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16th Annual Report 2003-2004


Board of Directors

Shri Arunkumar Biyani-Executive Chairman
 Shri Ajay D. Biyani-Managing Director
 Shri Anil D. Biyani- Executive Director
 Shri Girdharlal S. Daga-Independent Director
 Shri Rajendra Prasad Khator-Independent Director
 [w.e.f. September 27, 2003]
 Shri Ashok Kumar Damani-Independent Director
 [w.e.f. January 9, 2004]

Company Secretary

Shri Dinesh Birla

Auditors

M/s. A. J. Baliya & Associates
 Chartered Accountants
 Mumbai

Bankers

Bank of Baroda
 Mumbai Main Office,
 Mumbai 400 023

Bank of Baroda
 Daman Branch
 Nani Daman (U.T.) 396 210

Registered Office

5/145-B, Dr. Viegas Street, Ground Floor,
 Kalbadevi, Mumbai 400 002
 Ph. : 2208 5311. Fax : 2208 5694
 Email : damodarthreads@ yahoo.co.in

Plant Location

Plot No. 77 to 80, 89 to 91
 Dabhel Industrial Co-op. Society Ltd.
 Nani Daman, (Union Territory) 396 210

Registrar & Share Transfer Agent

M/s Intime Spectrum Registry Limited
 C-13, Pannalal Silk Mills Compound,
 L.B.S. Marg, Bhandup (W),
 Mumbai 400 078.
 Ph. 022 5555 5454 Fax 022 5555 5353
 Email : isrl@intimespectrum.com

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NOTICE TO THE MEMBERS

Notice is hereby given that the Sixteenth Annual General Meeting of the Company will be held on Thursday the 9th September, 2004 at 4.30 p.m. at Maheshwary Bhavan, 603, Chira Bazar (J S Road), Mumbai 400 002 to transact the following business :

Ordinary Business:

1. To receive, consider and adopt audited Profit & Loss Account, for the year ended March 31, 2004 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year 2003-04.
3. To appoint a Director in place of Shri Ajay D. Biyani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint auditors and fix their remuneration.

Special Business:

5. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

"RESOLVED THAT Shri Rajendra Prasad Khator, who was appointed as an Additional Director and holds office upto the date of ensuing Annual General Meeting under Article No. 115 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Shri Ashok Kumar Damani, who was appointed as an Additional Director and holds office upto the date of ensuing Annual General Meeting under Article No. 115 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the said Act, the Company hereby approved the re-appointment of Shri Ajay D. Biyani as Wholetime Director of the Company, on the remuneration as set out below with effect from 1st July 2004 for the period of 5 years.

1. Salary: Pay Scale of Rs. 60,000 10,000 - 1,00,000 per month. This pay scale will be applicable with effect from 1st July, 2004 and every increase in remuneration as per above pay scale will be applicable with effect from 1st April of each subsequent years after the current year 2004-05.

2. Perquisites & Allowances :

- (i) In addition to the salary payable, the Wholetime Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowances in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; club fees and leave travel concession for himself and his family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors.

- (ii) For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision for use of the Company's car for official duties, cellular phone and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites.

- (iii) Company's contribution to Provident Fund and Superannuation of Annuity Fund, to the extent these either singly or together are not taxable under the Income-Tax Act, gratuity payable at a rate not exceeding half a month salary for each completed year of service and encashment of leave at the end of the tenure, shall not be included in the computation of the ceiling on remuneration specified in paragraph 1 of Section II of Part II of Schedule XIII of the Act.

**MINIMUM REMUNERATION**

Notwithstanding anything hereinabove stated, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to Shri Ajay D. Biyani by way of salary, perquisites and any other allowance shall not exceed the ceiling limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendments thereto.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

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

"RESOLVED THAT pursuant to section 314(1)(b) and all other applicable provisions of the Companies Act, 1956 and subject to such approvals as may be necessary, consent of the Company hereby accorded that remuneration of Shri Aman Biyani, Sales Executive of the Company, be increased from Rs. 12,000/- per month to at a pay scale of Rs. 15,000-5,000-30,000 per month with effect from 1st June, 2004."

