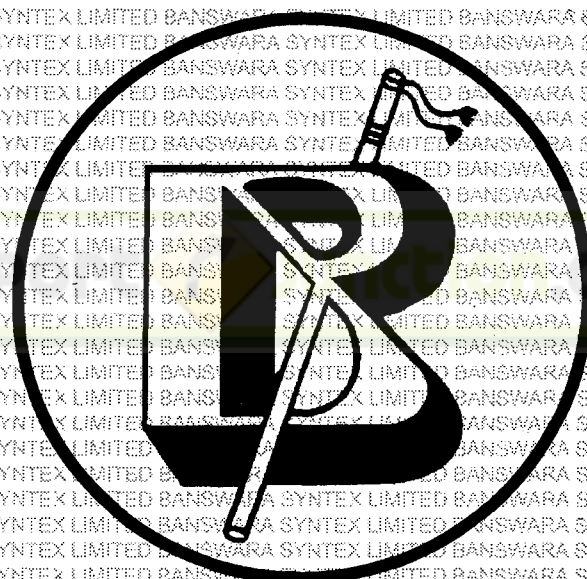


Annual Report 2003 - 2004



Bandswara SYNTEX LIMITED

FINANCIAL HIGHLIGHTS

	2003-2004	2002-2003	2001-2002	2000-01	Rs.in Lacs 1999-00
TURNOVER AND PROFITS					
Turnover (including export)	29,455	24,661	21,469	21,455	19,527
Exports (including benefits)	20,431	15,668	11,250	12,819	9,403
Profit Before Interest, Depreciation & Tax	3,330	2,953	2,313	2,211	1,944
Interest	1,203	1,421	1,352	1,385	1,333
Profit Before Depreciation & Taxation	2,127	1,532	961	826	611
Profit after Depreciation	1,304	821	317	369	213
Tax- Current	108	66	26	23	25
Deferred	336	295	9	-	-
Profit after Taxation	860	460	282	346	188
Dividend %	12	8	-	-	-
ASSETS & LIABILITIES					
Gross Fixed Assets (Net of Revaluation)	16,639	12,883	11,496	10,498	7,962
Net Fixed Assets	10,944	7,981	7,233	6,802	4,663
Net Current and Other Assets	6,244	6,946	6,253	5,832	5,279
Equity Share Capital	678	678	678	678	678
Reserves & Surplus (Excl.Rev.Res.)	3,687	2,930	2,531	2,750	2,404
Net Worth	4,365	3,586	3,176	3,384	3,025
Deferred Tax Liability	1,140	805	510	-	-
Secured Loans	10,516	9,495	8,803	8,408	6,131
Other Long Term Liabilities	1,181	1,042	997	842	787
RATIOS					
Book value per Share (Rs.)	63.46	52.14	46.17	49.19	43.97
Earning per Share (Rs.)	12.68	6.79	4.16	5.10	2.73

**Board of Directors**

Shri R.L.Toshniwal, Chairman & Managing Director

Shri Ravi Toshniwal, Jt. Managing Director

Shri D.S. Alva

Shri P. Kumar

Shri D.P.Garg

Shri Kamal K. Kacholia

Shri A.N. Jariwala

Shri Vijay Mehta

Shri Shaleen Toshniwal

Shri Rakesh Mehra, Wholetime Director

Executives

Shri S.S. Sajal

President

Shri J.K. Rathi

President (Commercial)

Shri S.N. Gupta

Senior Vice President (Technical)

Shri J.K. Jain

Vice President (Finance & Accounts) & Company Secretary

Shri S.S. Kella

Vice President (Audit & Taxation)

Shri S.R. Jain

Vice President (Engineering)

