



Vardhmān

## 29th Annual Report 2001-2002

**MAHAVIR SPINNING MILLS LIMITED**

## Towards Resurgence of Indian Textile Industry



Most businesses face challenges. But the textile industry, often referred as Mother of all industries, faces unique challenges. With over one hundred countries competing through thousands of companies in the international textile market, the "competitive advantage of nations" and competence of individual companies are put to severe test. Yet it is also very enchanting world. The plethora of technologies and fibres offer enormous opportunities for companies to test their creative potential in producing a diverse range of products for the growing market.

During the last fifty years, the textile industry in the country has recorded impressive growth. But in relative terms, the industry has actually lagged behind in the global textile trade. The Sathyam Committee Report clearly points out the policy dynamics restricting the growth of industry. The industry has confined itself to produce basic products. As a consequence, we are not present in the more lucrative segments in the international market. It has also kept the domestic market shallow with basic, low quality and functional products, thus having lowest per capita consumption of textiles in the world.

The Vardhman Group is focussed on the emerging opportunities in the global and national textile market. As one of the largest exporters of textile products from the country, we keep identifying the critical barriers that need to be addressed at policy level and enterprise level. At policy level, I believe, India needs to make textile exports as the corner stone of its manufactured goods export drive. A 20% per annum growth in the textile exports is not beyond our capabilities. An export led textile industry will also help expand domestic market by upgrading the product quality, designing and reduced cost to the customer. At the enterprise level, Vardhman Group is making constant efforts to enhance our competitiveness by continuous productivity improvement, product and process development initiatives.

I believe we are standing at the door of tremendous opportunity, which we cannot afford to pass by. A visionary and bold approach to the development of textile industry can lead to the creation of strong and vibrant textile section worth about \$100 billion, compared to \$30 billion today. This will give big push to our economic development - raising income and expanding employment opportunities specially for the deprived section of the society. However, we must move fast to build competitive advantages in the global textile market, before the competitors get a strong, impregnable foothold.

With best wishes,



(S.P. OSWAL)

Chairman

# Mahavir Spinning Mills Ltd.

## BOARD OF DIRECTORS:

SHRI SHRI PAUL OSWAL — Executive Chairman  
 SHRI TILAK RAJ BAJALIA — (Nominee of IDBI Ltd.)  
 SHRI YESH PAL GUPTA — (Nominee of UTI)  
 SHRI AJAY GUPTA — (Nominee of ICICI Ltd.)  
 DR. JAGDISH CHANDER BAKSHI  
 SHRI PRAFULL ANUBHAI  
 DR. TRILOKI NATH KAPOOR  
 SHRI SACHIT JAIN  
 SHRI DARSHAN LAL SHARMA — President & Executive Director

## COMPANY SECRETARY:

SHRI VIPIN GUPTA

## BANKERS :

STATE BANK OF PATIALA  
 PUNJAB NATIONAL BANK  
 UNION BANK OF INDIA  
 STATE BANK OF INDIA  
 BANK OF AMERICA  
 BANK OF BARODA  
 ALLAHABAD BANK  
 DEUTSCHE BANK  
 BANQUE NATIONALE DE PARIS  
 CANARA BANK  
 CORPORATION BANK

## AUDITORS:

M/s S.C. VASUDEVA & CO., NEW DELHI.

## BRANCH AUDITORS:

M/s S.S. KOTHARI & CO., NEW DELHI.

## REGISTERED & CORPORATE OFFICE:

CHANDIGARH ROAD, LUDHIANA-141 010.  
 Phones : (0161) 662543-547  
 Cable : Vardhman  
 Fax : (0161) 601040, 601048 & 602710.  
 E-mail: secretarial.lud@vardhman.com

## WORKS:

**MAHAVIR SPINNING MILLS LIMITED**  
 PHAGWARA ROAD, HOSHIARPUR-146 001.

**MAHAVIR SPINNING MILLS LIMITED**  
*(Gassed Mercerised Yarn Unit)*  
 PHAGWARA ROAD, HOSHIARPUR-146 001.

**MAHAVIR SPINNING MILLS LIMITED**  
*(Dyeing & Finishing-Perundurai Unit)*  
 PLOT NO. E-13 & H-10, SIPCOT INDUSTRIAL GROWTH CENTRE,  
 P.V. PALAYAM (P.O.), PERUNDURAI-638 052.

