

RAJDARSHAN INDUSTRIES LIMITED



CERTIFIED TRUE COPY

For RAJDARSHAN INDUSTRIES LTD.

A handwritten signature in black ink, appearing to be 'Amin', is written over a horizontal line.

Authorised Signatory

TWENTY SECOND
ANNUAL REPORT
2002 - 2003



RAJDARSHAN INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr A B ARADHYE

Mr ASHOK DOSHI

Mr DEVENDRA SHARMA

Mr AJAY DOSHI

Dr M L TIWARI

BANKERS

State Bank of India
Udaipur Urban Co-operative Bank

AUDITORS

M/s Punjawat, Pokharna & Hiran
Chartered Accountants
Udaipur (Raj.) 313 001

SHARE TRANSFER AGENT & DEPOSITORY REGISTRAR

M/s Ankit Consultancy Pvt. Ltd.
2nd Floor, Alankar Point
Gita Bhawan Chouraha
A.B. Road
Indore (M.P.) 452 001
Ph. : 0731-2491 298
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REGISTERED OFFICE

59, Moti Magri Scheme
Udaipur (Raj.) 313 001

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RAJDARSHAN INDUSTRIES LIMITED**Notice to the Shareholders'**

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Company will be held at the Registered Office of the Company, 59, Moti Magri Scheme, Udaipur 313 001, Rajasthan on Tuesday the 30th day of September 2003, at 4:15 P.M. to transact the following business:

ORDINARY BUSINESS

- 1 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT the audited balance sheet as at 31st March 2003 and the profit and loss account of the Company for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting be and the same are hereby approved and adopted.

- 2 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT Mr Ashok Doshi, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the Company.

- 3 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT Mr M L Tiwari, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the Company.

- 4 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT Mr Yogesh Pokharna of Messrs Punjawat, Pokharna & Hiran, Chartered Accountants, Udaipur be and are hereby appointed as auditors of the Company, consequent to re-constitution of retiring auditors Messrs Yogesh & Associates, Chartered Accountants, Udaipur, and to hold office from the conclusion of this meeting till the conclusion of the next annual general meeting of the Company on such remuneration as may be fixed in this behalf by the board of directors of the Company.

By Order of the Board

Udaipur
01st September 2003

Devendra Sharma
Director

Notes

- 1 A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members as the case may be of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.
- 2 The register of members and the share transfer books of the Company will remain closed from 25th September 2003 to 30th September 2003, both days inclusive.
- 3 Members are requested to notify immediately any change in their addresses, to the Company.
- 4 As a measure of economy, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the annual report to the meeting.
- 5 Members are requested to affix their signature at the space provided on the attendance sheet annexed to the proxy form and handover the slip at the entrance of the meeting hall.
- 6 The documents referred to in the notice will be available for inspection at the registered office of the Company on any working day between 11.00 a.m. and 1.00 p.m.



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Directors' Report

The directors have great pleasure in presenting the twenty second annual report and the audited accounts for the year ended 31st March 2003.

2 FINANCIAL HIGHLIGHTS

(Rupees in Lakhs)

Details	Year ended 31.03.2003	Year ended 31.03.2002
Turnover and other income	617.07	606.83
Profit before interest and depreciation	234.13	238.89
Interest	57.53	128.64
Profit / (Loss) before depreciation	176.60	110.25
Depreciation	137.72	174.90
Profit / (Loss) before tax	38.88	(64.65)
Provision for taxation		
– Current tax	—	—
– Deferred tax adjustment	(25.75)	23.04
Profit / (Loss) after tax	64.63	(87.69)
Add / (Less)		
Prior Period Adjustment	25.62	154.76
Profit brought forward from previous year	95.80	28.73
Transfer from general reserve	—	—
Profit available for appropriation	186.05	95.80
Appropriation		
Balance carried forward	186.05	95.80

3 DIVIDEND

To order to conserve financial resources, your Directors have not recommended any dividend for the year.

4 YEAR IN RETROSPECT

During the year under review the Mining Division of the Company has achieved a turnover of Rs.452.02 lakhs as against Rs.564.34 lakhs of previous year, decline of 19.90%. The Trading Division of the Company has achieved a turnover of Rs.148.92 lakhs as against Rs.36.92 lakhs of previous year. The profit before tax adjustments is Rs.38.88 lakhs and profit after tax adjustments is Rs.64.63 lakhs.

The Company could achieve profitability through effective cost control measures, significant decline in financial charges and overall efficiency in operating the machines.

5 FINANCE

During the year, the working capital limits with the Udaipur Urban Co-operative Bank were increased from Rs.5.00 lakhs to Rs.125.00 lakhs. The Company has not availed any terms loans from banks or institutions during the year under review.

6 DEPOSITORY SYSTEM

The equity shares of the Company are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e., the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). This will facilitate the shareholders to hold and trade their shares in "electronic form". As the depository system offers numerous advantages, members are requested to avail the facility of dematerialization of the Company's shares on either of the Depositories.

As on 30th June 2003, 23.18% of the total paid up equity shares of the Company were held by shareholders in de-mat form.



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7 DELISTING OF EQUITY SHARES

At present the equity shares of the Company is listed at the Jaipur Stock Exchange (being the regional stock exchange to the Company.)

The Company's Equity Shares have been de-listed from the Stock Exchange, Ahmedabad, with effect from 24th October 2002 and from the Bangalore Stock Exchange Limited, with effect from 04th October 2002.

