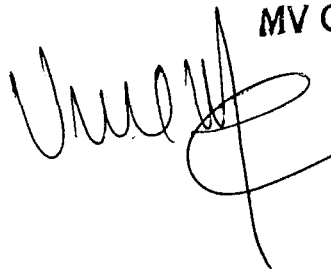


MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

Fifth Annual Report 1997-98

Certified to be true Copy

MV COTSPIN LTD.


 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

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



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



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



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.



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



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

**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 ABSORPTIONForm 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, 1998Vivek Agarwal
Managing Director.



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.



(Referred to in Paragraph 1 of our report of even date on the accounts of
MV COTSPIN LIMITED for the year ended 31st March, 1998.)

1. The Company has maintained reasonable records to show full particulars, including quantitative details and location of fixed assets which have been physically verified by the Management at reasonable interval & no material discrepancies were noticed on such verification as compared to the books and 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 books and records.
5. On the basis of the examination of books and records, we are of the opinion that valuation of stocks is fair and proper and is in accordance with the generally accepted accounting principles.
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 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.
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 is in process of establishing an internal audit system.



MV COTSPIN

limited

12. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to the Profit & Loss Account other than those payable under contractual obligations or in accordance with generally accepted business practice.
13. There are no transactions of purchase and sale of products made in pursuance of contracts or arrangements entered in the Register required to be maintained under section 301 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
14. As explained to us the Company has a regular procedure for the determining of unserviceable or damaged stores and raw materials and finished goods on the basis of technical evaluation and adequate amounts have been written off on such stocks in the accounts.
15. The Company is maintaining reasonable records for the sale and disposable of realisable scraps/cotton waste.
16. During the year the Company has started deducting & paying Provident fund w.e.f. 22nd September, 1997 at its unit at Neemrana but no deduction has been made at its offices in Delhi & Calcutta. As explained to us, ESI Act is not applicable to the Company during the year under Report.
17. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules by the Central Government for the maintenance of cost records under section 209(i)(d) of the Companies Act, 1956 in regard to the production of cotton yarn and we are of the opinion that prima facie the prescribed records have been maintained. We have not however, made a detailed examination of the records.
18. The Company is not a sick industrial company within the meaning of Clause (O) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
19. Other provisions of the said order, in our opinion are not applicable to the Company for the year under Report.

For P. K. AJITSARIA & CO.
Chartered Accountants

Pawan Kr. Ajitsaria
Proprietor

Place : Calcutta

Date : June 26, 1998



MV COTSPIN Limited

BALANCE SHEET AS AT 31st MARCH, 1998

(Amount in Rupees)

	Sch.No.	As at	
		31st March, 1998	31st March, 1997
SOURCES OF FUNDS :			
1. SHAREHOLDERS FUND			
(a) Share Capital	"A"	52,135,000.00	52,135,000.00
(b) Reserve & Surplus	"B"	4,100,152.62	1,610,662.06
	Total (1)	56,235,152.62	53,745,662.06
2. LOAN FUNDS			
(a) Secured Loans	"C"	165,455,504.62	117,793,177.66
(b) Unsecured Loans	"D"	19,096,009.36	9,969,739.36
	Total (2)	184,551,513.98	127,762,917.02
TOTAL (1+2)		240,786,666.60	181,508,579.08
APPLICATION OF FUNDS			
1. FIXED ASSETS	"E"		
(a) Gross Block		128,713,889.66	123,557,750.66
(b) Less : Depreciation		12,728,368.98	11,477,382.66
(c) Net Block		115,985,520.68	112,080,368.00
(d) Capital Work in Progress		62,739,815.60	13,433,145.68
2. INVESTMENTS	"F"	206,300.00	20,000.00
3. CURRENT ASSETS LOANS & ADVANCES	"G"		
(a) Inventories		34,520,114.81	14,858,526.63
(b) Sundry Debtors		30,014,921.84	33,666,904.22
(c) Cash & Bank Balances		4,729,645.79	4,385,023.48
(d) Other Current Assets		784,593.00	1,264,593.00
(e) Loans & Advances		9,340,754.33	8,897,573.70
		79,390,029.77	63,072,621.03
Less : Current Liabilities & Provisions	"H"		
(a) Liabilities		19,528,599.45	9,759,383.63
(b) Provisions		640,000.00	348,000.00
NET CURRENT ASSETS		59,221,430.32	52,965,237.40
4. MISCELLANEOUS EXPENDITURE	"I"		
(To the extent not written off or adjusted)		2,633,600.00	3,009,828.00
TOTAL (1 + 2 + 3 + 4)		240,786,666.60	181,508,579.08