**ARIHANT SPINNING MILLS**  
 INDUSTRIAL AREA, MALERKOTLA-148 023.

**ANANT SPINNING MILLS**  
 NEW INDUSTRIAL AREA, MANDIDEEP-462 046.

**VARDHMAN SPECIAL STEELS**  
 C-58, FOCAL POINT, LUDHIANA-141 010.

**MAHAVIR SPINNING MILLS LTD.**  
*(Sewing Thread, Unit-II)*  
 PHASE-VIII, FOCAL POINT, LUDHIANA-141 123.

## SUBSIDIARIES:

**VARDHMAN ACRYLICS LIMITED**  
 CHANDIGARH ROAD, LUDHIANA-141 010.

**VMT SPINNING COMPANY LIMITED**  
 CHANDIGARH ROAD, LUDHIANA-141 010.

**VARDHMAN THREADS LIMITED**  
 CHANDIGARH ROAD, LUDHIANA-141 010.

**VKM COLOURSPIN LIMITED**  
 CHANDIGARH ROAD, LUDHIANA-141 010.

**BRANCHES:**

30 & 33, SHRI KRISHNA CENTRE,  
1ST FLOOR, NEAR MITHAKHALI SIX ROAD,  
NAVRANG PURA,  
AHMEDABAD-380 009.

2 & 2/1, A.M.M. TOWERS,  
HOSUR ROAD,  
BANGALORE-560 027.

48, KFC BUILDING,  
CHURCH STREET,  
BANGALORE-560 001.

S.C.O.1,2 & 3, SECTOR-17B,  
CHANDIGARH-160 017.

11, PERUMAL, MUDALI STREET,  
PUDUPET, MOUNT ROAD,  
CHENNAI-600 002.

36/2303, D & K, AMMANKOVIL ROAD,  
ERNAKULAM (COCHIN)-682 035.

3-6-270/2, HIMAYAT NAGAR,  
OPP. TELUGU ACADEMY,  
HYDERABAD-580 029.

PIPELYA RAO, PLOT NO.23,  
MANGAL NAGAR, A.B. ROAD,  
INDORE-452 001.

B-34, SANGAM BHAWAN,  
VIJAY PATH, TILAK NAGAR,  
JAIPUR-302 004.

15/200-C, CIVIL LINES,  
KANPUR-208 001.

P-22, 3RD FLOOR, FLAT NO. 6,  
C.I.T. ROAD, SCHEME-IV,  
KOLKATA-700 014.

55, CANAL EAST ROAD,  
BELIGHATA,  
KOLKATA-700 085.

CHANDIGARH ROAD,  
LUDHIANA-141 010.

314, SOLARIS-II, OPP. L&T GATE NO. 6,  
SAKI VIHAR ROAD, ANDHERI (EAST),  
MUMBAI-400 072.

SOLARIS-II, UNIVERSAL INDUSTRIAL ESTATE,  
GALA NUMBER G-7 TO G-14 & B-12 TO B-14,  
SAKI VIHAR ROAD, ANDHERI (EAST),  
MUMBAI-400 072.

4/6, DESH BANDHU GUPTA ROAD,  
1ST FLOOR, GROVER BUILDING, PAHAR GANJ,  
NEW DELHI-110 055.

C-40 & 42, OKHLA INDUSTRIAL AREA, PHASE-II,  
NEW DELHI-110 020.

212, DEEN DAYAL UPADHYAYA MARG,  
URDU GHAR, 1ST FLOOR,  
NEW DELHI- 110 002.

5TH FLOOR, PLOT NO. 19,  
SAGAR PLAZA BUILDING,  
LAXMI NAGAR, DISTRICT CENTRE,  
NEW DELHI-110 092.

