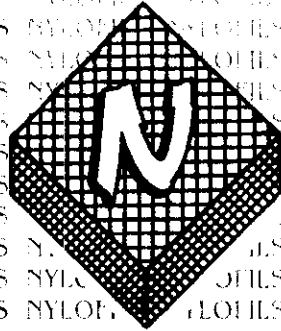


# NYLOFILS INDIA LIMITED



## ANNUAL REPORT 1999-2000

Registered Office & Works  
3-750, Near "Eenadu" National Highway, Hukkumpeta,  
**RAJAHMUNDRY-533 103**

**BOARD OF DIRECTORS:**

Sri C. Srinivasa Sastry, IAS (Retd)	--	Chairman
Sri V. Venkateswara Rao	--	Managing Director
Sri V.B.V. Subrahmanyam	--	Executive Director
Sri V.V. Ramalingayya	--	Director
Sri Y. Prasada Rao	--	Director
Sri K.L. Prasad	--	Director
Sri C. Bala Gopal	--	Director
Sri K. Siva Ranganayakulu	--	Director
Smt. V. Kali Kumari	--	Director
Sri B.R. Sundara Rao	--	Director
Sri K.Y.N. Prasad	--	Director

**AUDITORS:**

Rao & Kumar  
Chartered Accountant  
Soudamini, Siripuram  
VISAKHAPATNAM-530 003.

Bankers:  
Andhra Bank  
Danavaipeta Branch  
Rajahmundry

Registered Office & Works  
3-750, Near "EENADU"  
National Highway  
Hukkumpeta  
Rajahmundry-533 103.

**NOTICE**

To  
Member,

Notice is hereby given that the 9th Annual General Meeting of M/s. Nylofils India Limited, will be held on 29th September, 2000 at 11-00 a.m. at Sri Sarvaraya Kala Mandir, Sri Venkateswara Anam Kala Kendram, Museum Road, Rajahmundry

**ORDINARY BUSINESS :**

1. To receive and adopt the Director's Report and the Audited Profit and Loss Account for the year ended 31st March, 2000 and the Balance Sheet as at that date.
2. To appoint a Director in the place of Sri C.S. Sastry, who retires by rotation.
3. To appoint a Director in the place of Sri Y. Prasada Rao, who retires by rotation and being eligible, offer himself for re-appoint ment.
4. To appoint a Director in the place of Smt. V. Kali Kumari, who retires by rotation.
5. To consider and if thought fit to pass with or without modifications, the following resolution as an ordinary resolution:

"RESOLVED THAT M/s. RAO & KUMAR, Chartered Accountants, the retiring Auditors be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company at such Remuneration as may be determined by the Board of Directors of the company in addition to payment for other services and reimbursement of out of pocket expenses."

**SPECIAL BUSINESS :**

6. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT, pursuant to Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the companies Act, 1956 (including any statutory modifications or re-enactment thereof) and payment of remuneration to, Sri K.L. Prasad as the whole time Director of the company as the Director - Production of the company for period of 5 years with effect from 21st February, 2000 on the following terms including remuneration:

1. Basic Salary: Rs.6,000/- (Rupees Six Thousand Only)
2. Perquisites :

**CATEGORY: A**

- i) H.R.A. A monthly House Rent allowance of Rs.1,500/- (Rupees One thousand Five Hundred Only)



- ii) Medical Re-imbusement: Monthly Allowance of Rs.500/- (Rupees Five Hundred only) or re-imbusement of expenses incurred for self and family subject to ceiling of Rs.6,000/- in one year or equivalent to 3 months salary over a period of 3 years.
- iii) Leave Travel Concession: For self and family once in a year incurred in accordance with the Rules applicable of the company.
- iv) Personal Accident Insurance: Premium not to exceed Rs.1,000/- per annum.

- 3. He will be entitled to privilege leave and sick leave with full pay and allowances as per the rules of the company as applicable from time to time.
- 4. He shall not be entitled to sitting fee for attendance of the Meeting of the Board of Directors or in committees of the Board of Directors of the company or its subsidiary. No amount is payable or is intended to be paid to any.
- 7. To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provision of Section 269(2), of the companies Act, 1956 the consent of the company be and is hereby accorded to revise the remuneration payable to Mr. V. Venkateswara Rao, Managing Director of the company with effect from 01-01-2000 as specified below.

- 1. Salary : Rs. 20,000/- Per month
- 2. Payment of Commission at the rate of 1% of the net profit of the company computed in the manner laid down in Section 198 of the Companies Act, 1956, subject to a ceiling of 50% of his salary, or Rs.1,80,000/- per annum, whichever is less.
- 3. The Following perquisites will be allowed to him in addition to the salary and commission restricted to an amount equal to his annual salary of Rs.2,40,000/- per annum, whichever is less.

**CATEGORY - A**

- i) Housing including Gas, Electricity, Water and furnishing as under:
  - a) The expenditure by the Company on hiring unfurnished accommodation for him which will be subject to a ceiling of 50% of his salary over and above 10% payable by him.

OR

In case the Company does not provide him residential accommodation he will be entitled to House Rent Allowance of 50% of his salary.



OR

Where the accommodation is a Company owned house he will pay to the Company 10% of his salary.

