

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the Company will be held on Friday the 22nd September, 2000 at Regd. Office 32, Chowringhee Road, Om Tower, 8th Floor, Calcutta - 700 071 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, 2000 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 M.C. Agarwala who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Sri S.K. Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Dated : 1st August, 2000

By order of the Board
For MV Cotspin Limited

Registered Office :
32, Chowringhee Road
OM Tower, 8th Floor
Calcutta-700 071.

Vivek Agarwal
Managing Director

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
4. The Register of Members and share transfer books of the Company will remain closed from 16.9.2000 to 22.9.2000 (both days inclusive).
5. Members are requested to notify any change of address to the Registrar and Share Transfer Agent i.e. **M/s. ABS Consultants Pvt. Ltd.**, Stephen House, R.No. 99, 6th Floor, 4, B.B.D. Bag (East), Calcutta-700 001.

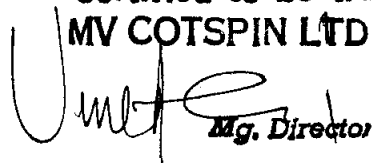
Dated : 1st August, 2000

By order of the Board
For MV Cotspin Limited

Registered Office :
32, Chowringhee Road
OM Tower, 8th Floor
Calcutta-700 071.

Vivek Agarwal
Managing Director

Certified to be true Copy
MV COTSPIN LTD


Mg. Director

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the 7th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2000.

FINANCIAL HIGHLIGHTS

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

(Rs. in Lacs)

	<u>31st March, 2000</u>	<u>31st March, 1999</u>
Turnover & other income	1433.55	2031.68
Operating Profit	71.37	273.34
Less : Interest	(142.82)	(227.48)
Gross Profit	(71.45)	45.86
Less : Depreciation	(191.75)	(96.84)
Provision for taxation	--	--
Net Profit / (Loss)	(173.20)	(50.98)

Current year Operations

In the year under review, depressed market conditions continued. The impact is amply reflected on the sales turnover which was dropped from Rs.2032 lacs to Rs.1434 lacs. During the year the company lost production of nearly 400 M.T. resulting in lower production of 1991 M.T.(2351 M.T.) due to inability to meet higher working capital needs due to higher current assets level during the year caused by poor market condition. Your directors are of the opinion that the coming year would enable the company to turn around and show improvement in the operations. In view of the loss incurred during the year, your directors regret their inability to recommend any dividend for the year.

Y2K PREPAREDNESS LEVEL

The company has achieved the Y2K transition without any disruption.

Public Deposits

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

Director

Shri M.C. Agarwala and Shri S.K. Jain, Director 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 not required.

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

Place: Calcutta

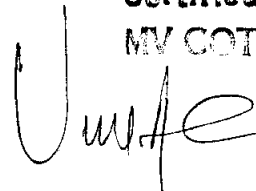
Dated: August 1, 2000

Vivek Agarwal

Managing Director

Certified to be true Copy

MV COTSPIN LTD

 Mg. Director

A. 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 1999-2000	Previous Year 1998-99
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i) Power and Fuel Consumption

1. Electricity

a. Purchased	Nil	Nil
b. Own generation		
Through Diesel Generator		
Unit (KWH)	2405800	3422777
Units/Ltr. of diesel oil	2.82	3.45
Cost Unit (Rs.)	3.26	2.73

2. Coal (Specify quality and where used)	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Others/Internal generation (Please give details)	Nil	Nil

ii) Consumption per unit of Production

Products (with details)

Cotton Yarn	Kgs	1991.101	2351.186
Average Count		--	--
Electricity	Unit /Kg	1.22	1.45
Furnace Oil		Nil	Nil
Coal (Specify Quality)		Nil	Nil
Others (Specify)		Nil	Nil

B. 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 1999-2000	Previous Year 1998-99
1. Foreign Exchange earned		
Export of Cotton Yarn (F.O.B. Value)	74,828,753	84,799,576
2. Expenditure in foreign Currency		
Capital Goods (C.I.F. Value)	--	--
Spare Parts (C.I.F. Value)	3,77,085	2,089,110
Travelling Expenses	3,32,995	250,746
Export Commission	5,56,185	48,019

For and behalf of the Board of Directors

Place : Calcutta
Dated : 1.8.2000

Vivek Agarwal
Managing Director.

