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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

Fifth Annual Report 1997-98

Report

Certified to be true Copy

MV COTSPIN LTD.

[Signature]
Mg. Director



Board of Directors

M. C. Agarwala – **Chairman**
S. S. Kothari
R. C. Bhaiya
Arvind Kumar
Smt. Vasanthi A. Pai
Santosh Kumar Jain
Sudipto Sen – *Nominee of RIICO*
Smt. Baljinder Kaur Mandal – *Nominee of IDBI*
Vivek Agarwal – **Managing Director**



Auditors

P. K. AJITSARIA & CO.

Chartered Accountants

Bankers

State Bank of Bikaner & Jaipur
Global Trust Bank Ltd.
State Bank of India

Report  junction.com

Registered Office

32, Chowringhee Road
Om Tower, 14th Floor
Calcutta 700 071

Registrars & Share Transfer Agents

ABS CONSULTANTS PVT. LTD.

Stephen House, 6th Floor
4, B. B. D. Bag (East)
Calcutta 700 001

**Annual Report
1997- 98**

Works

Plot No. 14 B, Neemrana Industrial Area
Dist : Alwar
Rajasthan



MV COTSPIN *Limited*

NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Company will be held on Friday the 28th August, 1998 at Modi Foundation Room in Rotary Sadan at 10.00 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and Profit & Loss Account for the year ended on that date and report of Directors and Auditors thereon.
2. To appoint a Director in place of Sri S. K. Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. Vasanthi A. Pai who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification the following resolution as an special resolution.

"RESOLVED THAT subject to all applicable provisions of the Companies Act' 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to acquire/purchase any of its own fully paid Shares on such terms and condition and upto such limits as may be prescribed by law from time to time provided that acquisition/purchase of such fully paid Equity Shares of the Company be not construed as reduction of Equity Share Capital which is subject to the controls as stipulated in section 100 to 104 and section 402 of the Companies Act, 1956 for the time being force and that the Board be and are hereby authorised to do all such acts and things as may be necessary or proper to implement this resolution."

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof), the Articles of Associations of the Company be and is hereby altered by inserting the following sub-clause (c) to article 4 immediately after the existing Article 4 (b) :

(c) Notwithstanding anything contained in sub clause (a) and sub clause (b) above or any other contrary provisions in these Articles, in the event it is permitted by law and subject to such limits, terms, conditions and consent as may be prescribed and laid down for this purpose, the Company shall have the power to buy back its own shares whether or not there is any consequent reduction in the Share Capital and that if to the extent permitted by law the Company shall also have the power to re-issue such share so bought back, if so desirable."

Dated : June 26, 1998

By order of the Board
For MV Cotspin Limited

Registered Office :
32 Chowringhee Road
"OM TOWER" 14th Floor
Calcutta- 700 071

Vivek Agarwal
Managing Director



MV COTSPIN

Limited

Notes :

1. A Member entitled to attend and vote is entitled to appoint a Proxy, to attend and vote instead of himself and the proxy need not be a Member.
2. Proxy in order to be effective must be received by the Company at the Registered Office of the Company at not later than 48 hours before the commencement of the Meeting.
3. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the Special business is annexed hereto.
4. The Register of Members and share transfer books of the Company will remain closed from 24.08.98 to 28.08.98 (both days inclusive).
5. Members are requested to notify any change of address to the Registrar and Share Transfer Agent ie. **M/s ABS Consultants Pvt. Ltd.**, Stephen House, R.No.99, 6th Floor, 4, B.B.D. Bag(East), Calcutta -700 001.

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

ITEM NO : 5

Members are aware that the Companies Act, 1956 presently prohibits a Company to purchase its own shares unless the same is done with a view to reduce its capital.

In a rapidly changing world and with the era of liberalization in India it has become the need for every Company to be competitive in the international market. In order to become competitive it has become necessary to reduce the cost of capital. The Company by buying its own shares would give a clear signal to the market that the share at a point of time is undervalued. Moreover the Company can use its surplus funds advantageously with minimum risks as compared to investments to shares of other Companies.

In United Kingdom, USA and several other European countries law permits a company to purchase/ acquire its own fully paid up shares subject to some restrictions.

