

**PRIYADARSHINI THREAD LIMITED**



**FIFTEENTH ANNUAL REPORT 1998-99**

BOARD OF DIRECTORS

Chairman	:	Sri D Balasundaram
Vice Chairman	:	Sri N Radhakrishna Reddy
Directors	:	Sri G B K Reddy Sri C Satyanarayana Sri V Ramakrishna Rao Smt Ananda Lekshmi Narayanan [IDBI Nominee] Sri K L Krishna [BIFR Nominee] Sri R Mani Mohan [SBT Nominee] Sri N Sujith Kumar Reddy
Whole Time Director	:	Sri D Sivayya
Auditors	:	M/s P Srinivasan & Co., Chartered Accountants, Hyderabad - 500 001.
Bankers	:	State Bank of Travancore
Regd. Office	:	6-3-901, Shantiniketan, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Factory	:	Chandapur, Narsapur Taluk, Medak Dt., Andhra Pradesh

---

## **NOTICE TO SHARE HOLDERS**

Notice is hereby given that the Fifteenth Annual General Meeting of the Company will be held on 30-12-1999 at 11.00 AM at JAYA GARDENS, 6-3-1106, Rajbhavan Road, Somajiguda, HYDERABAD - 500 082 to transact the following business:

### **ORDINARY BUSINESS :**

01. To receive, consider and adopt the Profit and Loss account for the year ended 31st March'99 and Balance Sheet as on that date and the Report of Directors and Auditors thereon.
02. To appoint a Director in place of Sri D.Balasundaram, who retires by rotation and being eligible, offers himself for reappointment.
03. To appoint a Director in place of Sri V Ramakrishna Rao, who retires by rotation and being eligible offers himself for reappointment.
04. To appoint a Director in place of Sri N Radhakrishna Reddy, who retires by rotation and being eligible offers himself for reappointment.
05. To Appoint Auditors and to fix their Remuneration.

By order of the Board  
for **PRIYADARSHINI THREAD LIMITED**

**N. RADHAKRISHNA REDDY**  
DIRECTOR

Place : HYDERABAD  
Date : 15-11-1999.

### **NOTES :**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy instead of himself/herself and such proxy need not be a member of the Company. The instrument of the proxy shall, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 27-12-1999 to 30-12-1999 (both days inclusive).

**DIRECTORS' REPORT**

To  
The Members,

Your Directors are pleased to present the Annual Report and the audited accounts for the financial year ended 31st March, 1999.

**THE WORKING RESULTS OF THE COMPANY ARE :**

	Year ended 31.03.1999	(Rs.in lakhs) Year ended 31.03.1998
a) FINANCIAL:		
Sales & Other Income	971.99	1396.56
Profit before Interest and Depreciation	(202.39)	(122.41)
Interest & Finance Charges	63.82	99.90
Profit/(Loss) after Interest but before depreciation	(266.21)	(222.31)
Depreciation	16.82	46.89
Profit/(Loss) for the year	(283.03)	(269.20)
Prior period adjustment	22.26	0.15
Interest on Term Loans		
Written back to Profit & Loss A/c	--	--
Net Profit/(Loss)	(260.77)	(269.05)
b) OPERATIONS:		
Production (in Kgs)	4,18,545	6,99,716
Sales (in Kgs)	4,48,641	6,76,612

**REVIEW OF OPERATIONS**

During the year under review, production was less than the previous year by 281.17 MT, mainly due to Working Capital shortage as well as non-availability of yarn as per our specifications. Consequently, sales were lower than the previous year. The Company has sustained a loss of Rs 260.77 lakhs as against a loss of Rs. 269.05 lakhs during the previous year.

Prior year adjustment is inclusive of, excess provision made in depreciation in the earlier years has now been adjusted to the extent of Rs 20.85 lakhs in respect of Plant & Machinery.

**MARKETING:**

As reported in the previous year, the un-organised sector manufacturing and selling sewing thread continues to be outside Central Excise net offering severe competition to organised sector. While realisations are also not remunerative, input costs have gone up steeply resulting in higher losses per sale unit. In spite of it, we are able to market because of good quality of our products.

