

28th
Annual Report
2002-2003

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Birla TransAsia Carpets Ltd.
AN ISO 9002 COMPANY

BIRLA TRANSASIA CARPETS LTD.**BOARD OF DIRECTORS**

Mr. S.L. Khunteta	Director
Mr. Arun Singhi	Director
Mr. P. P. Saraogi	Director

BANKERS

The Bank of Rajasthan Ltd.
Punjab National Bank

AUDITORS

Vinod Kumar & Associates
Chartered Accountants,
New Delhi - 110 019

REGISTERED OFFICE & WORKS

Plot No. 3 & 4, Industrial Area,
Sikandrabad - 203 205
Distt. Bulandshahar (U.P.)

HEAD OFFICE

257, Okhla Industrial Estate
Phase-III, New Delhi-110 020

STOCK EXCHANGES

1. The Delhi Stock Exchange Association Ltd.
3/1, Asaf Ali Road, Near Turkman Gate,
New Delhi - 110 002
2. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001

(Listing fees for the above Stock Exchanges
has been paid till 31.03.2003)

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BIRLA TRANSASIA CARPETS LTD.**NOTICE TO MEMBERS**

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of BIRLA TRANSASIA CARPETS LIMITED will be held on Tuesday, the 30th September, 2003 at 10.30 A.M. at Plot No. 3&4, Industrial Area, Sikandrabad, Distt. Bulandshahar (Uttar Pradesh) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2003 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P. P. Saraogi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution :

"RESOLVED THAT pursuant to Section 198, 309 and Schedule XIII, if applicable and pursuant to Section 314 (1) of the Companies Act, 1956 consent of members be and is hereby accorded to holding an office of profit by Mr. P. P. Saraogi, Director of the Company, as Vice President (Commercial) on the terms and conditions, as decided mutually by Board of Directors."

"FURTHER RESOLVED THAT Form No.23 be filed with registrar of Companies as per section 192 of the Companies Act 1956."

By order of the Board
For **BIRLA TRANSASIA CARPETS LIMITED**

Place : New Delhi
Dated : 14th July, 2003

S.L. Khunteta **P.P. Saraogi**
Director Director

NOTES :

1. The relevant Explanatory Statement pursuant to Section 173(2) of Companies Act, 1956, in respect of item No. 4 of the notice set out above is annexed herewith.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING.
3. The Share Transfer Books and Register of Members of the Company will remain closed from Monday, the 29th September, 2003 to Tuesday the 30th September, 2003 (both days inclusive).
4. The Members/Proxies are requested to produce at the entrance, the attached admission slip duly completed and signed for admission to the meeting hall.
5. Members are requested to intimate the Company queries, if any, regarding accounts at least ten days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting.

ANNEXURE TO THE NOTICE**(EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)****ITEM NO. 4 :**

Mr. P. P. Saraogi, Director of the Company, is also holding an office of profit as a Vice President (Commercial) of the Company drawing a gross yearly remuneration of Rs. 8,00,000. The requires approval under Section 198, 309 and Schedule XIII of the Companies Act, 1956 from shareholders of the Company.

As per the provisions of Section 314(1) of the Companies Act, 1956, except with the consent of the general meeting accorded by Special Resolution, no director of the company shall hold any place or office of profit under the company.

The Directors recommended the resolution for the consent of the members.

None of the Directors of the Company is concerned or interested in the subject resolution except Mr. P. P. Saraogi.

By order of the Board
For **BIRLA TRANSASIA CARPETS LIMITED**

Place : New Delhi
Dated : 14th July, 2003

S.L. Khunteta **P.P. Saraogi**
Director Director

BIRLA TRANSASIA CARPETS LTD.**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 28th Annual Report on the operations of the Company together with the Audited Statement of Accounts for the financial year ended on March 31, 2003.

FINANCIAL RESULTS

	For the Year ended 31.03.2003	(Rs. In lacs) For the Year ended 31.03.2002
Net Sales/Income from Operations*	424.10	461.29
Other Income	134.51	128.58
Total Expenditure	555.79	560.79
Profit/(Loss) before interest, depreciation & prior period adjustments	2.82	29.08
Interest	130.71	132.08
Profit/(Loss) before depreciation & prior period adjustments	(127.89)	(103.00)
Depreciation	49.09	58.67
Net Profit/(Loss) before Tax & prior period adjustments	(176.98)	(161.67)
Provision for Taxation	-	-
Net Profit/(Loss) after Tax before prior period adjustment	(176.98)	(161.67)
Prior Period Adjustments	109.98	-
Net Profit/(Loss) after prior period adjustments	(286.96)	(161.67)
Debenture Redemption Reserve Transferred	-	-
Surplus/(Deficit) brought forward from previous year	(1777.46)	(1615.79)
Surplus/(Deficit) carried to Balance Sheet	(2064.42)	(1777.46)

*Inclusive of Increase/(Decrease) in Finished Goods, process & Waste Stock.

