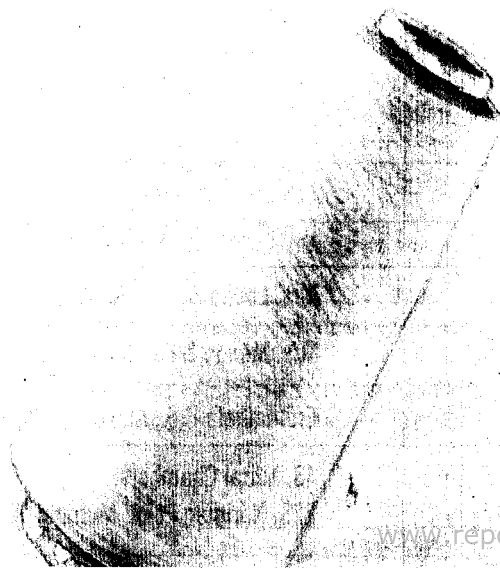




GTN TEXTILES LIMITED

43rd ANNUAL REPORT 2004/2005

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GTN TEXTILES LIMITED**43rd ANNUAL REPORT 2004/2005**

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GTN TEXTILES LIMITED

NOTICE

NOTICE is hereby given that the **Forty-Third** Annual General Meeting of **GTN TEXTILES LIMITED** will be held at Oceanic Hall, Hotel Periyar, Aluva - 683 101 at 4.00 p.m on Monday, the 5th day of September, 2005, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2005 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and the Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri.C D Thakker, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri.Umang Patodia, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and / or charging by the Board / Committee of Directors of the Company of all the immovable properties and movable fixed assets of the Company, excluding assets on which exclusive charge was given and, hypothecation of all movable properties of the company subject to prior charges in favour of bankers for Working Capital, where so ever situate, present and future, and of conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of Export-Import Bank of India (EXIM Bank), Central Bank of India (CBI) and State Bank of Travancore (SBT) to secure on Pari Passu First Charge basis;

- i) Rupee Term loan of Rs.1814 lacs under Technology Upgradation Fund Scheme lent and advanced by EXIM Bank to the Company.
- ii) Rupee Term loan of Rs.1200 lacs under Technology Upgradation Fund Scheme lent and advanced by CBI to the Company.

- iii) Rupee Term loan of Rs.800 lacs under Technology Upgradation Fund Scheme lent and advanced by SBT to the Company.

and

to secure on pari passu second charge basis:

- i) Additional Working Capital facilities aggregating Rs.625 lacs lent and advanced by Central Bank of India (CBI), to the Company;
- ii) Additional Working Capital facilities aggregating Rs.455 lacs lent and advanced by State Bank of India (SBI), to the Company;
- iii) Working Capital facilities aggregating Rs.1160 lacs lent and advanced by State Bank of Travancore (SBT), to the Company;
- iv) Additional Working Capital facilities aggregating Rs.290 lacs lent and advanced by ING Vysya Bank Limited (VBL), to the Company".

"RESOLVED further that the Board / Committee of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary for giving effect to the above resolution".

7. To consider, and if thought fit to pass with or without modification(s), the following resolution as a special resolution.

"RESOLVED that, pursuant to the approval of the Scheme of Arrangement (scheme) under Section 391 to 394 of the Companies Act, 1956 from the Hon'ble High Court of Judicature of Kerala for the proposed compromise or arrangement [which is a Demerger of the Business Activity of the Aluva Unit, All Shares owned by the Company in Patspin India Limited (i.e. 39.07% of the Paid-up Equity Share Capital of that Company) and other assets, (as specified in the Scheme), to GTN Industries Limited as a going concern with effect from 1st April, 2005], the name of the Company be changed from GTN Textiles Limited (Transferor Company) to GTN Industries Limited (Transferee Company) and accordingly the name GTN Textiles Limited, wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by the name GTN Industries Limited".

