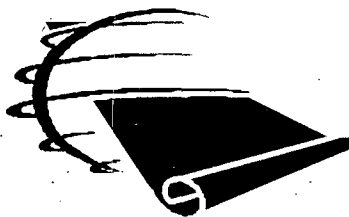


34th
Annual Report
2008-2009

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BIRLA TRANSASIA CARPETS LIMITED
AN ISO 9001 : 2008 COMPANY

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

| | |
|-----------------------|----------|
| Mr. Arun Singhi | Director |
| Mr. Purushotam Sharma | Director |
| Mr. R.S.Juneja | Director |

CHIEF EXECUTIVE OFFICER MR. MANISH MALANI

BANKERS The Bank of Rajasthan Ltd
Punjab National Bank

REGD. OFFICE & WORKS Plot No. 3 & 4, Industrial Area,
Sikandrabad-203 205
Dist- Bulandshahar(U.P)

STOCK EXCHANGE 1. Delhi Stock Exchange Association Ltd
3/1, Asaf Ali Road,
Near Turkman Gate,
New Delhi- 110 002

2. Bombay Stock Exchange Ltd.
Phiroz, Jeejeebhoy Towers
Dalal Street, Mumbai-400 001

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CONTENTS

| | Page Nos |
|---|----------|
| Notice ----- | 1 |
| Directors' Report ----- | 2 |
| Auditors' Report ----- | 4 |
| Balance sheet ----- | 10 |
| Profit and Loss Account ----- | 11 |
| Schedule of Accounts ----- | 12 |
| Balance sheet Abstract and Company's General profile ----- | 17 |
| Cash Flow statement ----- | 18 |

BIRLA TRANSASIA CARPETS LTD.**NOTICE**

Notice is hereby given that Thirty Fourth Annual General Meeting of the members of BIRLA TRANSASIA CARPETS LIMITED will be held on, Wednesday, 30th September 2009 at 10.00 A.M at Plot No. 3 & 4, Industrial Area, Sikandrabad, Dist. Bulandshahar (Uttarpradesh) to transact the following business to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance sheet as at 31st March 2009 and the profit and Loss account for the year ended on that date together with the Report of Directors and Auditors thereon
2. To appoint a Director in place of Shri. Arun Singhi, 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 next Annual General Meeting and to fix their remuneration.

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

Date : 28th August 2009
Place : Sikandrabad

Mr. Arun Singhi
Director

Purushotam Sharma
Director

Notes:

1. 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 used, should be returned duly completed to the registered office of the company, not less than 48 hours before the scheduled time of the Annual General Meeting.
2. The Register of Members and Share Transfer Books will remain closed from 28th September 2009 to 30th September 2009 (both days inclusive).
3. The Members/ Proxies are requested to produce at the entrance, the attached admission slip duly completed and signed for admission to the meeting hall.
4. 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 2009 to enable us to keep the information ready.

BIRLA TRANSASIA CARPETS LTD.**DIRECTORS' REPORT****Dear Members,**

Your Directors have pleasure in presenting the 34th Annual Report on the operations of the Company together with the Audited Statement of Accounts for the financial year ended on March 31, 2009.

FINANCIAL RESULTS

| | (Rs. in lacs) | |
|--|--|--|
| | For the year ended 31.03.2009 | For the year ended 31.03.2008 |
| Net Sales and other Income | 162.59 | 291.55 |
| Total Expenditure | 250.35 | 318.94 |
| Profit/(Loss) before interest, depreciation & prior period adjustments | (87.76) | (27.39) |
| Interest | 57.18 | 22.81 |
| Depreciation | 29.23 | 28.78 |
| Prior Period Adjustments | 0.04 | 0.73 |
| Provision for FBT | 1.32 | 0.79 |
| Net profit/(loss) during the year | (175.53) | (80.50) |
| Surplus/(Deficit) b/f | (3279.99) | (3199.49) |
| Surplus/(Deficit) c/f | (3455.52) | (3279.99) |

OPERATIONS

During the year the company has achieved net sales of Rs. 150.75 Lacs as against Rs. 266.77 Lacs in the previous year. The Company has incurred a net loss of Rs. 175.53 Lacs during the current year against the loss of Rs. 80.50 Lacs in the previous year.

During the period under review, the Company has produced 32582 sqm. of carpets and 1476 kgs yarn (42045 kgs. for Captive Consumption) respectively and sold 34730 kgs of carpets.

Owing to rationalization of work force and implementing measures for rehabilitation, the company could achieve improved performance in compared to previous years. On completion of restructuring and grant of relief package as proposed by the Company to BIFR, OA and concerned parties the performance is expected to further improve.

