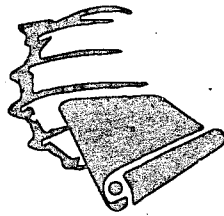


**32nd
Annual Report
2006 - 2007**

Report  junction.com



Birla TransAsia Carpets Limited
AN ISO 9001:2000 COMPANY

BIRLA TRANSASIA CARPETS LTD.

BOARD OF DIRECTORS

Mr. Arun Singhi

Director

Mr. Raminder Singh

Director

Mr. Purushotam Sharma

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

B - 10, Ansal Chamber - I,
Bhikaji Cama Place, New Delhi - 110 066

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 31.03.2007)

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 MEMBER

Notice is hereby given that 32nd Annual General Meeting of the shareholders of BIRLA TRANSASIA CARPETS LIMITED will be held on Thursday, 27th day of September 2007, at 11 A.M at the registered office of the company at plot No. 3 & 4, Industrial Area, Sikendarabad, Bulandshahar, Uttar Pradesh-203205 to transact the following business.

1. To receive, consider and adopt the audited Balance Sheet of the company as at 31st March 2007 and Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in Place of Mr.Purushotam Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
3. To Appoint the auditors to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting and to fix their remuneration.
4. To Consider and if thought fit ,to pass with or without modifications, the following resolution as a Special Resolution

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956 (including any amendment thereto or modification(s) or re-enactment(s) thereof and in accordance to the provisions of the Memorandum and Articles of Association of the company and subject to the requisite approval, consent, permissions and sanctions, if any of the Central Government, consent of the Company be and is hereby accorded to the Board of the Directors, to create, issue, offer and allot or dispose off at its sole discretion equity Shares, preference Shares, on such terms and conditions as the Board may, from time to time, determine for an amount not exceeding Rs. 27,00,00,000/- (Twenty Seven Crore) to the Members, Unsecured Loan Creditors, Promoters Group and their associates whether through Private Placement, or on Conversion of unsecured loan or on Preferential basis or otherwise or whether on the same terms and conditions or with varying terms and conditions and whether at one time or from time to time and in such manner as the board may in its discretion decide and consider proper and most beneficial to the company.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, matters as the board may in its absolute discretion consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid or to modify, subject to the Final order of the Board of Industrial and Financial Reconstruction, in such manner as the Board may deem fit and proper in its absolute desecration to be most beneficial to the Company.

5. To Consider and if thought fit ,to pass with or without modifications, the following resolution as a Special Resolution

"RESOLVED THAT subject to the Final approval of the Draft Rehabilitation Scheme pending before the BIFR for its approval and subject to other applicable approval of appropriate authorities in this regard, the share capital of the company be reduced from Rs.21,63,50,290/- to Rs. 2,16,35,029 by cancellation of paid -up capital which has been lost or unrepresented by available assets to the extent of Rs. 9 per share and by reducing the nominal amount of the equity shares of the company from Rs. 10 to Rs. 1 per share".

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

Place : Sikandrabad
Dated : 31 August, 2007

Arun Singhi **Purushotam Sharma**
Director Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll, instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. The register of Members and Share Transfer Books of the Company will remain closed from 25th day September 2007 to 27th Day of September 2007 (both days inclusive).
3. Members are requested to write to the company at least seven days in advance before the date of meeting in case they need any information as regards to the Audited Accounts for the financial year ended on 31st March 2007 to enable us to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT, 1956

ITEM NO. 4

Further Issue of Shares

As you are aware the company is a Sick Industrial Company under the provisions Sick Industrial Company's Special Provisions Act, 1985 and in a recent hearing of BIFR, BIFR directed to the Company to convert its unsecured loan from the promoters of the company in the tune of Rs18.8 Crores into equity shares of the company at the face value. The total issue will consists of 1,88,00,000 equity shares of Rs. 10/- each at par to the unsecured loan creditors of the company and that will increase the total paid-up capital of the Company to Rs.21,63,35,029/-. The shareholding pattern before or after conversion is given as follows.

BIRLA TRANSASIA CARPETS LTD.

	Before Conversion	After Conversion
Category		
Promoter & Promoter Group	61.04%	94.89%
Public	—	
Institutions	1.13%	0.14%
Non-Institutions	37.82%	4.97%

There will not be any change in the management control or constitution of the Board of directors subsequent to the allotment of shares to the unsecured creditors.

This resolution is required to be passed as Special Resolution.

The Board recommends the resolution for approval of members.

None of the directors of the Company is interested in this resolution

shares of the company by 90% so as it represent the available assets of the company. The company's paid-up capital after converting the unsecured loan into equity is Rs. 21,63,50,290/- and on de-rating by 90% it will reduce to Rs. 2,16,35,029/-. The nominal amount of paid-up capital of each equity share of Rs. 10/- will become Rs.1/-. That is, after conversion and de-rating the company's share capital will be Rs. 2,16,35,029 equity shares of Rs. 1/- each fully paid-up.