**DIRECTORS :**

Sri D Balasundaram, who retires by rotation and being eligible, offers himself for reappointment.

*Sri V Ramakrishna Rao*, who retires by rotation and being eligible offers himself for reappointment.

*Sri N Radhakrishna Reddy*, who retires by rotation and being eligible offers himself for reappointment.

**AUDITORS :**

M/s.P.Srinivasan & Co., Chartered Accountants, the Company's Auditors retire at the conclusion of this Annual General Meeting. They are eligible for reappointment.

**FIXED DEPOSITS :**

The Company has not invited any deposits from public in terms of section 58 (A) of the Companies Act, 1956.

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

The information 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 with respect to these matters is given in Annexure - I and form part of this report.

**PARTICULARS OF EMPLOYEES :**

Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956 during the year under report is as per the Annexure II.

The Employee relationship continued to be cordial during the year.

**ACKNOWLEDGEMENTS :**

The Director's take this opportunity to express their deep sense of gratitude to Financial Institutions, Banks, Central and State Government Departments and local authorities for their continued guidance and support.

At this point, the Director's would like to place on record their sincere appreciation of the total commitment, dedication and hard work put in by every employee of the Priyadarshini Thread Limited.

*And to you, the Director's are ever grateful for the confidence and faith reposed in the Company.*

For and on behalf of the Board

Place : HYDERABAD

**N. RADHAKRISHNA REDDY**

**G B K REDDY**

Date : 15-11-1999

DIRECTOR

DIRECTOR

**ANNEXURE I**

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.**

- A. Conservation of Energy :
- a) Energy conservation measures taken
    - i. We have installed power capacitors to improve the power factor.
    - ii. Lighting load is reduced by providing more natural light.
  - b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
    - i. Energy losses due to steam leakage etc., are being minimised.
    - ii. Thermal losses are being reduced by providing better insulation.
    - iii. Improvement of boiler efficiency.
  - c) Impacts of the measures at (a) and (b) above for reduction of energy consumption and subsequent impact on the cost of production of goods are shown in item (B) of Form 'A'.
  - d) Total energy consumption per unit of production is as under :

**FORM 'A'**

	<b>Current Year 1998-99</b>	<b>Previous Year 1997-98</b>
<b>A. POWER AND FUEL CONSUMPTION :</b>		
1. Electricity.		
a. Purchased Units	<b>11.96 lakhs</b>	13.71 lakhs
Total Amount (Rs.)	<b>42.60 lakhs</b>	47.07 lakhs
Rate/Unit (Rs.)	<b>3.56</b>	3.43
b. Own Generation		
Through Diesel Generator sets (Units)	<b>0.47 lakhs</b>	1.47 lakhs
(Units/Ltr. of Diesel Oil)	<b>2.11 Ut/Ltr</b>	2.18 Ut/Ltr
Cost/Unit (Rs.)	<b>4.84/Unit</b>	4.49/Unit
Through Steam Turbine/Gen. Units	--	--
Units/Ltr. of fuel Oil/	--	--
Gas	--	--
Cost/Unit	--	--
2. Coal (Specify quantity and where used): Average CV 3000 Cal/Kg. and ash 30% average and used for burning to produce steam.		
Quantity (Tonnes)	<b>1350</b>	2488
Total Cost (Rs.)	<b>25.28 lakhs</b>	59.10 lakhs
Average Rate (Rs.)	<b>1872/MT</b>	2375/MT

3. Furnace Oil		
Quantity (Tonnes)	--	--
Total Cost (Rs.)	--	--
Average Rate (Rs.)	--	--
4. Other/Internal Generation		
(Please give details) :		
Quantity Bagasse/Husk	--	--
Total Cost (Rs.)	--	--
Rate/Unit (Rs.)	--	--

**B. CONSUMPTION PER UNIT OF PRODUCTION :**

Product-Sewing and Industrial		
Thread	418.55MT	699.72MT
Electricity	2970 Units/MT	2169 Units/MT
Furnace oil	--	--
Coal including Others	3.23 MT/MT	3.56 MT/MT

**FORM - 'B'**

1. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION, RESEARCH AND DEVELOPMENT ( R & D )  
No Research & Development carried out and no expenses were incurred on Research & Development.
2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:  
No New technology has been absorbed or adapted during the year.
3. FOREIGN EXCHANGE EARNINGS AND OUTGO :
  - i. Total Foreign Exchange used during the current financial year is NIL
  - ii. Foreign Exchange earnings during the year is NIL.