REFERENCE BEFORE BIFR

The Company pursuant to the directives of BIFR, New Delhi in last hearing had submitted comprehensive proposal rehabilitation seeking need based relief and concessions for expeditious revival of the Company. Punjab National Bank the Operating Agency has discussed the proposal in Joint meeting and forwarded its report that on conversion of Inter Corporate Deposits into equity and on grant of relief and concession, the company's net worth is expected to be positive on implementation of the rehabilitation scheme.

DIVIDEND

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

DIRECTORS

Mr. Arun Singhi, 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 there under.

AUDITORS

M/s LKM & Co, 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) (a) we wish to inform you that the promoters have proposed to convert ICD into equity shares of the company. Hence non provision of Interest and other observations are self explanatory. The company had proposed payment of overdue liabilities in suitable installments seeking relief and concessions as per prevailing guidelines in scheme submitted to BIFR, New Delhi.

INDUSTRIAL RELATIONS

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

BIRLA TRANSASIA CARPETS LTD.**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 | : | NIL |
| (In Indian Rupees) | | |
| Foreign Exchange Outgoing | : | |
| (In Indian Rupees) | | |
| 1. Raw Material | : | 3,350,562.76 |
| 2. Stores & Spares | : | 162,655 |
| 3. Machinery Import | : | 15,296,450 |

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 2009, 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, 2009 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

Mr. Arun Singhi
Director

Mr. Purushotam Sharma
Director

Place : Sikandrabad
Dated: 28th August, 2009

AUDITORS' REPORT**To the Members of
Birla Trans Asia Carpets Limited**

1. We have audited the attached Balance Sheet of Birla Trans Asia Carpets Limited as at 31st March 2009, 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 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 the 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 (Auditor's 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 purpose of our audit.
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it 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 & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to sub-section (3C) of section 211 of the Companies Act, 1956; except Accounting Standard (AS) 15 – Employee Benefits (Revised 2005) requiring of provisioning of retirement benefits based on actuarial valuation of retirement benefits and additional disclosures as required in terms of AS-15. The management has made the provisions based on their own estimates.
 - (v) On the basis of written representations received from the directors, we report that none of the directors is disqualified as on 31st March 2009, 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, the said accounts read together with the significant Accounting Policies and Notes of Accounts in schedule U and else were in Accounts subject to :
 - (a.) Note No.7 of Schedule 'T' of Notes to Accounts with regard to **non-provision of interest on Inter Corporate Loans and PICUP loans resulting into understatement of loss for the year, amount unascertained. Similarly non-accounting of interest liability resulting in to understatement of current liabilities as on 31-03-2009 to the same extent.**
 - (b.) **Sundry Debtors have been considered as good for recovery by the management:** A detailed analysis of actual reliability of sundry debtors which are due for more than six month should be

BIRLA TRANSASIA CARPETS LTD.

made and necessary provision which is yet to be quantified will be required.

- (c.) **There are large number of items in the inventory which are slow moving:** The management has estimated the value on cost or market value whichever is lower. An appropriate provision is to be quantified after detailed analysis of impairment in realizable value all inventory laying with the company for period exceeding six months.

Given 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, 2009;
- (b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For LKM & CO.

Chartered Accountants

Laxmikant Malpani

(Proprietor)

M.No.106989

Place: Mumbai

Dated: July 31, 2009

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Annexure referred to in paragraph 3 of our report of even date.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanation given to us, the company has not disposed off any fixed assets during the year.
- (ii) (a) The inventory of Raw Materials, Stores & Spares, Finished Goods and other items have 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 book records were not material.
- (iii) (a) The Company has not granted any Loans, Secured or Unsecured to Companies, Firms or other parties covered under register maintained under section 301 of the Act. Accordingly provisions of clause (iii)(b), (iii)(c) and (iii)(d) of the Order are not applicable to the Company
- (b) **According to information and explanations given to us the company has taken unsecured loan from companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 3229.90 lacs and year end balance of such loan taken were Rs. 3229.90 lacs excluding interest on such loans, amount unascertained in respect of such Companies.**
- (c) In our opinion, the rate of Interest and other terms and conditions of such loans are not prima facie prejudicial to the interests of the Company
- (d) According to information and explanation given to us in respect of such loans taken by Company, no stipulations have been made regarding payment of principal and interest there on.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) According to the information and explanation given to us, we are of the opinion that there was no transaction that needs to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from public during the year. Hence, the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, are not applicable to the company.