



RAJASTHAN PETRO SYNTHETICS LTD.

Regd. Office & Works

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

ANNUAL REPORT - 2003-2004

BOARD OF DIRECTORS

Shri G.S. Poddar

Managing Director

Shri B. R. Goyal

Director

Shri Mohd. Ali

Director (Nominee of IDBI)

AUDITORS

Saluja & Associates

New Delhi

BANKERS

Canara Bank

The Bank of Rajasthan

The Banaras State Bank Limited

NOTICE

NOTICE is hereby given that the 22nd ANNUAL GENERAL MEETING of the Company will be held at the Registered Office at F-210-223, Udyog Vihar, Sukher, Udaipur (Rajasthan) on Thursday, the 30th September, 2004 at 3.00 P.M. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Accounts of the Company for the nine months period ended 31st March 2004 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 authorise the Board to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution:
"RESOLVED that following new Articles be and are hereby inserted after Article 43A of the Articles of Association of the Company".
43B . Dematerialisation of Shares
Definitions 43B(1) For the purpose of this Article :
"Beneficial Owner" means a person or persons whose name is recorded as such with a depository.
"SEBI" means Securities & Exchange Board of India.
"Depository" means a Company formed and registered under Companies Act, 1956 and which has been granted a certificate of registration to act as a Depository under the Securities & Exchange Board of India.
"Security" means such security as may be specified by SEBI from time to time.

Dematerialisation of Securities

- 2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in dematerialized form pursuant to the Depositories Act, 1996.

Options for Investors

- 3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository. If permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed issue to the beneficial owner the required Certificates of Securities.

Securities in Depositories to be in fungible form

- 4) All the securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B and 187C of the Act, shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

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Rights of Depositories and Beneficial Owners

- 5) a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of Documents

- 6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic medium or any delivery of floppies or discs.

Transfer of Securities

- 7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt with in Depository

- 8) Nothing contained in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities

Distinctive Numbers of Securities held in a Depository

- 9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register and Index of Beneficial Owners

- 10) The register and Index of beneficial owners maintained by a depository under the depositories Act 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

By Order of the Board
Rajasthan Petro Synthetics Ltd

K Sukumaran
Secretary

New Delhi

Dated : 04/09/04

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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) 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 16th 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 and also a member of the Audit Committee
- (c) The Relative Explanatory Statement pursuant Section 173(2) of the Companies Act 1956 is annexed hereto

EXPLANATORY STATEMENT, PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item 4

After the enactment of the Depositories Act 1996 and introduction of the Depository System, some of the provisions of the Companies Act, 1956, relating to issue holding transfer and transmission of the shares & other securities have been amended.

Consequently, it is proposed to add new provisions in the Articles of Association of the Company.

The Board recommends the resolution for acceptance by members.

No Director of the Company is interested in or concerned with the Resolution.

RAJASTHAN PETRO SYNTHETICS LTD.**DIRECTORS' REPORT**

Your Directors present their Twenty-second Annual Report and the Audited Accounts for the nine months period ended March 31, 2004.

FINANCIAL RESULTS

	Amount (Rs. in lacs)	
	Current Year (9 months)	Previous Year (15 months)
Profit/(Loss) before interest and Depreciation	(174.63)	29.28
Add: Interest & Financial charges	-	4179.64
(Loss) before Depreciation	(174.63)	(4150.36)
Add: Depreciation	657.72	958.05
(Loss) before Taxation	(832.35)	(5108.41)
Less : Provision for Taxation	-	-
(Loss) after Tax	(832.35)	(108.41)
Prior period adjustment (net)	3.43	(20.01)
Loss as per last Balance Sheet	(21282.07)	(16153.65)
Balance Carried to Balance Sheet	<u>(22110.99)</u>	<u>(21282.07)</u>

ACCOUNTING YEAR : The previous accounting year was for 15 months i.e. upto 30th June 2003. Hence the Balance Sheet and Profit & Loss Account under review are for the 9 months period, i.e. 1st July, 2003 to 31st March, 2004.