Significant Accounting policies : As per Schedule "S"

Schedules referred to hereinabove form an integral part of Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

Place : Calcutta
Date : June 26, 1998

For P. K. AJITSARIA & CO.
Chartered Accountants

P. K. Ajitsaria
Proprietor

Vivek Agarwal
Managing Director

S. K. Jain
Director



MV COTSPIN

limited

PROFIT & LOSS A/C FOR THE YEAR ENDED 31st MARCH, 1998

(Amount in Rupees)

INCOME	Sch. No	For the year ended	For the year ended
		31st March, 1998	31st March, 1997
Sales	"J"	168,101,019.00	174,039,006.00
Other Income	"K"	1,388,924.50	411,791.65
Increase/(Decrease) in Stock	"L"	13,840,518.19	5,337,953.00
TOTAL		183,330,461.69	179,788,750.65
EXPENDITURE			
Raw Materials Consumed	"M"	132,995,777.30	119,841,280.28
Excise Duty		3,845,157.00	6,742,580.00
Manufacturing Expenses	"N"	12,821,653.14	11,753,885.48
Payment to & Provisions for Employees	"O"	3,688,634.70	3,159,785.26
Administrative Expenses	"P"	4,491,679.68	4,933,833.61
Selling & Distribution Expenses	"Q"	7,595,190.20	6,190,524.72
Financial Expenses	"R"	13,483,664.79	12,618,680.68
Depreciation		1,250,986.32	11,009,184.74
Preliminary & Share Issue Exps w/off		376,228.00	376,228.00
TOTAL		180,548,971.13	176,625,982.77
Profit/(Loss) Before Taxation		2,781,490.56	3,162,767.88
Provision for Taxation		(292,000.00)	(348,000.00)
Profit/(Loss) After Taxation		2,489,490.56	2,814,767.88
Balance brought from Last Year		1,610,662.06	(1,204,105.82)
Balance Carried to Balance Sheet		4,100,152.62	1,610,662.06

Significant Accounting Policies
& Notes to the Accounts

"S"

The Schedules referred to hereinabove form an integral part of the Profit & Loss A/c
This is Profit & Loss Account as referred to in our Report of even date

For P. K. AJITSARIA & CO.
Chartered Accountants

Vivek Agarwal
Managing Director

Place : Calcutta
Date : June 26, 1998

P. K. Ajitsaria
Proprietor

S. K. Jain
Director



MV COTSPIN *Limited*

SCHEDULES "A" TO "S" ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 1998

(Amount in Rupees)

	As at <u>31st March, 1998</u>	As at <u>31st March, 1997</u>
SCHEDULE "A"		
SHARE CAPITAL		
Authorised :		
8500000 Equity Shares of Rs. 10/- each (Previous year 8500000 Equity Shares of Rs 10/- each)	<u>85,000,000.00</u>	<u>85,000,000.00</u>
ISSUED, SUBSCRIBED & PAID UP :		
6310000 Equity Shares of Rs 10/- each	<u>63,100,000.00</u>	<u>63,100,000.00</u>
Less : Allotment Money unpaid	<u>10,965,000.00</u>	<u>10,965,000.00</u>
	<u>52,135,000.00</u>	<u>52,135,000.00</u>
SCHEDULE "B"		
RESERVES & SURPLUS		
Profit & Loss Account (As per annexed A/c)	<u>4,100,152.62</u>	<u>1,610,662.06</u>
	<u>4,100,152.62</u>	<u>1,610,662.06</u>
SCHEDULE "C"		
SECURED LOANS		
(a) From Financial Institutions		
Foreign Currency Loan	86,240,635.03	47,787,276.00
Rupees Term Loan	21,403,694.00	22,155,172.00
(b) From Banks		
Cash Credit	18,383,858.51	13,346,674.19
Export Packing Credit	22,443,000.00	10,000,000.00
Foreign Bills Purchase	16,003,980.00	22,740,661.00
Car Finance	229,495.04	342,521.06
(c) From Others	750,842.04	1,420,873.41
[Refer Note B (1)]	<u>165,455,504.62</u>	<u>117,793,177.66</u>

