

1999 - 2000

ANNUAL REPORT



RAJASTHAN PETRO SYNTHETICS LIMITED



BOARD OF DIRECTORS

<i>Shri G.S. Poddar</i>	<i>Managing Director</i>
<i>Shri O.P. Kedia</i>	<i>Whole Time Director</i>
<i>Shri Ashok Kedia</i>	<i>Director</i>
<i>Shri A.K. Mittal</i>	<i>Director</i>
<i>Shri B.R. Goyal</i>	<i>Director</i>
<i>Shri M.D. Dixit</i>	<i>Director (Nominee of IDBI)</i>
<i>Shri V. N. Poddar</i>	<i>Director</i>

AUDITORS

M/s Saluja & Associates
New Delhi

BANKERS

Canara Bank
The Bank of Rajasthan Limited
The Benares State Bank Limited

REGD. OFFICE & WORKS

F-210, 223, Udyog Vihar
RICCO Industrial Area,
Village Sukher, Distt. Udaipur - 313 001

HEAD OFFICE

416-422, Hemkunt Chambers,
89, Nehru Place,
New Delhi

ANNUAL REPORT

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**NOTICE**

NOTICE is hereby given that Eighteenth Annual General Meeting of the Members of RAJASTHAN PETRO SYNTHETICS LTD. will be held at the Registered Office of the Company at F-210-223, RIICO Industrial Area, Village Sukher, Udaipur - 313001 (Rajasthan) on Friday, 29th September, 2000 at 3.00 P.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 together with the Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Shri O.P. Kedia who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Director in place of Shri Ashok Kedia who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To Consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution.

"RESOLVED THAT pursuant to provisions of Sections 269, 309, 311, Schedule XII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Financial Institution(s) and any other authority, if necessary, the approval of the Company be and is hereby accorded for the re-appointment of:

1. Shri G.S. Poddar, Managing Director
2. Shri O.P. Kedia, Wholetime Director

for a further period of five years with effect from 1st December, 2000 on the remuneration as set out in the Explanatory Statement of this resolution.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter or vary the aforesaid remuneration payable to Shri G.S. Poddar, Managing Director and Shri O.P. Kedia, Wholetime Director of the Company, so long as the same is in conformity with the provisions of Schedule XIII to the Companies Act, 1956 or any statutory modification or substitution thereof".

By Order of the Board

Udaipur
June 28, 2000

(O.P. Kedia)
Wholetime Director

NOTES :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote, on a poll only, instead of himself and the proxy so appointed need not be a member of the Company. Proxies in order to be effective must reach at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 24.09.2000 to 29.09.2000 (both days inclusive) :
3. Members are requested :
 - (a) to bring their copy of the Annual Report at the Meeting.
 - (b) to notify the change in their address to the Company and always quote their folio numbers in all correspondence with the Company.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT, (Pursuant to Section 173(2) of the Company Act, 1956)

ITEM NO. 5 :

Shri G.S. Poddar, Managing Director and Shri O.P. Kedia, Whole Time Director, were re-appointed for a period of five years with effect from 1st December 1995 at the Thirteenth Annual General Meeting of the Company held on 29.9.95 on remuneration as approved in the Meeting. Subsequently the remuneration of Shri G.S. Poddar, Managing Director and Shri O.P. Kedia, Whole Time Director were revised by the Board within the limits specified in Schedule XIII to the Companies Act, 1956 in accordance with the approval of Shareholders.

Now an Ordinary Resolution pursuant to the provisions of Section 269 and Schedule XIII and other applicable provisions of the Companies Act, 1956 is required to re-appoint them as their term of office expire on 1st December, 2000.

The present remunerations and other conditions applicable to the Directors are as below :

(A) Shri G.S. Poddar

1. Salary : Rs. 53,000/- P.M.
2. Commission : 1% of net profits of the Company for each year computed in the manner laid down in section 309 (5) of the Companies Act, 1956.
3. Perquisites : In addition to salary, perquisites in respect to the following will be allowed :-

- i) Housing :- The expenditure by the Company on hiring unfurnished accommodation for the Managing Director will be subject to 60% of the salary over and above 10% payable by him.