The resolution against item no. 5 is an enabling resolution authorising the Board to take appropriate steps when the law will come into operation inviting such an action.

The resolution regarding acquisition/purchase of the shares of the Company and the consequential amendments made in the Articles of Association as proposed in item no. 5 of this notice shall not be construed as reduction of capital which is subject to the controls as stipulated in section 100 to 104 and section 402 of the Companies Act 1956, for the time being in force.

No Director of the Company is interested or concerned in the Resolutions.

Date : June 26, 1998

Registered Office :
32, Chowringhee Road,
"OM TOWER" 14th Floor
Calcutta - 700 071

By order of the Board
For MV Cotspin Limited

Vivek Agarwal
Managing Director



MV COTSPIN *Limited*

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 5th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1998.

FINANCIAL HIGHLIGHTS

The working results of the Company for the year under review are as under :

(Rs. in Lacs)

	<u>31st March, 1998</u>	<u>31st March, 1997</u>
Turnover & other income	1694.90	1744.55
Operating Profit	175.16	267.91
Less : Interest	(134.84)	(126.19)
Gross Profit	40.32	141.72
Less : Depreciation	(12.51)	(110.09)
Provision for taxation	(2.92)	(3.48)
Net Profit/(Loss)	24.89	28.15

Current year Operations

The fiscal year 1997-98 has not been good for the Industry in general. Particularly the textile Industry has passed through a phase of sluggish demand, high input Cost and extreme instability in the Overseas markets which has lead to recession in the industry. Therefore, your Company, being a part of this industry is no exception and has been effected adversely.

This is reflected by the operating margins which has come down to 9.1% from 15% last year. During the year your Company has earned an operating profit of Rs. 174 lacs against Rs. 267.91 lacs last year. The Directors of the Company are confident that in the current year profitability should improve considering benefit of increased capacity accruing this year and also due to fall in input cost forecasted.

Expansion

The Company has successfully commenced commercial production of expanded capacity from April, 1998 after a delay of 6 months from the original time schedule. Now the capacity of the plant stand at 720 rotors.

Overview of the Industry

During the years, particularly the second half of the financial year, the input cost increased steeply thereby affecting the fortune of the company adversely. This was due to the fact that there was a large scale destruction in the cotton crop and the total size of the crop has fallen from the expected level of 178 lacs bales to over 145 lacs bales. Coupled with this, the South East Asian crisis resulted in disappearance of a large market suddenly causing acute pressure on yarn prices due to lower overall demand.

With addition in capacity the company has been able to achieve better economies of scale. An anticipated good crop this season should lower input cost substantially. The combined effect of higher volume and a lower input cost should improve profitability in the current fiscal.


MV COTSPIN
Limited

Profitability projects vis a vis achieved

The information required to be stated in terms of clause 43 of the listing agreement is given hereunder :

(Rs. in Lacs)

	Projections for the year ended <u>31st March, 1998</u>	Actual for the year ended <u>31st March, 1998</u>
Net Sales	2010	1681.01
Profit/(Loss) after tax	174	24.89

Public Deposits

The Company has not accepted any deposit from the public during the year under review.

Directors

Shri S. K. Jain and Smt. Vasanti A. Pai Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Auditors & Auditor's Report

M/S. P.K. Ajitsaria & Co., Chartered Accountants, Calcutta the present auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The observation made in the Auditor's Report read with notes of accounts are self explanatory.

Particulars of Employees

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 regarding employees and forming part of this report is furnished in the Annexure to this Report.

Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo

The information in accordance with the provisions of Section 217(i)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure to the Report and form an integral part thereof.

Acknowledgement

The Directors would like to place on record their grateful appreciation and thanks to IDBI, State Bank of Bikaner & Jaipur, State Bank of India, Global Trust Bank Ltd. for all the timely help and encouragement they have extended to the Company.

The Directors also wish to place on record their deep sense of appreciation for the devoted services rendered by the officers, employees and workers of the Company for its success.

For and on behalf of the Board of Directors

Vivek Agarwal
Managing Director

Place: Calcutta
Dated : June 26, 1998



MV COTSPIN Limited

ANNEXURE TO THE DIRECTORS' REPORT

A. Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31st March, 1998.