Auditors

M/s. Kalani & Company
Mangal Marg
Bapu Nagar
JAIPUR-302 004

Regd. Office & Mills

Industrial Area
Dohad Road,
BANSWARA-327 001

Bankers

Punjab National Bank
Union Bank of India
Bank of Baroda
Bank of India

Jaipur Office

"Ankur Apartment"
S-6, Jyoti Nagar Extension
JAIPUR-302 005

Mumbai Office

5th Floor, Gopal Bhawan,
199, Princess Street,
MUMBAI - 400 002

Delhi Office

Flat No. 204, E-2, A.R.A. Centre
Jhandewalan Extn.
NEW DELHI - 110 055

QUALITY POLICY

WE, WISH TO BE WORLD CLASS IN THE MANUFACTURE OF YARN & FABRIC

OUR ENDEAVOR IS TO ANTICIPATE & EXCEED CUSTOMER SATISFACTION BY UNDERSTANDING CUSTOMER'S NEED AND EXPECTATION AND THUS, ENSURING QUALITY AND TIMELY DELIVERY BY:-

- ♦ BEING IN CLOSE CONTACT WITH CUSTOMERS AND GETTING THEIR FEED BACK.
- ♦ CONTINUOUS INNOVATION IN PRODUCT DEVELOPMENT.
- ♦ CONTINUAL IMPROVEMENT IN QMS & QUALITY THROUGH H.R.D., UPGRADATION OF PLANT & MACHINERY AND IMPROVEMENT IN METHOD OF WORK.
- ♦ PARTICIPATION OF MANAGEMENT AND ALL EMPLOYEES AS ONE TEAM.

NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that Twenty-eighth Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held at its Registered Office, Industrial Area, Dohad Road, Banswara on Tuesday, the 13th day of July, 2004 at 4.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt audited Balance Sheet as at 31st March, 2004 and Profit and Loss account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri D. S. Alva who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri A. N. Jariwala who retires by rotation and, being eligible, offers himself for re-election.
5. To appoint Auditors and to authorise the Audit Committee to fix their remuneration.

SPECIAL BUSINESS

6. Appointment of Shri Ravi Toshniwal as Joint Managing Director.

To consider, and, if thought fit, to pass, with or without modification the following resolutions as Ordinary Resolution :-

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof and subject to such approvals as may be necessary, consent and approval be and is hereby given to the Company for appointment of Shri Ravi Toshniwal as Joint Managing Director of the Company from 21st October, 2003 to 23rd August, 2007 on the terms and conditions including remuneration as set out below:

- (i) **Salary** : Rs.80,000/- per month basic salary, which shall be increased every year by Rs.5000/-, in the scale of Rs.80,000 – 5,000 – 1,00,000/-.
- (ii) **Commission** : 1% commission on net profit of the Company computed in the manner laid down as per schedule XIII of the Companies Act, 1956.
The commission will be paid subject to overall limit prescribed under schedule XIII of the Companies Act., 1956 and after paying 1% commission to Shri R.L.Toshniwal, Chairman & Managing Director of the Company.
- (iii) **Perquisites** : The perquisites shall be as follows:

PART A

- (a) **Housing** : Free furnished residential accommodation with gas, electricity, water, furnishing and maintenance charges. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time and expenses on gas, electricity, water, furnishing and maintenance charges will be borne by the Company.
- (b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fee.
- (e) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.
- (f) **Servant Allowance** : Not exceeding Rs.24,000 per annum.

PART B

In addition to the perquisites, Shri Ravi Toshniwal shall also be entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified above.

- (a) **Provident Fund** : The Company's contribution towards Provident Fund as per rules of the Company.
- (b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.
- (c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART C

- (a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.
- (c) **Reimbursement of Expenses** : Apart from the remuneration as aforesaid, Shri Ravi Toshniwal shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in discharge of his duties efficiently in connection with the business of the Company.
- (d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri Ravi Toshniwal for attending the Meeting of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.



"RESOLVED FURTHER THAT Shri J.K. Jain, Vice President (F&A) & Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

7. Increase in remuneration payable to Shri Rakesh Mehra, Whole-time Director

To consider, and, if thought fit, to pass, with or without modification the following resolutions as Ordinary Resolution:-

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309 and 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act., 1956, including any statutory modifications or re-enactment thereof and subject to such approvals, as may be necessary, the salary payable to Shri Rakesh Mehra as Whole-time Director of the Company is hereby revised with effect from 1st October, 2003 to 30th September, 2008 on the terms & conditions including remuneration as set out below:-

- (i) **Salary** : Rs.80,000/- per month basic salary, which shall be increased every year by Rs.5000/-, in the scale of Rs.80,000 – 5,000 – 1,00,000/-.
- (ii) **Commission**: 1% commission on the net profit of the company from 1st April, 2004 onwards, computed in the manner laid down in Schedule XIII of the Companies Act., 1956.

