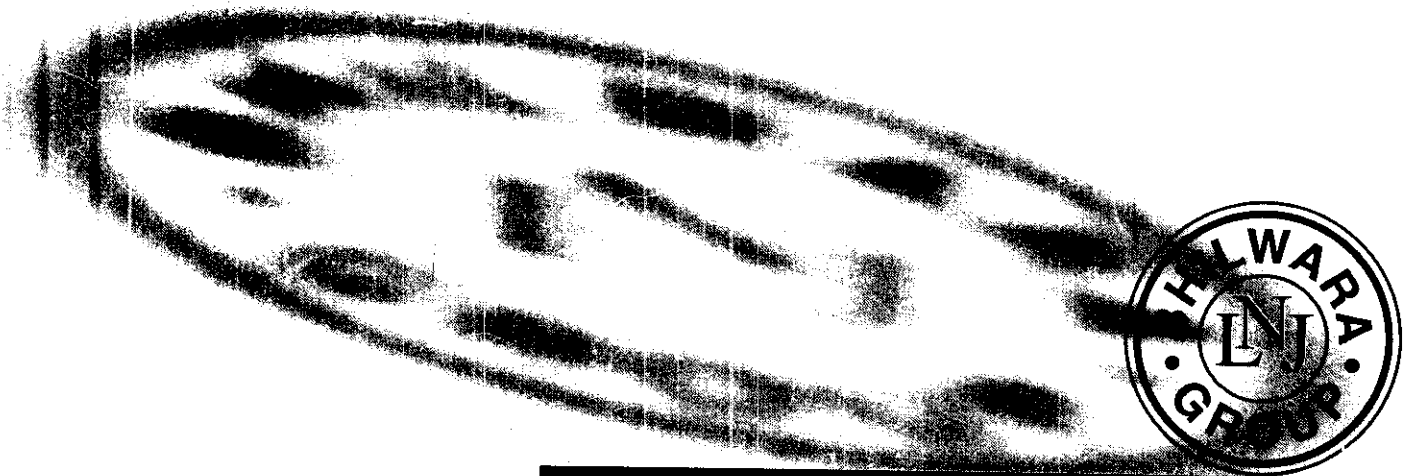


Annual Report
1999-2000



The Reflection of Success!

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BHILWARA SPINNERS LIMITED



● Textiles

Graphite Electrodes

Sponge Iron

Co-Power Generation

Hydro Electric Power

○ Telecommunication

✕ Information Technology

□ Corporate Office

★ Regional Office

The Rs. 1,579 crore LNJ Bhilwara Group is a diversified group with interests in Textiles, Graphite Electrodes, Sponge Iron, Power Generation, Telecommunication, Information Technology and Financial Services. Headquartered in Noida (New Delhi), the Group employs 20,000 people.

The Group boasts of some well-known brands which include Mayur Suitings, BSL Suitings, La Italia Trousers, Buddy Davis Leisurewear and Champs undergarments. These products are manufactured at sixteen units spread across the country.

In its three-decade long existence, the LNJ Bhilwara Group has come to be identified with quality and technology. Six of the Group companies have been awarded ISO 9002 certification for their exemplary quality standards. The fact that export earnings comprise as much as forty percent of the Group's turnover underlines its high quality standards.



GROUP SALIENT FEATURES

Particulars	(Rs. Crores)	
	1998-99	1999-2000
Turnover	1426	1579
Export Sales	544	617
PBIDT	262	274
PBDT	150	161
PBT	69	71
PAT	65	70
Gross Fixed Assets	1403	1516
Net Worth	670	762

BHILWARA SPINNERS LIMITED

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

Particulars	1997-98	1998-99	1999-2000
Turnover	10579.52	8427.22	9505.81
Exports	473.68	878.54	1913.46

PBIDT	996.52	456.64	623.88
Interest	451.02	623.16	823.82
PBDT	545.50	(166.52)	(199.94)
Depreciation	255.43	271.84	331.75
Taxation	30.50	—	—
PAT	259.57	(438.36)	(531.69)

Net Worth	2623.87	2083.34	1558.08
Capital Expenditure	1538.74	439.12	57.02

EPS (Rs.)	3.83	—	—
CEPS (Rs.)	7.59	—	—
Book Value per share (Rs.)	38.67	30.70	22.96



BHILWARA SPINNERS LIMITED

BOARD OF DIRECTORS

CHAIRMAN EMERITUS

Shri L. N. Jhunjhunwala

CHAIRMAN

Shri Ravi Jhunjhunwala

MANAGING DIRECTOR

Shri R. N. Gupta

DIRECTORS

Shri Shekhar Agarwal

Shri A. K. Ghose

Dr. P. K. Hari

Shri Santosh Bagrodia

PRESIDENT

Shri D. R. Agarwal

AUDITORS

M/s K. S. Mehta & Co., New Delhi

REGISTERED OFFICE & WORKS

26, Industrial Area,
Bhilwara, Rajasthan

HEAD OFFICE

Bhilwara Towers
A-12, Sector-1
Noida-201 301 (U.P.)

BANKERS

State Bank of Bikaner & Jaipur
State Bank of Patiala
Bank of Baroda
The Bank of Rajasthan Ltd.