310, SURYA KIRAN BUILDING,  
19, KASTURBA GANDHI MARG,  
NEW DELHI- 110 001.

B-21, SECTOR-9,  
NOIDA-201 301.

MEZZANINE FLOOR, ABHISHEK PLAZA,  
EXHIBITION ROAD,  
PATNA-800 008.

REALTY WAREHOUSING,  
GAT NO. 2323/1, WAGHOLI,  
PUNE - 411 014.

272, SAK COMPLEX,  
KAMRAJ ROAD,  
TIRUPUR-638 604.

377-B, MUTHUSWAMY & BROS.,  
INDUSTRIAL COMPLEX, PALLADAM ROAD,  
TIRUPUR-638 604.

## Mahavir Spinning Mills Ltd.

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## Mahavir Spinning Mills Ltd.

### NOTICE

NOTICE is hereby given that the TWENTY-NINTH ANNUAL GENERAL MEETING of the Company will be held on Saturday, the 31st day of August, 2002 at 4.00 P.M. at the Registered Office, Chandigarh Road, Ludhiana to transact the following business :-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002, Profit and Loss Account for the year ended on that date together with the Report of Auditors and Directors thereon.
2. To declare Dividend.
3. a) To appoint a Director in place of Shri Sachit Jain, who retires by rotation in accordance with Article 108 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
- b) To appoint a Director in place of Shri Prafull Anubhai, who retires by rotation in accordance with Article 108 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. a) To appoint Auditors for the year 2002-2003 and to fix their remuneration.
- b) To appoint Branch Auditors for the year 2002-2003 and to fix their remuneration.

### SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 269 read with Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Financial Institutions, required if any, approval of the Members be and is hereby given to appoint Shri S.P. Oswal as an Executive Chairman of the Company, not liable

to retire by rotation, for a period of five years w.e.f. 01.11.2001 to 31.10.2006, on the following terms and conditions :-

- i) Salary : 1,00,000-7,500-1,30,000
- ii) Commission : 2% of Net Profit
- iii) Perquisites : The perquisites shall be allowed in addition to the salary and commission as per details given below:-
  - a) Leave Travel Concession – The expenses incurred on Leave Travel by the appointee on self and his family shall be reimbursed once in a year in accordance with the rules specified by the Company.
  - b) Club Fee – Fee of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
  - c) Personal Accident Insurance – Premium not to exceed Rs. 5,000/- per annum.
  - d) Car – Free use of Company's car for official work as well as for personal purpose alongwith driver.

Explanation : "Family" means the spouse, the dependant children and dependant parents of the appointee and the "Net Profit" means the Profit calculated as per Section 198 read with Section 349 of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary/alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of Directors of the Company and acceptable to Shri S.P. Oswal".

BY ORDER OF THE BOARD

PLACE : LUDHIANA  
DATED : 27th May, 2002

(VIPIN GUPTA)  
COMPANY SECRETARY



## Mahavir Spinning Mills Ltd.

### 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 INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 5 and the information required pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the directors seeking re-appointment in the AGM as proposed in Item Nos. 3(a) & 3(b) of the Notice is also being annexed hereto separately and both forms part of the Notice.
3. The Dividend declared, if any, will be paid to those Members whose names appear in the Register of Members of the Company on the date of AGM i.e. 31st August, 2002. However, in respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as at the end of the 16th day of August, 2002, as per details furnished by the Depositories for this purpose.
4. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 17th August, 2002 to 31st August, 2002 (both days inclusive).**
5. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Company. However, Members holding shares in the Electronic mode may notify the change in their address, if any, to their respective Depository Participants.
6. Members desiring any information as regards Accounts are requested to write to the Company at its Registered Office.
7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 a.m. to 12.30 p.m.
8. Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.
9. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant Share Certificates.
10. No Income tax will be deducted at source from the dividend receivable by a Member, who is an individual and resident in India, provided such dividend does not exceed the limit prescribed under the provisions of Income Tax Act, 1961, or any notification issued thereunder. Any Member who is otherwise entitled to exemption, should submit tax exemption certificate or declaration in Form 15G, in duplicate, to the Company on or before 20th August, 2002, in order to receive the dividend without deduction of tax at source.
11. In terms of Section 139A (5A) & (5B) of the Income Tax Act, 1961, the Company will be able to issue tax deduction certificate wherever applicable, only if, Permanent Account Number (PAN) together with designation and particulars of the ward/circle or range of the assessing officer is provided.
12. Dividends, remaining unpaid/unclaimed, upto the financial year 1994-95 had been transferred to the General Revenue Account of the Central Government. Pursuant to the provisions of Section 205A read with Section 205C of the Companies Act, 1956, dividend declared in the financial year 1995-96 and onwards, which remain unpaid/unclaimed for a period of 7 years, is required to be transferred to the Investor Education and Protection Fund (Fund) of the Central Government. It may be noted that no claim will lie against the Company or the 'Fund' in respect of the said unclaimed dividend amount so transferred to the 'Fund'. Accordingly, Members who have not claimed their dividend for the financial year 1995-96 and onwards are requested to make their claim to the Company.

