panchariya
 Shri Arun R. Panchariya
 Shri Madanlal B. Purohit

— Chairman
 — Managing Director
 — Director
 — Director

AUDITORS

Bhaidas M. Mehta & Co.
 Chartered Accountants,
 15, Amar Chambers, Reid Road,
 Railwaypura, Ahmedabad-380 002.

BANKERS

Vijaya Bank,
 Relief Road,
 Ahmedabad-380 001.

REGISTERED OFFICE

704, "SAHAJANAND",
 Shahibaug Road, Shahibaug,
 Ahmedabad - 380 004.
 e-mail : arun@ad1.vsnl.net.in.

BRANCH OFFICE

25/31, Dr. A. M. Road,
 3rd Floor, Lalmani Building,
 Bhuleshwar, Mumbai-400002.

PLANT

Unit-1

181/1/4, Panchariya Estate
 Shahwadi, Narol,
 Ahmedabad-382 405.

Unit-2

Survey No. 876,
 Village : Thol
 Taluka : Kadi
 Dist : Mehsana

Visit us at : www.alkaspinners.com

ANNUAL REPORT 1998-99

Alka Spinners Ltd.



DIRECTORS' REPORT

To,

The Members.

Your Directors have pleasure in submitting their 6th Annual Report together with the Audited Statement of accounts for the period ended 30th September, 1999.

FINANCIAL RESULTS

The Working results of the Company for the period ended on 30th September, 1999 are as follows:-

	As On 30-9-99 (18 months)	As On 31-3-98 (12 months)
Gross Profit/ (Loss) before depreciation	8282132	1283069
Less: Depreciation	4657121	98217
Net Profit/ (loss) after Depreciation	<u>3625011</u>	<u>1184852</u>
Add/ (Less): Balance brought from last year	51955	51955
Amount available for Appropriation	<u>3676966</u>	<u>1236807</u>
Appropriations		
Income Tax Provision	145000	5000
General Reserve	-	1179852
Balance Carried to Balance Sheet	<u>3531966</u>	<u>51955</u>

DIVIDEND

To conserve the resources for the future requirement of the funds of the Company, your Directors do not recommend any dividend.

MERGER OF PANCHARIYA SPINNERS PRIVATE LIMITED WITH THE COMPANY

Your directors are pleased to report that consequent to merger of Panchariya Spinners Pvt. Ltd. in the Company during the year the Company has improved its operational results. After merger of Panchariya Spinners Ltd. with the Company on 10.11.98 the Company has its manufacturing facility at Narol, Ahmedabad.

FIXED DEPOSITS

The Company has not accepted any deposit to which the provisions of section 58A of the Companies Act, 1956 are applicable.

PARTICULARS REGARDING EMPLOYEES

There are no employees who are in receipt of remuneration exceeding the limit specified under section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Annexure A to this Report gives the information in respect of conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo, required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forms part of the Directors' Report.

DIRECTORATE

Mr. Ramswaroop B. Panchariya retires by rotation at the forth coming Annual General Meeting of the Company but being eligible, offers himself for re-appointment.

RE-APPOINTMENT OF MANAGING DIRECTOR

Tenure of Mr. Satish R. Panchariya as Managing Director of the Company completes on 31-01-2000. Looking to the experience of Mr. Satish R. Panchariya, it is in the interest of the Company to re-appoint him for further period of five years from 01-02-2000. Necessary resolution is proposed for your approval under Item No. 5 of the Notice of the Annual General Meeting.

AUDITORS

The Auditors M/s. Bhaidas M. Mehta & Co., Chartered Accountants, Ahmedabad retires and being eligible offers themselves for re-appointment. You are requested to re-appoint the auditors and fix their remuneration.

The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

Y2K COMPLIANCE

Your Company has made preparations to enable its systems to operate normally. The estimated cost of Y2K compliance is not expected to be significant.

APPRECIATION

The Board places on record the appreciation of the sincere and devoted services rendered by all the employees and the continued support and confidence of the Shareholders. The Board also expresses their sincere thanks to the Banks and all other well wishers for their timely support.

Regd. Office
704, "Sahajanand",
Shahibaug,
Ahmedabad - 380 004.

PLACE: AHMEDABAD
DATE : 29-11-1999

BY ORDER OF THE BOARD
For ALKA SPINNERS LTD.

SD/-
RAMSWAROOP B. PANCHARIYA
CHAIRMAN



Alka Spinners Ltd.