**ANNEXURE II**

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 as amended upto date.

Name	Designation/ Nature of Duties	Remuner- ation (Rs.)	Qualif- ication	Age (Years)	Expe- rience (Years)	Date of employ- ment	Last employment
------	-------------------------------------	----------------------------	--------------------	----------------	----------------------------	----------------------------	--------------------

- Nil -

**AUDITORS REPORT**

To  
The Members,  
M/s. PRIYADARSHINI THREAD LIMITED  
HYDERABAD.

We have audited the attached Balance Sheet of M/s. PRIYADARSHINI THREAD LIMITED as at 31st March, 1999 and the annexed Profit and Loss Account for the year ended on 31st March, 1999 and report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
2. In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of these books.
3. The Balance sheet and the Profit & Loss Account dealt with by this report is in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us, the Profit and Loss a/c and Balance Sheet comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the informations required by the Companies Act, 1956 in the manner so required and give a true and fair view :
  - a) In the Case of Balance Sheet of the state of affairs of the company as at 31st March, 1999 and :
  - b) In the case of Profit and Loss Account, of the loss for the year ended on the date.
6. As required by the Manufacturing and other companies (Auditors 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 specified in paragraph 4 and 5 of the said order.

for **P. SRINIVASAN & CO.,**  
Chartered Accounts

Place : Hyderabad  
Date : 15-11-1999

**(K.RANGANATHAN)**  
Partner.



ANNEXURE TO AUDITOR'S REPORT

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of the finished goods stores, spared parts and raw materials have been physically verified during the year by the management at reasonable intervals.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
5. No discrepancies were noticed on verification between the physical stocks and the book records.
6. We are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
7. The company has not taken any loans from the parties listed in the Registers maintained U/S 301 of the Companies Act, 1956.
8. According to the information and the explanations given to us the Company has not granted any loans to the Companies, Firms, or other parties listed in the Register maintained U/s 301 of the Companies Act, 1956.
9. The Company has not given any loans or advances in the nature of loans.
10. In our opinion and according 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 for the purchase of stores, raw materials, including components, plant and machinery, equipment and other assets and for the sale of goods.
11. According to the information and explanations given to us he company has not entered into any transactions of purchase of goods and materials contracts or arrangements required to be entered in the Register maintained under section 301 of the Companies Act, 1956 as aggregating during the period to Rs. 50,000/- (Rupees Fifty Thousand only) or more in respect of each party.

12. As explained to us, there are no unserviceable or damaged stores, raw materials or finished goods during the year.
13. The Company has not accepted any deposits from the public.
14. According to the information and explanation given to us the company's operations do not generate scrap or by-products.
15. The Company has internal audit system commensurate with its size and nature of its business.
16. We are of the opinion that prima facie the cost records prescribed by Central Government under section 209(1) (d) of the Companies Act, 1956 have been maintained by the Company. However, we have not carried out any detailed examination of such records.
17. The Company is generally regular in depositing Provident Fund Employees State Insurance dues with the Appropriate authorities during the year.
18. There were no undisputed amounts payable as on 31st March 1999 in respect of Income Tax, Wealth Tax, Customs Duty and Sales Tax.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations.
20. The Company is a Sick Industrial Company within the meaning of the Clause (O) of Subsection (1) of Section (3) of the Sick Industrial Companies (special Provisions ) Act, 1985.