- b) Expenditure incurred by the Company on gas, electricity, water and furnishing will be evaluated as per the Income Tax Rules 1962, which shall be subject to a ceiling of 10% of his salary.

ii) **MEDICAL REIMBURSEMENT**

Membership and subscription paid to any hospital and / or doctor's scheme or an Insurance Company in India, and all hospital and medical expenses incurred for self and family, subject to a ceiling of Rs.20,000/- per annum or equivalent of 3 months salary over a period of three years.

iii) **LEAVE TRAVEL CONCESSION**

For self and family once in a year incurred in accordance with the rules applicable to the Company.

iv) **CLUB FEES**

Fees of Clubs, subject to a maximum of two clubs excluding admission and life membership fees.

v) **PERSONAL ACCIDENT INSURANCE**

Premium not to exceed Rs.1,000/- per annum

**CATEGORY - B**

- i) The company's contributions to the Company's Provident Fund and Superannuation Fund as per the Rules of Such Funds, which shall not exceed 25% of the salary as laid down under the Income Tax Rules, 1962. Such contribution to the extent not taxable under the Income Tax, shall not be included in the computation of the ceiling on perquisites.
- ii) Gratuity payable shall not exceed half a month's salary for each completed year of service as a Director, subject to a ceiling of Rs. 2,00,000/-

**CATEGORY-C**

The Company shall provide him a car with driver, and Telephone facility at his residence. The provision of a car with driver for use on company's business, and telephone facility at his residence will not be considered as perquisites, personal long distance calls on telephone and use of his car for personnel purposes shall be billed to him by the company.

4. The aforesaid remuneration shall be subject to the limit prescribed under Section 198 of the Companies Act, 1956. However in the absence or inadequacy of profits in any financial year, he shall be paid salary with a cut of 10% plus the benefits and perquisites enumerated above, as minimum remuneration for that year.
5. He will be entitled to Earned/Privilege Leave and Sick Leave with full pay and allowances as per rules of the company as applicable from time to time.
6. He shall not be entitled to sitting fee for attendance at the Meeting of the Board of Directors or in committees of the Board of Directors of the company, or its subsidiary.

"RESOLVED further that pursuant to the provisions of the said Act, the Board of Directors be and is hereby authorised to further increase, augment, enlarge, vary and modify the remuneration payable and to be provided to Managing Director, including the monetary value thereof, upto the limit specified in that behalf under the said Act and/or Schedule XIII thereto or any statutory modification or re-enactment thereof from time to time in force and from the date the statutory provisions come into force."

7. To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provision of Section 293(1) (d) and other applicable provisions of the Companies Act, 1956 and in supersession of the Resolution limiting the borrowing power of the company upto 2 times of the aggregate of the paid-up Capital and Free Reserves passed by the Company at the Third Annual General Meeting held on 26th October, 1994 the consent of the company be and is hereby accorded to the Board of Directors of the Company to borrow such sums of monies in any manner, as the Board of Directors think fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the company (apart from temporary loans obtained from Banks in the ordinary course of business) may exceed the aggregate of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed a sum of Rs. 10 Crores (Rupees Ten Crores Only).

9. To consider and if thought fit to pass with or without modification the following resolution, as an ordinary resolution.

"RESOLVED THAT pursuant to the provision of Section 293 (1) (a) and all other applicable provisions of the Companies Act, 1956 the consent of the Company be and is hereby granted to the Board of Directors of the Company for mortgaging and or charging on such terms and conditions and at such time and times and in such form or manner, as they may think fit, the whole of the undertaking or undertakings of the Company, as the case may be, in favour of Financial Institutions, Corporations, Banks



and other persons or entities whether in India or outside, which give, provide, guarantee or extend loans to the Company or in favour of Trustees of Debenture Holders, to secure the amount of loans together with interest thereon, commitment charges, liquidated damages, premium redemption, costs, charges, expenses and other monies, as may be thought expedient by the Board of Directors and in such manner as may be agreed to between the Board of Directors and the party or parties concerned.

For and on behalf of Board of Directors

Place: Rajahmundry

(V. VENKATESWARA RAO)

Date : 30-08-~~1999~~  
2000

Managing Director

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the company. Proxies in order to be effective must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. Members are requested to notify changes in their addresses, if any, to the Company.
3. An Explanatory Statement pursuant to provisions of Section 173(2) of the Companies Act, 1956 in respect of the items of Special business as set out above is annexed.
4. The members desirous of any information on the accounts are requested to write to the Company at least a week before the meeting so as to enable the management to keep the information ready.
5. The members are requested to bring the enclosed attendance slip and deliver the same at the entrance of the meeting hall. Admission at the Annual General Meeting venue will be allowed only on producing the attendance slip duly signed.



**ANNEXURE TO THE NOTICE  
EXPLANATORY STATEMENT PURSUANT TO SEC.173(2) OF THE  
COMPANIES ACT, 1956**

**ITEM NO. 6**

Mr. K.L. Prasad was re-appointed as whole-time Director by the Board at the Meeting held on 19th February, 2000 for a period of 5 years with effect from 21st February, 2000.

The Board considers that the services of Mr. K.L. Prasad as the Director-Production of the company will be very valuable for the business operations of the company and recommended his reappointment.

The re-appointment and remuneration of Mr. K.L. Prasad, Director-Production of the company will be subject to the approval of the Shareholders in General Meeting, as required under Schedule XIII read with Section 269 of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) from time to time.

**ITEM NO.7.**

The Board of Director at the meeting held on 29-01-2000 accepted the proposal of the Managing Director, Sri V. Venkateswara Rao to revise the remuneration. The Board considered that Sri V. Venkateswara Rao efficiently and effectively discharged his duties as Managing Director of the Company. The Board is of the opinion that it will be in the interest of the Company to revise the salary of Sri V. Venkateswara Rao, Managing Director on the terms and conditions set out in the proposed resolution in the notice, subject to approval of the Shareholders.

