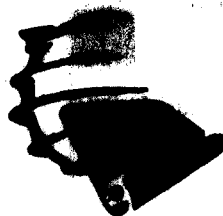


30th Annual Report 2004-2005

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Birla TransAsia Carpets Limited
AN ISO 9002 COMPANY

BIRLA TRANSASIA CARPETS LTD.

BOARD OF DIRECTORS

Mr. Arun Singhi	Director
Mr. Rameshwar Singh	Director
Mr. Anil Mahale	Director

CHIEF EXECUTIVE OFFICER

Mr. Manish Malani

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 31.03.2005)

CONTENTS

	Page Nos.
Notice	1
Directors' Report	3
Auditors' Report	5
Balance Sheet	8
Profit & Loss Account	9
Schedules forming part of the Accounts	10
Balance Sheet Abstract and	17
Company's General Business Profile	
Cash Flow Statements	18

BIRLA TRANSASIA CARPETS LTD.

NOTICE TO MEMBERS

Notice is hereby given that the Thirtieth Annual General Meeting of the Members of BIRLA TRANSASIA CARPETS LIMITED will be held on Tuesday, the 27th September, 2005 at 09.30 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, 2005 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. Anil Mahale, 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 Special Resolution:

"RESOLVED THAT 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. Anil Mahale, Director of the Company, as Senior Vice President (Marketing) on the terms and conditions, as per draft placed before the meeting and initialled by the Chairman for purpose of identification."

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

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

"RESOLVED THAT 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. Rameshwar Singh, Director of the Company, as A.V.P (P&A) on the terms and conditions, as per draft placed before the meeting and initialled by the Chairman for purpose of identification."

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

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

RESLOVED THAT subject to the provision of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder Listing Agreements and all others Applicable laws, rules, regulations and guidelines and subject to such approvals, permission and sanction which the Board of Director of the Company be and is hereby authorised to agree, the consent of the Company be and is hereby accorded

to the Board to Delist the Equity Shares and all other securities of the Company from the Stock Exchange at New Delhi.

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

Place : Sikandrabad

Rameshwar Singh Anil Mahale

Dated: 01 September, 2005

Director Director

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173(2) of Companies Act, 1956, in respect of item No. 4 to 6 of the notice set out above is annexed herewith and papers / documents referred to therewith are open for inspection at the Registered Office of the Company between 10.30 A.M. to 4.00 P.M. on any working day prior to the date of meeting.
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 26th September, 2005 to Tuesday the 27th September, 2005 (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 STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.)

ITEM NO.4.

Mr. Anil Mahale, Director of the Company, is also holding an office of profit as a Senior Vice President (Marketing) of the Company drawing a gross monthly remuneration of Rs.90,760 /-.

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.

BIRLA TRANSASIA CARPETS LTD.

None of the Directors of the Company except Mr. Anil Mahale is concerned or interested in the subject resolution.

ITEM NO.5.

Mr. Rameshwar Singh, Director of the Company, is also holding an office of profit as a A.V.P (P&A) of the Company drawing a gross monthly remuneration of Rs.41194/-.

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 except Mr. Rameshwar Singh is concerned or interested in the subject resolution.

ITEM NO 6.

Presently the Companies securities are listed on two Stock Exchange in India.

1. Delhi Stock Exchange Association Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi-110 002.

2. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.

Approval of the Members is therefore being sought by a special resolution for enabling voluntary De- Listing of the Companies Existing Securities from the Delhi Stock Exchange.

The companies securities will continue to be listed on the Mumbai Stock Exchange. The De _Listing will take effect after all approvals, Permission and sanction are received. The proposed De – Listing of the Companies securities from the said Stock Exchange as and when take place, will not adversely effect the investors.

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

None of the Directors of the Company except Mr. N. S. Kothari is concerned or interested in the subject resolution.

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

Place : Sikandrabad
Dated: 01 September, 2005

Rameshwar Singh **Anil Mahale**
Director Director

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BIRLA TRANSASIA CARPETS LTD.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 30th Annual Report on the operations of the Company together with the Audited Statement of Accounts for the financial year ended on March 31, 2005.

FINANCIAL RESULTS

	(Rs. in lacs)	
	For the year ended 31.03.2005	For the year ended 31.03.2004
Net Sales/Income from Operations*	309.72	241.44
Other Income	59.35	13.54
Total Expenditure	572.29	442.56
Profit/(Loss) before interest, depreciation & prior period adjustments	(203.22)	(187.57)
Interest	45.84	43.99
Profit/(Loss) before depreciation & prior period adjustments	(249.06)	(231.56)
Depreciation	14.07	13.63
Net Profit/(Loss) before Tax & prior period adjustments	(263.13)	(245.19)
Provision for Taxation	-	-
Net profit/(loss) after tax before prior period adjustment	(263.13)	(245.19)
Prior Period Adjustments	0.04	7.74
Net Profit/(Loss) after prior period adjustments	(263.17)	(252.93)
Debt Redemption Reserve		
Transferred	-	-
Surplus/(Deficit) brought forward from previous year	(2317.35)	(2064.42)
Surplus/(Deficit) carried to Balance Sheet	(2580.52)	(2317.35)

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

OPERATIONS

The sale stood at Rs. 309.72 Lacs during the year ended on 31.03.2005 as against Rs.241.44 Lacs during the previous period of 12 months. The Company has incurred a loss of Rs. 263.17 Lacs during the year as against loss of Rs.253.93 Lacs during the period of 12 months in the year 2003 - 04.

During the period under review, the Company has produced 79390 sqm. of carpets and 82660 kgs. of yarn (77308 kgs. for Captive Consumption) respectively and sold 91541 sqm. of carpets.

FUTURE PROSPECTS

The Liberalization policies announced by the Government of our Country have already started showing their impact. It has expected that in consonance to these policies the industry as a whole would

face certain difficulties during the first 2 -3 years of structural adjustment to new environment. But this phase of difficulty is now almost over and the efficient and cost effective units will continue to survive in the fierce market. The demand for the products which was suppressed in the past few decades will grow due to the expanding industrial base which will bring out products. The standard of living and purchasing power of a general citizen will increase due to new employment opportunities so created.

It is believed that as a result of the considerable number of incentives given by the Government to the hotel industry mainly because due to slums in this sector in the last few years, the next few decades would be an era of prosperity for this industry. The growth and performance of our sector will hamper quite a lot but 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.

Our Company believes that success of our Company depends on our commitment to total Customer Satisfaction and continued excellence in quality and services with innovative efforts. The company is now focused 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 2004 - 2005 has effected started export consignments to Countries in Middle East on trail basis 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 like reduction in power cost by looking at alternative source of power. 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 (DRS) for its consideration and approval. The Company has submitted DRS Scheme to Operating Agency Punjab National Bank (PNB) and PNB is in the process of finalising the same very soon.

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.

DIRECTORS

Mr. Anil Mahale, 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.

BIRLA TRANSASIA CARPETS LTD.

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.

AUDITOR'S REVIEW

With respect to the Auditor's qualification referred to in Clause (vi) of the Auditor's Report and clause (ix) of Annexure to 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, 2005 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. 14.96 Lacs
(In Indian Rupees)

Foreign Exchange Outgo : Rs. 14.56 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 of highest standards.

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 2005, 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, 2005 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 the Board of Directors

Place : Sikandrabad Rameshwar Singh Anil Mahale
Dated: 1st September, 2005 Director Director