for **P.SRINIVASAN & CO.,**  
Chartered Accountants

Place : Hyderabad  
Date : 15-11--1999

**(K. RANGANATHAN)**  
Partner

**BALANCE SHEET AS AT 31ST MARCH, 1999**

	SCHE- DULE	As at 31-03-99 Rs.	As at 31-03-98 Rs.
<b>SOURCES OF FUNDS:</b>			
Shareholders' Funds:			
Share Capital	A	45,077,750	37,430,750
Reserves & Surplus	B	1,820,000	1,820,000
Loan Funds:			
Secured Loans	C	42,366,908	56,975,912
Unsecured Loans	D	14,347,995	862,595
		<u>103,612,653</u>	<u>97,089,257</u>
<b>APPLICATION OF FUNDS:</b>			
Fixed Assets:			
Gross Block	E	57,198,374	57,074,028
Less: Depreciation		<u>42,235,000</u>	<u>42,749,617</u>
Net Block		14,963,374	14,324,411
Current Assets:			
Loans & Advances	F	34,887,899	56,567,120
Less: Current Liabilities & Provisions	G	<u>31,326,852</u>	<u>32,813,417</u>
		3,561,047	23,753,703
Profit & Loss Account		<u>85,088,232</u>	<u>59,011,143</u>
<b>TOTAL</b>		<u>103,612,653</u>	<u>97,089,257</u>

As per our report of even date attached

For and on behalf of the Board of Directors

for **P.SRINIVASAN & CO.,**  
Chartered Accountants**(K RANGANATHAN)**  
PARTNER**N RADHAKRISHNA REDDY**  
DIRECTOR**G B K REDDY**  
DIRECTORPlace: HYDERABAD  
Date : 15-11-1999

**PROFIT & LOSS ACCOUNT AS AT 31ST MARCH 1999**

	SCHE- DULE	Year Ended 31-03-99 Rs.	Year Ended 31-03-98 Rs.
<b>INCOME:</b>			
Sales		95,655,326	137,896,429
Other Income	H	1,544,309	1,760,425
Increase/(Decrease) in Finished Goods & Work-in-process	I	(14,129,487)	(8,819,144)
		<u>83,070,148</u>	<u>130,837,710</u>
<b>EXPENDITURE:</b>			
Manufacturing Expenses	J	67,459,409	104,921,099
Payment & Benefits to Employees	K	14,698,783	15,631,531
Administrative and Selling Expenses	L	21,151,538	22,525,933
Interest and Finance Charges	M	6,381,830	9,989,673
Depreciation		1,681,749	4,689,484
TOTAL		<u>111,373,309</u>	<u>157,757,720</u>
Profit/(Loss) for the Year		(28,303,161)	(26,920,010)
Prior year adjustments		2,226,072	14,599
NET PROFIT/(LOSS)		(26,077,089)	(26,905,411)
Profit & Loss from previous year Brought Forward		(59,011,143)	(32,105,732)
Loss Carried to Balance Sheet		(85,088,232)	(59,011,143)
Accounting Policies	N		
Notes on Accounts	O		

As per our report of even date attached

For and on behalf of the Board of Director

for **P.SRINIVASAN & CO.,**  
Chartered Accountants

**(K RANGANATHAN)**  
PARTNER

**N RADHAKRISHNA REDDY**  
DIRECTOR

**G B K REDDY**  
DIRECTOR

Place: HYDERABAD  
Date : 15-11-1999

	As at 31-03-99 Rs.	As at 31-03-98 Rs.
<b>SCHEDULE 'A' - SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL:</b>		
30,00,000 Equity Shares of Rs. 10/- each	30,000,000	30,000,000
<b>ISSUED AND SUBSCRIBED CAPITAL:</b>		
26,70,300 Equity Shares of Rs. 10/- each	26,703,000	26,703,000
<b>PAID-UP CAPITAL:</b>		
25,65,850 Equity Shares of Rs. 10/- each fully paid	25,658,500	25,658,500
Forfeited Share Amount:		
1,04,450 Equity Shares	522,250	522,250
Share Application Amount	18,897,000	11,250,000
<b>TOTAL</b>	<b>45,077,750</b>	<b>37,430,750</b>
<b>SCHEDULE 'B' - RESERVES &amp; SURPLUS</b>		
Capital Reserves	1,500,000	1,500,000
Investment Allowance Reserves	320,000	320,000
<b>TOTAL</b>	<b>1,820,000</b>	<b>1,820,000</b>
<b>SCHEDULE 'C' - SECURED LOANS</b>		
<b>RUPEE TERM LOANS:</b>		
(i) Industrial Development Bank of India	7,644,698	9,550,663
(ii) The Industrial Finance Corporation of India Ltd.,	2,699,077	3,781,152
(iii) The Industrial Credit & Investment Corporation of India Ltd.,	2,833,431	3,969,910
Funded Interest (Payable after payment of OTS)	--	2,563,790
Interest Accrued and due on Term Loans	--	3,891,911
	<b>13,177,206</b>	<b>23,757,426</b>
Cash Credit from Banks	29,189,702	33,218,486
<b>TOTAL</b>	<b>42,366,908</b>	<b>56,975,912</b>
<b>SCHEDULE 'D' - UNSECURED LOANS</b>		
Unsecured Loans	13,498,000	--
Dealers Deposits	849,995	862,595
<b>TOTAL</b>	<b>14,347,995</b>	<b>862,595</b>