"RESOLVED further that the above, shall be subject to the approval of the Hon'ble High Court of Judicature of Kerala at Ernakulam and Central Government under Section 21 of the Companies Act, 1956".

"RESOLVED further that the Board / Committee of Directors be and is hereby authorised to do all such act, deeds and things, as may be deemed expedient and necessary to give effect to this resolution".

By Order of the Board
For **GTN TEXTILES LIMITED**

E K BALAKRISHNAN
Company Secretary

Place : Kochi
Date : 29th July, 2005

NOTICE (Contd.)**NOTES:-**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself 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 48 hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
3. The Company has already notified Closure of Register of Members and Share Transfer Books thereof from Monday, the 22nd August, 2005 to Friday the 2nd September, 2005 (both days inclusive) for determining the names of Members eligible for Dividend, if approved, on equity shares. In respect of shares held in Electronic form, Dividend will be payable on the basis of beneficial ownership, as per details furnished by NSDL and CDSL, for this purpose.
4. Subject to the provisions of Section 206A of the Companies Act, 1956, Dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or before 1st October, 2005, to those members whose names appear on the Company's Register of Members as on 2nd September, 2005.
5. Members may please note that the dividend warrants are payable at par at the designated branches of the Bank printed on reverse of the dividend warrant for an initial period of 6 months only. Thereafter, the dividend warrant on revalidation is payable only at limited centres / branches. The members are, therefore, advised to encash dividend warrants within the initial validity period.
6. Pursuant to Section 205A of the Companies Act, 1956, all Unclaimed Dividend upto Financial Year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet claimed their Dividend Warrants for the said period, are requested to claim the amount from the Registrar of Companies-Kerala, Ernakulam by submitting an application in the prescribed Form.
7. Pursuant to Section 205A(5) of the Companies Act, 1956, Dividend for the Financial Year ended 31st March, 1997 have been transferred by the Company to the **Investor Education and Protection Fund (IEPF)** on 12.08.2004, established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Dividend for the financial year ended 31st March, 1998 and thereafter which remain unpaid or unclaimed for a period of 7 (Seven) years will be transferred by the Company to the IEPF pursuant to the said provisions of the Act.

Information in respect of such Unclaimed Dividend when due for transfer to the said Fund, is given below:-

Financial year Ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
31.3.1998	20.7.1998	19.7.2005	18.8.2005
31.3.1999	30.7.1999	29.7.2006	28.8.2006
31.3.2000	16.8.2000	14.8.2007	13.9.2007
31.3.2001	20.7.2001	19.7.2008	18.8.2008
31.3.2002	31.7.2002	30.7.2009	28.8.2009
31.3.2003	31.7.2003	30.7.2010	28.8.2010
31.3.2004	30.7.2004	29.7.2011	27.8.2011

Shareholders who have not so far encashed the Dividend Warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company. Also note that no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of 7 (Seven) years from the date that they first became due for payment and no payment shall be made in respect of any such claim.

8. Consequent upon introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Individual Shareholder(s) can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the shares shall vest in the event of the death of the Shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination form. The facility of nomination is not available to non-individual Shareholders such as Bodies-Corporate, Kartas of Hindu Undivided Families, Partnership Firms, Societies, Trust and holders of Power of Attorney. For further details please contact Company's Secretarial Department. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Share Transfer Agent, M/s.Integrated Enterprises (India) Limited.

REQUEST TO THE MEMBERS:

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast 7 (Seven) days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.

NOTICE (Contd.)

3. Members are requested to inform immediately any change in their address to the Company's Share Transfer Agents.
4. All communications relating to shares are to be addressed to the Company's Share Transfer Agents M/s. Integrated Enterprises (India) Ltd., "Seema", 41/426, Rajaji Road, Near Abad Metro Hotel, Ernakulam - 682 035, Kerala; Tel. No. (0484)2371494/2366099 Tel. fax: (0484) 2384735; E-Mail: yesbalu@iepindia.com or shaji@iepindia.com.
5. Members are requested to note that the Company's Equity shares are compulsorily traded in demat form for all investors, effective from 28th August, 2000. Members are requested to open Depository Account in their names with a Depository participant to dematerialise their holdings. This would be necessary for facilitating the transfers of Company's Equity shares in all Stock Exchanges connected to the Depository System.