This resolution is required to be passed as Special Resolution.

The Board recommends the resolution for approval of members.

None of the directors of the Company is interested in this resolution

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

ITEM NO.5

BIFR in its recent hearing directed to the Company to de-rate the

Place : Sikandrabad
Dated: 31 August, 2007

Arun Singhi **Purushotam Sharma**
Director Director

Report  junction.com

BIRLA TRANSASIA CARPETS LTD.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 32nd Annual Report on the operations of the Company together with the Audited Statement of Accounts for the financial year ended on March 31, 2007.

FINANCIAL RESULTS

	(Rs. in lacs)	
	For the year ended 31.03.2007	For the year ended 31.03.2006
Sales / receipts (net of stock variation)	228.58	329.83
Other Income	54.88	81.35
Total Expenditure	599.48	521.13
Profit/(Loss) before interest, depreciation & prior period adjustments	(316.02)	(209.95)
Interest	26.98	36.75
Profit/(Loss) before depreciation & prior period adjustments	(343.00)	(246.70)
Depreciation	16.49	12.80
Net Profit/(Loss) before Tax & prior period adjustments	(359.49)	(259.50)
Provision for FBT	1.07	1.54
Net profit/(loss) after tax before prior period adjustment	(360.56)	(261.04)
Prior Period Adjustments	—	(2.64)
Net Profit/(Loss) after prior period adjustments	(360.56)	(258.40)
Debenture Redemption Reserve Transferred	—	—
Surplus/(Deficit) brought forward from previous year	(2838.93)	(2580.53)
Surplus/(Deficit) carried to Balance Sheet	(3199.49)	(2838.93)

OPERATIONS

The sale stood at Rs. 228.58 Lac during the year ended on 31.03.2007 as against Rs.329.83 Lac during the previous year. The Company has incurred a loss of Rs. 360.56 Lac during the year as against loss of Rs.258.40 Lac during the previous year. The company has incurred losses due to low capacity utilization owing to acute scare city of working capital funds and adverse operating and financial leverage.

During the period under review, the Company has produced 56,619 Sqm. of carpets and 71,458 kgs. of yarn (53,067 kgs. for Captive Consumption) respectively and sold 54,856 Sqm. of carpets.

The company has proposed to rationalize its work force for savings in wage bill, which has been well accepted by the employees. The company has made adequate provisions for benefits payable to such employees. The company has also proposed to recruit the

required workers /staff on contract basis with productivity linked considerations.

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 the company depends on commitment to total Customer Satisfaction and continued excellence in quality and services with innovative efforts. During the year the company was accredited with ISO 9001:2000 certificate. It will boost the image of quality products being manufactured by the company in domestic and overseas markets.

PROCEEDINGS BEFORE BIFR

The Company in company in compliance of BIFR directives in hearing held on 26.09.2005, submitted comprehensive proposal for rehabilitation to Operating Agency and other concerned agencies. The company taking present state of affairs formulated broad strategies of rehabilitation which inter alia includes reduction of debt and trade creditors to sustainable level, conversion of unsecured loans taken from companies belonging to promoter group into equity, de-rating of equity shares, rationalization of work force by implementing VRS, acquiring additional and machineries for de-bottlenecking and augmenting resources for meeting working capital requirements. The company to meet the funds requirement has proposed to raise additional funds from promoters besides disposal of surplus land at factory.

The OA after examining the rehabilitation proposal and discussions in joint meeting held on 05.06.2007 found the same to be support worthy. The BIFR in hearing held on 14.06.2007 directed to modify and resubmit the same.

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.

DIVIDEND

In view of the losses your directors are not in the position to recommend any dividend for the period under report.

BIRLA TRANSASIA CARPETS LTD.

DIRECTORS

Mr. Purushotam Sharma, 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.

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 the company has sought waiver of interest payable as per terms of acceptance of the deposit and proposed to convert the same into equity shares for which the company has got due concurrence for the same. Further, the company in its proposal for rehabilitation pursuant to guidelines for revival of sick companies has sought deferment and re-schedulement of arrears of statutory dues payable to Sales Tax, Trade Tax, ESIC, Provident Fund etc. The OA has also recommended for the same.

INDUSTRIAL RELATIONS

The Company enjoyed harmonious relations with employees through out the year. As part of major restructuring exercise company has reduced its employee strength and rationalized the manufacturing process.

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.

c. Foreign Exchange Earnings & Outgoings

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

Foreign Exchange Earnings (In Indian Rupees)	:	NIL
Foreign Exchange Outgo (In Indian Rupees)	:	Rs. 24.02 Lacs

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 2007, 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, 2007 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 Arun Singhi Purushotam Sharma
Dated: 31 August, 2007 Director Director