SCHEDULE "E" FIXED ASSETS

(Amount in Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 01.04.97	Addition/(Deduction)	As on 31.03.98	Upto 31.03.97	Written back	For the year	Total	As on 31.03.98	As on 31.03.97
Land (Leasehold)	1623841.00	-	1623841.00	32804.00	0.00	16402.00	49206.00	1574635.00	1591037.00
Factory Building	18138633.00	-	18138633.00	657214.00	0.00	605830.34	1263044.34	16875588.66	17481419.00
Tubewell	173917.00	-	173917.00	5670.00	0.00	2834.85	8504.85	165412.15	168247.00
Plant & Machinery	100616511.65	4873482.00*	105489993.65	10533355.65	4988126.21	5312551.82	15845907.47	94632212.39	94956638.00
Electrical Installations	1686477.96	-	1686477.96	177081.96	0.00	174381.82	351463.78	1335014.18	1509396.00
Motor Vehicles	471313.00	32841.00	504154.00	18646.00	0.00	47670.74	66316.74	437837.27	485508.00
Office Equipments & Air Conditioners	310723.00	44502.00	355225.00	16321.00	0.00	16558.34	32879.34	322345.66	338904.00
Computer & Accessories	146100.00	185539.00	331639.00	17136.00	0.00	37479.81	54615.81	277023.19	314503.00
Furniture & Fittings	390234.05	19775.00	410009.05	19154.05	0.00	25402.82	44556.87	365452.18	390855.00
Total	123557750.66	5156139.00	128713889.66	11477382.66	4988126.21	6239112.53	17716495.19	115985520.68	112080368.00
Previous year	117708897.92	5848852.74	123557750.66	468197.92	-	11009184.74	11477382.66	112080368.00	-

* on account of exchange rate difference.



MV COTSPIN
Limited



MV COTSPIN *limited*

(Amount in Rupees)

	As at 31st March, 1998	As at 31st March, 1997
SCHEDULE "D"		
UNSECURED LOANS		
From Body Corporates	13,710,791.00	7,115,669.00
Sales Tax Deferment	4,072,878.36	1,803,917.36
From Directors	1,312,340.00	1,050,153.00
	<u>19,096,009.36</u>	<u>9,969,739.36</u>
SCHEDULE "F"		
INVESTMENTS		
In Government Securities		
National Savings Certificate (Pledged with Sales Tax Authorities)	20,000.00	20,000.00
In Equity Shares of Quoted Companies		
State Bank of Bikaner & Jaipur (Market value 31.03.98 Rs. 153525/-)	186,300.00	-
	<u>206,300.00</u>	<u>20,000.00</u>
SCHEDULE "G"		
CURRENT ASSETS, LOANS & ADVANCES		
(A) INVENTORIES		
(As taken, Valued & Certified by Management)		
(a) Raw Materials	9,047,025.57	4,092,020.00
(b) Finished Goods	19,851,727.19	6,821,014.00
(c) Work in Process	1,350,012.00	540,207.00
(d) Stores & Spares	3,248,221.33	3,081,297.41
(e) Packing Materials	1,023,128.72	323,988.22
[Refer Note no B(2)]	<u>34,520,114.81</u>	<u>14,858,526.63</u>
(B) SUNDRY DEBTORS		
(Secured, Considered good)		
Not exceeding six months	16,930,369.00	25,234,546.00
(Unsecured, Considered good)		
Not exceeding six months	7,427,911.00	8,383,363.22
Exceeding six months	5,656,641.84	48,995.00
	<u>30,014,921.84</u>	<u>33,666,904.22</u>