"RESOLVED FURTHER THAT every increase in remuneration as per above pay scale will be applicable with effect from 1st April of each subsequent years after the current year 2004-05."

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

"RESOLVED THAT in terms to section 163 of the Companies Act, 1956 approval of the Company be and is hereby accorded that Register of Members, Index of Members, Register and Index of Debenture Holders and copies of all the certificates and documents required to be annexed to the Annual Return under section 160 and 161 of the Companies Act, 1956 be and is hereby kept at the office of M/s. Intime Spectrum Registry Ltd., R & T Agent of the Company, situated at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.

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

"RESOLVED THAT in terms to section 31 of the Companies Act, 1956, the Articles of Association of the Company be and are amended by inserting new Article No. 62A after the present article No. 62:

Article No. 62A - The Company may buy back its own shares or other specified securities subject to the applicable provisions of the Companies Act, 1956 and other Statutory provisions in force."

Registered Office:
5/145-B, Dr. Viegas Street,
Ground Floor, Kalbadevi,
Mumbai 400 002

Date June 18, 2004

By Order of the Board

Dinesh Birla
Company Secretary

Note:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (b) The Explanatory Statements pursuant to section 173 of the Companies Act, 1956, In respect of the business under Item No. 5, 6, 7, 8, 9 and 10 are annexed hereto.



- (c) The Register of Members and Transfer Book of the Company will remain close from Friday, 3rd September, 2004 to Thursday, 9th September, 2004 (both days inclusive).
- (d) The dividend on equity shares, if declared, will be payable on or after 9th September, 2004, to those members whose names stand on the Register of Members of the Company on the 9th September, 2004.
- (e) Pursuant to section 205A of the Companies Act, 1956, all unclaimed / Unpaid dividends up to the financial year 1996-97 have been transferred to the Investor Education and Protection Fund, established under section 205C(1) of the Companies Act, 1956.

However, no claim shall be against the said fund or the company in respect of individual amounts, which were unclaimed / unpaid for a period of seven years from the dates that they first became due for payment.
- (f) Members are requested to intimate to the Company queries, if any, regarding the accounts/notices at least ten days before the Annual General Meeting to enable the management to keep the information ready at the meeting.
- (g) Shareholders who are holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.

Explanatory Statement as required by Section 173(2) of the Companies act, 1956.

Item No. 5

Shri Rajendra Prasad Khator was appointed as an additional director of the Company by the Board of Directors with effect from September 27, 2003, pursuant to section 260 of the Companies Act, 1956, and article 115 of the Articles of Association of the Company and holds office upto the date of ensuing Annual General Meeting. A Notice under section 257 of the Act has been received from a member proposing the candidature as a Director.

The Board recommends the appointment of Shri Rajendra Prasad Khator as a Director of the Company. None of the Directors except Shri Rajendra Prasad Khator himself is concerned or interested in the resolution.

Item No. 6

Shri Ashok Kumar Damani was appointed as an additional director of the Company by the Board of Directors with effect from January 9, 2004, pursuant to section 260 of the Companies Act, 1956, and article 115 of the Articles of Association of the Company and holds office upto the date of ensuing Annual General Meeting. A Notice under section 257 of the Act has been received from a member proposing the candidature as a Director.

The Board recommends the appointment of Shri Ashok Kumar Damani as a Director of the Company. None of the Directors except Shri Ashok Kumar Damani himself is concerned or interested in the resolution.

Item No. 7

On the recommendation of the Remuneration Committee, the Board of Directors have, at its meeting held on 18th June 2004, reappointed Shri Ajay D. Biyani as Managing Director of the Company for a period of five years with effect from 1st July, 2004 at a increased pay scale of Rs. 60000 10000 - 100000/- per month.

Shri Ajay D. Biyani aged 42 years, is a commerce graduate from the Bombay University, Mumbai, has over 22 years experience in the textile industry and is key person in setting up Company's unit.

The Board recommends the resolution set out in item no. 7 of the Notice, for your approval.