Explanation : Expenditure incurred by the company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of salary of Managing Director.

- ii) Medical reimbursement : Expenses incurred for self and family subject to a ceiling of one months' salary or three months' salary over a period of three years.
- iii) Leave Travel Concession : For self and family once in a year incurred in accordance with the rules specified by the Company.
- iv) Fees of Clubs : Subject to a maximum of two clubs. This will not include admission and life membership fees.
- v) Personal Accident Insurance : Premium not to exceed Rs. 1,000/- per year.

(B) Shri O.P. Kedia

1. Salary : Rs. 20,000/- P.M.
2. Commission : 1% of net profits of the Company for each year computed in the manner laid down in section 309 (5) of the Companies Act, 1956.
3. Perquisites : In addition to salary, perquisites in respect to the following will be allowed :-

- i) Housing :- The expenditure by the Company on hiring unfurnished accommodation for the Wholetime Director will be subject to 60% of the salary over and above 10% payable by him.

Explanation : Expenditure incurred by the company on gas,



electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of salary of Whole Time Director.

- ii) Medical reimbursement : Expenses incurred for self and family subject to a ceiling of one months' salary or three months' salary over a period of three years.
- iii) Leave Travel Concession : For self and family once in a year incurred in accordance with the rules specified by the Company.
- iv) Fees of Clubs : Subject to a maximum of two clubs. This will not include admission and life membership fees.
- v) Personal Accident Insurance : Premium not to exceed Rs. 1,000/- per year.

The following perquisites shall also be paid to each of them and they will not be included in the computation of the ceiling on remuneration mentioned above.

- a) Provident Fund and Superannuation Fund : Company's contribution to Provident Fund and Superannuation fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity : Not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs. 1,00,000/-.
- c) Encashment of leave at the end of the tenure.
- d) Car : Provision of car with driver for use on company's business (not considered as a perquisite). The use of car for private purpose shall be billed by the Company.
- e) Telephone : Provision of telephone at the residence.

The above remuneration payable to each of them shall be subject to the limits of 5% & 10% of the net profits of the company, as the case may be, as laid down in Section 309 (3) of the Companies Act, 1956 and the overall limits of 11% of the net profits of the Company as laid down in Section 198 (1) of the Said Act.

They shall also be entitled to reimbursement of expenses actually and properly incurred by each of them for the business of the Company.

They shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

Shri G.S.Poddar shall not be liable to retire by rotation as a Director subject to Section 256 of the Companies Act, 1956.

The Board of Directors consider that the re-appointment of the Managing Director and the Wholetime Director on above mentioned remuneration is fair and reasonable having regard to the onerous responsibilities and magnitude of work attached to their respective offices. Accordingly, Board of Directors recommend the aforesaid resolution for approval of the Members.

Shri G.S. Poddar and Shri O.P. Kedia are interested in the said resolution to the extent of their appointment and remuneration receivable by them as Managing Director / Wholetime Director of the Company. No other Director of the Company is interested in the proposed resolution.

This may be treated as an abstract of the terms of the contract in terms of Section 302 (2) of the Companies Act, 1956.

By Order of the Board

Udaipur
June 28, 2000

(O.P. Kedia)
Wholetime Director

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors present before you their Eighteenth Annual Report together with the Audited Accounts for the year ended March 31, 2000.

FINANCIAL RESULTS.

	Current year 31.3.2000 (Rs. in Lacs)	Previous year 31.3.1999 (Rs. in Lacs)
Profit/(Loss) Before interest and Depreciation.	(583.48)	(1423.37)
Less : Interest & Financial charges	2117.62	1698.03
Profit Before Depreciation	(2701.10)	(3121.40)
Less : Depreciation	1079.41	1657.56
Profit/(Loss) Before Taxation	(3780.51)	(4778.96)
Less : Provision for Diminution in value of investment	-	283.04
: Provision for Taxation	-	-
Profit/(Loss) After Tax	(3780.51)	(5062.00)
Prior period adjustment(Net)	(35.06)	(303.43)
Loss as per last Balance Sheet	(5094.43)	271.00
Balance Carried to Balance Sheet	(8910.00)	(5034.43)

OPERATIONAL REVIEW

The Yarn industry continues to pass through recession and the market prices continue to be unremunerative. The factory also faced serious labour problems arising due to demand of higher Bonus by the workers, which has since been settled. As such the shortage of working capital and labour problem faced by the Company have resulted into gross under utilisation of the installed capacity and considerably reduced the inventory. The Company hope that sustained economic revival and improvement in selling prices of yarn, will improve the working of the Company.

B.I.F.R.

The Company has complied with the requisite statutory requirement by filing application on 16.8.1999 before BIFR in terms of Section 3 (1) (0) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), which is registered with B.I.F.R. as Case No. 254/99. As per B.I.F.R. order, Special Investigation Audit (SIA) was conducted by M/s Maheshwari & Porwal, Chartered Accountants, Mumbai during the year and they have confirmed that the Company is a Sick Company under Section 3(1)(0) of SICA. The BIFR has already appointed IDBI as Operating Agency. The Operating Agency has submitted their report to I.D.B.I. alongwith the report of M/s Maheshwari & Porwal, B.I.F.R., any time now, is expected to pass their order declaring the Company "Sick".

FINANCE

The Company experienced strained liquidity during the year due to depressed margins and negative profitability. In view of inadequacy of funds, the company has not been able to meet the interest payments, instalments of term loans to the Financial Institutions and interest on working capital to Banks.

However it was due only to the help and cooperation of Financial Institutions and Banks that the company was able to continue its operations inspite of severe liquidity crunch faced by the Company.

The company was unable to pay the interest as well as redemption instalments of debenture due on 8.8.1999 amounting to Rs. 92.30 lacs in respect of Non-Convertible Debentures issued by the Company. In view of the losses, The Company has not provided for the Decenture Redemption Reserve.

CURRENT YEAR PROSPECTS

With improvement in the general market conditions, sale prices are expected to improve and with the economic revival, and controlled costs your Directors hope to revive the Company.

FIXED DEPOSITS

The fixed deposits outstanding as on 31st March 2000 is Rs. Nil.

INSURANCE

All properties of the Company including its building, plant and machinery and stocks wherever necessary and to the extent required have been adequately insured.

RESEARCH & DEVELOPMENT

Your company reconfirms its commitment towards R&D activities and are engaged in introduction of new products and qualitative improvements in existing products.

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

Information 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 are given in Annexure-I forming part of this Report.

DIRECTORS

Shri A.De has resigned from the Board. The Board places on record its appreciation of the valuable services rendered by him. Shri O.P. Kedia and Shri Ashok Kedia retire by rotation pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company and, being eligible, offers themselves for re-appointment.

AUDITOR'S REPORT

Since observations made by the Auditors in their Report are self-explanatory and have been dealt with in the Notes to the Accounts, these do not require further clarification.

SUBSIDIARY

Ceeta Synthetics & Turfs Ltd.

The report and accounts of Ceeta Synthetics and Turfs Ltd. for the year ended 31st March 2000 are enclosed. The accumulated net loss of Ceeta Synthetics & Turfs Ltd. is Rs. 283.29 lacs at the end of the Financial year against the paidup share capital of Rs. 298.57 Lacs.

Poddar Petrochem Ltd.

M/s Poddar Petrochem Ltd. has already applied to the Registrar of Companies (ROC) Chennai during last year for declaring the Company "defunct". The application is under process with ROC.

YEAR 2000 (Y2K) COMPLIANCE

The business systems, hardware machines, equipments, process control and embeded systems of the company have rolled over to year 2000 smoothly and are functioning normally.

AUDITORS

M/s Saluja & Associates, Chartered Accountants, the Auditors of the Company retire at the ensuring annual General Meeting and being eligible, offer themselves for re-appointment.