### SCHEDULE 'E' - FIXED ASSETS

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS AT 31-03-98	DEDUCTI- ONS/ADJU- STMENTS	ADDITIONS	AS AT 31-03-99	UPTO 31-03-98	DEDUCTI- ONS/ADJU- STMENTS	FOR THE YEAR	UPTO 31-03-99	AS AT 31-03-99	AS AT 31-03-98
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	270828	--	--	270828	--	--	--	--	270828	270828
BUILDINGS	14155571	--	0	14155571	5173061	--	462889	5635950	8519621	8982510
PLANT & MACHINERY	39164165	--	386599	39550764	36023528	2084893	1048973	34987608	4563156	3140637
ELECTRICAL INSTALLATIONS	1533911	--	0	1533911	709142	--	72861	782003	751908	824769
LAB EQUIPMENT	94830	--	0	94830	44638	--	4310	48948	45882	50192
FURNITURE & FIXTURES	800133	--	0	800133	474211	31580	50371	493002	307131	325922
OFFICE EQUIPMENT	663034	--	0	663034	134658	--	31494	166152	496882	528376
VEHICLES	391554	262252	0	129302	190382	79893	10851	121340	7962	201172
<b>TOTAL</b>	<b>57074026</b>	<b>262252</b>	<b>386599</b>	<b>57198374</b>	<b>42749618</b>	<b>2196366</b>	<b>1681749</b>	<b>42235000</b>	<b>14963372</b>	<b>14324408</b>
PREVIOUS YEAR	56122553	88691	1040164	57074028	38154927	94792	4689484	42749617	14324407	17967626

12

	As at 31-03-99 Rs.	As at 31-03-98 Rs.
<b>SCHEDULE 'F' - CURRENT ASSETS, LOANS &amp; ADVANCES :</b>		
<b>CURRENT ASSETS :</b>		
<b>INVENTORIES</b> (at cost or realisable value whichever is lower )		
Raw Material	300,908	728,438
Dyes & Chemicals	1,199,639	1,387,264
Packing Material	988,985	1,322,056
Consumables Stores & Spares	780,000	696,975
Coal	64,204	435,121
Stock in Process	2,090,609	3,308,076
Finished Goods (Including goods in transit)	13,509,273	26,421,293
<b>SUNDRY DEBTORS :</b>		
(Unsecured considered good)		
Not exceeding six months	3,637,406	13,210,782
Exceeding Six months	7,376,050	3,099,525
<b>CASH AND BANK BALANCES :</b>		
Cash on hand	229,626	98,825
Balances with Scheduled Banks :		
In Current Accounts	852,380	1,059,907
In Deposit Accounts	834,891	1,722,632
<b>LOANS AND ADVANCES :</b>		
(Unsecured considered Good)		
Advances recoverable in cash or in kind or for value to be recovered	956,172	902,372
Prepaid Expenses	78,461	63,070
Deposit with APSEB	1,153,164	1,148,100
Deposit with Govt. Departments	383,607	398,189
Deposit with others	33,116	36,116
Advance to Suppliers	358,171	487,255
TDS Recievable	33,683	13,570
Interest Recievable	27,554	27,554
<b>TOTAL</b>	<b>34,887,899</b>	<b>56,567,120</b>
<b>SCHEDULE 'G' - CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CREDITORS :</b>		
For Supplies	19,708,911	21,771,187
For Expenses	1,620,597	1,776,186
	21,329,508	23,547,373
Advance from customers	2,033,205	2,236,287
Other Liabilities & Provisions	7,964,139	7,029,757
<b>TOTAL</b>	<b>31,326,852</b>	<b>32,813,417</b>