MV COTSPIN *limited*

(Amount in Rupees)

	As at 31st March, 1998	As at 31st March, 1997
(C) CASH & BANK BALANCES		
(a) Cash on Hand (as certified by Management)	1,124,838.01	992,573.49
(b) Balance with Scheduled Bank In Current Accounts	41,707.78	522,449.99
In Fixed Deposit Accounts	3,563,100.00	2,870,000.00
	<u>4,729,645.79</u>	<u>4,385,023.48</u>
(D) OTHER CURRENT ASSETS		
Security & Other Deposits	784,593.00	1,264,593.00
	<u>784,593.00</u>	<u>1,264,593.00</u>
(E) LOANS & ADVANCES		
(a) Loans (Unsecured, Considered good)	111,481.00	111,481.00
(b) Advances Recoverable in cash or in kind or for value to be received	8,274,490.33	7,468,728.70
(c) Interest on FDR accrued but not due	309,526.00	171,464.00
(d) Balance with Excise Authorities	166,471.00	15,342.00
(e) Prepaid Expenses	478,786.00	487,595.00
(f) Insurance Claim Receivable	-	642,963.00
	<u>9,340,754.33</u>	<u>8,897,573.70</u>
SCHEDULE "H"		
(a) CURRENT LIABILITIES		
Sundry Creditors	16,921,176.90	7,906,106.88
Other liabilities	1,250,802.85	780,162.75
Interest Accrued but not due	1,311,671.00	1,073,114.00
Bank Overdraft (Excess Cheques drawn)	44,948.70	-
	<u>19,528,599.45</u>	<u>9,759,383.63</u>
(b) PROVISIONS		
Provision for Income Tax	640,000.00	348,000.00
	<u>640,000.00</u>	<u>348,000.00</u>



(Amount in Rupees)

	As at <u>31st March, 1998</u>	As at <u>31st March, 1997</u>
SCHEDULE "I"		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	27,970.00	31,965.00
Share Issue Expenses	2,605,630.00	2,977,863.00
	<u>2,633,600.00</u>	<u>3,009,828.00</u>
SCHEDULE "J"		
SALES		
Cotton Yarn Sales	166,042,310.00	171,683,862.00
Waste Sales	1,998,808.00	2,292,944.60
Misc. Sales	59,901.00	62,199.40
	<u>168,101,019.00</u>	<u>174,039,006.00</u>
SCHEDULE "K"		
OTHER INCOME		
Exchange Rate Difference	90,752.00	78,379.00
Interest on Fixed Deposits & Others	948,882.00	322,253.65
Miscellaneous Income(Prev. yr.adj.)	334,573.43	11,159.00
Sundry Bal. w/off	14,717.07	-
	<u>1,388,924.50</u>	<u>411,791.65</u>
SCHEDULE "L"		
INCREASE/ (DECREASE) IN STOCK		
a) Closing Stock		
Finished Goods	19,851,727.19	6,821,014.00
Work in Process	1,350,012.00	540,207.00
Total (a)	<u>21,201,739.19</u>	<u>7,361,221.00</u>
b) Opening Stock		
Finished Goods	6,821,014.00	2,023,268.00
Work in Process	540,207.00	-
Total (b)	<u>7,361,221.00</u>	<u>2,023,268.00</u>
Total (a-b)	<u>13,840,518.19</u>	<u>5,337,953.00</u>



MV COTSPIN *limited*

(Amount in Rupees)