### ANNEXURE TO THE NOTICE:

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

#### ITEM NO. 5 OF THE SPECIAL BUSINESS:

The Members in their meeting held on 30.07.1999 had appointed Shri S.P. Oswal, as an Executive Chairman of the Company w.e.f. 01.04.1999 for a period of five years.

Shri S.P. Oswal was also Managing Director of M/s Vardhman Spinning & General Mills Limited and was proposed to be appointed as a Managing Director of M/s Vardhman Polytex Limited also. So, to comply with



Vardhman

## Mahavir Spinning Mills Ltd.

the provisions of Sections 269 & 316 read with Schedule XIII of the Companies Act, 1956, he resigned from his Executive position in Mahavir Spinning Mills Limited w.e.f. 11.08.2001.

However, he resigned from Managing Directorship of Vardhman Spinning & General Mills Limited. Shri S.P. Oswal is M.Com (Gold Medalist) from Punjab University, Chandigarh. He has rich industrial and business experience of more than 30 years in Textile Industry. He is founder of Ludhiana Stock Exchange Association Limited. Presently he is on the Board of 12 public limited companies besides being the member of Punjab Pollution Control Board and National Council of the Confederation of Indian Industry (CII). The Board of Directors in its meeting held on 27.10.2001 again appointed Shri S.P.

Oswal as an 'Executive Chairman' of the Company w.e.f. 01.11.2001 for a period of five years, subject to the approval of the Members, on the terms as mentioned in the resolution.

**Memorandum of Interest:**

None of the Directors except Shri S.P. Oswal and Shri Sachit Jain, being relative of Shri S.P. Oswal, is interested in this resolution.

BY ORDER OF THE BOARD

PLACE : LUDHIANA

DATED : 27th May, 2002

(VIPIN GUPTA)

COMPANY SECRETARY

**Information Pursuant to Corporate Governance Clause of the Listing Agreement(s) Regarding the Directors seeking re-appointment in the AGM**

Name of the Director	<b>Shri Sachit Jain</b>	<b>Shri Prafull Anubhai</b>
Date of Birth	08.07.1966	20.01.1938
Date of Appointment	13.06.1994	26.07.1980
Expertise in specific functional area	Business Executive having rich experience of more than 12 years in textile industry.	Industrialist and business consultant having experience of more than 30 years.
Qualification	B. Tech., M.B.A.	B. Com., B.S.C. (Eco.) – London
Directorship of other Companies as on 31st March, 2002	Vardhman Spg. & Gen Mills Ltd. Vardhman Acrylics Ltd. Auro Fabriks Ltd. Adinath Invest. & Trdg. Co. Devakar Invest. & Trdg. Co. (P) Ltd. Auro Special Steels Ltd. Plaza Trading Co. Pvt. Ltd. Vardhman Textile Processors Ltd. Anklesh Invest. Pvt. Ltd. Pradeep Mercantile Co. (P) Ltd.	Search Consultants (P) Ltd. Management Structure & System (P) Ltd. Unichem Laboratories Ltd. Gruh Finance Ltd. Baker Oil Tools (I) Pvt. Ltd. Torrent Cables Ltd. Hi-Rel Electronics Ltd. Ashima Dyecot Ltd. Dinesh Polyber Ltd. The H.K. Agrochem Ltd. The Emerging Markets South Asian Fund, Cayman Islands, British West Indies. The EMSAF - Mauritius, Mauritius.
Chairman/Member of other Committees of Companies as on 31st March, 2002	Member-Investor Grievance Committee Mahavir Spg. Mills Ltd.	Member Audit Committee Gruh Finance Ltd., Ahmedabad Torrent Cables Ltd., Ahmedabad The H.K. Agrochem Ltd., Ahmedabad Unichem Laboratories Ltd., Mumbai  Member-Investor Grievance Committee Gruh Finance Ltd., Ahmedabad