**ITEM NO. 8**

The members at the 3rd Annual General Meeting held on 26th October, 1994, have accorded their consent to borrowing by the Board of Directors of the company of any such sum or sums of monies which together with monies already borrowed shall not exceed 2 times the paid up capital and free reserves of the company. Since it is proposed to go in for further expansion and diversification partly through funding by Financial Institutions/Banks it may be necessary to borrow monies beyond the aforesaid limit and it is, therefore, proposed to obtain consent of the members under Section 293(1) (d) of the companies Act, 1956 to borrow monies upto a maximum of Rs.10 Crores.

None of the Directors of the Company may be deemed to be concerned or interested in this resolution.

**ITEM NO. 9**

Your company needs to borrow funds from time to time for business requirements and for this purpose it may have to create charge/mortgage the assets of the company as security which may amount to disposing off whole or substantially whole of the present and future undertaking of the company. Hence the proposed Resolution in terms of Section 293 (1) (a) of the companies Act, 1956.

None of the Directors of the company may be deemed to be concerned or interested in this resolution.

Place: Rajahmundry  
Date : 30-08-2000

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
(V. VENKATESWARA RAO)  
MANAGING DIRECTOR



**DIRECTORS REPORT**

Your Directors have pleasure in presenting the 9th Annual Report of your Company for the year ended 31st MARCH, 2000.

The Company has produced 118.042 Mts. of Fish Nets during the year as against the installed capacity of 179.20 Mts. (Capacity Utilisation 66%) and 179.429 Mts of Nylon Monofilament Yarn as against the installed capacity of 288 M.Ts. (Capacity utilisation 63%) and posted a turnover of Rs.318.57 Lakhs with an operating loss of Rs. 17.41 Lakhs. The Financial Results for the year ended 31st March, 2000 are as follows:

**SUMMARY OF FINANCIAL RESULTS:**

	Year ended 31-3-2000	(Rs. in lakhs) Year ended 31-3-99
Sales	318.57	328.33
Other Income	8.78	16.99
Operating Profit (Loss)	(17.41)	(4.34)
Profit/(Loss) before Tax	(74.52)	(60.70)
Tax	NIL	NIL
Profit /(Loss) after Tax	(74.52)	(60.70)

**DIVIDEND:** In view of the above your Directors express their inability to declare any Dividend.

**PARTICULARS OF EMPLOYEES:** Statement of particulars of the employees as required under section 217 (A) of the companies Act, 1956 and the rules framed thereunder are given in Annexure to this report.

**AUDIT OBSERVATIONS:** Replies to the observations in the Audit Report u/s 217 (3) of the companies Act, 1956 are as follows:

**OBSERVATION:** No provision of retirement benefits on accrual basis.

**REPLY:** The Company has been consistently charging the retirement benefits to profit and loss account on cash basis which has been disclosed in the policy.

**Y2K COMPLIANCE:**

The company has successfully completed the Y2K compatibility of hardware and operating system and does not envisage any problem. The Company has taken a Contingency Plan in the event of the system failing due to Y2K problem.

**CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION****A. POWER AND FUEL CONSUMPTION**

	<u>Current Year</u>	<u>Previous Year</u>
<b>1. ELECTRICITY</b>		
a) Purchased Unit	75024	67666
Total Amount	Rs.2.85 Lakhs	Rs. 2.62 Lakhs
Rate / Unit	Rs. 4.00	Rs.3.87
<b>GENERATION</b>		
Through Diesel Generator		
Units	311607	374161
Cost/Unit	Rs.5.00	Rs.2.80

RESEARCH & DEVELOPMENT (R & D) : NIL  
TECHNICAL ABSORPTION, ADAPTION AND INNOVATION : NIL

**AUDITORS :**

The Statutory Auditors M/s. RAO & KUMAR, Chartered Accountants, retire on the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

**DIRECTORS :**

Sri Y. Prasada Rao, who retire by rotation and being eligible offered for re-appointment at the ensuing Annual General Meeting. Your Directors recommend his re-appointment as Director.

Mr. T. Adinarayana resigned as Director of your company. Your Directors are pleased to accept and record the service rendered by him to the Board.

**ACKNOWLEDGEMENT :**

Your Directors convey their thanks to Andhra Bank. Your Directors also put on record their appreciation to the Dealers, Customers, State Government, Central Government and all other concerned authorities for the support and co-operation extended by them to the company. Your Directors place on record their appreciation for the valuable services rendered by the employees of the Company at all levels.

Place: RAJAHMUNDRY.

for and on behalf of the Board of Directors

Date: ~~06-07-1999~~

30.8.2000

(V. VENKATESWARA RAO)  
Managing Director

**AUDITOR'S REPORT**

To  
The Members  
M/s. Nylofils India Ltd.,

We have examined the attached Balance Sheet of M/s. NYLOFILS INDIA LIMITED, as at 31st March, 2000, and the annexured Profit and Loss Account for the year ending on that date and report that:

1. 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, to the extent applicable. We enclose in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in Paragraph-1 above, We report that :
  - a) We have obtained all the information and Explanations which, to the best of our knowledge and belief were necessary for the purpose of our Audit.
  - b) In our opinion, proper books of Account as required by law have been kept by the Company, so far as appears from our examination of the books.
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account.
  - d) In our opinion the Profit and Loss Account and the Balance Sheet complied with the Accounting standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956, except accounting standard No.15.
  - e) In our opinion and to the best of our information and according to the explanations given to us, the said balance Sheet and the Profit & Loss Account received together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required subject to note No.6 in Schedule No.22 and give a true and fair view.
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2000 and
    - ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date.

For RAO & KUMAR  
Chartered Accountants

Place : Visakhapatnam  
Date : 16-06-2000

(V.V. Rammohan)  
Partner

**ANNEXURE TO THE AUDITOR'S REPORT**

This is the Annexure referred to the paragraph 1 of our report on the Balance Sheet of NYLOFILS INDIA LIMITED, on account for the year ended 31st March, 2000.

