



KSL AND INDUSTRIES LTD

23RD ANNUAL REPORT 2004-2005





**KSL AND INDUSTRIES LIMITED****BOARD OF DIRECTORS**

Shri Saurabh Kumar Tayal – *Chairman*  
 Shri Ramit Aggarwal – *Managing Director*  
 Shri Samir Antani  
 Shri Romil Aggarwal  
 Shri S N Dubey  
 Shri Anil Kumar Dubey  
 Shri Satyendra Kumar Singh  
 Shri Mahendra Patel  
 Shri Rajshekhar Ganiger  
 Shri Farindra Bihari Rai  
 Shri Praveen Sharma  
 Shri Sanjay Nimbalkar

**Company Secretary**

Shri Tajas Thakkar

**PRINCIPAL BANKER**

Dena Bank

**AUDITORS**

A.F.Khasgiwala & Co.  
 Chartered Accountants

**REGISTERED OFFICE**

Plot No.69, Danudyog Industrial Area,  
 Piperia, Silvassa (Union Territory)

**CORPORATE OFFICE**

396, Veer Savarkar Marg  
 Opp. Siddhivinayak Temple  
 Prabhadevi,  
 Mumbai 400025.

**SHARE DEPARTMENT**

Raghuvanshi Mills Compound  
 11/12, Senapati Bapat Marg,  
 Lower Parel,  
 Mumbai 400013.

**PLANTS**

Silvassa (U.T.)  
 Bhilad, Valsad, Gujarat  
 Dombivali, Dist. Thane (Maharashtra)  
 Nagpur, Maharashtra

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ANNUAL GENERAL MEETING on Friday, 14<sup>th</sup> June 2005, at 11.30 a.m., at 65, Krishna Nagar,  
 Samarvani, Silvassa, (Union Territory).

**KSL AND INDUSTRIES LIMITED****NOTICE**

NOTICE IS HEREBY GIVEN that the 23<sup>rd</sup> Annual General Meeting of the Shareholders of KSL And Industries Limited will be held on Tuesday, the 14<sup>th</sup> of June 2005 at 11.30 a.m. at 65, Krishna Nagar, Samarvani, Silvassa (U.T.), to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2005 and the Balance Sheet as on that date and the Reports of Directors and the Auditors thereon.
2. To declare dividend for the year 2004-05.
3. To appoint a Director in place of Shri Satyendra Kumar Singh, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Sanjay Nimbalkar, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Farinda Bihari Rai, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To re-appoint M/s. A. F. Khasgiwala & Co., Chartered Accountants, as Auditor of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the Auditor's remuneration.

**SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following resolutions

**AS ORDINARY RESOLUTIONS :**

7. **RESOLVED THAT** Shri Romil Aggarwal, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 21<sup>st</sup> January, 2005 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation.
8. **RESOLVED THAT** Shri Anil Kumar Dubey, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 28<sup>th</sup> April, 2005 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation.
9. **RESOLVED THAT** Shri Rajshekhar Ganiger, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 28<sup>th</sup> April, 2005 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation.
10. **RESOLVED THAT** pursuant to section 198, 269, 309, 310 and 311 and schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the appointment made by the Board of Directors of the Company of Shri Ramit Aggarwal w.e.f. 28<sup>th</sup> April, 2005 for a period of 5 years, upon the terms and conditions as set out in the Agreement executed on 28<sup>th</sup> April, 2005.
11. **RESOLVED THAT** pursuant to the recommendation of the Board of Directors in this behalf and pursuant further to Article 172 of Articles of Association and subject to the consent and other approvals, if any, a sum of Rs. 21,19,80,000/- standing to the credit of Profit and Loss Account be and is hereby capitalized and aforesaid sum of Rs 21,19,80,000/- be applied for allotment of bonus shares to person whose name appear on the Register of Members on a date to be specified by Board of Directors in the proportion of two such new equity shares for every one existing equity shares held by such persons respectively on the said date, upon the footing they become entitled thereto for all purpose as capital.