	As at 31-03-99 Rs.	As at 31-03-98 Rs.
<b>SCHEDULE 'H' - OTHER INCOME</b>		
Interest Received	76,065	105,375
Miscellaneous Receipts	1,468,244	1,655,050
<b>Total</b>	<b>1,544,309</b>	<b>1,760,425</b>
<b>SCHEDULE 'I' - (INCREASE)/DECREASE IN STOCKS</b>		
Work-in-process :		
Opening Stock	3,308,076	9,312,167
Closing Stock	2,090,609	3,308,076
	1,217,467	6,004,091
Finished Goods :		
Opening Stock	26,421,293	29,236,346
Closing Stock	13,509,273	26,421,293
	12,912,020	2,815,053
<b>(Increase)/Decrease in Stocks</b>	<b>14,129,487</b>	<b>8,819,144</b>
<b>SCHEDULE 'J' MANUFACTURING EXPENSES</b>		
Consumption of Raw Material	46,834,112	62,998,496
Dyes & Chemicals	1,620,601	3,460,245
Packing Material	3,697,462	6,009,583
Stores & Spares	1,729,593	3,335,708
Power & Fuel	7,014,538	11,295,109
Repairs & Maintenance -		
Buildings	62,210	146,896
Plant & Machinery	358,784	465,372
Others	37,193	96,630
	458,187	708,898
Excise Duty	5,624,128	9,343,100
Freight & Handling (Inward)	441,458	1,129,551
Processing Charges	0	6,500,324
Textile Committee Cess	39,330	140,085
<b>TOTAL</b>	<b>67,459,409</b>	<b>104,921,099</b>
<b>SCHEDULE 'K'-PAYMENTS &amp; BENEFITS TO EMPLOYEES</b>		
Salaries, Wages & Bonus	11,930,398	13,632,696
Contribution to Provident & Other Funds	968,717	852,131
Gratuity	1,346,784	608,635
Welfare Expenses	452,884	538,069
<b>TOTAL</b>	<b>14,698,783</b>	<b>15,631,531</b>



	As at 31-03-99 Rs.	As at 31-03-98 Rs.
<b>SCHEDULE 'L' - ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Rents	1,432,027	1,442,217
Rates and Taxes	531,999	170,627
Insurance premium	577,800	652,072
Vehicle Maintenance	101,919	57,151
Printing & Stationery	386,452	601,562
Postage, Telex & Telephone	1,271,589	1,217,115
Directors' Remuneration	276,000	101,612
Directors' sitting Fees and Travelling Expenses	85,795	65,887
Travelling & Local Conveyance	2,279,813	2,410,462
Remuneration to Auditors :		
Audit Fees	25,000	25,000
Audit Expenses	1,832	580
Tax Matters & Others	25,000	25,000
	51,832	50,580
Legal & Professional Charges	549,349	409,050
General Expenses	1,649,618	1,282,505
Sales Tax	903,913	793,293
Advertisement & Sales Promotion Expenses	288,085	386,869
Freight & Handling (Outward)	1,550,598	2,199,912
Commission & Discount on Sales	8,423,052	9,838,694
Bank charges	791,697	846,325
<b>TOTAL</b>	<b>21,151,538</b>	<b>22,525,933</b>
<b>SCHEDULE 'M' - INTEREST &amp; FINANCE CHARGES</b>		
Interest on Fixed Loans	1,481,705	3,891,911
Interest on Working Capital and Finance Charges	4,406,625	5,568,228
Interest on Others	493,500	529,534
<b>TOTAL</b>	<b>6,381,830</b>	<b>9,989,673</b>

**SCHEDULE - 'N' ACCOUNTING POLICIES**

1. These accounts have been prepared under the historic cost convention on the basis of going concern, with revenues recognised and expenses accounted on their accrual, including provisions/adjustments for committed obligations and amounts determined as payable or receivable during the year.
2. Fixed Assets are accounted at cost of acquisition inclusive of inward freight, duties, taxes and incidentals related to acquisition.
3. Depreciation has been provided for on straight Line Method in accordance with Section 205 (2) (b) of the Companies Act, 1956. Rates given under Schedule XIV were applied to All Assets.