# Mahavir Spinning Mills Ltd.

## DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their Twenty Ninth Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2002.

### 1. FINANCIAL RESULTS:

The Financial Results for the year are as under :-

	(Rs. in Lacs)	
	2001-2002	2000-2001
Turnover	78,091.18	76,772.70
Profit before Depreciation, Interest & Tax (PBDIT)	12,147.08	14,846.00
Interest & Financial Charges	4,165.09	4,534.62
Profit before Depreciation & Tax (PBDT)	7,981.99	10,311.38
Depreciation	4,327.61	3,546.93
Profit before Tax (PBT)	3,654.38	6,764.45
Provision for Tax		900.00
- Current	550.00	
- Deferred	563.37	—
Profit after Tax (PAT)	2,541.01	5,864.45
Earnings per Share (Rs.)		
- Basic	9.87	22.77
- Diluted	2.32	4.35
Dividend per Share (Rs.)	4.20	4.20

### 2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

#### a) TEXTILE INDUSTRY-GLOBAL PERSPECTIVE:

Global trade in textile and clothing is growing at the rate of 5-7 per cent and was estimated at \$ 356 billion in 2000. The textile industry manufacturing base continues to shift to developing countries, especially in the Asian region. China, Pakistan and India are the three main beneficiary countries from the global relocation of textile industry and would be the hub of world textile industry in the coming years. The global fibre consumption is projected to grow at the rate of 2 per cent per annum during the next five years. The per capita consumption of fibre in the world is increasing. It has increased from 7.00 kg in 1990 to 7.70 kg in 2001 and is projected at 8.50 kg by 2005. The United State of America and European Union will remain the major consumers of textile products.

#### b) TEXTILE INDUSTRY-INDIAN PERSPECTIVE:

The textile industry occupies a place of prominence in industrial sector of India. India has the largest capacity of installed spindles (38 million, being 24 per cent of world's installed capacity) and looms (64 per cent of world's

installed capacity) in the world. India is the third largest producer of spun yarn and the largest exporter of cotton yarn.

The size of Indian textile industry is estimated at Rs. 1,51,000 crore, which is growing at the rate of 5 per cent. Presently, the per capita consumption of textile fibre in India is one of the lowest (2.5 kg) in the world but with the steady growth of GDP at 5-6 per cent per annum and increasing income of the masses, it is likely to grow. If the structural rigidities can be removed, the textile industry is projected to grow by 7-8 per cent. Accordingly, the fibre consumption will also increase from 4.6 billion kg in 2001 to 8.4 billion kg in 2010. Similarly, the textile exports are also likely to grow from present level of about \$10 billion in 2001 to \$ 15-18 billion by 2005. All this holds good promise for the Indian Textile Industry notwithstanding temporary down turn in its fortune.

#### c) FINANCIAL ANALYSIS & REVIEW OF OPERATIONS:

During the year under review, the Company achieved sales of Rs. 78,091.18 lacs as against Rs. 76,772.70 lacs in the previous year, showing a marginal increase of 1.72%. The profit before tax has decreased from Rs. 6,764.45 lacs to



Rs. 3,654.38 lacs showing a decrease of 45.98%. The provision for taxes in current financial year was Rs. 1,113.37 lacs (including provision for deferred tax amounting to Rs. 563.37 lacs) as compared to Rs. 900.00 lacs during previous year (Deferred tax being Nil as was not applicable). The net profit has, hence, decreased from Rs. 5,864.45 lacs to Rs. 2,541.01 lacs, a decrease of 56.67%.