- 1) The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets. The Assets have been physically verified by the management during the year once. We are informed that no material discrepancies were noticed by the management on such Verification. In our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its business.
- 2) None of the Fixed Assets have been revalued during the year.
- 3) The stocks of finished goods, stores, spare parts and raw-materials were physically verified by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- 4) The procedures of physical verification followed by the Company in respect of stocks of finished goods and raw materials and other inventories are reasonable and adequate in relation to the size of the Company and the nature of its business.
- 5) The discrepancies noticed on verification between the physical stocks and the book records were not material and these have been properly dealt with the books of account.
- 6) On the basis of our examination of stocks, we are of the opinion that the valuation of stocks, is fair and proper in accordance with the normally accepted accounting principles. There is no deviation in the basis of valuation of stocks when compared to the previous year.
- 7) The Company has not taken any loan, secured or un-secured, from companies, Firms or other parties listed in the register maintained U/s. 301 and 370 (1C) of the Companies Act, 1956. Except from Directors and a firm in which directors are interested in respect of which the rate of interest and terms and conditions are not prima facie prejudicial to the interest of the company.
- 8) The Company has not granted any loan to companies, firms or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956 or to Companies under the same management as defined in Section 370(1) (B) of the Companies Act, 1956.
- 9) There are no interest-free loans or advances in the nature of loans that have been given by the Company to its employees.
- 10) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of



- the company and the nature of its business with respect to purchase of stores, raw-materials including components, plant & machinery, equipment and other assets as well as for the sale of goods.
- 11) The transactions for purchase of goods and materials and sale of goods, materials and rendering services aggregating Rs. 50,000/- in respect of each party in pursuance of contracts and arrangements entered in the register maintained under Sec.301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices, the prices at which transactions for similar goods have been made with other parties and the nature of services rendered.
  - 12) As explained to us, the company has no damaged stores or unservicable or raw-materials and finished goods and in the opinion of the management, no provision is required as there are no such items.
  - 13) The Company has not accepted deposits from the public during the year within the meaning of Section 58A of the Companies Act, 1956.
  - 14) As explained to us, there are no such items as By-products or any scrap that arises to the company.
  - 15) As informed and explained to us, the Central Government has not prescribed the maintenance of Cost Reports under Sec. 209 (1) (d) of the Companies Act, 1956 to the Company.
  - 16) According to the information and explanations given to us, no undisputed amounts in respect of Income Tax, Wealth Tax, Sales Tax, Customs and Excise duty were outstanding as at 31st March, 2000 for a period of more than 6 months from the date they become payable except contribution to Provident Fund amounting to Rs.4,46,869-00
  - 17) According to information and explanations given to us, no personal expenses those payable under contractual obligations or in accordance with the generally accepted business practice.
  - 18) The Company is not a sick industrial company within the meaning of Clause (O) of Sub Section (1) of Sec. 3 of Sick Industrial Companies (Special Provisions) atc.,1985.

For RAO & KUMAR  
Chartered Accountants

Place : Visakhapatnam  
Date : 16-06-2000

(V.V. Rammohan)  
Partner



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

I. SOURCES OF FUNDS	SCHE DULE	Current Year	Previous Year
		As at 31-3-2000 Rs.	As At 31-3-99 Rs.
<b>1. SHARE HOLDERS FUNDS</b>			
a) Share Capital	1	50,373,688-00	50,373,688-00
b) Reserves & Surplus	2	205,134-00	205,134-00
<b>2. LOAN FUNDS</b>			
a) Secured Loans	3	15,700,069-32	12,393,914-44
b) Un-Secured Loans	4	1,705,764-00	3,217,517-00
<b>TOTAL</b>		<b>67,984,655-32</b>	<b>66,190,253-44</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>	5		
a) Gross Block		58,528,961-00	58,331,659-00
b) Less Depreciation		27,011,270-23	21,465,053-94
c) Net Block		31,517,690-77	36,866,605-06
d) Capital Work- in- Progress		208,970,65	--
<b>2. Investments</b>	6	411,500-00	447,500-00
<b>3. Current Assets, Loans and Advances</b>			
a) Inventories	7	10,425,305-00	7,491,236-00
b) Sundry Debtors	8	7,178,013-98	8,974,114-70
c) Cash & Bank Balances	9	736,136-62	632,074-02
d) Loans & Advances	10	4,242,069-81	4,173,822-00
Total :		22,581,525-41	21,271,246-72
LESS : Current Liabilities & Provisions	11	11,466,387-04	10,191,765-37
Net Current Assets		11,115,138-37	11,079,481-35
4. a) Miscellaneous Expenditure to the extent not written off or adjusted		4,935,120-80	5,552,010-90
b) Profit & Loss Account	12	(19,796,234-73)	(12,244,656-13)
<b>TOTAL</b>		<b>67,984,655-32</b>	<b>66,190,253-44</b>

Accounting Policies and Notes to Accounts Schedules 22 Schedules 1 to 22 forming part of Balance Sheet  
As per our report even date

RAO & KUMAR  
Chartered Accountant

(V.V. RAM MOHAN)  
Partner

for and on behalf of the Board

(V. VENKATESWARA RAO) (V.V. RAMALINGAYYA)  
Managing Director Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000**

