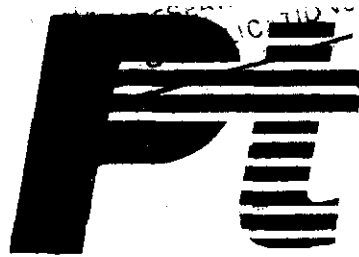


PRIYADARSHINI THREAD LIMITED



16 TH ANNUAL REPORT
1999-2000

BOARD OF DIRECTORS

Directors : *Sri N. Radhakrishna Reddy*
Sri V. Ramakrishna Rao
Sri N. Sujith Kumar Reddy
Sri Sathishchandran Tampi (SBT Nominee)
Sri K. L. Krishna (BIFR Nominee)
Sri G.B.K. Reddy

Auditors : *M/s. P. Srinivasan & Co.*
Chartered Accountants
Hyderabad

Bankers : *State Bank of Travancore*

Regd. Office : *6-3-901, Shantiniketan,*
Rajbhavan Road,
Somajiguda,
Hyderabad - 500 082.

Factory : *Chandapur,*
Narsapur Taluk,
Medak Dist.,
Andhra Pradesh

NOTICE TO SHARE HOLDERS

Notice is hereby given tht the sixteenth Annual General Meeting of the Company will be held on 30-12-2000 at 4-00 p.m. at JAYA GARDENS, 6-3-1106, Raj Bhavan 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 2000 and Balance Sheet as on that date and the Report of Directors and Auditors thereon.
02. To appoint a Director in place of Sri N. Sujith Kumar Reddy, who retires by rotation and being eligible, offers himself for reappointment.
03. To appoint a Director in place of Sri G.B.K. Reddy, who retires by rotation and being eligible, offers himself for reappointment.
04. To appoint Auditors and to fix their Remuneration.

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

N. RADHAKRISHNA REDDY
Director

Place : HYDERABAD
Date : 25-11-2000

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy insted 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 29-12-2000 to 30-12-2000 (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, 2000.

THE WORKING RESULTS OF THE COMPANY ARE :

	(Rs. in laksh)	
	Year ended 31-03-2000	Year ended 31-03-1999
a) FINANCIAL :		
Sales & Other Income	297.49	971.99
Profit before interest and depreciation	(193.25)	(202.39)
Interest & Finance Charges	61.04	63.82
Profit/(Loss) after Interest but before depreciation	(254.29)	(266.21)
Depreciation	16.73	16.82
Profit/(Loss) for the year	(271.02)	(283.03)
Prior period adjustment	(2.28)	22.26
Net Profit/(Loss)	(273.30)	(260.77)
b) OPERATIONS :		
Production (in Kgs)	96,584	4,18,545
Sales (in Kgs)	139,958	4,48,641

REVIEW OF OPERATIONS :

During the year under review, production was less than the previous year mainly due to Working Capital shortage as well as non-availability of yarn as per our specifications and also as Factory stopped its production from Sept. '99 onwards. Consequently, sales were lower than the previous year. The company has sustained a loss of Rs. 273.30 lakhs as against a loss of 260.77 lakhs during the previous year.

FUTURE OUTLOOK :

Due to erosion of Working Capital the operation in the Plant have been stopped. A scheme has been prepared for rehabilitating and revival of the unit based on a study conducted by M/s. A.F. Ferguson & Co., Chennai, and Sri A. S. Narayanan, Textile Technologist. Meanwhile about 300 Employees left the services by resignation. Keeping in view all the above factors and the future market the Company proposes to prepare a fresh scheme of rehabilitation and obtain the approval of BIFR.

DIRECTORS :

During the period under report Directors Sri D. Balasundaram and Sri C. Satyanarayana have resigned from the board due to their pre-occupation. IDBI has withdrawn their nominee from the the board as we have paid their dues by OTS.

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

Sri G. B.K. 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-1 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 review is NIL. The Employee relationship continued to be cordial during the year.

ACKNOWLEDGEMENTS :

The Directors 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.

