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Setting Benchmarks

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A Passion for Excellence

Having been built on solid, reliable foundations, the LNJ Bhilwara Group has evolved beyond its rich heritage, steeped in integrity, reliability, quality... and most importantly, an innate ability for innovation.

This ethos has catapulted the Group onto a global platform, having set several benchmarks along the years, driven by a passion for excellence.

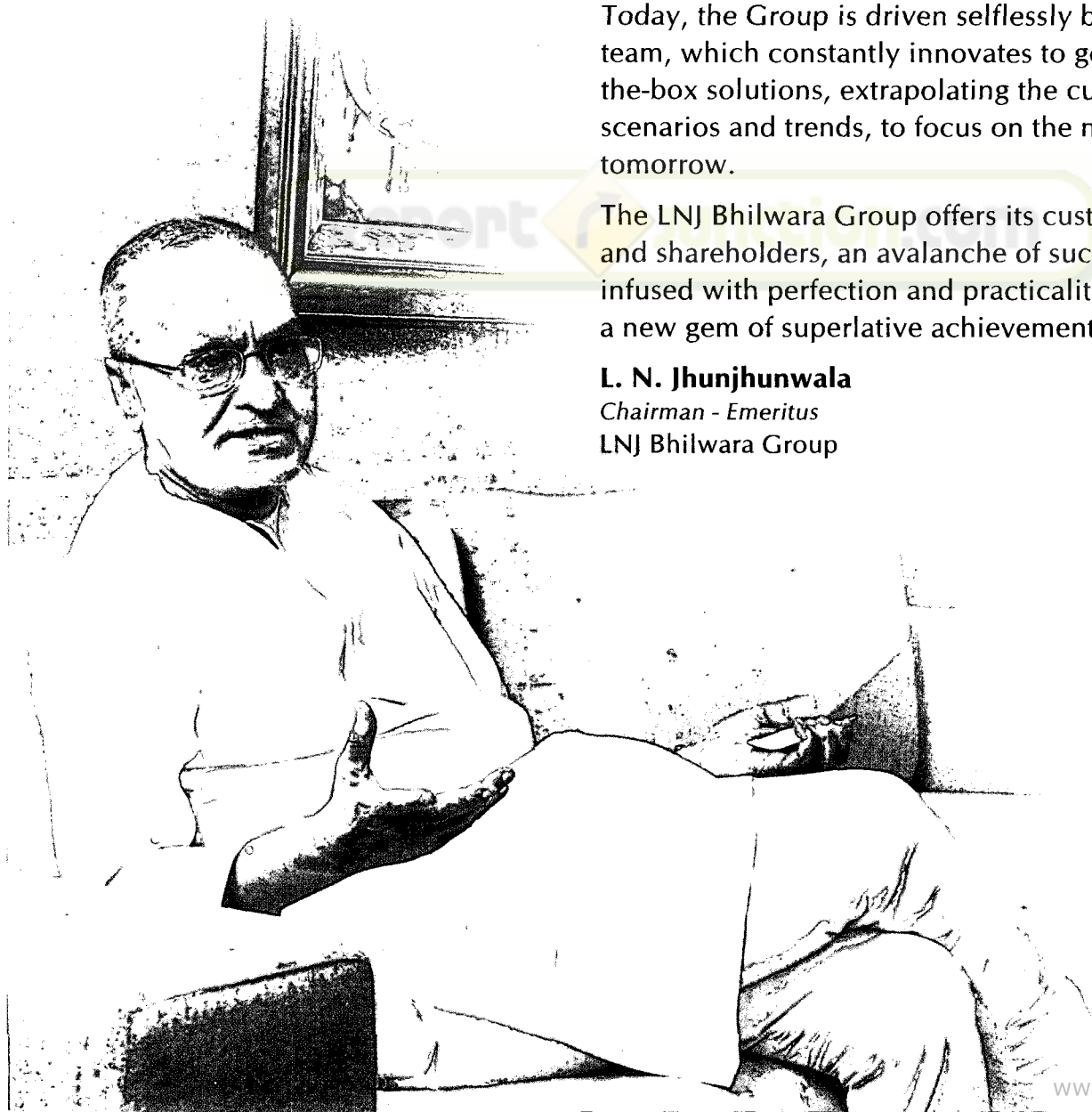
Today, the Group is driven selflessly by its dedicated team, which constantly innovates to generate out-of-the-box solutions, extrapolating the current market scenarios and trends, to focus on the needs of tomorrow.