PARTICULARS	Schedule	Current Year 31-03-2000 Rs.	Previous Year 31-03-1999 Rs.
1. INCOME			
a) Sales	21	31,856,767-00	32,832,946-00
b) Other Income	13	878,120-60	1,698,712-30
c) Increase (Decrease) in stock of finished goods and work in progress	14	718,165-00	837,614-00
<b>TOTAL</b>		<b>33,453,052-60</b>	<b>35,369,272-30</b>
2. EXPENDITURE			
a) Cost of Materials consumed	15	23,441,029-39	22,783,714-94
b) Manufacturing Expenses	16	2,070,733-98	1,546,772-91
c) Salaries, Wages & Other benefits	17	2,406,146-85	2,330,285-35
d) Administration, Selling & Other expenses	18	4,112,139-52	4,169,744-26
e) Interest charges	19	2,487,297-96	3,897,249-79
f) Depreciation	5	5,710,724-29	5,636,232-94
g) Loss (Profit) on sale of fixed assets		50,470-00	458,538-00
h) Loss on sale of Investment		9,550-00	--
i) Miscellaneous Expenses		616,890-10	616,890-10
<b>TOTAL</b>		<b>40,904,982-09</b>	<b>41,439,428-29</b>
Profit/(Loss) for the year		(7,451,929-49)	(6,070,155-99)
Prior Period expenditure	20	99,649-11	308,483-00
Balance Carried forward from Previous year		12,244,656-13	5,866,017-14
Balance carried forward to Balance Sheet		(19,796,234-73)	(12,244,656-12)
Accounting Policies and Notes to Balance Sheet	22		

Schedule 1 to 22 forming part of Balance Sheet

As per our report of even date

for and on behalf of the Board

RAO & KUMAR  
Chartered AccountantsV.V. RAM MOHAN  
PartnerV. VENKATESWARA RAO  
Managing DirectorV.V. RAMALINGAYYA  
Director.Place: Rajahmundry,  
dt: 16-06-2000

**SCHEDULES TO BALANCE SHEET**

	As at 31-03-2000 Rs.	As at 31-03-1999 Rs.
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED		
60,00,000 Equity Shares of Rs.10/- each	60,000,000-00	60,000,000-00
Issued & Subscribed Capital		
54,85,500 Equity Shares of Rs.10/- each	54,855,000-00	54,855,000-00
LESS: Equity Share Allotment Due	4,481,312-00	4,481,312-00
<b>TOTAL</b>	<b>50,373,688-00</b>	<b>50,373,688-00</b>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Investment Allowance Reserve 205,134-00	205,134-00	
<b>TOTAL</b>	<b>205,134-00</b>	<b>205,134-00</b>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<b>Loans &amp; Advances from Banks</b>		
Andhra Bank OCC A/c 50903&LC A/c	8,922,035-32	7,581,429,04
Andhra Bank Term Loan	77,529-00	--
Andhra Bank KCC Loan, RJY	1,505,972-00	
<b>Sub- Total</b>	<b>10,505,536-32</b>	<b>7,581,429-04</b>
<b>Other Loans &amp; Advances</b>		
Sundaram Finance Services Ltd	597,472-00	1,023,732-00
Nagarjuna Finance Ltd.,	--	266,260-10
Sundaram Finance Ltd., NA-454 A/c.	--	1,210,618-21
Sundaram Finance Ltd., NA-2736 A.c	--	14,963-00
Sundaram Finance Ltd., PA-430	--	118,965-20
Sundaram Finance Ltd., PA-532	--	85,600-00
Sundaram Finance Ltd., PA-4517	--	174,054-00
Sundaram Finance Services Ltd., (ICD)	512,229-00	419,794-00
Sundaram Finance Ltd., R 0678	2,833,220-00	--
Andhra Pradesh State Finance Corp.	619,670-00	728,616-89
ICDS Ltd., HP R 0657 A/c	45,810-00	155,814-00
Kotak Mahindra Finance Ltd.,	222,064-00	--
ICDS Ltd.,	364,068-00	614,068-00
<b>Sub-Total</b>	<b>5,194,533-00</b>	<b>4,812,485,40</b>
<b>TOTAL</b>	<b>15,700,069-32</b>	<b>12,393,914-44</b>



**SCHEDULES TO BALANCE SHEET**

	As at 31-03-2000 Rs.	As at 31-03-1999 Rs.
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS :</b>		
Others :		
Vankayala Hemamalini	--	105,000-00
Innamuri Financiers	--	105,000-00
A. Nageswara Rao	--	178,025-00
Sigachi Laboratories	1,125,000-00	1,500,000-00
Godavari Finance Company	--	225,000-00
V. Venkateswara Rao (Depositor)	4,492-00	1,104,492-00
V.Lakshman Kum ar (Depositor)	576,272-00	--
<b>TOTAL</b>	<b>1,705,764-00</b>	<b>3,217-517-00</b>
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS - (At Cost)</b>		
<b>Traded Quoted</b>		
1. Usha Kiran Finance Ltd., 36400 equity shares of Rs.10/- each	364,000-00	400,000-00
2. Bank of Baroda 400 equity shares of Rs. 10/- each with a premium of Rs. 75/- each fully paid	34,000-00	34,000-00
<b>Investments in Government Securities :</b>		
<b>Non-traded :</b>		
National Savings Certificate	13,500-00	13,500-00
<b>TOTAL</b>	<b>411,500-00</b>	<b>447,500-00</b>
<b>SCHEDULE - 7</b>		
<b>INVENTORIES :</b>		
(As certified by the Management)		
Raw Materials	2,507,835-00	717,486-00
Work in Progress	2,109,380-00	179,280,00
Finished Goods	3,226,421-00	4,438,356-00
Stores & Chemicals	1,463,521-00	1,469,998-00
Bobbins	1,047,293-00	686,116-00
Fishing Hooks	70,855-00	--
<b>TOTAL</b>	<b>10,425,305-00</b>	<b>7,491,236-00</b>
<b>SCHEDULE -8</b>		
<b>DEBTORS :</b>		
(Unsecured and considered good)		
Debtors outstanding for a period exceeding 6 months	3,233,743-75	2,740,585-70
Other Debts	3,944,270-23	6,233,529-00
<b>TOTAL</b>	<b>7,178,013-98</b>	<b>8,974,114-70</b>