P. K. AJITSARIA & CO.

Chartered Accountants

"White Tower"

115, College Street,

Calcutta 700 072

AUDITORS' REPORT

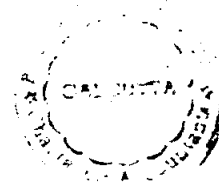
To,
The Members,
MV COTSPIN LTD.

We have audited the attached Balance Sheet of **MV COTSPIN LIMITED** as at 31st March, 2000 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 as 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, the Balance sheet and profit and loss account comply with the Accounting standard referred to in sub-section 3(c) of section 211 of the Companies Act, 1956 except for valuation of closing stock of finished goods on standard cost (inclusive of financial expenses) and non-provision of expense on the stock of finished goods lying at the year end which is in contravention of AS-2, accounting of certain expenses on cash basis as per Note A(9) and A(10)(b) and treatment of interest on secured loan on cash basis as per Note A(11) which is in contravention of AS-1 and non-provision for leave liability which is in contravention of AS-15.
- (e) In our opinion and to the best of our information and according to the explanations given to us the said accounts subject to :
 - (a) Note no. A(11) regarding change in accounting treatment relating to interest on secured loan taken from IDBI from accrual basis to cash basis which has resulted into profit being overstated by Rs. 1,63,15,136 and secured loans being understated by the same amount.



- (b) Note No. B(10) regarding valuation of finished goods on standard cost which includes financial expenses and non determination of its effect on the profit & loss;
- (c) Note no. A(9) and A(10)(b) regarding treatment of certain items on cash basis
- (d) Note No. B(3)(b) regarding non-provision for diminution in the value of quoted investments;
- (e) Note No. B(11) regarding non-provision for debts against which legal proceedings has been initiated;
- (f) Deferred revenue expenditure written off to the extent of Rs. 566126/- which represents amount deferred for increase in liability of foreign currency loan due to exchange rate fluctuation in the previous year.

read together with the other notes as appearing in Schedule "R" 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 2000
- ii) In the case of Profit & Loss Account, of the Loss of the Company for the year ended on that date.

*For P.K. AJITSARIA & CO.
Chartered Accountants*

*P.K. Ajtsaria
(Pawan Kr. Ajitsaria)
Proprietor*

Place : Calcutta
Date : 1st August, 2000.

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(Referred to in Paragraph 1 of our report of even date on the accounts of *MV COTSPIN LIMITED* for the year ended 31st March, 2000.)

1. The Company has not maintained fixed assets register to show full particulars, including quantitative details and location of fixed assets. As informed to us the assets have been physically verified by the Management at reasonable interval & no material discrepancies were noticed on such verification as compared to the book records.
2. None of the fixed assets has been revalued during the year.
3. According to the explanations and information given to us, the procedure of physical verification of stock followed by Management are reasonable and adequate in relation to the size of the company and the nature of its business.
4. No material discrepancies were noticed on such verification between the physical stocks and the book records.
5. On the basis of the examination of books and records, we are of the opinion that valuation of stocks is not according to generally accepted accounting as the finished goods for the year have been valued at standard cost which includes financial expenses also, which is in contravention to AS-2 issued by ICAI, resultant gain or loss was not determined by the management and hence not given. Upto last year they were valued at cost or market price whichever is lower.
6. The Company has not granted any loan to or taken any loan (secured or unsecured) from companies, firms or other parties listed in the register required to be maintained under section 301 of the Companies Act 1956, or from companies under the same management as defined under section 370 (IB) of the Companies Act 1956, the rate of interest and other terms and conditions of which are prejudicial to the interest of the company.
7. In respect of the loans and advances in the nature of loans given by the company, where stipulations have been made, the parties are generally repaying the principal amounts as stipulated and have also been regular in the payment of interest where applicable.
8. The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.
9. According to the information and explanations given to us, and the records examined by us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at the end of the year for a period of more than six months from the date they became payable except TDS payable of Rs.1375.
10. There are adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of raw materials, plant and machineries, equipments, stores and sale of goods and services.
11. The Company has not produced any internal audit report before us, hence we are unable to comment about the adequacy of internal audit.