**RESOLVED FURTHER THAT** any of such new shares which on an exact distribution in the proportion aforesaid, would fall to be allotted in fractions be allotted in the name of Director of the Company upon trust to sell the same and divide the net proceeds amongst the shareholders entitled to such fractions pro-rata in accordance with their rights; and such new equity shares, as and when issued and fully paid, shall rank parri pasu with the existing issued equity shares. Such equity shares shall carry the right to receive dividend pro-rata.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to settle any question or difficulty whatsoever in regard to the issue and allotment of the aforesaid bonus shares including any fractional entitlement of members in such manner as it may think necessary or expedient.



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To consider and, if thought fit, to pass the following resolution :-

**AS SPECIAL RESOLUTION :**

12. **RESOLVED THAT** pursuant to section 17 and other applicable provisions, if any, of the Companies Act, 1956 including and statutory modification thereto or any re-enactment thereof for the time being in force ('the Act') the main object clause of the Memorandum of Association of the Company be and is hereby altered by inserting the following new additional clauses numbering 2-A & 2-B after the existing clause 2

2-A To carry on the business in architecture and of builders, contractors, erectors, constructors of buildings, bungalows, houses, apartments, structures of residential, office and industrial institutions, development of Co-operative Housing Societies, Housing Schemes, townships, holiday resorts, hotels, motels and in particular preparing of building sites, constructing, reconstructing, erecting, altering, improving, enlarging, developing, decorating, furnishing and maintaining of structures, flats, houses, factories, shops, offices, garages, warehouses, buildings, workshops, hospitals, nursing homes, clinics, go downs and other commercial structures to purchase for development or for resale; lands, houses, buildings, structures and other properties of any nature and interest therein, and to purchase, sell and deal in free- hold ground rents and to make advances upon the security of lands, houses, structures and other property or any interest therein and to purchase, sell, lease, hire, exchange let out or otherwise deal in land, house, property

2-B To carry on the business of building, erecting and constructing structures, buildings, houses, or sheds including RCC Works and any other fixtures on lands and or building and to convert and appropriate such lands into and for roads, streets, squares, gardens or otherwise repair roads and carry on business of builders, constructions, contractors and road repairers and of laying out, designing, constructing or building dams, canals, bridges and irrigation works including building and construction of power house or power stations.

**NOTES :**

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business under item no.7 to 12 is annexed hereto and forms an integral part of this notice.
2. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A SHAREHOLDER OR NOT) AS HIS/HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL BE ENTITLED TO VOTE ONLY UPON A POLL.
3. The instrument(s) appointing the Proxy, if any, shall be delivered at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Meeting and the instrument of proxy shall be treated as invalid in case of default.
4. The Register of Members and Share Transfer Register of the Company will remain closed from Friday, 10<sup>th</sup> June 2005 to Tuesday, 14<sup>th</sup> June 2005 (both days inclusive) to comply with Annual Book Closure requirements.
5. Members desiring any information with regard to accounts or operations are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
6. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
7. Members are requested to immediately notify any change in their registered address specifying full address with Pin Code Number and quoting their registered Folio No. to the Company.

For and on Behalf of the Board of Directors

Place : Mumbai  
Date : 28<sup>th</sup> April, 2005

**SAURABH KUMAR TAYAL**  
Chairman

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO.7 :**

Shri Romil Aggarwal was appointed as an Additional Director by the Board on 21<sup>st</sup> January 2005 under Section 260 of the Companies Act, 1956. He holds office till the conclusion of this Annual General Meeting. The Company has received a Notice along with the requisite deposit amount from a member, under Section 257 of the Act, signifying his intention to propose the candidature of Shri Romil Aggarwal for the office of the Director of the Company.

Shri Romil Aggarwal is B.E.(Mech.) and has three years experience as Technical consultant in fabrication and designing of various Mills. The company will get the benefit of his experience as Technical Consultant in Fabrication and Designing.

The Board recommends the passing of this resolution. None of the Directors except Shri Romil Aggarwal is interested in the resolution.

**KSL AND INDUSTRIES LIMITED****ITEM NO.8 :**

Shri Anil Kumar Dubey was appointed as an Additional Director by the Board on 28<sup>th</sup> April 2005 under Section 260 of the Companies Act, 1956. He holds office till the conclusion of this Annual General Meeting. The Company has received a Notice along with the requisite deposit amount from a member, under Section 257 of the Act, signifying his intention to propose the candidature of Shri Anil Kumar Dubey for the office of the Director of the Company.

Shri Anil Kumar Dubey is B.Sc. and Diploma in Textile Technology and has vide experience in working in Textile Industry. The Company will get the benefit of his rich experience and commercial acumen.

The Board recommends the passing of this resolution. None of the Directors except Shri Anil Kumar Dubey is interested in the resolution.

**ITEM NO.9 :**

Shri Rajshekhar Ganiger was appointed as an Additional Director by the Board on 28<sup>th</sup> April 2005 under Section 260 of the Companies Act, 1956. He holds office till the conclusion of this Annual General Meeting. The Company has received a Notice along with the requisite deposit amount from a member, under Section 257 of the Act, signifying his intention to propose the candidature of Shri Rajshekhar Ganiger for the office of the Director of the Company.

Shri Rajshekhar Ganiger is Diploma holder in Textile Technology and has vide experience in working in Textile Industry. The Company will get the benefit of his rich experience and commercial acumen.

The Board recommends the passing of this resolution. None of the Directors except Shri Rajshekhar Ganiger is interested in the resolution.

**ITEM NO.10 :**

Shri Ramit Aggarwal was appointed Managing Director by the Board on 28<sup>th</sup> April, 2005 pursuant to section 198,269,308,309,310 and 311 and schedule XIII of the Companies Act 1956 subject to the approval of members in the General Meeting for a period of 5 years upon terms and conditions as set out in the Agreement dated —

Broad terms and conditions of his appointment are as follows :

A. Salary : Rs. 10000/- P.M.

B. Perquisites : As per Company's Rules, subject to the ceilings prescribed under schedule XIII of the Companies Act, 1956.

The Board recommends the passing of this resolution. None of the Directors except Shri Ramit Aggarwal is interested in the resolution.

**ITEM NO. 11 :**

The Company has to the credit of its General Reserve the sum of Rs 6775.95lacs as at 31<sup>st</sup> March 2005 .The Directors propose to capitalize a sum of Rs. 21,19,80,000/- out of this, to be applied for the issue of 2,11,98,000 new equity shares of Rs 10 /- each credited as fully paid up as bonus shares. Article 172 of the company's Articles of Association authorizes the capitalization and the issue of the bonus shares by the company in the manner proposed .The proposed resolution is intended to give effect to the above proposal . New equity shares will be issued and allotted as bonus equity shares in the proportion of two such new equity shares credited as fully paid up for every one of existing equity shares as proposed in the resolution. The said bonus equity shares shall rank pari passu in all respects with the existing equity shares except that new equity shares would not entitle for any dividend that may be declared before allotment thereof. The fraction entitlement if any of the respective members will be settled in the manner indicated in the resolution.

The proposed issue of bonus shares will be in compliance with applicable guidelines issued by Security Exchange Board of India in this respect. The bonus shares will be allotted to such members of the company whose name appear in the register of members of the company as on the date to be decided by the Board of Directors. Requisite application will also be made to various Stock Exchanges where the existing shares of the Company are already listed for permission to deal in such bonus shares.

The Directors recommend the Resolution for members' approval.

All the directors are deemed to be interested or concerned in this resolution to the extent of their shareholding.

**ITEM NO. 12 :**

At present the company is engaged in manufacturing of cotton yarn , knitted fabrics. In future The Company has plans to enter into real estate business i.e Implementation of big Residential cum Commercial Complexes , Shopping Malls , Multiplexes etc. For this purpose the main object clause of Memorandum of Association of the Company need to be altered suitably.

The Board recommends the passing of this resolution. None of the Directors is interested in the resolution.

For and on Behalf of the Board of Directors

Place : Mumbai  
Date : 28<sup>th</sup> April, 2005

**SAURABH KUMAR TAYAL**  
Chairman

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31<sup>st</sup> March 2005.

**FINANCIAL RESULTS**

	2004-2005 (Rs. in Lacs)	2003-2004 (Rs. in Lacs)
Sales	15362.12	8717
Other Income	69.15	70
Profit before Depreciation, Interest & Tax	1718.17	349
Interest & Finance Charges	179.26	1
Depreciation	348.26	264
Profit before Tax	1190.65	83
Provision for tax & Deferred Tax Liability	123.27	6
Net Profit for the Year	1067.38	77
Profit available for Appropriation	7018.54	5951
<b>Appropriations</b>		
General Reserve	-	-
Proposed Dividend	529.95	-
Tax on Dividend	54.05	-
Surplus carried to Balance Sheet	6434.54	5951
	7018.54	5951

**DIVIDEND**

The Directors are pleased to recommend a dividend of Rs.5.00 per equity share. The dividend on new equity shares allotted during the year, will be paid on pro rata basis. The dividend (including tax payable by the Company) will absorb Rs.584 lacs.

**BONUS SHARES**

The Company has to the credit of its General reserve the sum of Rs 6775.95 lacs as at 31<sup>st</sup> March 2005. The Directors propose to capitalize a sum of Rs. 21,19,80,000/- out of this, to be applied for the issue of 2,11,98,000 new equity shares of Rs 10/- each credited as fully paid up as bonus shares. The Bonus shares is proposed to be issued in the proportion of two such new equity shares credited as fully paid up for every one of existing equity shares. The said bonus equity shares shall rank pari passu in all respects with the existing equity shares except that new equity shares would not entitle for any dividend that may be declared before allotment thereof. The Proposed issue of bonus shares will be in compliance with the applicable guidelines issued by Securities and Exchange Board of India in this respect.

**REVIEW OF OPERATIONS**

The Company has achieved a net sales of Rs.15362.12 Lacs during the 12 months ended March 31<sup>st</sup>, 2005 as against a net sales of Rs.8716.89 Lacs during the previous year ended March 31<sup>st</sup> 2004. The same is up by 76%. The Company's net profit increased to Rs.1067.38 Lacs for the 12 months ended March 31<sup>st</sup>, 2005 as compared to Rs.77.46 Lacs during the year ended March 31<sup>st</sup>, 2004. On a paid up capital of Rs.1059.90 Lacs, the earnings per share works out to Rs.10.07 as compared to Rs.0.73 last year. The cash accruals of the company for the current year have gone up to Rs. 1415.64 lacs in from Rs 341.75 lacs in the previous year.

**SUBSIDIARY COMPANY**

The Report and Accounts of the subsidiary company are annexed to this Report along with the statement pursuant to Section 212 of the Companies Act, 1956. However, in the context of the mandatory requirement to present consolidated accounts, which provides members with a consolidated position of the Company including its subsidiary, at the first instance, members are being provided with the Report and Accounts of the Company and the consolidated accounts

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treating these as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Members who wish to receive the full Report and Accounts including the Report and Accounts of the subsidiary will be provided with it upon receipt of a written request. This will help save considerable cost in connection with printing and mailing of the Report and Accounts.

**FUTURE PLANS**

The company intends to undertake a major expansion programme involving capital expenditure to the tune of Rs.600 Crore in the next two years.

The Company will invest this amount to expand its existing textile capacities. The Company currently has a spinning capacity of 10,000 tonnes per annum (tpa) at 65,000 spindles, 19,000 tpa of knitting with 200 machines and 1000 tpa of processing. The expansion project aims at additional 1,50,000 spindles for manufacture of cotton yarn, matching knitting and fabric processing capacity and garments. The Company will also set up a captive coal-based power plant at Kalameshwar, Nagpur.

With inherent advantages like state-of-the-art technology, low production cost, availability of high-quality cotton and skilled manpower, the domestic textile industry has an advantage over competition.

For funding the project, the Company will take benefit of Textile Upgradation Fund (TUF) scheme of the Government of India. While Rs.400 Crore will come as debt under TUF scheme, the balance of Rs.200 Crore will be funded through equity and internal accruals.

On completion, the textile business is likely to contribute Rs.300 Crore to the net sales and Rs.30 Crore to net profit in the year 2006 that will grow to Rs.1500 Crore in net sales and Rs.150 Crore in net profit by the year 2009.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of the Company, Shri Satyendra Kumar Singh, Shri Sanjay Nimbalkar and Shri Farinda Bihari Rai, Directors of the Company are due to retire by rotation at the forthcoming annual general meeting, and being eligible, have offered themselves for re-appointment.

During the year, Shri Ashok Omprakash Soni, Shri Santosh Ghumatkar and Shri Dileep Shanker Kapre resigned from the Directorship of the Company w.e.f 21<sup>st</sup> January 2005. Your Directors place on record the Board's appreciation of the valuable services rendered by Shri Ashok Omprakash Soni, Shri Santosh Ghumatkar and Shri Dileep Shanker Kapre to the Company during his tenure of office.

Shri Romil Aggarwal, Shri Anil Kumar Dubey & Shri Rajshekhar Ganiger were appointed as additional directors of the Company during the year.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently, and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2005 and of the Profit of the Company for the year under review;
- (iii) 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 frauds and other irregularities;
- (iv) the annual accounts have been prepared on a 'going concern' basis for the Financial year ended 31<sup>st</sup> March 2005.

**AUDIT COMMITTEE**

The composition of Audit Committee is as given in the Report on Corporate Governance.

**REMUNERATION COMMITTEE**

The information regarding Audit Committee is as given in the Report on Corporate Governance.

**SHAREHOLDERS' /INVESTOR GRIEVANCE COMMITTEE**

The composition of Shareholders'/Investor Grievance Committee is as given in the Report on Corporate Governance.



## REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report and a Corporate Governance Report are made as a part of this Annual Report.

A Certificate from the auditors of the company regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement is attached to this report.

## DELISTING

The Delhi Stock Exchange Association Limited, Delhi has accorded approval under clause 5.1 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, for voluntary delisting of Equity Shares of your Company with effect from 13<sup>th</sup> October 2004. The Vadodara Stock Exchange, Vadodara has also accorded approval under clause 5.1 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, for voluntary delisting of Equity Shares of your Company with effect from March 2005. Your Company's Equity Shares will continue to be listed at The Stock Exchange, Mumbai.

## IMPLEMENTATION OF ERP SYSTEM-SAP

The company is in the process of implementing Enterprise Resource Planning (ERP) solutions for better control of its financial, inventory, procurement for trends and upto date & timely and accurate information on the management desk. The ERP System will help the company for better decision making, improved productivity, efficiency and responsiveness of employees of the company as well as management team. The other benefits to be derived from ERP system are reduced cost through increased flexibility, reduced risk, faster higher ROI, better financial management and Corporate Governance, optimized IT spending etc.

## SAFETY, HEALTH AND ENVIRONMENT

Sustained and meticulous efforts continue to be exercised by the Company at all plants of the company, towards greener production and environment conservation. The Company perseveres in its efforts to indoctrinate safe and environmentally accountable behaviour in every employee, as well as vendors, by rigid compulsory annual training and refresher courses, as well as frequent awareness programmes. Mock drills of emergency preparedness are regularly conducted at all the plants showing company's commitment towards safety, not only of its own men and plants, but also of the society at large.

Safety records, at all plants showed considerable improvement and accident statistics showed downward trend. This was made possible by strict adherence to laid down procedures and following of international guidelines. Involvement of workers in all safety matters has been encouraged by their participation in shop floor safety meetings.

The health of employees and the environment in and around the Plant area have been given due care and attention. The Company continued to comply with the prescribed industrial safety environment protection and pollution control regulation at its production plant, through periodic checks of the system involved and constant monitoring to meet the standards set by the pollution control authorities etc.

All the mills of the company are eco-friendly and do not generate any harmful effluents. They have facilities for captive power generation as a stand-by arrangement, to meet any contingency. Safety devices have been installed wherever necessary, although both the spinning and knitting activities are known to be quite safe and free from usual hazards of water and air pollution.

The quality consciousness, professionalism and growth dynamics of KSL & Industries have earned it National & international acclaim and prestigious awards. The Company has been honored with Oeko-Tex Standard 100 Certificate by the Institute of the International Association for Research and Testing in Textile Ecology, the Swiss Textile Institute for the Company's Products stating that the Company's product with direct skin, have shown that the products meet the human-ecological requirements of the standard presently established. The products fulfill the requirements of the existing European legislation regarding the use of azo-dyes.

## INDUSTRIAL RELATIONS & HUMAN RESOURCES MANAGEMENT

The Company is of firm belief that good Human Resource Management would ensure success though high performance. HR strategy and plans of the company are deeply embeded with the organizational goals. In order to enhance the manpower productivity the goal is set to increase the production capacity of the various plants and rationalize the manpower through scientific study. All the operational goals of the top management emanate from the business plan.

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The goals of CEO are shared with his subordinates who in turn share their goal with their respective subordinates and so on. Regular visits by HR team are being made to all plants to meet the employees and also interaction meetings are conducted to get their feed back , based on which HR policies are improved contineously. The process has resulted in better employee relationship.

The Company lays due emphasis on all round development of its human resource. Hence training of the employees is aimed at systemic development of knowledge , skills , aptitude and team work. Training is designed for the development of personal skills necessary for the performance of the present job and to prepare them for future growth. Individual development is given top priority to groom high caliber manpower.

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

The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this Report.

**EMPLOYEES**

None of the employees drew remuneration of Rs.24,00,000/- or more per annum/Rs.2,00,000/- or more per month during the year. This information is furnished as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**FIXED DEPOSITS**

The Company has not invited/received any Fixed Deposits from the Public during the year under report.

**INSURANCE**

The properties/assets of your Company are adequately insured.

**COST AUDITORS**

The Central Government's Cost Audit Committee Order specifies audit of Cost Accounting Records for certain products of the company every year. The Board of Directors, subject to the approval of the Central Government, have appointed M/s J. K. Kabra & Co., Cost Accountants, as Cost Auditors to carry out this audit in respect of manufacture of textile products for the year ending 31<sup>st</sup> March 2005.

**AUDITORS**

M/s. A. F. Khasgiwala & Co., Chartered Accountants, the Auditor of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s. A. F. Khasgiwala & Co. to the effect that their reappointment as Auditors, if made, would be within the limits under Section 224(1B) of the Companies Act, 1956.

**AUDITORS' REPORT**

The observation of Auditors contained in their Report have been adequately dealt with in the Notes to the Accounts given in Schedule "19" which are self –explanatory and therefore, do not call for any further comments.

**ACKNOWLEDGEMENT**

Your Directors place on record their appreciation of the assistance and support extended by all Government Authorities, Financial Institutions, Banks, Consultants, Solicitors, and Shareholders of the Company. Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company

For and on Behalf of the Board of Directors

Place : Mumbai  
Date : 28<sup>th</sup> April, 2005

**SAURABH KUMAR TAYAL**  
Chairman