Details of Directors retiring by rotation and seeking re-appointment

(In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri. C D Thakker	Shri. Umang Patodia
Date of Birth	31.3.1938	17.6.1969
Date of appointment	26.9.1988	4.8.1994
Qualifications	S.S.C	B.Com
Expertise in specific functional area	He has over 42 years experience in procurement and trading of raw cotton. He is employed in M/s. Purav Trading Ltd. in the capacity of 'President'.	He has over 16 years of experience in Textile Industry, Yarn Marketing and Cotton Trading besides experience in Finance and Administration. He is the Managing Director of Patspin India Limited over the last 10 years.
Details of other Directorship	Prime Textiles Limited	<ul style="list-style-type: none"> • Patspin India Limited • GTN Industries Limited • Patspin Apparels P. Ltd. • Patodia Exports & Inv. P. Ltd. • Beekaypee Credit P. Ltd.
Details of other Committee and Membership status	None	None

NOTICE (Contd.)**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956****ITEM No.6**

The Company has been sanctioned Financial Assistance from Export-Import Bank of India (EXIM Bank), Central Bank of India (CBI) and State Bank of Travancore (SBT) for its modernisation and upgradation plans under Technology Upgradation Fund Scheme (TUFS - III). The said financial assistance has to be secured by an appropriate pari passu first charge / mortgage / hypothecation on such of the Company's immovable and movable assets as may be agreed to the Company and Term Lenders.

The Working Capital Bankers viz. Central Bank of India (CBI), State Bank of India (SBI), State Bank of Travancore (SBT) and ING Vysya Bank Limited (VBL) has sanctioned additional financial assistance for the financial year 2005-06. The said financial assistance(s) has to be secured by an appropriate pari passu second charge / mortgage / hypothecation on such of the Company's immovable and movable assets as may be agreed to the Company and the said Banks.

Section 293(1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a Public Company shall not except with the consent of its Shareholders in the General Meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the company, or where the company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

Since the mortgaging by the company of its immovable properties and movable fixed assets, as aforesaid in favour of EXIM Bank, CBI and SBT and Working Capital Bankers, may be regarded as disposal of the Company's properties / undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copies of the letters of sanction No.OIF:EQU:D-518:615 dated 2.9.2004 of EXIM Bank; ALW:ADV:2004-05 dated 8.10.2004 of CBI and DGM/EKM/OSB/908(a) dated 6.10.2004 of SBT and Central Bank of India Consortium of Bankers Agreement dated 18.2.2005, is open for inspection at the Registered Office of the Company between 11.00 a.m and 1.00 p.m on any working day prior to the date of the meeting.

None of the Directors is concerned or interested in the Resolution.

Your Directors recommend this Resolution for approval.

ITEM No.7

The Board of Directors of the Company at their meeting held on 4th June, 2005, have approved a Scheme of Arrangement and Demerger (Scheme) pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956, which is a Demerger of the Business Activity of the Aluva Unit, All Shares owned by the Company in Patspin India Limited (i.e: 39.07% of the Paid-up Equity Share Capital of that Company) and other assets, (as specified in the Scheme), to GTN Industries Limited as a going concern with effect from the Appointed Date, i.e. 1st April, 2005.

Further, as per the Scheme, with effect from the Effective Date, the name of the Transferor Company shall be changed from GTN Textiles Limited to GTN Industries Limited and the name of the Transferee Company shall be changed from GTN Industries Limited to GTN Textiles Limited. The same will be subject to the approval of the Hon'ble High Court of Judicature of Kerala at Ernakulam and also the Central Government pursuant to Section 21 of the Companies Act, 1956.