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BHILWARA SPINNERS LIMITED

DIRECTORS' REPORT

To The Members,

The Directors of your Company have pleasure in presenting their 19th Annual Report along with audited statements of Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

	(Rs. in Crores)	
	This Year	Previous Year
Total Turnover		
– Domestic	74.33	74.72
– Export	20.73	9.55
	95.06	84.27
Profit/(Loss) before Depreciation	(2.00)	(1.66)
Depreciation	3.32	2.72
Profit/(Loss) before Tax	(5.32)	(4.38)
Provision for Income Tax	–	–
Profit/(Loss) after Tax	(5.32)	(4.38)
Income Tax for earlier years	–	1.09
Balance brought forward	(1.41)	4.06
Balance carried forward	(6.73)	(1.41)

OPERATIONS

The overall performance of the Company has been severely affected during the period under review due to labour unrest as well as effect of recessionary trend in textile industry and sluggish market conditions.

The workers resorted to frequent disruptions in the working of the unit. The total strikes during the year numbered 22 resulting in loss of operating efficiencies, production, deterioration in quality and delays in delivery schedules. The total mandays lost were 13129. Loss of production due to disruption and wilful absenteeism by the workers has caused production loss of 370 MT. This along with extra generation of waste and deterioration in quality has affected the profitability of the Company greatly.

The export efforts of the Company during the year has paid well in terms of a growth of 145%. The exports

reached 2094 MT this year against 855 MT of previous year. This could become possible by taking full advantage of modernisation made in previous years. Growth in exports, better product mix and productivity should have improved the working of the Company, but losses due to labour trouble and unrest adversely affected the results. The Directors of the Company are hopeful that with all round efforts which are being made to achieve further growth in exports, optimise operations, cutting cost of production and new developments, the Company will be able to record an overall improvement in its operations in 2000-2001.

AMALGAMATION OF COMPANY WITH RAJASTHAN SPINNING & WEAVING MILLS LIMITED

The scheme of amalgamation of Company with Rajasthan Spinning & Weaving Mills Limited is currently pending before the Hon'ble High Court of Rajasthan at Jodhpur for approval.

DIVIDEND

In view of the financial position of the Company and in the absence of any profit, your Directors regret their inability to recommend dividend on the Equity Shares.

Y2K COMPLIANCE

Your Directors are pleased to inform that the Company was able to successfully roll over to year 2000 in a smooth manner. The software and hardware, wherever found susceptible were modified and replaced and the cost involved was not significant.

ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION

The information required to be disclosed pursuant to 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 the report.

POLLUTION CONTROL

Your Company reaffirms its commitment to maintain high standards in pollution related issues and confirm that the Company has taken all necessary steps to prevent pollution.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Total exports on FOB basis were Rs.19.13 crores as against imports on CIF basis of Rs. 3.20 crores.

PERSONNEL

Relevant particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are given as Annexure – II of this Report.

DIRECTORS

Shri A. K. Ghose and Dr. P. K. Hari, Directors retire by rotation and being eligible, offer themselves for reappointment. There was no change in Directorships during the year under review.

AUDITORS

The Company's Auditors, M/s K. S. Mehta & Co., retire at the conclusion of the ensuing Annual General Meeting

of the Company and being eligible offer themselves for re-appointment.

The observations in the Auditor's Report are dealt within the notes to the accounts at appropriate place and are self-explanatory.

ACKNOWLEDGEMENTS

Your Directors wish to express their appreciation to Financial Institutions, Bankers and the State & Central Government and the Business Constituents for their continued support and co-operation.

For and on behalf of the Board

Place : Noida

Date : 28th April, 2000

Ravi Jhunjunwala
Chairman

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BHILWARA SPINNERS LIMITED

AUDITORS' REPORT

The Members

Bhilwara Spinners Limited

We have audited the attached Balance Sheet of Bhilwara Spinners Limited as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date, annexed thereto, and report that :

1. 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.
2. In our opinion, proper books of account, as required by law, have been kept by the Company so far as it appears from our examination of the books.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Profit & Loss Account and Balance Sheet comply with the mandatory Accounting Standards, specified by the Institute of Chartered Accountants of India and as referred to in Sub Section 3C of Section 211 of the Companies Act, 1956.
5. The Company has been technically advised and has accordingly considered Plant & Machinery of spinning unit as a 'Continuous Process Plant' within the meaning of Note No. 7 to Schedule - XIV of the Companies Act, 1956 and has accordingly provided depreciation. This being a technical matter, we cannot form an independent opinion on such classification of assets and are therefore unable to comment thereon.
6. Subject to Point No. 5, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and notes given in Schedule-14, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - a) In case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2000.
 - b) In case of Profit and Loss Account, of the loss of the year ended on that date.
7. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 in our opinion and to the best of our information and according to the explanations given to us, we further report that :
 - i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets, which is pending for updation. As per the information and explanations given to us, the Company has a system of physical verification of all its major fixed assets once every year. As explained to us, all the major fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification as compared to book records.
 - ii) None of the fixed assets have been revalued during the year.
 - iii) We have been explained by the Management that the stocks of finished goods, stores, spare parts and raw material (except lying with third parties), have been physically verified at reasonable intervals during the year.
 - iv) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in view of the size of the company and the nature of its business.
 - v) As far as we can ascertain and according to the information and explanation given to us by the management, there were no material discrepancies noticed on physical verification of stock of raw material, stores and spare and finished goods, having regard to the size of the operation of the company.
 - vi) The valuation of stock is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in preceding year except :
 - a) In the case of raw material, where it is changed from 'Weighted Average Method' to 'First In First Out Method'. Due to this the value of raw material, WIP and finished goods is higher by Rs. 5.02 lacs, Rs. 5.56 lacs and Rs. 8.97 lacs respectively and loss is lower by the same amount.
 - b) The valuation of inventory has been brought in line with the requirements of AS-2 'Valuation of Inventories' issued by the Institute of Chartered Accountants of India, which has become mandatory w.e.f. 1.4.99. Due to this the value of inventory is lower by Rs. 39.07 lacs and loss is higher by the same amount.