	For the year ended <u>31st March, 1998</u>	For the year ended <u>31st March, 1997</u>
SCHEDULE "M"		
RAW MATERIALS CONSUMED		
Opening Stock	3,651,187.00	465,501.00
Add : Purchases	137,950,782.87	124,059,505.28
	<u>141,601,969.87</u>	<u>124,525,006.28</u>
Less : Closing Stock	8,606,192.57	3,651,187.00
Less : Cotton Damaged by Fire	-	1,032,539.00
Consumed	<u>132,995,777.30</u>	<u>119,841,280.28</u>
SCHEDULE "N"		
MANUFACTURING EXPENSES		
Power & Fuel	6,723,563.50	6,162,006.50
Packing Material Consumed	4,343,155.43	4,028,178.34
Stores / Spares consumed	1,672,119.21	1,452,100.62
Testing Charges	82,815.00	111,600.02
	<u>12,821,653.14</u>	<u>11,753,885.48</u>
SCHEDULE "O"		
PAYMENT TO & PROVISION FOR EMPLOYEES		
Salary, Wages & Allowances	2,959,692.01	2,643,219.38
Managing Director's Salary	300,000.00	180,000.00
Contribution to P.F. & Others	34,933.00	-
Staff Welfare Expenses	225,706.94	187,888.88
Rent of Staff Quarters	168,302.75	148,677.00
	<u>3,688,634.70</u>	<u>3,159,785.26</u>



(Amount in Rupees)

For the year ended 31st March, 1998 For the year ended 31st March, 1997

SCHEDULE "P"

ADMINISTRATION EXPENSES

Accounting Charges	52,632.00	19,500.00
Advertisement	42,176.85	28,997.71
Books & Periodicals	7,939.50	10,872.40
Car Running & Maintenance	333,154.07	223,098.22
Conveyance	165,822.15	266,613.05
Charity & Donation	36,403.00	33,702.00
Directors' Sitting Fees	1,500.00	1,500.00
Electricity Charges	150,628.00	92,173.20
Filing Fees	1,000.00	49,220.00
General Expenses	181,489.89	130,266.70
Inspection Charges	24,405.00	77,185.00
Insurance	549,745.00	391,330.04
Lease Rent	73,440.00	73,440.00
Legal Expenses	11,527.00	3,655.00
Listing Fees	40,750.00	31,250.00
Postage & Telegram	131,374.25	174,675.50
Printing & Stationery	222,889.14	252,832.33
Professional Charges	86,150.00	171,591.00
Rent	601,600.00	450,600.00
Rates & Taxes	12,872.00	48,960.60
Rebate & Discount	-	1,219.00
Repairs & Maintenance		
- Buildings	161,480.50	252,052.22
- Plant & Machinery	107,076.67	109,719.78
- Others	58,437.25	235,148.06
Subscription	35,059.00	61,270.00
Telephone & Telex	779,377.69	1,009,505.86
Travelling	441,079.72	539,347.84
Vehicle Hire Charges	156,671.00	169,108.10
Auditors' Remuneration		
As Audit Fees	20,000.00	20,000.00
As Tax Audit Fees	5,000.00	5,000.00
	<hr/>	<hr/>
	4,491,679.68	4,933,833.61
	<hr/>	<hr/>



(Amount in Rupees)

SCHEDULE "Q"

For the year ended
31st March, 1998

For the year ended
31st March, 1997

SELLING & DISTRIBUTION EXPENSES

Business Promotion Expenses	161,355.85	225,808.75
Brokerage & Commission	3,576,727.66	2,554,829.13
Travelling Expenses	818,748.30	143,015.00
Clearing & Forwarding	122,029.00	232,531.04
Carriage Outward	2,708,813.50	3,008,005.80
Insurance	30,140.00	26,335.00
Rebate & Discount	177,375.89	-
	<hr/>	<hr/>
	7,595,190.20	6,190,524.72
	<hr/>	<hr/>

SCHEDULE "R"

FINANCIAL EXPENSES

Interest	12,322,263.52	11,914,714.34
Bank Charges	1,161,401.27	698,266.34
Documentation Charges	-	5,700.00
	<hr/>	<hr/>
	13,483,664.79	12,618,680.68
	<hr/>	<hr/>



SCHEDULE - 'S'

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The Accounts of the Company are prepared under historical cost convention using accrual basis of accounting and on presumption of Going Concern concept. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles.

2. Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of duties (except for those assets on which modvat has been availed the figures have been stated at net of excise duty), taxes, incidental expenses, erection/commissioning expenses, and other related expenses.

3. Depreciation

Depreciation on Fixed Assets have been charged as per Straight Line Method at the rates specified in Schedule XIV to the Companies Act., 1956 on prorata basis and includes amount written off for leasehold land over the period of lease. Exchange difference added to the cost of assets is depreciated equally over the balance useful life of the assets.