ANNUAL REPORT 1998-99
ANNEXURE 'A' FORMING PART OF THE DIRECTORS' REPORT

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

A. Power and fuel consumption	Current Period	Previous Year
1. Electricity		
(a) Purchased Unit	1410727	-
Total amount	Rs. 5632993	-
Rate/ unit	3.993	-

B. Consumption per unit of production

	Standards (if any)	Current Period	Previous Year
100% Cotton Yarn	Kgs.	1006928	-
Electricity	Units	1.401	-

C. Foreign Exchange Earnings & Outgo

Foreign Exchnage Earned -	Nil	Nil
Foreign Exchnage Outgo -	\$ 100	\$121.66

AUDITORS' REPORT

To,
The Members,
ALKA SPINNERS LIMITED

We have audited the attached Balance Sheet of ALKA SPINNERS LIMITED as at 30th September, 1999 and annexed Profit and Loss Account for the period ended on that date and report that:

- 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.
- In our opinion, proper books of Accounts, as required by law have been kept by the Company so far as appears from our examinations of those books.
- The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account of the Company.
- In our opinion and to the best of information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - in so far as it relates to the Balance Sheets, of the state of affairs of the Company as at 30th September, 1999; and
 - in so far as it relates to the Profit and Loss Account, of the Profit of the Company for the period ended on that date.

- As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government under Section 227(4A) of the Companies Act, 1956 and on the basis of such examination of the Books and Record of the Company as we considered appropriate and the information and explanations given to us during the course of our audit, we further report that:

- according to the information given to us by management the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that fixed assets have been physically verified by the management and no material discrepancies were noticed on such verification.
- None of the fixed assets have been revalued during the period.
- Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials. In our opinion, frequency of verification is reasonable.
- In our opinion and according to information and explanation given to us the procedure of physical verification of stocks followed by the management were found to be reasonable and adequate in relation to the size of the company and nature of its business.

ANNUAL REPORT 1998-99

Alka Spinners Ltd.

5. Having regard to the size of the company, the discrepancies noticed on physical verifications of stocks as compared to the book records were not material.
6. In our opinion and on the basis of our examination, the valuation of the stock is fair and proper and in accordance with the normally accepted accounting principles.
7. The Company has taken loans from Companies, firms or other parties as listed in the register maintained under section 301 and from Companies under the same management as defined under sub section (1B) of section 370 of the Companies Act, 1956. The Rate of Interest and other terms and conditions on which Loans have been taken are not prima facie, prejudicial to the interest of the company.
8. The company has not granted any unsecured loans to companies, firms or other parties listed in register maintained u/s 301 and to companies under the same management as defined u/s. 370(1B) of companies Act, 1956.
9. The Company has not given loans and advances in the nature of loans to the employees during the year.
10. In our opinion and according to the information and explanations given to us there are adequate internal control procedure commensurate with the size of the Company and nature of its business with regard to purchase of stores, spare parts, raw materials and components, plant & machinery, equipment and other assets and with regards to the sale of goods.
11. According to information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and aggregated during the year to Rs.50000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices as available with the company of such goods and materials.
12. As explained to us the company has regular procedure for the determination of unserviceable or damaged stores, raw materials, and finished goods and adequate provision has been made in the accounts for the loss so determined, wherever necessary.
13. In our opinion and according to the information and explanation given to us, the Company has not accepted any fixed deposits from public.
14. In our opinion the company has maintained reasonable records for sale and disposal of realisable waste and scrap.
15. In our opinion the company has adequate internal audit system commensurate with the size and nature of its business.
16. On the basis of our examination and as per the information and explanation given to us, The company has made and maintained accounts and records as prescribed by the Central Government u/s. 209(1)(d) of the companies Act. We are informed that central government has not issued any order for Audit of cost records u/s. 233B of the companies Act, 1956.
17. According to records of the company, the company is regular in depositing Provident Fund and Employee state Insurance dues with the appropriate authorities.
18. There are no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom duty and Excise duty as at 30th September, 1999 which are outstanding for a period of more than six months from the date they became payable.
19. In our opinion and according to the information and explanation given to us, no personal expenses of employees and directors (other than those payable in accordance with terms of service condition of employees or in accordance with generally accepted business practice) have been charged to the revenue account.
20. The Company is not a sick industrial Company within the meaning of clause (o) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. there are no damaged trading goods during the year hence the question of providing for loss does not arise.

For Bhaidas M. Mehta & Co.
Chartered Accountants
Sd/-
Upendra V. Modi
Partner

Place : **Ahmedabad**
Date : **29-11-1999**