4. Inventory has been taken as valued and certified by the Management.  
The basis of valuation is as under
- i) Raw Material, Dyes, Chemicals,  
Packing Materials and Stores &  
Spares : At Cost
  - ii) Work-in-process : At Cost upto the stage of Completion.
  - iii) Finished Goods : Cost or realisable value whichever is lower.
5. Provision for Gratuity and Service Compensation has been made for the liability that has accrued upto the end of the current accounting year.

**SCHEDULE 'O' - NOTE ON ACCOUNTS** (Rs. in Lakhs)

	1998-99	1997-98
1. Contingent Liabilities in respect of		
a) Bills Discounted	Nil	Nil
2. Secured Loans :		
a) The Rupee Term Loans from IDBI under the project Finance participation Certificate Scheme in participation with IFCI & ICICI and Foreign Currency Loans from IDBI are secured by way of Joint Equitable Mortgage of all immovable properties both present and future and hypothecation of all movable assets except specified movable assets subject to prior charges in favour of the Company's Bankers for working capital requirements. Their term loans are further guaranteed by Vice Chairman of the Company in his personal capacity.		
b) Working capital facilities from Bank are secured against hypothecation of Raw Materials, Finished Goods, semifinished goods, stores and spares and book debts of the Company along with personal guarantee of Director of the Company to the extent of Rs. 325.00 lakhs.		
c) Term Loan accounts with Financial Institutions are subject to reconciliation.		
3. Provisions for reserve for Investment Allowance amounting to Rs. 64.87 lakhs on new Machinery installed upto 31-03-90 will be made in the year of taxable profits.		
4. a. Managerial Remuneration paid/payable to Directors:		
	1998-99	1997-98
	Rs.	Rs.
Salary	2,76,000	1,00,612
Perquisites & P.F Contribution etc	---	---
Total	2,76,000	1,00,612
No. of persons	1	2

5. Capacities, Production Turnover & Stocks :-	Current Year	Previous Year
	1998-99	1997-98
a) Licensed capacity (MT) (Sewing Thread)	1200	1200
b) Installed capacity (MT)	900	900
c) Production (In Kgs.)	418545	699716
d) Sales & Stocks:		

	1998-99		1997-98	
	Qty(Kgs)	Value(Rs)	Qty(kgs)	Value(Rs)
Turnover of Thread	448641	95647433	676612	137896429
Adjustments	4000	1074397	--	--
Opening Stock	98367	26421293	105186	28537492
Closing Stock	64271	16436185	98367	26421293
6.Rawmaterial consumed	459279	46834112	735381	69498820
Consumption of imported and indigenous Raw Material and Spares and percentage thereof.	Value	Percentage	Value	Percentage
Imported :	NIL	NIL	NIL	NIL
Indigenous :				
Raw Material	Rs.4,68,34,112	100%	Rs.6,29,98,495	100%
Stores & Spares	Rs. 17,29,593	100%	Rs.33,20,263	100%

7. CIF value of imports of Raw Materials, components, spares and Capital Goods during the year NIL (previous year NIL)
8. Expenditure in Foreign Currency during the year NIL (previous Year NIL)
9. Earnings in Foreign Exchange during the year Rs. Nil ( previous year Rs. 5.21 lakhs)
10. Previous Year's figures have been regrouped/rearranged to make these comparable with the current year figures.