Directors are ever grateful for the confidence and faith reposed in the Company by all of you as Share Holders

For and on behalf of the Board

Place : HYDERABAD
Date : 25-11-2000

N. RADHAKRISHNA REDDY
Director

G.B.K. REDDY
Director

ANNEXURE-I**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :**

- 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'

	<u>Current Year</u> 1999-2000	<u>Previous Year</u> 1998-99
A) POWER AND FUEL CONSUMPTION :		
1. Electricity		
a) Purchased Units	4.11 Lakhs	11.96 Lakhs
Total Amount (Rs.)	20.59 Lakhs	42.60 Lakhs
Rate/Unit (Rs.)	5.01	3.56
b) Own Generation		
Through Diesel General sets (units)	0.11 Lakhs	0.47 Lakhs
Units/Ltr. of Diesel Oil	2.11	2.11
Cost/Unit(Rs.)	4.95	4.84
Through Steam Turbine/ Gen. Units	---	---
Units/Ltrs. of Fuel Oil	---	---
Gas	---	---
Cost/Unit(Rs.)	---	---
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)	277	1350
Total Cost (Rs)	5.19 Laksh	25.28 Laksh
Average Rate (Rs.)	1874 /MT	1873 /MT

3. Furnace Oil		
Quantity (Tonnes)	---	---
Total Cost(Rs.)	---	---
(Please give details)		
Quantity Bagasse/Husk	---	---
Total Cost (Rs.)	---	---
Average Rate (Rs.)	---	---

B) CONSUMPTION PER UNIT OF PRODUCTION :

Product-Sewing and Industrial Thread	96.59 MT	418.55 MT
Thread	4369 Units/MT	2970 Units/MT
Furnace Oil	---	---
Coal including Others	2.87 MT/MT	3.23 MT/MT

FORM 'B'

1. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION, RESEARCH AND DEVELOPMENT (R&D)
No Research and Development carried out and no expenses were incurred on Research & Development.
2. TECHNOLOGY ABSORPTION, ADAPTATION & 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.

AUDITOR'S 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, 2000 and the annexed Profit and Loss Account for the year ended on 31st March, 2000 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 the 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, 2000 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 Accountants

Place : HYDERABAD
Date : 25-11-2000

(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 the company has not entered into any transactions of purchase of goods and material 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 not regular in depositing Provident Fund, Employees State Insurance dues with the Appropriate authorities during the year.
18. There were no disputed amounts payable as on 31st March 2000 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 structural 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, and reference has been made to the Board for Industrial and Financial Reconstruction under the SICA Act.

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

Place : HYDERABAD
Date : 25-11-2000

(K. RANGANATHAN)
Partner

BALANCE SHEET AS AT 31ST MARCH, 2000

	SCHE- DULE	As at 31-03-2000 Rs.	As at 31-03-1999 Rs.
SOURCES OF FUNDS :			
Shareholder's Funds:			
Share Capital	A	49,432,820	45,077,750
Reserves & Surplus	B	1,820,000	1,820,000
Loan Funds :			
Secured Loans	C	33,903,075	42,366,908
Unsecured Loans	D	27,338,440	14,347,995
		<u>112,494,335</u>	<u>103,612,653</u>
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	E	57,205,174	57,198,374
Less:Depreciation		<u>43,907,769</u>	<u>42,235,00</u>
Net Block		13,297,405	14,963,374
Current Assets :			
Loans & Advances	F	18,529,799	34,887,899
Less:Current Liabilities & provisions	G	<u>31,751,484</u>	<u>31,326,852</u>
		(13,221,685)	3,561,047
Profit & Loss Account		<u>112,418,615</u>	<u>85,088,232</u>
TOTAL		<u>112,494,335</u>	<u>103,612,653</u>

As per our report of even date attached

For and on behalf of the Board of Directors

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

J. RADHAKRISHNA REDDY
Director

(K. RANGANATHAN)
Partner

G.B.K. REDDY
Director

Place : HYDERABAD
Date : 25-11-2000

PROFIT & LOSS ACCOUNT AS AT 31ST MARCH 2000

	SCH- DULE	As at 31-03-2000 Rs.	As at 31-03-1999 Rs.
INCOME :			
Sales		29,514,138	95,655,326
Other Income	H	234,775	1,544,309
Increase/(Decrease) in Finished Goods & Work-in-process	I	(11,302,562)	(14,129,487)
		18,446,351	83,070,148
EXPENDITURE:			
Manufacturing Expenses	J	14,591,034	67,459,409
Payment & benefits to Employees	K	12,355,908	14,698,783
Administration & Selling Expenses	L	10,825,137	21,151,538
Interest and Finance Charges	M	6,103,910	6,381,830
Depreciation		1,672,769	1,681,749
TOTAL		45,548,758	111,373,309
Profit & (Loss)for the year		(27,102,407)	(28,303,161)
Prior year adjustments		(227,976)	2,226,072
NET PROFIT/(LOSS)		(27,330,383)	(26,077,089)
Profit & Loss from previous year Brought Forward		(85,088,232)	(59,011,143)
Loss Carried to Balance Sheet		(112,418,615)	(85,088,232)
Accounting Policies	N		
Notes on Accounts	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 : 25-11-2000

	As at 31-03-2000 Rs.	As at 31-03-1999 Rs.
SCHEDULE 'A' - SHARE CAPITAL		
AUTHORISED CAPITAL :		
30,00,000 Equity Shares of Rs.10/- each	30,00,000	30,00,000
ISSUED AND SUBSCRIBED CAPITAL :		
26,70,300 Equity Shares of Rs.10/-each	26,703,000	26,703,000
PAID-UP CAPITAL		
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	23,252,070	18,897,000
TOTAL	49,432,820	45,077,750
SCHEDULE 'B' - RESERVES & SURPLUS		
Capital Reserves	1,500,000	1,500,000
Investment Allowance Reserve	320,000	320,000
TOTAL	1,820,000	1,820,000
SCHEDULE 'C' - SECURED LOANS		
RUPEE TERM LOANS :		
(1) Industrial Development Bank of India	0	7,644,698
(2) The Industrial Finance Corporation of India Ltd	0	2,699,077
(3) The Industrial Credit & Investment Corporation of India Ltd	0	2,833,431
	0	13,177,206
Cash Credit from Banks	33,903,075	29,189,702
TOTAL	33,903,075	42,366,908
SCHEDULE 'D' - UNSECURED LOANS		
Unsecured loans	26,706,920	13,498,000
Dealers Deposits	631,520	849,995
TOTAL	27,338,440	14,347,995

SCHEDULE 'E' - FIXED ASSETS

	Gross Block			Depreciation				Net Block		
	As at 31.03.99	Deductions/ Adjustments	Additions	As at 31.03.00	Upto 31.03.99	Deductions/ Adjustments	For the Year	Upto 31.03.00	As at 31.03.00	As at 31.03.99
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	270,828	0	0	270,828	0	0	0	0	270,828	270,828
BUILDINGS	14,155,571	0	0	14,155,571	5,635,950	0	462,889	6,098,839	8,056,732	8,519,621
PLANT & MACHINERY	39,550,764	0	0	39,550,764	34,987,608	0	1,048,973	36,036,581	3,514,183	4,563,156
ELECTRICAL INSTALLATIONS	1,533,911	0	0	1,533,911	782,003	0	72,861	854,864	679,047	751,908
LAB EQUIPMENT	94,830	0	0	94,830	48,948	0	4,310	53,258	41,572	45,882
FURNITURE & FIXTURES	800,133	0	0	800,133	493,002	0	50,371	543,373	256,760	307,131
OFFICE EQUIPMENT	663,034	0	6,800	669,834	166,152	0	31,868	198,020	471,814	496,882
VEHICLES	129,302	0	0	129,302	121,340	0	1,497	122,837	6,465	7,962
TOTAL	57,198,374	0	6,800	57,205,174	42,235,000	0	1,672,769	43,907,772	13,297,401	14,963,372
PREVIOUS YEAR	57,074,028	262,252	386,599	57,198,374	42,749,618	2,196,366	1,681,749	42,235,000	14,963,372	14,324,408

	As at 31-03-2000 Rs.	As at 31-03-1999 Rs.
SCHEDULE 'F' - CURRENT ASSETS, LOANS & ADVANCES :		
CURRENT ASSETS		
INVENTORIES(at cost or realisable value whichever is lower)		
Raw Material	0	300,908
Dyes & Chemicals	736,877	1,199,639
Packing material	766,283	988,985
Consumables Stores & Spares	573,507	780,000
Coal	34,328	64,204
Stock in process	243,235	2,090,609
Finished Goods(Including goods in transit)	4,054,085	13,509,273
SUNDRY DEBTORS :		
(Unsecured considered good)		
Not exceeding six months	0	3,637,406
Exceeding six months	9,328,419	7,376,050
CASH AND BANK BALANCES :		
Cash on hand	37,949	229,626
Balance with Scheduled Banks:		
In Current Accounts	(95,846)	852,380
In Deposit Accounts	1,633	834,891
LOANS AND ADVANCES :		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be recovered	1,088,229	956,172
Prepaid Expenses	1,131	78,461
Deposit with APSEB	1,160,349	1,153,164
Deposit with Govt. Departments	336,007	383,607
Deposit with others	33,116	33,116
Advance to Suppliers	167,306	358,171
TDS Receivable	35,636	33,683
Interest Receivable	27,555	27,554
TOTAL	18,529,799	34,887,899
SCHEDULE 'G' - CURRENT LIABILITIES & PROVISIONS		
CREDITORS :		
For supplies	14,075,948	19,708,911
For Expenses	1,368,069	1,620,597
	15,444,017	21,329,508
Advance from Customers	5,189,343	2,033,205
Other Liabilities & provisions	11,118,124	7,964,139
TOTAL	31,751,484	31,326,852

PRIYADARSHINI THREAD LIMITED

	As at 31-03-2000 Rs.	As at 31-03-1999 Rs.
SCHEDULE 'H' - OTHER INCOME		
Interest Received	1,962	76,065
Miscellaneous Receipts	222,813	1,468,244
TOTAL	234,775	1,544,309
SCHEDULE 'I' - (INCREASE)DECREASE IN STOCKS		
Work-in-process :		
Opening Stock	2,090,609	3,308,076
Closing Stock	243,235	2,090,609
	1,847,374	1,217,467
Finished Goods:		
Opening Stock	13,509,273	26,421,293
Closing Stock	4,054,085	13,509,273
	9,455,188	12,912,020
(Increase)/decrease in Stocks	11,302,562	14,129,487
SCHEDULE 'J' - MANUFACTURING EXPENSES		
Consumption of Raw Material	8,945,417	46,834,112
Dyes & Chemicals	621,793	1,620,601
Packing Material	1,022,065	3,697,462
Stores & Spares	386,739	1,729,593
Power & Fuel	1,742,103	7,014,538
Repairs & Maintenance		
Buildings	1,800	62,210
Plant & Machinery	128,978	358,784
Others	30,928	37,193
	161,706	458,187
Excise Duty	1,580,509	5,624,128
Fright & Handling(Inward)	120,909	441,458
Textile Committee Cess	9,793	39,330
TOTAL	14,591,034	67,459,409
SCHEDULE 'K' - PAYMENT & BENEFITS TO EMPLOYEES		
Salaries,Wages & Bonus	9,683,291	11,930,398
Contribution to Provident & Other Funds	814,975	968,717
Gratuity	1,539,923	1,346,784
Welfare Expenses	317,719	452,884
TOTAL	12,355,908	14,698,783

	As at 31-03-2000 Rs.	As at 31-03-1999 Rs.
SCHEDULE 'L' - ADMN & SELLING EXPENSES		
Rents	1,187,029	1,432,027
Rates and Taxes	196,477	531,999
Insurance premium	568,015	577,800
Vehicle Maintenance	69,702	101,919
Printing & Stationery	157,094	386,452
Postage, Telex & Telephone	639,311	1,271,589
Director's Remuneration	46,000	276,000
Director's Sitting Fees & Travelling Exps	16,489	85,795
Travelling & Local Conveyance	1,564,095	2,279,813
Remuneration to Auditors :		
Audit Fees	25,000	25,000
Audit Expenses	2,256	1,832
Tax Matters & Others	25,000	25,000
	52,256	51,832
Legal & Professional Charges	142,921	549,349
General Expenses	2,108,532	1,649,618
Sales Tax	712,759	903,913
Advertisement & Sales Promotion Exps	140,776	288,085
Fright & Handling (Outward)	536,521	1,550,598
Commission & Discount on Sales	2,362,197	8,423,052
Bank Charges	324,963	791,697
TOTAL	10,825,137	21,151,538
SCHEDULE 'M' - INTEREST & FINANCE CHARGES		
Interest on Fixed Loans	1,818,159	1,481,705
Interest on Working Capital & Finance Charges	4,133,291	4,406,625
Interest on Others	152,460	493,500
TOTAL	6,103,910	6,381,830

SCHEDULE 'N' - ACCOUNTING POLICIES

1. These accounts have been prepared under the historic cost convention on the basis of a 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 account year.