The LNJ Bhilwara Group offers its customers, clients and shareholders, an avalanche of success stories, infused with perfection and practicality alike, each one a new gem of superlative achievement.

L. N. Jhunjunwala

Chairman - Emeritus

LNJ Bhilwara Group





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Bhilwara Processors Limited » Annual Report 2006-2007

GROUP SALIENT FEATURES : 2006-07

- RSWM Limited is the new name for Rajasthan Spinning & Weaving Mills Ltd.
- RSWM has initiated a Rs. 900 crore expansion plan. Its Denim & Captive Thermal Power Plants are nearing completion.
- RSWM, Maral Overseas and BSL Limited expand their spindle capacities.
- RSWM was recently felicitated with Rajiv Gandhi National Quality Award.
- RSWM announced the acquisition of Cheslind Textiles Ltd., a Bangalore based textile unit.
- RSWM International B.V., Holland, incorporated, a 100% subsidiary of RSWM, executes a 50:50 JV with SISA S.A., Spain. The new JV entity is known as RSWM SISA.
- RSWM ropes in Salman Khan as brand ambassador for Mayur Suitings.
- HEG's 52,000 MT per annum, Graphite Electrode plant stabilised.
- HEG institutes LNJ Award for outstanding work in the field of Carbon.
- HEG initiated Rs. 110 crore Capex during the year.
- Bhilwara Energy Limited incorporated as the Holding Company for the Group's power businesses.
- Bhilwara Energy Limited bags three Hydel Power projects in Arunachal Pradesh.
- Bhilwara Energy formalises agreement with Punjab State Electricity Board to develop and run a 75 MW power plant near Pathankot.
- MPCL becomes the first hydro power company in India to implement ERP.
- Bhilwara Scribe ranked amongst the top 5 BPOs in India in Healthcare segment.

GROUP FINANCIAL HIGHLIGHTS (Rs. in Crore)

PARTICULARS	2004-2005	2005-2006	2006-2007
Turnover	2049	2387	2859
Exports	893	1016	1361
PBIDT	274	374	434
PBDT	208	286	323
PBT	96	156	193
PAT	79	115	134
Gross Fixed Assets	2494	2922	3835
Net Worth	969	1382	1525

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BHILWARA PROCESSORS LTD.

CORPORATE INFORMATION

<p>BOARD OF DIRECTORS</p> <p>A. K. Churiwal</p> <p>Ravi Jhunjhunwala</p> <p>S. K. Churiwala</p> <p>J. C. Laddha</p> <p>Brij Gopal Daga</p> <p>M. K. Doogar</p> <p>Nivedan Churiwal</p> <p>VICE PRESIDENT</p> <p>A. K. Mehta</p>	<p>BANKERS</p> <p>The Bank of Rajasthan Ltd.</p> <p>AUDITORS</p> <p>M/s A. L. Chechani & Company</p> <p>Chartered Accountants</p> <p>Bhilwara (Rajasthan)</p> <p>REGISTERED OFFICE</p> <p>Mandpam, Bhilwara - 311 001, (Rajasthan)</p> <p>WORKS</p> <p>Mandpam, Bhilwara - 311 001, (Rajasthan)</p>
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FINANCIAL HIGHLIGHTS

(Rs. in Crore)