The commission will be paid subject to overall limit prescribed under schedule XIII of the Companies Act., 1956 and after paying 1% commission to Shri R.L.Toshniwal, Chairman & Managing Director of the Company and another 1% to Shri Ravi Toshniwal, Jt. Managing Director of the Company.

- (iii) **Perquisites** : The perquisites shall be as follows:

PART A

- a) **Housing** : Free furnished residential accommodation with gas, electricity, water, furnishing and maintenance charges. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time and expenses on gas, electricity, water, furnishing and maintenance charges will be borne by the Company.
- b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years.

- c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the company
- d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fees.
- e) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.
- f) **Servant Allowance** : Not exceeding Rs.24,000 per annum.

PART B

In addition to the perquisites, Shri Rakesh Mehra shall also be entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified above.

- a) **Provident Fund** : The Company's contribution towards Provident Fund as per rules of the Company.
- b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.
- c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART C

- a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.
- c) **Reimbursement of Expenses** : Apart from the remuneration as aforesaid, Shri Rakesh Mehra shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.
- d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri Rakesh Mehra for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.

"RESOLVED FURTHER THAT Shri J.K. Jain, Vice President (F&A) & Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

8. Appointment of Additional Director

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

"RESOLVED THAT Shri D.P. Garg, who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing

proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

9. Appointment of Additional Director.

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

"RESOLVED THAT Shri Shaleen Toshniwal, who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office

under section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

Registered Office:

Industrial Area, Dohad Road
BANSWARA-327 001 (Raj.)
Place: Mumbai
Dated : 24th May, 2004

By Order of the Board

J. K. JAIN
Vice President (F&A)
& Company Secretary

NOTES:

1. The Register of Members and Shares Transfer Book of the Company shall remain closed from 6th July, 2004 to 13th July 2004.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy, in order to be effective, should be duly stamped, filled and signed, must be deposited at the registered office of the Company not less than 48 hours before the meeting.
3. Shareholders are requested to immediately notify to the Company any change in their address.
4. The shareholders, who have not got their shares demated, are requested to get their shares in demat form.
5. In compliance with SEBI's Circular in respect of appointment of common agency for share registry work, in respect of both physical and electronic shares, the company has appointed M/s Computech Sharecap Ltd. as a Common Registrar effective from 01.04.2003. The Shareholders of the company are requested to send their shares for transfer and demat request to the registrar at the following address.
Mr. Polaad/Mrs. Anita
Computech Sharecap Ltd.
(Unit Banswara Syntex Ltd.)
147, Mahatma Gandhi Road
Opp. Jehangir Art Gallery
Fort Mumbai-400 023
E-mail: dadyburjor@computechsharecap.com
Tel : 22671824/ 25/ 26
Fax : 022-22670380
6. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 6

Shri Ravi Toshniwal was appointed as Executive Director of the Company in the year 1992. He was stationed at Banswara till 1995, as he was looking after entire plant. He was then asked to take up fabric exports and shifted to Mumbai. He is now looking after fabric exports along

with overall strategic planning, general administration of the company etc. During this period the company has achieved remarkable growth in the fabric export sales. The company is continuing expansion and modernization of its plant and improving the profitability. The company has also diversified in the area of garment manufacturing. It has also started production of latest fashion wear with the brand name "CHAI".

Considering his sincere, dedicated and committed efforts, the Board of Directors of the company at its meeting held on 21st October, 2003 has appointed Shri Ravi Toshniwal as Jt. Managing Director of the company for the period 21st October, 2003 to 23rd August, 2007.

All other terms and conditions including payment of remuneration to Shri Ravi Toshniwal remained same, as approved by shareholders at their meeting held on 24th July, 2003.

The company has not made any default in payment (including public deposit) or interest thereon. The company has not issued any debentures.

None of the Directors except Shri Ravi Toshniwal, himself, Shri R.L. Toshniwal, Shri Shaleen Toshniwal and Shri Rakesh Mehra being father, brother, and brother-in-law of Shri Ravi Toshniwal, is in any way concerned or interested in the above resolution.

Item No. 7

Shri Rakesh Mehra was reappointed as Whole-time Director of the Company with effect from 1st October, 2003 to hold office as such for 5 years in the last Annual General Meeting held on 24th July, 2003.

Shri Rakesh Mehra, Whole-time Director of the company is looking after the yarn export and finance matters of the company. The company has achieved substantial growth in the yarn exports and established business relation with world's prestigious buyers. Looking to the performance of Shri Rakesh Mehra, the Board of Directors of the Company has increased his remuneration in its meeting held on 27th April, 2004 by way of payment of 1% commission on the net profit of the company, apart from the remuneration as approved by the shareholders in their meeting held on 24th July, 2003.



Since the remuneration payable to the Whole-time Director requires approval of the shareholders in the Annual General Meeting, pursuant to section 198, 309, read with schedule XIII of the Companies Act., 1956, the resolution as set out in this item is recommended for approval by the members.

The company has not made any default in repayment of its debts (including public deposit or interest payable thereon). The company has not issued any debentures.

None of the Directors except Shri Rakesh Mehra, himself, Shri R.L.Toshniwal, Father-in-law, Shri Ravi Toshniwal and Shri Shaleen Toshniwal, Brother-in-laws of Shri Rakesh Mehra, is in anyway concerned or interested in the above resolution.

Item No.8

Shri D.P. Garg was appointed as an Additional Director of the Company on 6th September, 2003 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as Director only upto ensuing Annual General Meeting. As required by section 257 of the Act, a notice has been received from a member signifying his intention to propose the appointment of Shri D.P. Garg as a Director along with a deposit of Rupees Five Hundred. The Board considers it is desirable that Company should continue to avail of his services.

None of the Directors of the Company except Shri D.P. Garg are interested in this resolution.

Item No.9

Shri Shaleen Toshniwal was appointed as an Additional Director of the Company on 21st October, 2003 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as Director only upto ensuing Annual General Meeting. As required by section 257 of the Act, a notice has been received from a member signifying his intention to propose the appointment of Shri Shaleen Toshniwal as a Director along with a deposit of Rupees Five Hundred. The Board considers it is desirable that Company should continue to avail of his services.

None of the Directors of the Company except Shri Shaleen Toshniwal himself and Shri R.L.Toshniwal, Shri Ravi Toshniwal, Shri Rakesh Mehra being father, brother and brother-in-law of Shri Shaleen Toshniwal, is interested in this resolution.

Registered Office:

Industrial Area, Dohad Road
BANSWARA-327 001 (Raj.)
Place: Mumbai
Dated : 24th May, 2004

By Order of the Board

J. K. JAIN

Vice President (F&A)
& Company Secretary

ANNEXURE-III TO DIRECTORS' REPORT

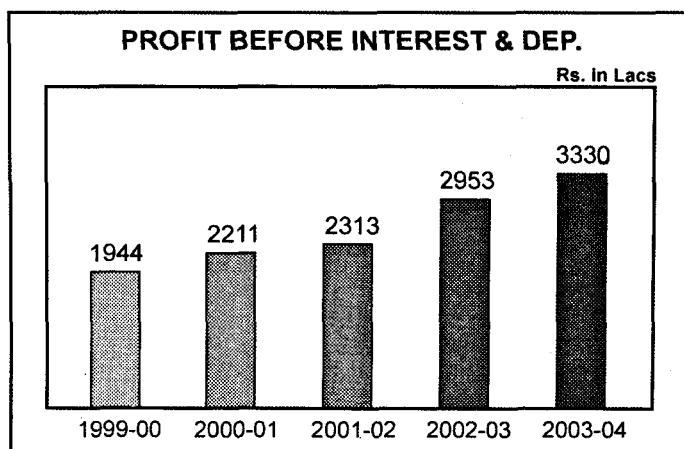
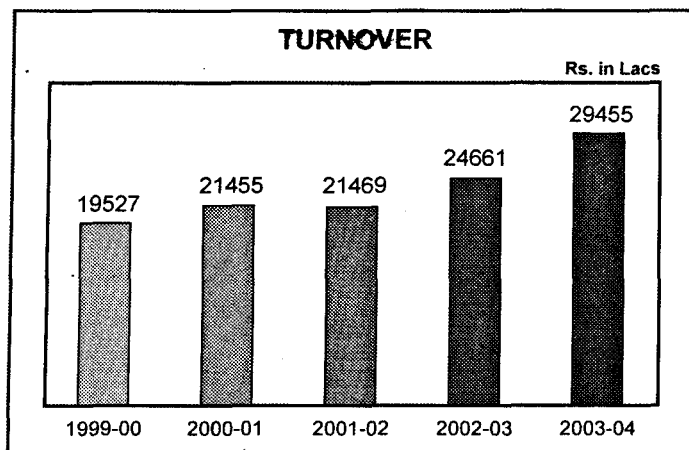
**INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE
COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE
DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2004**