**SCHEDULES TO BALANCE SHEET**

	As at 31-03-2000 Rs.	As at 31-03-1999 Rs.
<b>SCHEDULE -9</b>		
<b>CASH &amp; BANK BALANCES :</b>		
Cash on Hand	198,463-44	119,950-09
Yanam Imprest	422-00	817-30
BANK BALANCES ( With Schedule Banks)		
Andhra Bank Current Account	6,306-63	6,306-63
FDR Andhra Bank	180,000-00	--
Fixed Deposits	340,000-00	505,000-00
Indian Overseas Bank Current A/c	10,944-55	--
<b>TOTAL</b>	<b>736,136-62</b>	<b>632,074-02</b>
<b>SCHEDULE - 10</b>		
<b>LOANS &amp; ADVANCES</b>		
LOANS		
Unsecured and considered good (recoverable in cash or in kind for value to be received)	1,444,452-81	2,601,245-00
Income Tax	770,000-00	470,000-00
TDS	47,617-00	29,777-00
Chit Loss C/F	1,980,000-00	10,72,800-00
<b>TOTAL</b>	<b>4,242,069-81</b>	<b>41,73,822-00</b>
<b>SCHEDULE -11</b>		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	1,022,039-00	1,487,466-00
Other Creditors	4,052,320-00	4,352,566-58
Other Liabilities including accrued Interest on Loans	5,935,217-04	4,351,732,79
PROVISIONS		
for Provident Fund Scheme	446,869-00	--
for Insurance, Pension and Similar Staff benefit schemes	9,942-00	--
<b>TOTAL</b>	<b>11,466,387-04</b>	<b>10,191,765-37</b>



	As at 31-03-2000 Rs.	As at 31-03-1999 Rs.
<b>SCHEDULE - 12</b>		
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted) preliminary Expenditure and including Public Issue expenses Less : Amount written off for the year		
	5,552,010-90	6,168,901-00
	616,890-10	616,890-10
<b>TOTAL</b>	4,935,120-80	5,552,010-90
<b>SCHEDULE - 13</b>		
<b>OTHER INCOME</b>		
Discount Received	1,135-00	46,855-00
Interest received	55,931-00	37,963-10
Insurance Claim	--	976,274-00
Conversion Charges	208,754-00	172,069-00
Dividend on Chits	601,222-00	383,550-20
Bad debts recovered	--	--
PGST	1,303-00	--
PPF	9,775-00	--
Miscellaneous Sales	--	78,621-00
<b>TOTAL</b>	878,120-60	1,698,712-30
<b>SCHEDULE - 14</b>		
<b>INCREASE IN STOCKS OF FINISHED GOODS &amp; W.I.P.</b>		
A. Opening Stock of		
work in progress	179,280-00	339,721-00
Finished Goods	4,438,356-00	3,440,301-00
<b>TOTAL</b>	4,617,636-00	3,780,022-00
B. Closing Stock of		
work in progress	2,109,380-00	179,280-00
Finished Goods	3,226,421-00	4,438,356-00
<b>TOTAL</b>	5,335,801-00	4,617,636-00
Increase (decrease) in stock of Finished Goods & Work in progress	718,165-00	837,614-00
<b>SCHEDULE - 15</b>		
<b>COST OF MATERIALS CONSUMED</b>		
A. Opening Stock of Raw Materials		
Add: Purchases of Raw Materials	717,486-00	728,482-00
	23,072,915-75	21,434,967-00
	23,790,401-75	22,163,449-00
Less : Closing Stock of Raw Materials	2,507,835-00	717,486-00
<b>TOTAL</b>	21,282,566-75	21,445,963-00



	As at 31-03-2000 Rs.	As at 31-03-1999 Rs.
B. Opening Stock of fishing Hooks	--	--
Add : Purchases of Fishing Hooks	765,944-00	--
Less : Closing Stock of Fishing Hooks	70,855-00	--
<b>TOTAL</b>	<b>695,089-00</b>	<b>--</b>
C. Opening Stock of spares & Consumables	1,469,998-00	1,493,685-00
Add : Purchases	1,401,772-89	1,289,641-69
	2,871,770-89	2,783,326-69
Less : Closing Stock	1,463,521-00	1,469,998-00
<b>TOTAL</b>	<b>1,408,249-89</b>	<b>1,313,328-69</b>
D. Opening Stock of Bobbins	686,116-00	642,227-00
Add : Purchases of Bobbins	416,300-75	68,312-25
	1,102,416-75	710,539-25
Less : Closing Stock of Bobbins	1,047,293-00	686,116-00
	55,123-75	24,423-25
<b>TOTAL (A+B+C+D)</b>	<b>23,441,029-39</b>	<b>22,783,714-94</b>

**SCHEDULE - 16****MANUFACTURING EXPENSES :**

Factory Maintenance	6,021-50	4,099-50
Mechanical Maintenance	302,408-20	92,507-35
Electrical Maintenance	22,427-00	6,199-00
Generator Maintenance	43,052-00	38,418-00
Oils & Lubricants	1,412,183-38	1,143,646-31
Electricity Charges	284,641-90	261,902-75
<b>TOTAL</b>	<b>2,070,733-98</b>	<b>1,546,772-91</b>