The Company has filed application pursuant to Sections 391 to 394 of the Companies Act, 1956 with the Hon'ble High Court of Judicature of Kerala at Ernakulam and the procedural formalities has begun.

Subsequent to the approval of the Scheme of Arrangement by the Hon'ble High Court of Kerala, the Company intends to file separate application with the Central Government for change in name under Section 21 of the Act. As per provisions of the Act, the change in name shall be approved by the Shareholders and hence the proposed resolution.

Shri. M L Patodia, Shri. B K Patodia, Shri. M K Patodia and Shri. Umang Patodia, being related to each other are interested in the resolution.

None of the other Directors of the Company is in any way concerned or interested in the Resolution.

Your Directors recommend this Resolution, for approval.

By Order of the Board
For **GTN TEXTILES LIMITED**

E K BALAKRISHNAN
Company Secretary

Place : Kochi
Date : 29th July, 2005

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the **Forty-Third** Annual Report together with the Audited Statements of Account for the year ended 31st March 2005.

FINANCIAL RESULTS

	Year ended 31.3.2005 (Rs. in lacs)	Year ended 31.3.2004 (Rs. in lacs)
INCOME		
Net sales / Income from operations	24059	21641
Other Income	155	137
Variation in stock	(564)	1182
Total	<u>23650</u>	<u>22960</u>
EXPENDITURE		
a) Cost of materials	12198	10695
b) Staff Cost	2323	2285
c) Power & Fuel	2919	2935
d) Other expenditure	3661	3384
Total	<u>21101</u>	<u>19299</u>
OPERATING PROFIT	2549	3661
Interest	765	1008
Profit before depreciation and taxation	1784	2653
Depreciation	1629	1573
PROFIT BEFORE TAX	155	1080
Provision for current tax	3	75
Provision for deferred tax	(28)	134
PROFIT AFTER TAX	180	871
Tax for earlier years written back	190	-
Balance brought forward from previous year	534	458
Profit available for appropriations	<u>904</u>	<u>1329</u>
APPROPRIATIONS		
Transfer to General Reserve	200	550
DIVIDEND ON:		
Proposed Equity	144	217
Corporate Dividend Tax	20	28
Surplus carried to Balance Sheet	540	534
	<u>904</u>	<u>1329</u>
DIVIDEND		

Your Directors are pleased to recommend a Dividend @ 12.5% on the Paid-up Equity Share Capital of the Company in respect of the financial year 2004-05. The total outgo on account of dividend, inclusive of dividend tax @ 14.025% is at Rs.1.64 crores.

PERFORMANCE REVIEW

During the financial year 2004-05, the company could improve its turnover to Rs.241 crores as compared to Rs.216 crores in the previous year. However, the cash profit and profit before tax was lower at Rs.17.84 crores and Rs.1.55 crores as against Rs.26.53 crores and Rs.10.80 crores in the previous year.

In the year under review, the Company had to absorb substantially adverse impact on account of higher cost of cotton which was procured in the previous cotton season beginning October 2003. The subsequent crop year 2004/05 was an exceptional year where the world production of cotton rose to an all time high at 25.9 million tons resulting substantially lower cotton outlook index at 53 cents/lb in 2004/05 as compared to 68.681 cents/lb in 2003/04. This also resulted in a significant downward movement of yarn prices as well. As you are aware, your company being prominently in the export segment, is obliged to procure sufficient quantities of cotton during the cotton season to meet the specific cotton yarn quality requirement of its overseas customers over the balance period till the beginning of next cotton season. This is because, customers who ultimately convert the cotton yarn into fabric and garments thereafter, need consistent quality of cotton yarn to obtain best and uniform results in subsequent processes till the finished products are turned out.

Further, during most part of the financial year, the international market in cotton yarns continued to be sluggish, and strengthening of rupee against dollar by 3.5% on a year to year basis also eroded the margins. However, overall increase in the production and efficiency mainly on account of modernization and upgradation schemes implemented by your company, lower interest cost due to constant debt restructuring and efficient management of working capital finance could off-set some of the increases in the input costs.

The performance of the company reported above is after taking into account the cash loss of Rs.1.88 crores and net loss of Rs.5.23 crores attributable to the operation of its Yarn Processing Unit. This was due to lower capacity utilization on account of loss of production for two months as a result of the illegal strike by the workmen of the unit, besides other factors.

The year under review also witnessed a significant historical event of dismantling of quota regime from 1st January, 2005 on expiry of Multi-Fibre Agreement on 31.12.2004. This has resulted in open global competition and in anticipation of this event, the prices of all textile products, including Cotton Yarn, remain under pressure and it is hoped that they are likely to stabilize in the near future. Your company has always followed the policy of upgradation of technology to retain its recognition as supplier of niche products with highest quality standards in the international market. This is reflected in the Texprocil Award Trophies received by your company for the last 18 years for its outstanding performance among the cotton yarn manufacturer-exporters of the country. In order to meet the steeper challenges in the post quota regime, your company had further taken up modernization and upgradation projects under Technology Upgradation Fund Scheme at a cost of Rs.46.27 crores at its Always, Medak and Nagpur Units against which, it has already incurred Rs.20.26 crores upto the end of the financial year. The scheme includes replacement of older preparatory machines, ring frames,

DIRECTORS' REPORT (Contd.)

installation of 2936 spindles and addition of balancing machinery, besides upgradation of humidification system, augmentation of captive generation capacity etc. These projects are expected to be completed by end March, 2006, which will widen its range of products as well as enhance the capacity due to increase in spindleage and addition of balancing machinery in Blow Room, Preparatory and Post-spinning sections. This will result in all the Spinning Units of the company becoming fully modernized with latest technology. With lower cost of borrowing attached to funding through TUF due to eligibility of 5% interest rebate, the company expects to improve its performance by further increasing the efficiency and flexibility in production across its manufacturing units.

During the current year, with the cost of raw material coming down substantially, inspite of highly competitive international market for cotton yarn, especially due to dismantling of quota, the company is hopeful that with all the steps undertaken to improve its performance it should show satisfactory results.

FORFEITURE OF PARTLY PAID-UP EQUITY SHARES

During the year under review, your Board have forfeited 18,400 Partly Paid-up Equity Shares due to non-receipt of Allotment Money, allotted on 9.3.1993.

VOLUNTARY DELISTING OF SHARES

Your Directors are glad to report that the Company has obtained approval for Voluntary Delisting of its Equity Shares from all the 3 Stock Exchanges viz. The Stock Exchange - Ahmedabad, the Hyderabad Stock Exchange Limited and The Calcutta Stock Exchange Limited, pursuant to the Special Resolution unanimously approved by the Shareholders at their meeting held on 31st July, 2003.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:-

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of the Company for that period;
- (c) they have taken proper and sufficient care, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- (d) they have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Your Directors affirm their commitments to the Corporate Governance standards prescribed by the Securities and Exchange Board of India (SEBI). A Report on Corporate Governance with Management Discussion and Analysis as required under Clause 49 of the Listing Agreement is attached.

FIXED DEPOSITS

The Company had no Unclaimed Deposits outstanding as at the close of the financial year.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Companies Articles of Association, Shri.C D Thakker and Shri. Umang Patodia, Directors, retire from Office by rotation and are eligible for re-appointment.

AUDITORS

M/s.M S Jagannathan & Visvanathan, Chartered Accountants, Coimbatore, Auditors of the Company will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

M/s Lodha & Company, Chartered Accountants, Mumbai, Auditors for the Company's Branch at Mumbai and Units at Nagpur, Medak and Shadnagar, retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

M/s Clark, Gardener, Wolf & Co., Chartered Accountants, Kolkata, Auditors for the Company's Kolkata Branch, retire at the forthcoming Annual General Meeting of the company and being eligible, offer themselves for re-appointment.