4. Foreign Currency Transactions

(a) Foreign currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.

(b) Foreign Currency Assets and liabilities (other than those covered by forward contracts) as on the Balance Sheet date are revalued in the accounts on the basis of exchange rates prevailing at the close of the year and exchange difference arising therefrom, is adjusted to the cost of fixed assets.

5. Sales

Sales includes excise duty. Sales including export have been accounted for on the basis of invoicing.

6. Miscellaneous Expenditure

Miscellaneous Expenditure have been written off over a period of ten years in equal instalments.

7. Inventories

Inventories have been valued as under :

(a) Raw Materials	..	At Cost
(b) Finished Goods	..	At Cost or Market Price whichever is less
(c) Work in progress	..	At estimated cost
(d) Consumables	..	At Cost
(e) Packing Materials	..	At Cost
(f) Damaged Cotton	..	At estimated realisable value.

8. Service charges on Leasehold Land and payment made towards Hank Yarn obligation are accounted for on cash basis.



B. NOTES ON ACCOUNTS

1. Secured Loans

(a) Term loan from Financial Institutions are secured by First charge/ mortgage of all the immovable properties & movable properties (save and except book debts) both present and future subject to prior charge in favour of Bankers by way of security for borrowings for working capital.

The mortgage & charges referred to herein above shall rank paripassu with the Mortgage & Charges created in favour of IDBI for its foreign currency loan and is guaranteed by Promoter Directors.

(b) Working Capital Loans from Banks are secured by way of first charge on stock, book debts and all other Current Assets and second charge on Fixed Assets and personal guarantee of Promoter Directors.

(c) Loan from others are secured by hypothecation of Machinery Equipments/ Vehicles.

2. The Company has changed the rates of depreciation in respect of Plant & Machinery from shiftwise basis to continuous process plant with retrospective effect, thus an amount of Rs. 4988126.21 has been written back for earlier years which has resulted into profit and fixed assets being overstated by the same amount. Depreciation has been shown net of depreciation written back for earlier years Rs. 4988126.21.

3. Stock of Raw Materials include Rs. 440833/- (Previous year Rs. 440833/-) worths of cotton affected by fire.

4. Fixed Deposits are under Bank lien.

5. Investments purchases during the year – 345 Equity Shares of State Bank of Bikaner & Jaipur face value of Rs. 100/- per share cost Rs. 186300/- (Previous Year – Nil)

6. Instalments of Term Loan Due within one year are Rs. 24,00,000/- (Previous year Rs. 24,00,000/-)

7. Estimated amount of Contract remaining to be executed on Capital Account and not provided for Rs.20.00 Lacs (Previous Year – Rs.120.31 lacs)

8. Contingent Liabilities not provided for :

	<u>Amount (Rs.)</u>	<u>Previous Year (Rs.)</u>
Bank Guarantees	19477488	15558039
Letter of Credit	(-)	11131441

9. Provision for taxation has been made on the basis of Minimum Alternate Tax.



MV COTSPIN Limited

10. Additional information pursuant to the provisions of Para 3, 4C & 4D of Part II of Schedule VI to The Companies Act, 1956.

A. RAW MATERIALS CONSUMED

<u>Item</u>	<u>Unit</u>	<u>Qty.</u>	<u>Qty.</u>	<u>Amount</u>	<u>Amount (Rs.)</u>
Raw Cotton	M.T.	2600.068	(2606.305)	132995777	(119841280)

B. CAPACITY AND PRODUCTION

	<u>Installed Capacity</u>	<u>Licensed Capacity</u>	<u>Actual Production</u>
	<u>Qty.(Rotors)</u>	<u>Qty.(Rotors)</u>	<u>Qty.(M.T.)</u>
1. Cotton Yarn	480 (480)	N.A. N.A.	2256.532 (2263.640)
2. Cotton Waste	— (—)	— (—)	302.597 (309.551)

Note :

- No licence is required for manufacturing above products, hence requirement as to licensed capacity is not applicable.