**SIGNATORIES FOR SCHEDULES 'A' TO 'O'**

As per our report of even date attached

For and on behalf of the Board of Directors

for **P SRINIVASAN & CO.,**  
Chartered Accountants

**N RADHAKRISHNA REDDY**  
DIRECTOR

**(K RANGANATHAN)**  
PARTNER

**G B K REDDY**  
DIRECTOR

Place : HYDERABAD  
Date : 15-11-1999

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I REGISTRATION DETAILS</b>			
Registration No.	: 4380	State Code	: 01
Balance Sheet Date	: 31-03-1999		
<b>II CAPITAL RAISED DURING THE YEAR (Amount in Rs Thousands)</b>			
Public Issue	: Nil	Rights Issue	: Nil
Bonus Issue	: Nil	Private placement	: Nil
<b>III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS</b>			
<i>(Amount in Rs. Thousands)</i>			
Total Liabilities	: 103613	Total Assets	: 103613
Sources of Funds	:		
Paid-Up Capital	: 26181	Reserve & Surplus	: 1820
Share Application Amt.	: 18897		
Secured Loans	: 42367	Unsecured Loans	: 14348
Application of funds			
Net Fixed assets	: 14964	Investments	: --
Net Current Assets	: 3561	Misc. Expenditure	: --
<b>IV PERFORMANCE OF COMPANY (Amount in Rs. Thousands)</b>			
Turnover	: 97199	Total Expenditure	: 111373
Profit Before Tax	: (26077)	Profit After Tax	: (26077)
Earnings Per Share (Rs.)	: --	Dividend rate %	: --

**SCHEDULES TO ACCOUNTS (Contd.)**

**V GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY**

*(As per Monetary Terms)*

- a) Cotton Sewing Thread
- b) Polyester Sewing Thread
- c) Market Yarn

Previous year's figures have been regrouped / classified wherever necessary.  
Schedules and notes annexed hereto form part of these accounts.

As per our report of even date attached for and on behalf of the Board of Directors

for **P SRINIVASAN & CO.,**  
Chartered Accounts

**N RADHAKRISHNA REDDY**  
DIRECTOR

**(K RANGANATHAN)**  
PARTNER

**G B K REDDY**  
DIRECTOR

Place : HYDERABAD  
Date : 15-11-1999

**CERTIFICATE**

We have examined the attached Cash Flow Statement of M/s. Priyadarshini Thread Limited for the year ended 31st March, 1999. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 15th November, 1999 to the Members of the Company.

for **P. SRINIVASAN & CO.,**  
Chartered Accountants

Place : Hyderabad  
Date : 15-11-1999.

**(K.RANGANATHAN)**  
Partner

<b>CASH FLOW STATEMENT FOR 1998-99</b>		(Rs in Lakhs)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		(260.77)
Net profit before Tax and Extraordinary items		
Adjustment for :	Depreciation	(5.14)
	Foreign Exchange	
	Investments	
	Interest/Dividend	63.82
Operating profit before working capital charges		(202.09)
Adjustment for :	Trade and other receivables	53.50
	Inventories	153.65
	Trade payables	(14.86)
Cash generated from operations		(9.80)
	Interest paid	63.82
	Direct Taxes paid	--
		-----
		63.82
Cash flow before extra-ordinary items		(73.62)
Extraordinary items		
<b>NET CASH FLOW OPERATING ACTIVITIES</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	(3.87)
	Sales of Fixed Assets	2.62
Acquisitions of Companies (As per Annexure)		
Purchase of Investments		
Sales of Investments		
Interest Received		
Dividend Recieved		
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(1.25)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Increase in open cash credit	(40.29)
Proceeds from issue of share capital		
	<i>Proceeds from long term borrowings</i>	134.85
	Share Application Amount	76.47
	Decrease in secured loans	(105.80)
Dividend paid		
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		65.23
Net increase in cash equivalents		(9.64)
Cash and Cash equivalents as at 01-04-98		28.81
(Opening Balance)		
Cash and Cash equivalents as at 31-03-99		19.17
(Closing Balance)		

for and on behalf of the Board

**N RADHAKRISHNA REDDY**  
DIRECTOR

**G B K REDDY**  
DIRECTOR

PLACE : HYDERABAD  
DATE : 15-11-1999