S. No.	Name of the Employees	Designation & nature of duties	Remuneration (Rs.)	Qualification & Experience (No. of years)	Age (Years)	Date of Commencement of employment	Previous employer designation, period of service (No. of years)
A. Employed through-out the year and were in receipt of remuneration aggregate of not less than Rs.24,00,000/- per annum							
1.	Shri R.L. Toshniwal	Chairman & Managing Director	32,01,447	M.Sc. (Tex.) Leeds University, England (41)	70	01.08.77	Oriental Carpets Mfg. (India) Ltd. Chief Executive (6)
2.	Shri Ravi Toshniwal	Joint Managing Director	28,31,812	B.E. (Chemicals) (16)	40	01.08.87	
B. Employed for a part of the year and were in receipt of remuneration of not less than Rs.2,00,000/- per month							
- NIL -							

Notes :-

- 1) Total number of employees included in the above statement - 2.
- 2) The above figures are for the period 1.4.2003 to 31.3.2004 for twelve months.
- 3) Remuneration comprises salary, allowances, monetary value of perquisites, commission of directors and Company's contribution to Provident Fund.
- 4) In addition to the above remuneration, employees are also entitled to gratuity.

DIRECTORS' REPORT



Dear Shareholders,

The Directors have pleasure in presenting the 28th Annual Report together with Audited Statements of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

	Rs. in Lacs	
	This year 2003-04	Previous Year 2002-03
Income	28,935	24,422
Profit before interest, depreciation & tax	3,330	2,953
Less: Interest	1,203	1,421
Profit before depreciation & tax	2,127	1,532
Less: Depreciation	823	711
Profit before tax	1,304	821
Less: Current tax	108	66
Profit after Current tax	1,196	755
Less: Deferred tax	336	295
Profit after Tax	860	460
Balance Brought Forward	53	54
Profit available for appropriation	913	514
Appropriation:		
Capital Issue expenses w/off	11	-
Proposed Dividend	81	54
Tax on Dividend	11	7
Transfer to General Reserve-I	450	400
Transfer to General Reserve-II	22	-
Balance Carried to Balance Sheet	338	53
Earning per Share (Rs.)	12.68	6.79

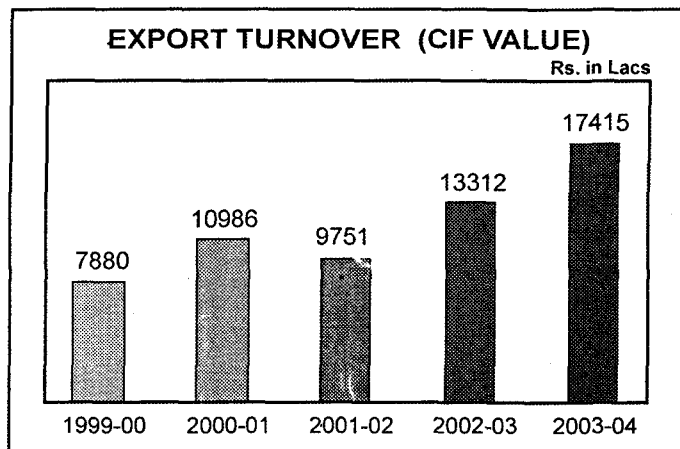
OPERATIONS

The performance of the Company is on continuous path of improvement, and during the current year 2003-04, the production, exports and profitability have achieved new heights. The production of yarn (including job work from others) increased from 121.69 lac kgs. in 2002-03 to 133.68 lac kgs. in 2003-04, while production of cloth increased from 108.09 lac mtrs. to 133.20 lac mtrs. over the same period. The turnover of the Company increased from Rs.24661 lacs to Rs.29455 lacs showing 19% rise. The company performed well in exports and achieved export turnover of Rs.20431 lacs, as compared to the last year's export turnover of Rs. 15668 lacs.

The growth in the production and sales resulted in higher profitability. The profit before depreciation and tax increased from Rs.1532 lacs in 2002-03 to Rs.2127 lacs in 2003-04. The net profit after current and deferred tax for the year amounting to Rs.860 lacs indicates a record improvement of 87% over that of previous year.

During the year under review, the Company has provided Rs.336 lacs for deferred tax liability and has contributed Rs.108 lacs to the Government by way of income tax.

The company's improved performance in all these areas is on account of continuous upgradation of plant & machinery, consistent efforts to boost up its quality standards, cost reduction, and increase in the installed capacity both in the spinning and weaving. The Company has a special customer focus and commitment.



The Directors have pleasure to inform that during the year, the Company has embarked manufacturing of readymade garments and has set up a plant to manufacture trousers and other garments in the name of "Banswara Garments". Simultaneously the Company is promoting latest fashion wear under a brand name "CHAI" and is opening Company owned Retail Outlets for its sales.

EXPORTS

The Company continues to increase its export sales and during the year, the export of the Company on CIF basis increased from Rs.13312 lacs to Rs.17415 lacs as compared to the previous year. The yarn export increased from Rs.7515 lacs to Rs. 8588 lacs, increase of 14%, and fabric export rose from Rs. 5796 lacs to Rs.8827 lacs, increase of 52%. The total export sales account for 62% of total sales.

The Company, during this year, has achieved 33% growth in terms of \$ FOB value of exports. Therefore, as per the EXIM Policy 2002-07, the Company is likely to be eligible for saving of duty equivalent to 10% of the incremental exports for its import requirements. This benefit will be available in the year 2004-05.

In order to increase the exports, the Company has been consistently developing new products as per the requirements of the global market. The marketing team of the Company participates the International Trade Fairs and visits various countries to get the feed back of the changing fashion trends and quality requirements and also to explore new markets worldwide. The Company is now set to export its readymade garments from its new plant.

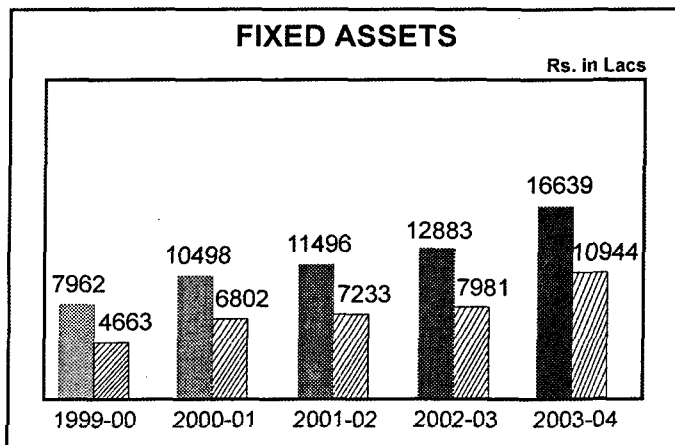
Your Directors are pleased to report that, during the year, the Company won two Gold Trophies from The Synthetic & Rayon Textile Export Promotion Council (SRTEPC) for its best export performance for the year 2002-03.

DIVIDEND

In view of the improved performance, your Directors are pleased to recommend 12% dividend on the equity shares of the Company. The dividend, if approved by the shareholders, will absorb Rs.81.35 lacs, besides Rs.10.42 lacs payable to Government by way of tax on dividend.