C. OPENING STOCK, SALES & CLOSING STOCK OF GOODS MANUFACTURED

	<u>Opening Stock</u>		<u>Sales</u>		<u>Closing Stock</u>	
	<u>Qty.(M.T)</u>	<u>Amount (Rs.)</u>	<u>Qty.(M.T)</u>	<u>Amount (Rs.)</u>	<u>Qty.(M.T)</u>	<u>Amount (Rs.)</u>
1. Cotton Yarn	99.810 (29.570)	6662331 (1940566)	2115.533 (2193.400)	166042310 (171683862)	240.809 (99.810)	19805926 (6662331)
2. Cotton Waste	22.669 (11.815)	158683 (82702)	318.723 (298.697)	1998808 (2292945)	6.543 (22.669)	45801 (158683)

D. EARNING / EXPENDITURE IN FOREIGN CURRENCY :

<u>a) Earning</u>	<u>F.O.B. value</u>	<u>Previous Year</u>
Export of cotton yarn	Rs. 51278314	Rs. 38661314
<u>b) Expenditure</u>	<u>Amount (Rs)</u>	<u>Previous Year</u>
Capital Goods (C.I.F. Value)	29881875	5711656
Spare Parts (C.I.F. Value)	316464	1587545
Travelling Expenses	401370	59389
Export Commission	1660504	792987



MV COTSPIN *limited*

E. VALUE OF IMPORTED/INDIGENOUS RAW MATERIALS/STORES CONSUMED

<u>Raw Materials</u>	<u>Amount (Rs.)</u>	<u>Amount (Rs.)</u>	<u>Percentage</u>	<u>Percentage</u>
Imported	--	(--)	--	(--)
Indigenous	132995777	(119841280)	100%	(100%)
<u>Stores & Spare Parts</u>				
Imported	--	(--)	--	(--)
Indigenous	1672119	(1452101)	100%	(100%)

11. Balance Sheet abstract and General business profile as required by Part IV of Schedule VI to the Companies Act, 1956 is annexed forming part of the Accounts.
12. Figures in brackets represents previous year's figures.
13. Previous year's figures have been regrouped, rearranged and recasted wherever considered necessary.

Signed for identification Schedule 'A' to 'S'
FOR P.K. AJITSARIA & CO.
Chartered Accountants

Vivek Agarwal
Managing Director

Place : Calcutta
Dated : June 26, 1998

S. K. Jain
Director

P.K Ajitsaria
Proprietor



ANNEXURE TO THE NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1998
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

II. Capital Raised during the Year (Amount in Rs. Thousand)

Public Issue <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Right Issue <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Assets <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="7"/>	Total Liabilities <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="7"/>
Sources of Funds	Paid-Up Capital
Reserves & Surplus	Secured Loans
Reserves & Surplus <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="5"/>	Secured Loans <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="1"/>
Unsecured Loans	Unsecured Loans
Unsecured Loans <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="1"/>	Unsecured Loans <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="1"/>
Application of Funds	Net Fixed Assets*
Investments	Net Current Assets
Investments <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="0"/>	Net Current Assets <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/>
Misc. Expenditure	Accumulated Losses
Misc. Expenditure <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="0"/>	Accumulated Losses <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

* (Including Capital Work in Progress)

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (include other income) <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="4"/>	Total Expenditure <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="5"/>
Profit/Loss Before Tax <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="9"/>	Profit /Loss After tax <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="9"/>
Earning Per Share in Rs. <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="0"/>	Dividend rate % <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

V. Generic Name of Three Products/Services of the Company (As per Monetary Terms)

Item Code No.	Product Description.
1. <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/>	1. Cotton Yarn-Grey
2. <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="1"/>	2. Soft Waste



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 1998

(Amount in Rupees)