Shri Ajay D. Biyani is concerned or interested in the resolution and Shri Arunkumar Biyani and Shri Anil D. Biyani, being related to Shri Ajay D. Biyani, Managing Director of the Company may therefore be deemed to be concerned or interested in the Resolution. Except the above said Directors, none of the Directors of the Company is concerned or interested in the resolution.

Item No. 8

Shri Aman Biyani, Sales Executive of the Company, is son of Shri Arunkumar Biyani Executive Chairman of the Company. The Board of Directors, in their meeting held on 8th May, 2004, has increased the Remuneration of Shri Aman Biyani from Rs. 12000/- per month to at a pay scale of Rs. 15000-5000-30000/- per month w.e.f. 1st June, 2004.



The Board recommends the special resolution set out in item no. 8 of the Notice, for your approval.

Except Shri Arunkumar Biyani, Shri. Ajay D. Biyani & Shri. Anil D. Biyani none of the Directors are interested or concerned in this resolution.

Item No. 9

With mandatory requirements as stipulated by SEBI requiring all issuer Companies to keep the record pertaining to physical as well as electronic segments at a single point. The Company has appointed M/s Intime Spectrum Registry Ltd, a SEBI registered Share Registrar and Transfer Agent (R & T Agent) to act as Company's R & T Agent. In line with the requirements of section 163 of the Companies Act, 1956, the Register and Index of Members and Debenture holders and copies of all certificates and documents required to be annexed to the annual return be kept with the M/s Intime Spectrum Registry Ltd. situated at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078, instead of keeping the same at the registered office of the Company.

In terms of section 163 of the Act, members approval for by way of special resolution is sought for keeping the above documents at the place of the R & T agent as given above instead of the Registered office of the Company and the Directors recommend the resolution for the approval of the members.

None of the Directors of the Company are concerned or interested in the resolution.

Item No. 10

The Companies (Amendment) Act, 1999 has allowed to Companies to buy back its own shares. For this purpose Section 77A, 77AA and 77B have been inserted in the Companies Act, 1956. With the enactment of the abovementioned provisions in the Companies Act, 1956, a new Article 62A is proposed to be inserted after the present article No. 62.

The special resolution at item no. 10 is, therefore proposed pursuant to section 31 of the Companies Act, 1956.

None of the Directors of the Company are concerned or interested in the resolution.

The Articles of Association of the Company referred above is available for inspection to the Members at the Company's Registered Office during business hours on any working day.

By Order of the Board

Dinesh Birla

Company Secretary

Registered Office :
5/145-B, Dr. Viegas Street,
Ground Floor, Kalbadevi,
Mumbai 400 002
Dated June 18, 2004.



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report together with audited statement of accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS

(Rs. in lakhs)		
Particulars	2003-04	2002-03
Sales & Other income	5365.54	3674.91
Profit before Depreciation & Tax	202.47	143.55
Depreciation	35.58	39.21
Provision for Taxation including Deferred Taxes	45.87	8.22
Prior year Tax Adjustments	0.17	--
Profit after Tax	120.85	96.12
Profit brought forward from previous year	166.88	75.97
Profit available for appropriation	287.73	172.09
APPROPRIATION		
Transfer to General Reserve	12.12	5.21
Proposed Dividend	30.96	--
Corporate Dividend Tax	3.87	--
Profit carried to Balance Sheet	240.78	166.88

2. OPERATIONS

During the Financial year 2003-04, your company had achieved a turnover of Rs. 5357.45 Lacs as compared to previous year turnover of Rs. 3668.62 Lacs and recorded profit after tax amounting to Rs. 120.85 Lacs as compared to previous year of Rs. 96.12 Lacs. Sales recorded a growth of 46.49% and profit after tax increased by 25.73%.

The Company continues to introduce new types of fancy yarn and maintain good quality of its products. With support of its loyal customers, the plant utilization has been at higher operating levels and efficiency.

3. DIVIDEND

In view of the enhanced profitability of the Company, the Board recommends a dividend of Rs. 1/- per equity share of Rs. 10 each of the Company for the financial year ended 31st March, 2004.

4. DIRECTORS

Shri Ajay D. Biyani retires by rotation and is eligible for reappointment.

The board had appointed Shri Rajendra Prasad Khator and Shri Ashok Kumar Damani as Additional Directors with effect from 27th September, 2003 and 9th January, 2004 respectively and they hold the office till the forthcoming annual general meeting. Notice under section 257 of the Companies Act, 1956 has been received for their appointment in the ensuing annual general meeting.

5. AUDITORS

M/s A. J. Baliya & Associates, Chartered Accountants, retires at the conclusion of the forthcoming annual general meeting and have given their consent for reappointment.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that :

- in preparation of the annual accounts, the applicable accounting standards have been followed.
- appropriate accounting policies have been selected and applied consistently, and have 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 as at March 31, 2004 and of the Profit and Loss Account for the year ended March 31, 2004.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the annual accounts have been prepared on a going concern basis.



7. DELISTING OF SECURITIES FROM STOCK EXCHANGE

Equity shares of the Company are presently listed on three Stock Exchanges at Mumbai, Calcutta and Jaipur. The Company has applied for Delisting of its equity share from the Calcutta Stock Exchange on 29th March, 2004 and application is under process. The Company will be also making an application to Jaipur Stock Exchange for Delisting of its equity shares. However, equity shares of the Company will continue to remain listed on The Stock Exchange, Mumbai.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pursuant to section 217(i)(e) of the Companies Act, 1956 read with the Companies (disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed.

9. PARTICULARS OF EMPLOYEES

None of the employees of the Company has received remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

10. CORPORATE GOVERNANCE REPORT

A Report on Corporate Governance along with a Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance Code is annexed hereto.

11. INDUSTRIAL RELATIONS AND ACKNOWLEDGE

The Industrial relations at unit and offices of the Company are continued to be peaceful and cordial during the year under review.

The board acknowledges with appreciation the efforts put in by its employees during the year under review. The Company is grateful to its customers and bankers for their support and understanding and the shareholders for their faith and confidence.

Place: Mumbai
Date: June 18, 2004

For and on behalf of the Board

ARUNKUMAR BIYANI
Executive Chairman

ANNEXURE TO DIRECTORS' REPORT

CONSERVATION OF ENERGY

Total energy consumption and energy consumption per unit of production

	2003-04	2002-03
[A] Power and fuel consumption		
1. Electricity		
A) Purchased unit	1134900	1276400
Amount	2895.79	3230.77
Rate/Unit	2.55	2.53
B) Own Generation		
i) Through Diesel Generator Unit	382900	467360
ii) Unit/Litre of Diesel Oil	4	4
iii) Fuel cost / unit	5.5	5.0
[B] Electricity units Consumption in		
production of Yarn per KG. (Unit/Kg)	0.42	0.99



RESEARCH AND DEVELOPMENT

a. Specific areas in which R & D was carried out by the Company

The Company is actively engaged in product upgradation and design development.

b. Benefits derived as a result of the above R & D

Improved product designs resulted in higher value added products, and better realisations.

c. Future plan of action

Emphasis on the above activities will be ongoing exercise.

d. Expenditure on R & D

Since the expenditure incurred on research and development activities were not substantial, no separate account for the same were being maintained.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Since the Company's products are being developed by in-house R & D team, no further information under this head is required to be given.

FOREIGN EXCHANGE EARNINGS AND OUTGO

a. Initiatives taken to increase exports and exports plans

Your Company has been in constant touch with various customers around the world. We do hope that our regular follow up will result in order from other countries. The Company had put it's stall at Trade exhibition held at Korea & China during the year.

b. Development of new export markets for synthetic yarn.

Your Company is consistently exploring possibilities of exporting its products to new markets. This is an on going process.

c. Total Foreign Exchange used & Earned (Rs. In Lacs)

Particulars	2003-04	2002-03
Used	4.59	Nil
Earned (FOB Value of Export goods)	10.42	Nil

Place: Mumbai
Date: June 18, 2004

For and on behalf of the Board

ARUNKUMAR BIYANI
Executive Chairman