OPERATIONS

The sales stood at Rs. 424.10 lacs during the year ended on 31.03.2003 as against Rs. 461.29 lacs during the previous period of 12 months. The Company has incurred a loss of Rs. 286.96 lacs during the year as against loss of Rs. 161.67 lacs during the period of 12 months in the year 2001-02.

During the period under review, the Company has produced 60994 sqm. of carpets and 94040 kgs. of yarn (72937 kgs. for Captive Consumption) respectively and sold 80917 sqm. of carpets and 31487 kgs. of yarn.

'RENAISSANCE' brand of 100% Synthetic Cut Pile Carpets, introduced by a company last year was accepted in the domestic and international market as reflected by

the increase in sales of this product during the year 2002-2003.

FUTURE PROSPECTS

Liberalized Government policies have already started showing their impact. It is expected that during the first 2-3 years of structural adjustment and acclimatisation to new environment, the industry as a whole would face certain difficulties. This sluggish period is now almost over and the efficient and cost effective units will continue to survive in the fierce market. The expanding industrial base will bring out products, the demand for which was suppressed in the past few decades. New employment opportunities so created will increase the purchasing power and standard of living of a general citizen.

It is believed that the next few decades would be an era of prosperity for hotel industries mainly because the Government is giving a considerable number of incentives to the hotel industry due to slums in this sector in the last few years. The growth and performance of our industry is more or less linked to advancement and growth coming in for hotel industry now due to the abovesaid incentives and the growing faith of the international market in the hotel sector, the future performance of our sector & company is expected to improve considerably in the coming years.

Commitment to total Customer Satisfaction and continued excellence in quality and services with innovative efforts is the success mantra of the Company. The company is now focussed to internationalize its business. Towards realizing the dream of becoming a truly global company, concentration is currently on the first step of exporting products. Your Company during the year 2002- 2003 has effected substantive export consignments to Countries in Middle East and the company has also receiving lot of queries from European Countries regarding the terms and conditions, pricing of the Consignment. This reflects the acceptance of the Company's products in the International market.

The Company has also taken various cost cutting measures and taken considerable measures to reconstruct its business and activities. Your Directors are confident that your Company with the implementation of improved operations, cost cutting measures and innovative products, the business expects to improve its position in the growing market in the times ahead.

REHABILITATION

The Company has been directed by the Board for Industrial & Financial Reconstruction (BIFR) for submission of draft Rehabilitation Scheme for its consideration and approval.

DIVIDEND

As the company has suffered loss during the period under review, your Directors are not in the position to recommend any dividend for the period under report.

BIRLA TRANSASIA CARPETS LTD.

DIRECTORS

Mr. P. P. Saraogi, Director of the Company retires by rotation and being eligible offers himself for re-appointment.

PUBLIC DEPOSITS

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

AUDITORS

M/s Vinod Kumar & Associates, Chartered Accountants, Statutory Auditors of the Company hold office till the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

VIEW ON AUDITOR'S QUALIFICATION

With respect to the Auditor's qualification referred to in Sub - Clauses (xvii) & (xviii) of Clause 2 of the Auditor's Report, we wish to inform that as the company is already declared by the BIFR a "Sick Industrial Company" within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and the company is in dire needs of the funds, the payment of liability outstanding as on 31st March, 2003 is deferred till the further orders of the BIFR and this has been taken care of while drafting the rehabilitation scheme for submission to BIFR..

INDUSTRIAL RELATIONS

The Company enjoyed harmonious relations with employees through out the year.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.

a. Conservation of Energy

The operation involves low level of energy consumption. Wherever possible energy conservation measures have already been implemented. However, efforts to conserve and optimize the use of energy through improved methods and other measures will further continue.

b. Absorption of Technology

The Technology has been fully absorbed by the Company.

Foreign Exchange Earnings & Outgoings

During the year under review, details of Foreign Exchange earnings and outgo are as follows:

Foreign Exchange Earnings : Rs. 7.20 Lacs
(In Indian Rupees)

Foreign Exchange Outgo : Rs. 16.91 Lacs
(In Indian Rupees)

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement entered into with the Stock Exchanges, Corporate Governance is not applicable to the Company as the paid - up capital of the company is less than Rs. 3 Crores but still your company follow Corporate Governance to the best possible manner.

PARTICULARS OF EMPLOYEE'S

None of the employees is in receipt of remuneration for the year, which in aggregate was more than the limit prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. that in the preparation of the annual accounts for the financial year ended 31st March 2003, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the Directors had selected such accounting policies and applied them consistently and made judgments 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 loss of the Company for that period;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the asset of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors had prepared the annual accounts for the financial year ended 31st March, 2003 on a going concern basis.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the continuing co-operation and assistance rendered by the Central Government, State Government, Financial Institutions, Banks, Suppliers and other organizations in the working of the Company.

The Directors also wish to place on record their deep sense of appreciation for the dedicated services rendered by the officers, staff and workmen of the Company.

The Board takes this opportunity to express its deep gratitude for the continuous support received from the shareholders.

For and on behalf of Board of Directors

Place : New Delhi
Dated : 14th July, 2003

S.L. Khunteta
Director

P.P Saraogi
Director