PERSONNEL & INDUSTRIAL RELATIONS.

Industrial Relations were cordial and satisfactory. A statement showing the particulars of Employees referred to in sub section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is given in Annexure I, forming Part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in Annexure II, attached hereto and forms part of this report.

ACKNOWLEDGEMENT

Your Directors place on record their thanks to Industrial Development Bank of India Limited, Export-Import Bank of India, Central Bank of India, State Bank of India, State Bank of Travancore and ING Vysya Bank Limited, the concerned Departments of the State and Central Government, Employees and Shareholders for their valuable assistance, support and co-operation to the Company.

For and on behalf of the Board

Place : Kolkata,
Date : 30th April, 2005

M.L.PATODIA
Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

Particulars of employees as required under Sub-section (2A) of Section 217 of the Companies Act, 1956 and the rules made thereunder forming part of the Directors' Report

Sl. No.	Name	Age (Years)	Designation	Nature of Duties	Remuneration Rs in lacs	Qualification & Experience	Date of Job Commencement	Last employment held
A Employees who worked throughout the accounting year and whose remuneration aggregating Rs.24,00,000 or more per year ;								
	Shri B K Patodia	60	Vice Chairman & Managing Director	Management of the affairs of the company	49.65	B.E. (40)	01.10.1966	—
	Shri M K Patodia	54	Managing Director	Management of the affairs of the company	48.16	F.C.A. (32)	01.10.1980	—

B Employees who worked during part of the accounting year and whose remuneration aggregating Rs.2,00,000 or more per month ;

— None —

Notes :

- 1 Nature of employment : Contractual
- 2 The remuneration includes Salary, Company's contribution to Provident and Superannuation Funds, Gratuity fund, Medical Expenses and Leave Travel Assistance, and other perquisites evaluated as per Income Tax Rules wherever necessary.
- 3 Shri. B K Patodia and Shri. M K Patodia, are related to Shri. M L Patodia, Chairman and Shri Umang Patodia, Director.

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For and on behalf of the Board

Place : Kolkata
Date : 30th April, 2005

M. L. PATODIA
Chairman

ANNEXURE II TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 and forming part of the Directors' Report.

A. Energy Conservation

The Company is making all round efforts for the conservation of energy. To reduce the energy cost, energy efficient equipments were used and the effect of the same has been felt.

Total energy consumption and energy consumption per unit of production as prescribed in Form - A:

	Year ended 31.03.2005	Year ended 31.03.2004
I. Power Consumption		
1 Electricity		
a) Purchased (Units in lacs)	754.24	696.83
Total amount (Rs. in lacs)	2,587.53	2,435.29
Rate per unit (Rs.)	3.43	3.49
b) Own generation through Diesel		
Generator (units in lacs)	44.61	87.22
Units per litre of diesel oil	3.50	3.54
Cost per unit (Rs.)	4.92	3.87
2 Coal	NII	NII
3 Furnace Oil (low sulphur high stock oil)	NII	NII
4 Other internal generation	NII	NII
II. Consumption per unit of production		
a) Electricity – Units per Kg. Yarn	9.47	9.18
b) Furnace Oil (low sulphur high stock oil) Ltrs per Kg/unit.	—	—

B. Technology Absorption

Efforts made in Technology Absorption as per Form B:

Indigenous technology alone is used and Research and Development are carried out by a separate Textile Research Association for Textile Units situated in Southern Region (SITRA).

C. Foreign Exchange Earnings & Outgo

Total Foreign Exchange earned and used excluding capital goods, Components & Spares:

Earned: Rs.17678.75 lacs (Previous year Rs.15086.96 lacs) (including shipping freight realisation and agents commission) Used: Rs.7840.22 lacs (Previous year Rs.7944.77 lacs)

For and on behalf of the Board

Place : Kolkata
Date : 30th April, 2005

M. L. PATODIA
Chairman