PLANT OPERATION : The Plant which remained closed for over one year, resumed partial operations from 19th September, 2003 on job-work basis. The Company has incurred an expenditure of Rs. 180.97 lakhs towards re-start of the plant, which has been charged to respective heads of expenses and it has resulted into operating loss for the period under review.

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 17th February 2003 the Company 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. The experts appointed by IDBI, have submitted their reports. On receipt of the same the Company has submitted fully tied up OTS proposal which is pending consideration of the O.A.

FIXED DEPOSITS

There is no fixed deposits outstanding as on 30.3.2004.

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 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 Share application money of Rs. 1.05 lacs required to be deposited in Investor Education & Protection Fund as required u/s 205C(2) of the Companies Act, 1956, is lying with Canara Bank. In spite of repeated approaches, Canara Bank has not allowed withdrawal of the funds from the Account.

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COST AUDIT : Since the Company has only done job work during the period, 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 largely 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 31st March 2004 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



(B.R. Goyal)
Director

(G.S. Poddar)
Managing Director

Place : New Delhi
Date : 04/09/04

RAJASTHAN PETRO SYNTHETICS LTD.**CORPORATE GOVERNANCE REPORT FOR THE PERIOD JULY 1, 2003 TO MARCH 31, 2004.****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 IDIRECTORS**(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, three Board Meetings were held on :

September 27, 2003

December 4, 2003

March 30, 2004

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	-	-	-	2	Y
2. Sh. B R Goyal	Director	Independent & Non-Executive	-	-	-	3	N
3. Sh. Mohd. Ali	Director	Independent & Non-Executive (Nominee of IDBI)	-	-	-	3	N

D. 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.

RAJASTHAN PETRO SYNTHETICS LTD.**Remuneration of Directors**

In view of the Company's financial difficulties, the Managing Director did not draw remuneration for the period 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, 58 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, an Audit Committee has been constituted on 25.6.04 from among the available directors. . The members of the Audit Committee are :

Sh. B R Goyal - Chairman - Non-executive & Independent
Sh. G S Poddar - Member - Managing Director

The terms of reference of the Audit Committee include :

- Discussions with the Auditors periodically about internal control system and scope of audit including observations of auditors.
- Review of the half-yearly and annual financial statements before submission to the Board.
- Ensure compliance of internal control system; and
- Investigation into any of the aforesaid matters or as may be referred to by the Board.

The Head of Finance is a permanent invitee to the Meeting. So also the Statutory Auditors, the Secretary of the Company acts as the Secretary to the Audit Committee.

Shareholder Information

The Company has about 11,400 Shareholders. During the period July 1, 2003 to March 31, 2004, the Company received 4 complaints from investors, mainly related to non-payment of redemption proceeds of Debentures, all of which were attended and resolved. 46 requests for transfer/transmission of shares were received and all the shares were duly transferred.

Share Transfer System

The Company has in-house share transfer facility.

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. Shares lodged in physical form with the Company are processed and returned duly transferred within 15 days normally.

Dematerialisation of Shares

The Company will dematerialise the Shares after operations are revived and financial conditions improved. However, the Shares have not been traded at any of the Stock Exchanges since last 5 years.

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>
2002-03	30.12.03	3.00 P.M.	F-210-223, Udyog Vihar, Sukher, Udaipur
2001-02	30.12.02	3.00 P.M.	- do -
2000-01	16.08.01	3.00 P.M.	- do -

RAJASTHAN PETRO SYNTHETICS LTD.**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**

September 22, 2004 to September 29, 2004

b) 22nd Annual General Meeting

Venue	:	F-210-223, Udyog Vihar, Sukher, Udaipur
Time	:	3.00 P.M.
Date	:	September 30, 2004.
Name & designation of Compliance Officer	:	Sh. K Sukumaran Secretary
Telephone No.	:	(011) 51326013
Fax No.	:	(011) 26474764
E-mail ID	:	rpsldlh@ndf.vsnl.net.in

For and on behalf of the Board of Directors

Place : New Delhi
Date : 04/09/04

(B R Goyal)
Director

(G.S. Poddar)
Managing Director

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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 9 months period ended on 31st March 2004 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 the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

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 : 04/09/04

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