INDUSTRIAL RELATIONS

Relations with the work force continued to be normal during the year except some interruptions faced during period from December 99 to February 2000 due to labour problem on demand of higher bonus. The information required under Section 217(2A) of the Companies Act, 1956 is set out in Annexure II forming part of this Report.

ACKNOWLEDGEMENT

The Board also places on record its appreciation for the valuable support and cooperation of the financial institutions, banks, government agencies, customers, suppliers, debenture-holders and shareholders. The Company looks forward to their continued support in future.

for and on behalf of the Board,

UDAIPUR
JUNE 28, 2000

(O.P.KEDIA)
Whole Time Director

(G.S.PODDAR)
Managing Director

**ANNEXURE-I TO THE DIRECTORS' REPORT**

[Additional information given as required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.]

I CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO.

In pursuant to energy conservation following actions were taken in the current year :

Following steps have been considered for energy conservation :

1. As a step for reducing power load on chilled water consumption cooling coils of CORA have been cleaned and overhauled.
2. We are contemplating to change expansion valve from 35 TR to 45 TR which will save 80 tons refrigeration load.
3. To improve capacity utilisation of compressors LP & HP cylinder are being changed one by one. This has been done in one air compressor. This has improved the efficiency by 30%.

OTHER EFFORTS

- The BCF PP line has been converted from 4 ends spinning to 8 ends. Trial run has been taken. This will save energy to produce double production.
- Small Steps have been taken by reducing number of tube lights, fans, replacement of high rated motors to lower HP motors wherever possible.

FURTHER STEPS

- Our approach is continuous in the direction of conservation of energy and also reducing generation cost.

Form-A

i) Power & Fuel consumption :	Current Year	Previous Year
ELECTRICITY.		
a) Purchased Units(In lacs)	45.47	66.73
Total Amount (Rs.in lacs)	170.66	225.70
Rate/Unit(Rs.)	3.75	3.38
b) Own generation : Through Diesel Generators		
units (in Lacs)	153.97	215.27
Units per Ltr.of diesel oil	3.46	3.36
cost/Unit (Rs.)	2.77	2.39
ii) Consumption per unit of Production		
Production of yarn (M.T.)	4048.48	6236.78
Electricity per (M.T.) of production (units)	4926.29	4521.54

FORM-B**II. TECHNOLOGY ABSORPTION**

Efforts made in Technology absorption as per Form B of the Annexure to the rules.

A) RESEARCH AND DEVELOPMENT (R & D)

- a) **Specific areas in which R & D was carried out by The Company**
The company is maintaining an independent R&D Department which regularly provides suggestions for improvement so as to reduce the cost of production and improve the quality specifically in following area the new products developed.

1. New Shades are developed as required by market in P.P.filament yarn.
2. Use of P.P. chips spin finish oil for P.P. filament yarn to avoid the imports.
3. Modify spinnerettes to improve working & reducing cost.

- b) **Benefits derived as a result of R & D.**

Improved / increased shades range to meet market requirement and better overall contribution reduction in production cost.

(B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

- a) **Efforts in this direction**

The new technology imported from M/s Noy Vallesina is under advance stage of absorption and the company is planning to market ultra fine 0.5 dpf PFY yarns in the market.

- b) **Results derived as a result of above efforts**

High Value added products were produced and being marketed.

- c) **Technology imported during the last five years**

a) Technology Imported	Knowhow for PP POY Yarns	Knowhow for Polyester micro filament Yarns
b) Year of Import	1995-96	1995-96
c) Has technology been fully absorbed	Yes	Under progress

III FOREIGN EXCHANGE EARNINGS AND OUTGO

	Amount (Rs. in Lacs)	
	1999-2000	1998-99
(a) Foreign Exchange Earnings	49.62	70.07
FOB value of Exports		
(b) Foreign Exchange Outgo		
(i) CIF value of Imports		
- Raw Material	31.23	187.36
- Stores & Spares	36.21	107.71
- Capital goods	1.02	8.51
(ii) Others	0.32	1.37

for and on behalf of the Board,

UDAIPUR
JUNE 28, 2000

(O.P.KEDIA)
Whole Time Director

(G.S.PODDAR)
Managing Director

ANNEXURE-II TO THE DIRECTORS REPORT

Information pursuant to the provisions of Sec.217(2A)(b)(ii) read with Companies (Particulars of Employees) Rules, 1975 & forming part of the Directors Report for the year ended on 31st March, 2000.