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

	1999-2000	1998-99
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 Currenty 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 Sri N. Radhakrishna Reddy, Director 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 :		
	1999-2000	1998-99
	Rs.	Rs.
Salary	46,000	2,76,000
Perquisites & PF contribution etc.	---	---
Total	46,000	2,76,000
No. of persons	1	2

Pt PRIYADARSHINI THREAD LIMITED

5. Capacities, Production Turnover & Stock :	Current Year 1999-2000	Previous Year 1998-99
----------------------------------------------	---------------------------	--------------------------

a) Licensed Capacity (MT) (Sewing Thread)	1200	1200
b) Installed Capacity (MT)	900	900
c) Production (in Kgs)	96,584	418545
d) Sales & Stocks		

	1999-2000		1998-99	
	Qty (Kgs)	Value (Rs)	Qty(Kgs)	Value(Rs)
Turnover of Thread	139958	29514138	448641	95647433
Adjustments	0	0	4000	1074397
Opening Stock	64,271	16436185	98367	26421293
Closing Stock	20,897	40,54,085	64271	16436185
6. Rawmaterial consumed	89147	8945417	459279	46834112

Consumption of imported and indigenous raw material and spares and percentage thereof

	Value	Percentage	Value	Percentage
Imported	NIL	NIL	NIL	NIL
Indigenous :				
Raw material	8945417	100%	4,68,34,112	100%
Stores & Spares	386739	100%	17,29,593	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 NIL)
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 : 25-11-2000

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. REGISTRATION DETAILS**

Registration : 4380 State Code : 01

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)Public Issue : NIL Rights Issue : NIL
Bonus Issue : NIL Private Placement : NIL**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

(Amounts in Rs. Thousands)

Total Liabilities : 112,494 Total Assets : 112,494
Sources of Funds :
Paid-up Capital : 26,181 Reserve & Surplus : 1,820
Share Application Amount : 23,252
Secured Loans : 33,903 Unsecured Loans : 27,338
Application of Funds
Net Fixed Assets : 13,297 Investments : ---
Net Current Assets : (13,222) Misc. Expenditure : ---**IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)**Turnover : 29,514 Total Expenditure : 45,549
Profit Before Tax : (27,330) Profit After Tax : (27,330)
Earnings Per Share : --- 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 Accountants**N. RADHAKRISHNA REDDY**
Director**(K. RANGANATHAN)**
Partner**G.B.K. REDDY**
Director

Place : HYDERABAD

Date : 25-11-2000

CERTIFICATE

We have examined the attached Cash Flow Statement of M/s. Priyadarshini Thread Limited for the year ended 31st March, 2000. 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 25th November 2000 to the Members of the Company.

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

(K. RANGANATHAN)
Partner

Place : HYDERABAD
Date : 25-11-2000

CASH FLOW STATEMENT FOR 1999-2000

		(Rs.in lakhs)
CASH FLOW FROM OPERATING ACTIVITIES		(273.30)
Net profit before tax and extraordinary items		
Adjustment for : Depreciation		16.73
Forein Exchange		---
Investments		---
Interest/Dividend		61.04
Operating profit before working capital charges		(195.53)
Adjustment for : Trade and other receivables	18.59	
Invntories	125.25	
Trade payables	4.25	148.09
Cash generated from operations		(47.44)
Interest paid	61.04	
Direct taxes paid	---	
Cash flow before extraordinary items		
Extraordinary items		
NET CASH FLOW OPERATING ACTIVITIES		(108.48)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed Assets	(0.07)	
Sales of Fixed Assets	---	
Acquisitions of Companies(As per annexure)		
Purchase of Investments	---	
Sales of Investments	---	
Interest Received	---	
Dividend Received	---	
NET CASH USED IN INVESTING ACTIVITIES		(0.07)
CASH FLOW FROM FINANCING ACTIVITIES		(108.55)
Increase in open cash credit	48.08	
Proceeds from issue of Share capital	---	
Proceeds from long term borrowings	129.90	
Share application amount	43.55	
Decrease in secured loans	(131.77)	
Dividend paid	---	
NET CASH USED IN FINANCING ACTIVITIES		89.76
Net increase in cash equivalents		(18.79)
Cash and cash equivalents as at 01.04.1999 (Opening Balance)		19.17
Cash and cash equivalents as at 31.03.2000 (Closing Balance)		0.38

For and on behalf of the Board of Directors

Place : HYDERABAD
Date : 25-11-2000**N. RADHAKRISHNA REDDY**
Director**G.B.K. REDDY**
Director