	For the year ended 31st March, 1998	For the year ended 31st March, 1997
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and extraordinary items	2,781,491	3,162,768
Adjustments for		
Depreciation	1,250,986	11,009,185
Preliminary & Share Issue expenses written off	376,228	376,228
Income & Expenses treated separately		
Interest Income	(948,882)	(322,254)
Dividend Income	-	-
Interest Payment	12,322,264	11,914,714
Operating Profit/(Loss) before Working Capital change	15,782,087	26,140,641
Adjustments for		
Inventories (Increase)	(19,661,588)	(11,970,455)
Trade & other Receivables (Decrease)	3,651,982	(30,243,797)
Loans, advances and other Current Assets (Decrease)	36,820	(6,545,429)
Current Liabilities Decreased	9,769,216	(1,480,807)
Net Cash generated from operations	9,578,517	(24,099,847)
Interest Paid	(12,322,264)	(11,914,714)
Net cash from operating activities (A)	(2,743,747)	(36,014,561)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital Work in Progress & Pre-operative expenses)	(54,462,809) *	(19,281,998)
Interest Income	948,882	322,254
Purchase of investments	(186,300)	-
Dividend Income	-	-
Net Cash used in Investing Activities (B)	(53,700,227)	(18,959,744)

* Including difference due to foreign exchange fluctuations of Rs. 4873482/-



MV COTSPIN Limited

C. CASH FLOW FROM FINANCING ACTIVITES

Proceeds from issue of Share Capital (Including Share Application money)	-	549,250
Proceeds from borrowings	56,788,597	55,595,628
Share Issue Expenses	-	-
Net Cash used in financing activites (C)	<u>56,788,597</u>	<u>56,144,878</u>
Net Increase in Cash and Cash equivalents (A+B+C)	<u>344,623</u>	<u>1,170,573</u>
CASH & CASH EQUIVALENTS		
Opening Cash and Bank Balances as at 31.03.1997 (31.03.1996)	(4,385,023)	(3,214,450)
Closing Cash and Bank Balances as at 31.03.1998 (31.03.1997)	4,729,646	4,385,023
	<u>344,623</u>	<u>1,170,573</u>

FOR P.K. AJITSARIA & CO.
Chartered Accountants

Vivek Agarwal
Managing Director

Place : Calcutta
Date : June 26, 1998

P.K. Ajitsaria
Proprietor

S. K. Jain
Director

P. K. AJITSARIA & CO.
Chartered Accountants
115, College Street, Calcutta - 700 012

AUDITOR'S CERTIFICATE

We have examined the Cash Flow Statement of *M/S MV COTSPIN LIMITED* for the year ended 31st March, 1998. The above statement has been prepared by the company in accordance the listing agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance sheet of the Company covered by our Report of even date to the Members of the Company.

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

Place : Calcutta
Date : June 26, 1998

Pawan Kr. Ajitsaria
Proprietor



MV COTSPIN *limited*

Regd. Office : 32, Chowringhee Road, 'Om Tower', 14th Floor, Calcutta - 700 071

PROXY FORM ANNUAL GENERAL MEETING

Folio No. : No. of Shares held

I/We of

..... in the district of

being a member/members of the above named Company, hereby appoint

..... of

in the district or failing him

of in the district of as my/our proxy to attend

and vote for me/us on my/our behalf at the 5th Annual General Meeting of the Company to be held on **Friday, the 28th August, 1998 at 10 A.M.** and at any adjournment thereof.

Signed this day of 1998



Address

Signature

Note : The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

A Proxy need not be a member.



MV COTSPIN *limited*

Regd. Office : 32, Chowringhee Road, 'Om Tower', 14th Floor, Calcutta - 700 071

ATTENDANCE SLIP

I/We hereby record my/our presence at the **5th ANNUAL GENERAL MEETING** of the Company at **Modi Foundation Room in Rotary Sadan, 94/2 Chowringhee Road, Calcutta - 700 020 at 10 A.M. on Friday, the 28th August, 1998.**

.....
Full Name of the Shareholder
(In block letters)

.....
Signature

Folio No. :

No. of Shares

.....
Full Name of the Proxy
(In block letters)

.....
Signature

Note : Shareholders attending the Meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

UPC/Book Post

If undelivered Please return to :

ABS Consultants Pvt. Ltd.,

Unit II : - MV COTSPIN LIMITED
Stephen House, R. No. 99, 6th Floor,
4, B.B.D. Bag (East), Calcutta - 700 001.