Sr. No. of the Employee	Name	Designation	Remuneration. (Rs)	Qualifications	Experience (Years)	Date of commencement of employment	Age	Particulars of last employment (Employer, last post and period for which post held)
1.	Mr. Vivek Agarwal	Managing Director	3,00,000/-	B.Com (Hons)	12	01.04.94	31	MUVA Industries Ltd. Mg. Director (8 Years)

Notes :

1. Remuneration mentioned above includes salary calculated in accordance with the provisions of the Income tax Act, 1961, and the rules made thereunder.
2. The conditions of employment is contractual for a period of five years.
3. Mr. Vivek Agarwal is a relative of Mr. M. C. Agarwala, a Director of the Company.

B. DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY :

The Company is making all round efforts for the Conservation of energy, which will reduce consumption of energy in per unit of production. However, no specific investment is contemplated for reduction of Consumption of energy.

Form No. A
(See Rule 2)

(Amount in Rs.)

	Current Year 1997-98	Previous Year 1996-97
i) Power and Fuel Consumption		
1. Electricity		
a. Purchased	Nil	Nil
b. Own generation		
Through Diesel Generator		
Unit (KWH)	2959940	3020828
Units/Ltr. of diesel oil	3.45	3.65
Cost/Unit (Rs.)	2.78	2.37
2. Coal (Specify quality and where used)	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Others/Internal generation (Please give details)	Nil	Nil



MV COTSPIN

limited

ii) Consumption per unit of Production

Products (with Details)

Cotton Yarn	Kgs.	2256532	2263640
Average Count		7.93	7
Electricity	Unit/Kg.	1.31	1.33
Furnace Oil		Nil	Nil
Coal (Specify Quality)		Nil	Nil
Others(Specify)		Nil	Nil

C. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

Form No. B
(See Rule 2)

a) Research and Development (R &D)

During the year under review no significant research work has been undertaken by the Company.

Benefits Derived

Not Applicable.

b) Technology absorption, adaptation and innovation effort

The Company has installed the latest state-of-art imported Plant & Machinery at its unit to produce a superior quality product.

Benefits

Consequent to installation of latest plant & machinery, the Company produced good quality of cotton yarn which is well accepted in the premium segment both in domestic as well as in international market.

c) Foreign Exchange Earnings and Outgo

(Amount in Rs.)

	Current Year 1997-98	Previous Year 1996-97
1. Foreign Exchange earned		
Export of Cotton Yarn (F.O.B. Value)	51,278,314	38,661,314
2. Expenditure in foreign Currency		
Capital Goods (C.I.F. Value)	29,881,875	5,711,656
Spare Parts (C.I.F. Value)	316,464	1,587,545
Travelling Expenses	401,370	59,389
Export Commission	1,660,504	792,987

For and behalf of the Board of Directors

Place : Calcutta
Dated : June 26, 1998

Vivek Agarwal
Managing Director.



MV COTSPIN

Limited

AUDITOR'S REPORT

To,

The Members,

MV COTSPIN LTD.

We have Audited the attached Balance Sheet of **MV COTSPIN LIMITED** as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date and report as follows :

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 we enclose in the annexure a Statement on the matters in specified in paragraphs 4 & 5 of the said order, to the extent applicable to the Company.

Further to our comments in the Annexure referred to in Paragraph 1 above :

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of the books of the Company.
- (c) The Balance Sheet and Profit & Loss Account dealt within the report are in agreement with the books of accounts of the Company.
- (d) In our opinion and to the best of our information and according to the explanations given to us the said accounts subject to note no. B (2) regarding change in rates in depreciation in respect of Plant & Machinery and consequent increase in profits and fixed assets by Rs. 49.88 lacs and note no. A (8) regarding treatment of certain items on cash basis read together with the other notes as appearing in Schedule "S" thereon give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view :
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as on 31st March 1998.
 - ii) In the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.

For P. K. AJITSARIA & CO.
Chartered Accountants

Pawan Kr. Ajitsaria
Proprietor

Place : Calcutta

Date : June 26, 1998.