S.No.	Name of the Employees	Designation	Remuneration Rs.	Qualification	Age/ Exp. yrs.	Date of commencement	Particulars of last employer	Employment designation	Duration Years.
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(A) Employed throughout the Financial Year & were in receipt of remuneration of not less than Rs.6,00,000/-

1	G.S Poddar*	Managing Director	9.66,897	B.Com.,LLB	57/34	06-12-84	-	-	-
1.*	Appointments are contractual.								
2.	Remuneration includes Salary, Company's Contribution to P.F, Other Allowances, Leave Encashment, Reimbursement of Medical Expences, Leave Travel Allowances, etc.								

**AUDITORS' REPORT****TO THE MEMBERS OF RAJASTHAN PETRO SYNTHETICS LTD.**

We have audited the attached Balance Sheet of Rajasthan Petro Synthetics Limited as at 31st March 2000 and Profit & Loss account of the Company for the year ended on that date annexed thereto and report as under :

1. 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, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in 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 of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from examination of those books.
 - c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
 - d) The Company has complied with the Accounting standards referred to the section 211 (3C) of the Companies Act, 1956.
 - e) During the financial year 1998/99 Company's net worth was fully eroded due to heavy losses and it filed a reference application with Board for Industrial & Financial Reconstruction (BIFR) for declaring the Company as a Sick Industrial Company under the provision of Sick Industrial Companies (Special Provisions Act) 1985 (SICA). The said reference application was registered by BIFR who appointed Industrial Development Bank of India (IDBI) as Operating Agency U/S 16(2) of SICA Act, 1985 to get the position investigated reported by the Company through some independent auditors. M/s Maheshwari & Porwal, Chartered Accountants were appointed by the Operating Agency to carry out Special Investigation Audit and who have confirmed in their report to IDBI, Operating Agency, that the Company is a Sick Company u/s 3(1) (o) of SICA. The Operating Agency has submitted their report to BIFR alongwith the report of independent Auditors. The orders of the BIFR are awaited. The accounts of the Company have been prepared on the concept that Company is a going concern.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to note II (J) (ii) regarding claim receivable against advance licences and duty drawback mentioned therein in respect of which we are unable to form any opinion as to the extent of realisability, note II (K) regarding non-provision of interest on Debentures amounting to Rs. 40.37 Lacs contravening Section 209 (3) of the Companies Act, 1956 resulting decrease in loss to that extent and read together with Accounting policies and other notes appearing in Schedule 'O' give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) In the case of Balance Sheet, of State of Affairs of the Company as at 31st March, 2000 and
 - ii) In the case of Profit & Loss Account of the Loss for the year ended on that date.

for Saluja & Associates
Chartered Accountants

Place : UDAIPUR
Date : June 28, 2000

V.K. VERMA
Partner

ANNEXURE REFERRED TO IN PARAGRAPH (1) OF EVEN DATE

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for additions made during the year which are being updated. The Company has formulated a programme to cover physical verification of all the fixed assets in a phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of assets. In conformity with such programme, a physical verification was carried out by the Management during the year which revealed no significant discrepancies.
2. None of the fixed assets of the Company have been revalued during the year.
3. The stock of finished goods, stores, spare parts and raw materials except in the case of material lying with outside parties and bonded warehouse have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
4. In our opinion and according to explanation given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on Physical verification of Stocks of Raw Material, Stores & Spares, and finished goods, between the physical verification and book record were not significant and the same have been properly dealt with in the books of account having regard to the size of the operations of the Company.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and is in accordance with normally accepted accounting principles.
7. The Company has not taken unsecured loans from Companies, firms or the parties listed in the register maintained under Sec.301 of the Companies Act, 1956 and or from the Companies under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured to the Companies, Firms and other parties listed in the register maintained Under Sec. 301 and 370 (1B) of the Companies Act 1956. However an interest free loan of Rs. 2.25 lacs was given to "Ceeta Synthetics & Turfs Ltd." a fully owned subsidiary Company. As explained to us, there is no Company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
9.
 - i) The Company has given interest free loans to employees, who are repaying principal amount regularly as stipulated.
 - ii) The Company has not granted any loan / advances to other Companies during the year.
10. In our opinion and accordance to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods.
11. According to information and explanations given to us, the transactions of purchase of goods, materials and sale of goods materials and services aggregating during the year to Rs.50,000/- or more in respect of each party made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, have been made at prices, which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transaction for similar goods or services have been made with other parties.



12. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores and spares, raw materials and finished goods. However the management has certified that there are no such materials requiring any provisions in the accounts under review.
13. The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted by it from the public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of waste generated during production. As explained to us, the Company has no by-products.
15. The internal audit of the Company has been conducted by a firm of Chartered Accountants for the year under review. On the basis of the reports submitted by the Internal Auditors to the Management, in our opinion the internal audit system is in commensurate with the size of the Company and nature of its business.
16. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost record U/s 209(1)(D) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records of the Company.
17. The Company has not been regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities during the year. There are arrears of such dues as at 31st March 2000 of Rs.19,53,127/-.
18. According to information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty Except Textile Committee Cess amounting to Rs. 3,59,570/- were 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 on the basis of the records examined by us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under the contractual obligations or in accordance with generally accepted business practices.
20. The Company is a Sick Industrial Company within the meaning of clause (O) of sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985 and the Management has initiated the requisite statutory and other compliances.

**for Saluja & Associates
Chartered Accountants**

Place : UDAIPUR
Date : June 28,2000

V.K. VERMA
Partner

Report  junction.com

**BALANCE SHEET AS AT 31st MARCH, 2000**

	SCHEDULE	As at 31.3.2000 Rs.	As at 31.3.1999 Rs.
I. SOURCES OF FUNDS			
1. Share Holders Funds			
a) Share Capital	A	167,977,055	167,977,055
b) Reserves and Surplus	B	203,949,759	204,853,033
		<u>371,926,814</u>	<u>372,830,088</u>
2. Loan Funds			
a) Secured Loans	C	1,291,318,782	1,013,600,452
b) Unsecured Loans	D	1,478,310	8,656,763
		<u>1,292,797,092</u>	<u>1,022,257,215</u>
TOTAL		<u>1,664,723,906</u>	<u>1,395,087,303</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets	E		
(a) Gross Block		1,278,577,446	1,286,256,352
(b) Less: Depreciation		543,522,471	436,407,745
Net Block		<u>735,054,975</u>	<u>849,848,607</u>
2. Investments	F	18,366,572	11,925,581
3. Current Assets, Loans and Advances	G		
(a) Inventories		42,146,514	86,927,625
(b) Sundry Debtors		41,718,732	63,954,175
(c) Cash and Bank Balances		5,850,873	24,180,847
(d) Loans and Advances		13,513,588	27,422,217
		<u>103,229,707</u>	<u>202,484,864</u>
Less : - Current Liabilities and Provisions	H		
(a) Current Liabilities		87,361,039	182,702,737
(b) Provisions		2,880,230	3,372,824
		<u>90,241,269</u>	<u>186,075,561</u>
Net Current Assets		<u>12,988,438</u>	<u>16,409,303</u>
4. Miscellaneous Expenditure	I	7,313,268	7,460,143
5. Profit & Loss Account		891,000,653	509,443,669
TOTAL		<u>1,664,723,906</u>	<u>1,395,087,303</u>
Notes to Accounts	Q		

In terms of our attached report of even date

For Saluja & Associates
Chartered AccountantsUDAIPUR
June 28, 2000V.K.VERMA
PartnerO. P. KEDIA
Whole Time DirectorG.S.PODDAR
Managing Director