**SCHEDULE - 17****SALARIES, WAGES & OTHER BENEFITS TO EMPLOYEES**

Salaries & Wages	1,967,104-00	1,864,653-00
Contribution to EPF & Others	273,160-00	309,971-00
Ex-gratia	16,482-00	24,747-00
Welfare and other allowances	140,400-85	130,914-35
<b>TOTAL</b>	<b>2,406,146-85</b>	<b>2,330,285-35</b>



<b>SCHEDULE - 18</b>	As at	As at
ADMINISTRATIVE & SELLING EXPENSES	31-03-2000	31-03-1999
	Rs.	Rs.
Rent, Rates & Taxes	93,841-00	98,146-00
Insurance	178,273-00	311,263-88
Postage & Telephone	275,738-97	266,073-25
Printing & Stationery	117,314-50	55,055-89
Papers & Periodicals	5,983-30	3,946-30
Bank Charges	309,233-30	363,446-98
Fees & Licences	43,104-00	41,055-00
Professional Charges	6,800-00	15,600-00
Vehicle Maintenance	175,572-25	196,568-61
Office Maintenance	3,814-50	9,082-50
Advertisement	36,200-00	26,036-00
Travelling & Conveyance	154,337-50	136,715-91
General Welfare Expenses	17,854-50	16,821-00
Legal Expenses	102,350-00	61,500-00
Auditor's Remuniration	25,000-00	25,000-00
Audit Expenses	22,430-00	500-00
Meeting Expenses	9,532-00	6,455-50
Directors Sitting Fee	14,000-00	7,000-00
Computer Maintenance	11,475-00	5,610-00
Directors Travelling Expenses	294,662-48	514,723-71
Directors Remuniration	22,412-00	28,012-00
Miscellaneous Expenses	88,188-00	67,872-10
Training Expenses	380,846-00	197,722-00
Rickshaw Charges	44,323-75	29,266-00
Building Maintenance	29,501-27	3,570-00
Donations	59,182-00	6,705-00
Running & Maintenance of Generator	48,330-00	1,366-00
Subscriptions	16,100-00	1,000-00
Transport Charges	60,080-00	39,517-75
M.Ds Remuniration	171,907-00	137,696-00
Lease Rentals	133,144-00	23,024-00
Professional Tax	3,219-00	--
Hire Charges	--	4,001-03
Chit Loss	984,820-00	597,131-85
Electrical Fixtures	87,326-35	230-00
Security Charges	8,280-00	--
Leased Machine Erection Charges	--	3,310-00
Bad Debts	--	868,720-00
Conversion Charges	46,297-00	--
CST A/c	7,358-00	--
Discount	6,093-00	--
Honorarium	12,215-00	--
<b>TOTAL</b>	<b>4,112,139-52</b>	<b>4,169,744-26</b>



<b>SCHEDULE -19</b> FINANCIAL CHARGES	As at 31-03-2000 Rs.	As at 31-03-1999 Rs.
INTEREST CHARGES	2,487,297-96	3,897,249-79
<b>TOTAL</b>	<b>2,487,297-96</b>	<b>3,897,249-79</b>

<b>SCHEDULE -20</b> PRIOR PERIOD EXPENDITURE		
Prior period expenses	99,649-11	276,600-00
Income Tax paid for earlier years	--	31,883-00
<b>TOTAL</b>	<b>99,649-11</b>	<b>308,483-00</b>

<b>SCHEDULE -21</b> SALES		
Sales	383,119-00	12,115-00
Sales at Yanam	21,254,468-00	25,793,633-00
Sales - MFY	9,745,124-00	7,941,964-00
Fish Hooks Sales	733,026-00	--
	32,115,737-00	33,747,712-00
Less: Sales Returns	258,970-00	914,766-00
<b>TOTAL</b>	<b>31,856,767-00</b>	<b>32,832,946-00</b>

**SCHEDULE - 22****Significant Accounting Policies**

1. The financial statements have been prepared on the basis of historical cost convention on accrual basis and in accordance with the Accounting Standards and generally accepted accounting policies issued by the ICAI.
2. **Fixed Assets**  
Fixed Assets are valued at cost. Cost comprises of the purchase price and any directly attributable cost of bringing the asset to the working condition for their intended use.
3. **Depreciation**  
Depreciation on all fixed assets has been provided on Straight Line Method and in the manner prescribed under Schedule XIV to the Companies Act, 1956.
4. **Inventories:**  
All inventories are valued at cost or net realisable value which ever is less. The method of valuation is Last in First Out (LIFO)

**5. Investments:**

All Investments are stated at cost.

**6. Revenue Recognition**

Sale of goods is recognized at the point of despatch of the goods to the customers.

**7. Miscellaneous Expenditure**

Miscellaneous expenses, which include Public expenses and preliminary expenses, are amortised over a period of 10 years as deemed appropriate in the opinion of the management.

**Notes to Accounts****1. Contingent Liabilities**

- a. Claims against the Company not acknowledged as debts Rs. NIL (Previous Year: Rs.NIL)
  - b. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. NIL (Previous Year: Rs. NIL)
- (3) Other money from which the Company is contingently liable Rs.30 Lacs (Previous Year: Rs. NIL)

**2. Secured Loans**

The Working Capital loan (OCC/KCC) from Andhra Bank, Danavaipeta branch, Rajahmundry is secured by hypothecation of Raw materials, finished goods, stock in process and book debts, stores, spares, bobbins, chemicals & personal guarantee of Managing Director.

3. The Company has gone for Public Issue to raise capital of Rs. 410 lakhs and the issue was fully subscribed, however, allotment money to the tune of Rs. 44,81,312/- was still due on account as at 31st March, 2000.