PARTICULARS	2004-2005	2005-2006	2006-2007
Turnover	26.54	24.52	24.35
Exports	4.09	0.51	-
P B I D T	2.20	2.26	2.16
Interest	1.11	0.97	0.75
Depreciation	1.52	1.43	1.30
Taxation	(0.11)	(0.16)	0.09
P A T	(0.32)	0.02	0.02
Gross Block	34.74	35.50	48.84
Less : Depreciation	18.37	19.60	21.15
Net Block	16.37	15.90	27.69
Net Worth	4.79	4.81	17.37
E P S (Rs.)	(2.27)	0.14	0.11
C E P S (Rs.)	7.72	9.09	9.98
BOOK VALUE PER SHARE (Rs.)	33.88	34.02	122.95



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DIRECTORS' REPORT

To The Members,

The Board of Directors hereby present the 31st Annual Report alongwith the Audited Statement of Accounts for the year ended 31st March, 2007.

1. FINANCIAL RESULTS

(Rs. in Lac)

Particulars	This Year	Previous Year
Total Turnover		
a) Domestic	2435.06	2400.82
b) Exports	- 2435.06	51.28 2452.10
Profit before Interest & Depreciation	215.79	225.52
Less : Interest	74.76	97.09
Profit before depreciation	141.03	128.43
Less : Depreciation	129.92	142.92
Profit before tax	11.11	(14.49)
Add : Income Tax of Earlier Years Written Back	0.01	-
Less : Provision for Tax		
Current Tax	1.25	-
Deferred Tax	5.83	(21.62)
Fringe Benefit Tax	2.51	5.20
Profit after tax	1.53	1.93

2. OPERATIONS

The operational data for the year are as follows :

(Rs. in Lac)

	This Year	Previous Year
1.1 Synthetic Processing (Lac Mtrs.)	208.68	199.01
1.2 Synthetic Processing Receipts (Rs. in Lac)	1833.98	1618.66
2.1 Worsted Processing (Lac Mtrs.)	23.78	33.26
2.2 Worsted Processing Receipts (Rs. in Lac)	420.68	581.44
3.1 Top, Fibre and Yarn Dyeing (MT)	1473	1706
3.2 Top, Fibre and Yarn Dyeing Receipts (Rs. in Lac)	159.84	179.50
4.1 Fabric Sales (Rs. in Lac)	20.56	72.50

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3. DIVIDEND

The Board of Directors have decided not to declare dividend during the year.

4. REVALUATION OF FIXED ASSETS

During the year, company has revalued its fixed assets from its written down value to fair market value. Due to this revaluation, company created revaluation reserve of Rs. 12.95 crores and revalued figures of fixed assets have been shown in Annual Account for the year 2006-2007.

5. DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm :

- That in the preparation of the Annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That they 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 at the end of the financial year and of the profit or loss of the company for that period;
- That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That they have prepared the Annual Accounts on a going concern basis.

6. DIRECTORS

Mr. M.K. Doogar and Mr. S.K. Churiwala retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

7. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

As required by Companies (disclosure of particulars in the report of Board of Directors) Rules 1988, the relevant data pertaining to conservation of Energy and technology absorption and foreign exchange earnings and outgo are given in Annexure-I of this report.

8. PERSONNEL

- Your Company's relations with the employees and workers at all levels have been cordial. The Directors take this opportunity of placing on record their appreciation of devoted services rendered by Staff & Workers.
- There was no employee who was in receipt of remuneration in excess of ceiling prescribed u/s 217(2A) of the Companies Act, 1956 read with (Particulars of Employees) Rules, 1975.

9. AUDITORS

M/s. A.L.Chechani & Co., Bhilwara, Auditors of the Company retire at the ensuing Annual General Meeting of the Company and are eligible for reappointment.

The observations in the Auditors Report are dealt within the notes to the accounts at appropriate places and are self explanatory.

10. APPRECIATION

The Board expresses its deep gratitude to all Financial Institutions, the Company's Bankers, the State and Central Government authorities for their sincere co-operation and valuable guidance.