MODERNISATION AND EXPANSION

During the year the Company continued its expansion and modernization of machinery, and has invested Rs. 3794 lacs in fixed assets to increase the production capacity from 69056 ring spindles to 77240 Ring Spindles and 288 Air Jet Spindles in Spinning division and from 92 looms to 104 looms in Weaving division. It has also added TFOs, Autoconers, Cards, auto Leveller Draw Frames, etc. for upgrading the quality of the products. It has also diversified its business and set up a readymade garment plant at Daman (UT) during this year. The Company has also undertaken another expansion cum modernization programme to further increase the production capacity and modernize the plant during the year 2004-05.



POWER PLANT

During the year the Company increased its power generation capacity by adding two more FO based Wartsila power plants of 1.475 MW and 2.05 MW at the cost of Rs.1042 lacs. With these additions, the total FO based power generation capacity of the company has increased to 9.725 MW. All the four power plants installed are operating satisfactorily. This capacity meets 100% power requirement. However, in order to keep standby power, a marginal quantity is taken from the State grid.

FINANCE

The Company has availed term loans of Rs. 2657 lacs during the year from Banks and Financial Institutions to fund various expansion and technology upgradation programmes. The Banks and Financial Institutions have renegotiated and reduced the rate of interest on their outstanding loans. The Company is taking maximum advantage of Technology Upgradation Fund. The Company's Bankers have provided need based funds to meet the long term and short term requirements of the Company from time to time.

CORPORATE GOVERNANCE

The Company has in place an identifiable system of good Corporate Governance. A separate report on Corporate Governance of the Company and Management discussion and analysis is annexed to this report as Annexure-I. A certificate from Auditors of the Company regarding compliance of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, is appended to the Report on Corporate Governance.

FIXED DEPOSITS

The Company continues to accept deposits from the public. As on 31st March, 2004, your Company had such deposits aggregating Rs.1006 lacs. Deposits which matured during the year were either renewed or repaid. All the interest and principal dues are being paid regularly.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that: -

- I. In the preparation of the annual accounts, the applicable Accounting Standards have been followed.
- II. The Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2004 and of the profit of the Company for the year ended on that date.
- III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- IV. The Directors have prepared the annual accounts on a going concern basis.

DIRECTORS

Shri D.S.Alva and Shri A.N.Jariwala are retiring by rotation and, being eligible, offer themselves for re-election. During the year Shri L.N.Jhunjunwala resigned due to his commitment to other social activities. The Board placed on record and appreciated the services rendered to the Company by Shri L.N.Jhunjunwala, who had been the Director of the Company from the beginning of its operations. Shri D.P.Garg and Shri Shaleen Toshniwal have been co-opted on the Board as Additional Directors.

AUDIT COMMITTEE

As per the requirement of Clause 49 of the Listing Agreements with Stock Exchanges, the Company has constituted Audit Committee comprising the following independent Directors:

Shri D.S. Alva, Chairman
Shri P. Kumar
Shri Kamal K. Kacholia

The Composition, role, functions and powers of the 'Audit Committee' are in accordance with the applicable laws and listing agreements of the Company with Stock Exchanges.

AUDITORS

M/s. Kalani & Company, Chartered Accountants, Jaipur, holds office as the Auditors of the Company until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS' REPORT

As regards Auditors' observations, the relevant notes on account are self explanatory and, therefore, do not call for any further comments except for non-payment of Textile Committee cess. Textile Committee Cess whilst having been provided in the accounts has not been paid in view of the fact that various industry associations have made representations to the Government with regard to the applicability of the Textile Committee Cess, which matter is under active consideration of the Government.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure 'II', which forms part of this report.

DEMATERIALISATION OF SHARES

In pursuance of SEBI/Stock Exchange directions, your Company offered demat option to its esteemed shareholders so as to enable them to trade the shares in the demat form. In response, 74.15% shares were converted in demat form as on 31st March, 2004. The stock code number in NSDL and CDSL for equity shares of the Company is ISIN-INE629 D01012.

PERSONNEL

During the year under report, the relation between the management and staff/workers remained harmonious. Directors place on record their deep appreciation for the devoted services of the workers, staff and the executives.