4. Managerial Remuneration:	Year 1999-2000	1998-99
	Rs.	Rs.
Managing Director	150,000-00	120,000-00
Perquisites	21,907-00	17,696-00
Remuneration to other		
Directors	22,412-00	28,012-00
Sitting Fee	14,000-00	7,000-00

The Remuneration paid to Managing Directors is within the limits laid down in Schedule XIII of The Companies Act, 1956



5. Quantitative Information pursuant to the provisions of paragraphs 3, 4C & 4D of part II, Schedule VI to the Companies Act, 1956.

Year	1999-2000		1998-1999	
	Quantity (MT)	Rs.	Quantity (MT)	Rs.
Sales	191.010	31,856,767-00	193.361	32,832,946-00
Consumption of raw material	179.815	2,344,029-00	190.864	19,901,520-00
<b>Inventories</b>				
Opening Stock	27.988	5,335,122.00	21.968	4,508,504-00
Closing Stock	42.195	10,425,305-00	27,988	5,335,122-00
<hr/>				
Product Year	Yarn		Fishnet	
	1999-2000	1998-1999	1999-2000	1998-1999
Installed Capacity (M.T)	288.000	288.000	179.200	179.200
Actual Production (M.T)	179.429	191.597	118.042	156.142

**6. Retirement Benefits**

The company's employees retirement benefits is accounted on pay as you go basis.

**7. Confirmation of Balances:**

Balances in Debtors, Loans & Advances and some Loans are subject to confirmation.

**8. Foreign Currency transactions:**

There are no foreign currency transactions during the year.

9. Previous year figures have been regrouped and reclassified wherever necessary to confirm to the current year comparison.





2. STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31-3-2000.

Name	Age & Qfns.	Designation	Dt. of Commen.of Employment	Expe-rience	Remune-ration	Previous Employment
V. VENKATESWARA RAO	43 yrs. M.Com.	Mg. Director	01-08-93	15 Yrs.	1,71,907/-	Managing Director in M/s. Vinayaka Fishnets (P) Ltd.,

NOTE:

1. Remuneration received / receivable includes salary, allowances, Company's contribution to Provident Fund, gratuity and pension, medical expenses, leave travel assistance, rent allowance paid for providing residential accommodation and where it is not possible to ascertain the actual expenditure incurred by the Company in providing a perquisite, the monetary value of that perquisite has been calculated in accordance with the provisions of the Income Tax, 1961 and the rules made thereunder.

No employee of the company come within the purview of the provisions of Section 217 (2) (A) (a) (iii) during the year

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

1.	REGISTRATION DETAILS	:	
	Registration No.	:	No. 13697 (91-92)
	Balance Sheet Date	:	31-3-2000.
2.	CAPITAL RAISED DURING THE YEAR	:	
	Public Issue	:	NIL
	Rights Issue	:	NIL
	Bonus Issue	:	NIL
	Private Placement	:	NIL
3.	POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS	:	
			(Rs. in thousands)
	Total Liabilities	:	79451
	Total Assets	:	79451
	SOURCES OF FUNDS	:	
	Paid up Capital	:	50373
	Reserves & Surplus	:	205
	Secured Loans	:	15700
	Unsecured Loans	:	1706
	Current Liabilities	:	11467
	APPLICATION OF FUNDS	:	
	Net fixed assets	:	31518
	Capital Work in Progress	:	209
	Investments	:	411
	Current Assets	:	22582
	Misc. Expenses	:	4935
	Accumulated Losses	:	19796
4.	PERFORMANCE OF COMPANY :	:	(Rs. in thousands)
	Turnover	:	31857
	Total expenses	:	39309
	Profit before tax	:	(-) 7452
	Profit after tax	:	(-) 7452
	Earnings per share	:	NIL
	Dividend	:	NIL
5.	Generic names of Principal	:	ITEM CODEPRODUCT
	Product services of the company	:	56075001 Nylon Monofilament Fish Net Twine 56081101 Fish Net.

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31-3-2000****A. CASHFLOW FROM OPERATING ACTIVITIES**

<b>NET LOSS</b>		(7,551,579)
Less : Depreciation	5,710,724	
Miscellaneous Exp. written off	616,890	
Loss on Sale of Assets	50,470	
Loss on sale of investments	9,550	6,387,634
		-----
		<b>(1,163,945)</b>
 Decrease in working Capital :		
Sundry Debtors	1,796,101	
Loans & Advances	(68,248)	
Current Liabilities	1,274,622	
Inventories	(2,934,069)	68,406
		-----

**B. CASHFLOW FROM INVESTING ACTIVITIES :**

Purchase of Fixed Assets	(535,585)	
Sale of Investments	26,450	
Sale of Fixed Assets	123,305	
Capital work in progress	(208,970)	<b>(594,800)</b>
		-----

**C. CASHFLOW FROM FINANCE ACTIVITIES :**

Secured Loans	3,306,155	
Unsecured Loans	1,511,753	1,794,402
		-----
		<b>104,063</b>

**NET INCREASE****CASH OR CASH EQUIVALENTS :**

Opening Balance	634,074	
Closing Balance	736,137	<b>104,063</b>
		-----
Cash	198,885	
Bank	17,252	
F.D.R.s	520,000	
	<b>736,137</b>	
		-----

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Managing Director

Director

We have verified the Cash Flow Statement of M/s. NYLOFILS INDIA LIMITED, derived from the audited Financial Statements and the Book Records maintained by the year ended 31st March, 2000 and 31st March, 1999 and found the same are in agreement therewith.

RAJAHMUNDRY  
Dt. 16-6-2000

for RAO & KUMAR  
Chartered Accountants

V.V. RAM MOHAN  
Partner