For and on behalf of the Board

Place : NOIDA
Dated : 30th April, 2007

A. K. Churiwal
Director

Nivedan Churiwal
Director

BHILWARA PROCESSORS LTD.

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT OF PARTICULARS PURSUANT TO COMPANIES
(DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988

I. ENERGY CONSERVATION

The Company is undertaking regular periodic Energy Audits by BTRA to assess the Steam Coal and Electricity consumption.

A. Power and Fuel Consumption

	This Year	Previous Year
1. Electricity		
a) Purchased Units	8082073	7951764
Total Amount	35786133	35219065
Rate/Unit	4.43	4.43
b) Own Generation :		
Through Diesel Generator:		
Units	194750	194222
Units per Ltr. of Diesel Oil	3.37	3.32
Cost/Unit	9.41	7.80
2. Coal:		
Quantity (MT)	13809	13037
Total Amount	44696273	40369190
Average Rate/Unit	3236.75	3096.51
3. Steam:		
Quantity (MT)	5341	4895
Total Amount	1335275	1223875
Average Rate/Unit	250.00	250.03
B. Consumption per Unit of Production:		
Products:		
Fabrics (Lac Grey Mtrs)	245.19	242.43
Top, Fibre & Yarn Dyeing (MT)	1465	1714
Unit:		
Electricity Unit		
Per Mtr. of Fabric	0.28	0.28
Per Kg. of Top, Fibre & Yarn Dyeing	0.78	0.73
Coal		
Per Mtr. of Fabric	0.53	0.49
Per Kg. of Top, Fibre & Yarn Dyeing	0.57	0.61



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2. TECHNOLOGY ABSORPTION

Your Company has well equipped Quality Control Department which is continuously monitoring all the Dyes & Chemicals being used in the production to give superior quality processed fabric which helps further to reduce the cost of processing by upgradation and modifications.

(Rs. in Lac)

	This Year	Previous Year
Expenditure on R&D		
a) Capital	1.45	-
b) Recurring	8.20	6.50
c) Total	9.65	6.50
d) Total R&D expenditure as percentage of total turnover	0.40%	0.27%
3. FOREIGN EXCHANGE EARNINGS & OUTGO		
Earnings	-	42.90
Outgo:	21.49	13.04



BHILWARA PROCESSORS LTD.**AUDITORS' REPORT**

The Members of **BHILWARA PROCESSORS LIMITED**, Bhilwara

1. We have audited the attached balance sheet of **BHILWARA PROCESSORS LIMITED**, Bhilwara as at **31st March 2007**, the profit & loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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 those books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on **31st March 2007** and taken on record by the Board of Directors, we report that none of the directors is disqualified as on **31st March 2007** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, **Subject to note no. 3 in respect of depreciation on continuous process plant basis and note no. 4 in respect of revaluation of fixed assets**, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) in the case of the Balance sheet, of the state of affairs of the company as at **31st March 2007**; and
- (b) In the case of the profit and loss account, of the profit for the year ended on that date.

For A. L. Chechani & Co.
Chartered Accountants

(SATISH SOMANI)
Partner

Place : NOIDA
Date : 30th April, 2007

Membership No. 076241

ANNEXURE TO AUDITORS REPORT

Annexure referred to in paragraph (3) of the report of even date of the auditors to the members of **BHILWARA PROCESSORS LIMITED** for the year ended 31st March 2007.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The Company has revalued its fixed assets as on 30.09.2006 at present market value (Refer note no. 4 of Schedule 'N')
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any major part of the fixed assets.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the books records were not material.
- (iii) (a) The Company has not granted any loan to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
- (b) As the company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, the provisions of clause 4 (iii) (b) to clause 4 (iii) (d) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- (c) The Company has not taken any loan from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (d) As the company has not taken any loan from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, the provisions of clause 4 (iii) (f) & clause 4 (iii) (g) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate