



## **RAJASTHAN PETRO SYNTHETICS LTD.**

*Regd. Office & Works*

Plot No F-210-223, Udyog Vihar, RIICO Industrial Area,  
Village Sukher, Distt. Udaipur- 313 001 ( Rajasthan)

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## **ANNUAL REPORT - 2002-2003**

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### **BOARD OF DIRECTORS**

Shri G. S. Poddar	Managing Director
Shri B.R. Goyal	Director
Shri Mohd. Ali	Director (Nominee of IDBI)
Shri V. N. Poddar	Director (upto 13.05.2003)

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### **AUDITORS**

Saluja & Associates  
New Delhi

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### **BANKERS**

Canara Bank  
The Bank of Rajasthan  
The Banaras State Bank Limited

**NOTICE**

NOTICE is hereby given that the 21<sup>st</sup> ANNUAL GENERAL MEETING of the Company will be held at the Registered Office at F-210-223, Udyog Vihar, Sukher, Udaipur (Rajasthan) on Tuesday, the 30<sup>th</sup> December, 2003 at 3.00 P.M. to transact the following business :

**ORDINARY BUSINESS**

1. To consider and adopt the Accounts of the Company for the fifteen months ended 30<sup>th</sup> June, 2003 and the Reports of the Directors and Auditors thereon.
2. To elect a Director in place of Shri B R Goyal, who retires by rotation and offers himself for re-election.
3. To appoint Auditors and to fix their remuneration.

By Order of the Board  
Rajasthan Petro Synthetics Ltd

K Sukumaran  
Secretary

New Delhi

Dated 4<sup>th</sup> December, 2003

**NOTES :**

- (a) A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company.

Proxies, in order to be effective, must be received at the Registered Office at F-210-223, Udyog Vihar, RIICO Industrial Area, Vill. Sukher, Udaipur-313 001(Rajasthan), not less than forty-eight hours before the commencement of the Annual General Meeting.

- (b) The register of members will remain closed from 22nd December, 2003 to 29th December, 2003 (both days inclusive)
- (c) In accordance with the provisions of Article 85 of the Articles of Association of the Company, Shri B R Goyal will retire by rotation at the Annual General Meeting and offer himself for re-election. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges in respect of this Director seeking election after retiring by rotation at the Annual General Meeting, is given below :

1. Shri B R Goyal,

Shri Goyal has been a Director of the Company since 16<sup>th</sup> August 1999. He is a practising Chartered Accountant and has vast knowledge and experience in financial matters. He is also the member of Shares and Debenture Transfer Committee of Directors

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present their Twenty-first Annual Report and the Audited Accounts for the fifteen months period ended June 30, 2003.

	<b>Amount (Rs. in Lacs)</b>	
<b>FINANCIAL RESULTS</b>	<b>Current Year (15 months)</b>	<b>Previous Year (12 months)</b>
Profit/(Loss) before interest and Depreciation	29.28	(196.48)
Add: Interest & Financial charges	<u>4179.64</u>	<u>2992.47</u>
(Loss) before Depreciation	(4150.36)	(3188.95)
Add: Depreciation	<u>958.05</u>	<u>793.69</u>
(Loss) before Taxation	(5108.41)	(3982.64)
Less : Provision for Taxation	-	-
(Loss) after Tax	(5108.41)	(3982.64)
Prior period adjustment (net)	(20.01)	(2.42)
Depreciation of earlier years written back	-	-
Excess provision of Income Tax written back	-	5.46
Loss as per last Balance Sheet	(16153.65)	(12174.04)
Balance Carried to Balance Sheet	(21282.07)	(16153.65)

**CHANGE OF ACCOUNTING YEAR :** The Board of Directors of the Company had resolved, in their Meeting held on 14<sup>th</sup> April 2003, to extend the current accounting year to 15 months i.e. upto 30<sup>th</sup> June 2003. Hence the Balance Sheet and Profit & Loss Account under review are for the 15 months period, i.e. 1<sup>st</sup> April 2002 to 30<sup>th</sup> June 2003.

**PERFORMANCE :** The Plant remained closed during the period for want of working capital. However, the Plant has resumed partial operations from 19<sup>th</sup> September, 2003 and the management will take all possible steps to restore full production before long.

**DIVIDENDS :** Due to losses, your Directors are unable to recommend any dividend.

**STATUS OF REFERENCE TO BIFR :** As reported last year, the Hon'ble BIFR vide its order dated 10.1.03 had directed the Operating Agency to notify change of management and explore all alternatives u/s. 18 of the SICA for expeditious revival of the Company, including proposal of present promoters over new applicants. The Company filed an appeal on 3.2.2003 before Hon'ble AAIFR against the said order, which is still pending admission due to non-constitution of AAIFR. Meanwhile, in response to OA's advertisement in national newspapers on 17<sup>th</sup> February 2003 the Company has submitted a tied-up proposal on OTS basis and a stand-alone proposal to the OA on 17.3.2003. At a joint meeting convened by O.A. on 9.6.03, decisions were taken to get (i) TEV Study, and (ii) Valuation of Assets, done and the Company was directed to submit a fresh proposal after the TEV Study and valuation of assets were carried out. Accordingly, experts have been appointed by IDBI to carry out the exercises, which are in progress.

**FIXED DEPOSITS :** There is no fixed deposits outstanding as on 30.6.2003.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:** The Company has nothing to report on the subject during the year.

**DIRECTORS :** Shri V.N. Poddar resigned from the Board w.e.f. 13.5.03. Shri B R Goyal retires by rotation and offers himself for re-appointment.

**AUDITORS' REPORT :** Since observations made by the Auditors in their Report are self-explanatory as dealt with in the Notes to the Accounts, no further clarification is required. The companies is taking necessary steps to deposit the share application money of Rs 1.05 lacs in Investor Education & Protection Fund as required u/s 205 C (2) of the Companies Act, 1956.

**COST AUDIT :** Since there has been no production of Polyester, no cost records are required to be maintained. The Company will seek exemption from appointment of Cost Auditor in due course.

**CORPORATE GOVERNANCE :** The Company being sick and the Plant remaining non-operational during the period under review, all the guidelines of Corporate Governance are not applicable/could not be complied with by the Company. However, a report is enclosed as part of the Annual Report.

**SUBSIDIARY :** The report and accounts of Ceeta Synthetics & Turfs Ltd. for the year ended 31<sup>st</sup> March 2003 are attached.

**BOARD'S RESPONSIBILITY STATEMENT :**

We report that :

- 1) in the preparation of the accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 2) the directors had selected such accounting policies so as to give a true and fair view of the state of affairs of the Company.
- 3) the directors had 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 the Company.
- 4) the directors had prepared the Accounts on a going concern basis :

For and on behalf of the Board

Place : New Delhi

Date: 4<sup>th</sup> December 2003

(B.R.GOYAL)

Director

(G.S.PODDAR)

Managing Director

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**CORPORATE GOVERNANCE REPORT FOR THE PERIOD APRIL 1, 2002 TO JUNE 30, 2003.****A. COMPANY'S PHILOSOPHY**

At Rajasthan Petro Synthetics Ltd., we believe in the philosophy of **SERVING SOCIETY THROUGH INDUSTRY.**

This philosophy is backed by principles of concern, commitment, ethics, excellence and learning in all its acts and relationships with stakeholders.

The Company views Corporate Governance under the following major parameters :

1. **Transparency in relation to appointments, remuneration, meetings of the Directors on the Board of the Company, Responsibility and Accountability of the Board of Directors.**
2. **Providing maximum possible information in the given circumstances, to the shareholders regarding the functioning and performance of the Company pertaining to financial and other non-financial matters**
3. **Internal and External Controls checks, and Audits.**

**B. LOCATION OF PLANT & REGISTERED OFFICE**

The Company's Plant & Registered Office are located at F-210-223, Udyog Vihar, RIICO Industrial Area, Vill. Sukher, Udaipur-313 001.

**C. BOARD OF DIRECTORS****(i) Pecuniary Relationship**

Non-executive Directors do not have any pecuniary relationship with the Company.

**(ii) Composition**

The present strength of the Board of Directors is three, of which two are Non-executive Directors & one Managing Director.

The Board members include a nominee of Industrial Development Bank of India (IDBI).

During the period under review, five Board Meetings were held on :

May 28, 2002  
September 30, 2002  
November 27, 2002  
March 10, 2003  
April, 14, 2003

The details of the composition of the existing Board of Directors is given below.

	Name of the Director	Designation	Executive/ Non-executive/ Independent	No. of other directorship held		Membership held in committees of other companies	No. of Board Meeting attended	Attendance at last AGM held
				Public	Private			
1.	Sh. G S Poddar	Managing Director	Executive	-	-	-	5	Y
2.	Sh. B R Goyal	Director	Independent & Non-Executive	-	-	-	5	N
3.	Sh. Mohd. Ali	Director	Independent & Non-Executive (Nominee of IDBI)	-	-	-	1	N
4.	Sh. A K Mittal*	Director	Independent & Non-Executive	-	-	-	-	N
5.	Sh Ashok Kedia*	Director	Independent & Non-Executive	-	-	-	-	N
6.	Sh. V N Poddar**	Director	Independent & Non-Executive	-	-	-	4	N

\* ceased to be Director w.e.f. 27.11.02

\*\* ceased to be Director w.e.f. 13.05.03

**C. INFORMATION TO THE BOARD**

" During the year, the Board of Directors of the Company were furnished information (including, but not limited to the following) to enable them contribute in the decision making process :

- " Minutes of the meetings of the Board of Directors and committee of the Board of Directors
- " Status of Company's rehabilitation schemes submitted to the Operating Agency (OA)
- " General affairs of the Company.

**E. The Board of Directors have constituted Shares and Debenture Transfer Committee to oversee the Shares & Debenture transfers of the Company.**

Since the Company's operations remained closed during the period under review, the Managing Director, who is the only whole-time-Director in the Company, decided not to draw any salary from the Company, hence no Remuneration Committee was formed.

However, Committees, as required by the Corporate Governance requirements, will be constituted as and when the Company revives its operations.

**Remuneration of Directors**

In view of the Company's financial difficulties, the Managing Director drew remuneration amounting to Rs.75000/-, for five months only during the period and has stopped drawing further remuneration from the Company. The Directors have resolved not to receive any sitting fee for attending Board Meetings of the Company.

**Re-appointment of Director**

Shri B R Goyal is a practicing Chartered Accountant, 57 years of age. His vast experience in financial matters is of immense value to the Company.

He is not holding directorship in any other public limited Company.

**Audit Committee :** Due to lack of independent directors, the Company has not been able to appoint Audit Committee in terms of Section 292(A) (1) of the Companies Act, 1956. However, the Directors will take necessary steps in this direction at the appropriate time.

**Shareholder Information**

The Company has about 11,400 Shareholders. During the period April 1, 2002 to June 30, 2003, the Company received 41 complaints from investors, mainly related to non-payment of redemption proceeds of Debentures, all of which were attended and resolved. 97 requests for transfer of shares were received and all the shares were duly transferred.

**Share Transfer System**

The Company's transfer activity is fully computerised.

The Shares and Debentures Committee of the Board of Directors approve transfer of shares, transmission of shares, transposition of names, consolidation of share certificates, consolidation of folios, issue of duplicate share certificates in lieu of misplaced / lost share certificates, renewal of share certificates etc.

**Dematerialisation of Shares**

The Company will dematerialise the shares after the operations are revived and financial condition improves.

**Dividend History for the last 5 years :**

No dividend has been declared during the last 5 years.

**General Body Meetings**

The last three Annual General Meetings were held as under :

<u>Financial Year</u>	<u>Date</u>	<u>Time</u>	<u>Place</u>
2001-02	30.12.02	3.00 P.M.	F-210-223, Udyog Vihar, Sukher, Udaipur
2000-01	16.08.01	3.00 P.M.	- do -
1999-00	29.09.00	3.00 P.M.	- do -

**Unclaimed Dividends**

Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividends upto and including the financial year 1994-95 have been transferred to the General Revenue Account of Central Government.

The Company has not paid dividend from the financial year 1995-96 and, therefore, Section 205C of the Companies Act, 1956 is not applicable to the Company.

**Fixed Deposit**

The Company has not accepted any fixed deposits during the year.

**Listing on Stock Exchanges**

The Company's equity shares are listed on the following Stock Exchanges :

1. National Stock Exchange of India Ltd
2. The Stock Exchange, Mumbai
3. The Stock Exchange, Ahmedabad
4. The Jaipur Stock Exchange
5. The Calcutta Stock Exchange Association Ltd
6. The Delhi Stock Exchange.

However, the Company has not been able to pay the listing fee to the above Stock Exchanges since the year 1998-99.

**Disclosures**

- a) There are no significant transactions with the related parties, namely promoters, directors or the management or other subsidiaries or relatives etc. that may have a conflicting / potential conflict with the interest of the Company.
- b) There were no penalties, strictures imposed on the Company by Stock Exchanges or Securities and Exchange Board of India (SEBI) or any Statutory Authority on any matter related to Capital Markets during the last three years.

**Calendar for the year**

- a) Date of Book Closure  
December 22, 2003 to December 29, 2003
- b) **21st Annual General Meeting**

Venue	:	F-210-223, Udyog Vihar, Sukher, Udaipur
Time	:	3.00 P.M.
Date	:	December 30, 2003.
Name & designation of Compliance Officer	:	Sh. K Sukumaran Secretary
Telephone No.	:	(011) 26220302
Fax No.	:	(011) 26474764
E-mail ID	:	<a href="mailto:rsldlh@ndf.vsnl.net.in">rsldlh@ndf.vsnl.net.in</a>

For and on behalf of the Board of Directors

( B R Goyal )  
Director

( G.S. Poddar )  
Managing Director

Place : New Delhi  
Date : 4<sup>th</sup> December, 2003

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENTS**

**TO THE MEMBERS OF RAJASTHAN PETRO SYNTHETICS LIMITED**

We have examined the compliance of conditions of corporate governance by Rajasthan Petro Synthetics Limited for 15 months period ended on 30th June, 2003 as stipulated in Clause 49 of the listing agreement of the said Company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with only some of the conditions of corporate governance as stipulated in the above-mentioned listing agreement, except for appointment of Audit Committee and a small delay of two days in holding Board Meeting on 30.9.02 exceeding the gap of four months between two Board Meetings.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the shareholders/investors grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Saluja & Associates  
Chartered Accountants

V.K. VERMA  
Partner

Place : New Delhi  
Date : 4<sup>th</sup> December, 2003



**AUDITOR'S REPORT  
TO THE MEMBERS OF RAJASTHAN PETRO SYNTHETICS LIMITED**

We have audited the attached Balance Sheet of Rajasthan Petro Synthetics Limited, as at 30<sup>th</sup> June, 2003 and also the Profit & Loss Account for the period ended on that date annexed thereto. The Balance Sheet and Profit & Loss Account have been prepared for a period of 15 months from 1.4.02 to 30.6.03. 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.

We conducted our audit in accordance with auditing standard 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 misstatements. 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.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 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.

Further to our comments in the Annexure referred to above, we report that :

1. 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.
2. In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appear from our examination of said books.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. The Company has complied with the Accounting Standard referred to in Section 211 (3C) of the Companies Act, 1956, except non-compliance of Accounting Standard A-15 "Accounting for Retirement benefits in financial statement of employees" to the extent of non-provision of leave encashment (Refer Note "II-(P)" in Schedule Q).
5. On the basis of written representation received from the Directors as on 30<sup>th</sup> June 2003 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30<sup>th</sup> June 2003 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to, (Note II-(L)(i) regarding Sundry Debtors amounting to Rs. 242.20 lacs and Loans & Advances amounting to Rs. 12.07 lacs against which actions are taken but no material recovery has been made, but these are considered good and no provision made there against, Note II-L(ii) regarding Sundry Debtors of Rs. 49.30 lacs, claim receivable against duty draw back and advance licences receivable amounting to Rs. 16.40 lacs and Rs. 29.06 lacs respectively which are old and no recovery could be made and considered doubtful but not provided, for Note II-M(i) & (ii) regarding non-provision of interest on Debenture and security deposit from dealers amounting to Rs. 50.47 lacs and Rs. 1.64 lacs respectively resulting decrease of loss to that extent and Note II-(P) regarding non-provision of liability towards leave encashment payable for the year, the amount of which is not ascertained and therefore, we are unable to give the consequential effect on the loss for the year, non-deposit of share application money of Rs. 1.05 lacs in Investor Education & Protection Fund as required u/s. 205c(2) of the Companies Act, 1956) and read together with accounting policies and other notes appearing in schedule 'Q' give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
  - i) in the case of Balance Sheet, of the State of Affairs of the Company as at 30<sup>th</sup> June, 2003, and
  - ii) in the case of Profit & Loss Account of the Loss for the period ended on that date.

For Saluja & Associates  
Chartered Accountants

(V.K. Verma)  
Partner

Address : 69, D.B. Gupta Road  
Jolly Building, Paharganj  
New Delhi - 110 055

Date : 4<sup>th</sup> December, 2003

**ANNEXURE REFERRED TO IN PARAGRAPH (1) OF EVEN DATE**

1. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets, however, these records are not upto date. The Company has formulated a programme to cover physical verification of all the fixed assets in a phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of assets but no physical verification was carried out during this year and therefore we are not in a position to comment of the discrepancies, if any.
2. None of the fixed assets of the Company have been revalued during the year.

3. The stock of finished goods, stores, spare parts and raw materials except in the case of material lying with outside parties and bonded warehouse have been physically verified during the year by the management on random basis. Since the possession of the plant of the Company was given on working arrangements basis to a party, in our opinion, the frequency of verification is reasonable under the circumstances.
4. In our opinion and according to explanation given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification of the stocks of Raw Material, Stores and Spares, and finished goods between the physical verification and the book records were not significant and the same have been properly dealt with in the books of the account having regard to the size of the operations of the Company.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and is in accordance with normally accepted accounting principles.
7. The Company has not taken unsecured loans from Companies, firms or the parties listed in the register maintained under Section 301 of the Companies Act, 1956 and or from the Companies under the same management as defined under Section 370 (1-B) of the Companies Act, 1956. As explained to us there is no Company under the same management with the meaning of Section 370 (1B) of the Companies Act, 1956.
8. The Company has not granted any loans secured or unsecured to the Companies, firms and other parties listed in the register maintained under Section 301 & 370(1B) of the Companies Act, 1956. However, an interest free loan of Rs. 2.25 lacs was given to "Ceeta Synthetics & Turfs Ltd." a fully owned subsidiary company. As explained to us, there is no Company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
9. The Company has not given any loans to employees and/or to other companies during the year.
10. 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 purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods.
11. According to information and explanations given to us, the transactions of purchase of goods, materials and sale of goods materials and services aggregating during the year to Rs. 50,000/- or more in respect of each party made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, have been made at prices, which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transaction for similar goods or services have been made with other parties.
12. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores and spares, raw materials and finished goods. However, the management has certified that there are no such materials requiring any provisions in the accounts under review.
13. The Company has not accepted any deposits during the year within the meaning of Companies (Acceptance of Deposits) Rules, 1975.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of waste generated during production. As explained to us, the Company has no by-products.
15. The internal audit of the Company has been conducted by a firm of Chartered Accountants for the year under review. On the basis of the reports submitted by the internal auditors to the management, in our opinion the internal audit system is commensurate with the size of the Company and nature of its business.
16. The Company has not maintained cost records during the year.
17. The Company has not been regular in depositing Provident Fund and Employees' State Insurance (ESI) dues with the appropriate authorities during the year. There are arrears of Provident Fund and ESI amounting to Rs. 76.69 lacs and Rs. 13.90 lacs respectively as on 30.6.2003.
18. According to information and explanations given to us and the books and records examined by us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty except Sales Tax amounting to Rs. 10.71 lacs and Textile Committee cess amounting to Rs. 4.86 lacs and excise duty amounting to Rs. 11.78 lacs were outstanding as at 30<sup>th</sup> June 2003 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us and on the basis of the records examined by us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is a Sick Industrial Company within the meaning of clause (O) of sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.

**Address :** 69, D.B. Gupta Road  
Jolly Building, Paharganj  
New Delhi - 110 055

**for Saluja & Associates**  
**Chartered Accountants**

( V.K. Verma )  
Partner

**Date :** 4<sup>th</sup> December 2003