The business-wise performance and overall profitability of the Company during the year is as follows :-

#### ● PRODUCTION & SALES REVIEW:

- i) **Yarn:** The Yarn production has increased by 10.39% from 27658 M.T. to 30532 M.T. The sales quantity has shown a marginal increase of 2.27% i.e. from 28642 M.T. to 29293 M.T. However, the sales turnover in value terms was lower by 0.61% from Rs. 41,967.59 lacs to Rs. 41,713.62 lacs. The exports of the Company have decreased by 10.08% from Rs. 22,136.75 lacs to Rs. 19,906.41 lacs, whereas the Yarn export of the country as a whole has registered a fall of 14% during the year as compared to last year.
- ii) **Sewing Thread:** During the year, the production of Sewing Thread was 5202 M.T. as against 5822 M.T. in the previous year. The sales revenue of Sewing Thread Division decreased from Rs. 21,710.77 lacs to Rs. 21,359.99 lacs, a decrease of 1.62% over the previous year. The Sewing Thread Division saw slight decline in its sales performance mainly due to contraction in garment exports from India and adverse industry conditions. This segment witnessed a severe competition during the year from the market major coupled with the entry of a local competitor.
- iii) **Steel:** The production and sales revenue of Steel Division has increased during the year. The production of Steel Ingots/Billets has increased from 48920 M.T. to 52613 M.T. and that of Rolled products from 42260 M.T. to 48990 M.T., an increase of 7.55% & 15.93% respectively. The sales revenue of the division has increased from Rs. 10,532.78 lacs to Rs. 11,624.96 lacs,

showing an increase of 10.37% over the previous year.

#### ● PROFITABILITY:

The profit before depreciation, interest and tax was Rs. 12,147.08 lacs as compared to Rs. 14,846.00 lacs in the previous year. After providing for depreciation of Rs. 4,327.61 lacs (previous year Rs. 3,546.93 lacs) and provision for taxation of Rs. 1,113.37 lacs, (previous year Rs. 900.00 lacs) including deferred tax of Rs. 563.37 lacs (previous year Rs. NIL), there is a net profit of Rs. 2,541.01 lacs (previous year Rs. 5,864.45 lacs). The profitability has decreased mainly due to drop in yarn prices because of the crash of cotton prices by about 50% in international market, February, 2001, onwards i.e. after the Company had covered its yearly requirement of cotton in October, 2000 to February/March, 2001, due to seasonal factor.

#### ● RESOURCE UTILISATION:

##### i) Fixed Assets:

The gross fixed assets (including work-in-progress) as at 31st March, 2002 were Rs. 65,731.57 lacs as compared to Rs. 61,648.81 lacs in the previous year. During the year, the Company added assets amounting to Rs. 4,082.76 lacs, which is mainly on account of additions of fixed assets made in Unit-V & technical upgradation of Unit-I at Malerkotla and addition of equipments & machinery at Sewing Thread, Unit-II, Ludhiana.

##### ii) Working Assets:

The net current assets as on 31st March, 2002 were Rs. 33,901.78 lacs as against Rs. 32,198.19 lacs in the previous year. Inventory level was at Rs. 21,418.49 lacs which was higher than the previous year level of Rs. 20,822.75 lacs. Debtors outstanding as on 31.03.2002 were Rs. 9,307.04 lacs as compared to Rs. 8,041.38 lacs in the previous year.

#### ● FINANCIAL CONDITIONS & LIQUIDITY:

The Company enjoys ratings of "AA-" on its long term debentures, "FAA" on fixed deposits and "P1+" for short term borrowings from Credit Rating Information Services of India Limited (CRISIL). Management believes that the Company's liquidity and capital resources should be sufficient to meet its expected working capital needs and other anticipated cash requirements. The position of liquidity and capital resources of the Company is given below:-