The Company had filed the necessary application, with Mumbai, Delhi and National Stock Exchange on 28th June 2002, and the necessary approval of de-listing is pending before the Stock Exchanges.

The Stock Exchange, Mumbai has suspended the trading of equity shares of the Company with effect from 03rd February 2003, for non-payment of listing fees for the year 2002 – 2003. However, the Company has paid the listing fees for the year 2002 – 2003 during May 2003.

8 CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement with the Stock Exchanges, a report on Corporate Governance, along with Auditors' Certificate regarding compliance of conditions of Corporate Governance and Management Discussion and Analysis is separately given in this report.

9 DEPOSITS

The Company has not accepted any deposits within the meaning of section 58A of the Companies Act, 1956 and the rules made there under.

10 DIRECTORS

Mr Ashok Doshi and Mr M L Tiwari, directors retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

11 AUDITORS

Messrs Yogesh & Associates, Chartered Accountants, Udaipur, liable to retire in

accordance with the provisions of the Companies Act, 1956, at the ensuing annual general meeting, has been re-constituted as Messrs Punjawat, Pokharna and Hiran, Chartered Accountants, Udaipur.

Messrs Punjawat, Pokharna and Hiran, Chartered Accountants, Udaipur have confirmed their eligibility and willingness to accept the office of the Statutory Auditor of the Company. Members' consent is requested for the appointment of Messrs Punjawat, Pokharna and Hiran, Chartered Accountants, Udaipur as Statutory Auditors of the Company as per the resolution contained in the notice convening the annual general meeting.

12 AUDITORS' REPORT

The Auditors' Report on the Accounts is self-explanatory and no comments are required.

13 DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 the Directors confirm that –

- (a) in the preparation of annual accounts, the applicable accounting standards have been followed.
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2003 and of the profit and loss of the Company for the year ended 31st March 2003.
- (c) the directors have taken proper and sufficient care for the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the directors have prepared the annual accounts on a going concern basis.



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14 STATUTORY STATEMENTS

As none of the employees of the Company were in receipt during the year of an aggregate remuneration of Rs.2,400,000 per annum or Rs.200,000 per month, the particulars required pursuant to section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not furnished.

Conservation of Energy and Technology Absorption:

The Company has no particulars to furnish under the above head since it has not carried any manufacturing activities during the year under review.

Foreign Exchange Earnings and Outgo:

Please refer Note No.18 to 22 to Schedule Q to the Accounts.

(3A) of the Companies Act, 1956 details of Segment wise revenue, results and capital employed (AS-17), Related Party Transactions (AS-18) and Deferred Taxation (AS-22) have been incorporated in and / or annexed with these Accounts.

16 ACKNOWLEDGEMENT

The directors' record their gratitude to the bankers, financial institutions, government departments, for their assistance and co-operation during the year.

The directors' place on record their appreciation of the dedicated services of the workers and employees of the Company.

The directors' also thank the shareholders for their continued faith in the Company.

15 OTHER MANDATORY REQUIREMENTS

Pursuant to the requirements of the Listing Agreements with the Stock Exchanges and the Accounting Standards in terms of Section 211

By Order of the Board

Udaipur

Devendra Sharma M L Tiwari

01st September 2003

Director Director



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Management Discussion and Analysis

The Management of Rajdarshan Industries Limited presents the analysis of performance of the Company for the year 2002 – 2003 and its outlook for the future. This report contains certain forward looking statements, which are subject to certain future events and uncertainties that could cause actual results to differ materially.

Your Company operates its machineries in mining, and transportation of raw materials to various Cement Units in Rajasthan through contract execution. The profitability and growth of your Company mainly depends upon new projects and growth of Cement Units. There are hardly any new projects in this sector, which is important for your Company's business growth.

The performance of the mining division of the Company in terms of the turnover has decreased from Rs.564.34 lakhs to Rs.452.02 lakhs during the year 2002 – 2003, mainly due to reduction in demand from Cement Units.

During the year your Company has focused on trading division, which trades in buying and selling of marble, sandstone, stone cutting tools, etc., and the performance of the trading division of the Company in terms of the turnover has increased from Rs.36.92 lakhs to Rs.148.92 lakhs during the year 2002 – 2003.

Other income was at Rs.16.13 lakhs up by 189.59% compared to Rs.5.57 lakhs during 2001 – 2002.

Due to significant contribution from trading division, the Company could maintain its operating profits, which is at 37.94%.

Interest charges are down by 55.28%, mainly due to repayment of term loans to IFCI and IDBI under One-time Settlement Scheme.

The net block of fixed assets reduced to Rs.217.53 lakhs as at 31st March 2003 from Rs.480.55 lakhs as at 31st March 2002, therefore depreciation charges are only Rs.137.72 lakhs as against Rs.174.90 lakhs in the last year.

On account of carry forward losses and unabsorbed depreciation your Company has not provided any income tax liability for the year.

The Company has provided for deferred tax asset of Rs.25.75 lakhs as per the Accounting Standard

(AS) 22, for details kindly refer notes to the accounts no.12.

The Net Profit during the year before deferred tax adjustments is Rs.38.88 lakhs as against Rs.64.66 lakhs Losses reported during 2001 - 2002.

The Earning Per Share was at Rs.2.08 during 2002 – 2003 as against Rs.Nil during 2001 – 2002.

Outlook

The Company's main approach will be to utilise all its resources, with improved and more effective management practices to execute its contracts.

The Company is also focusing its attention on trading division to sustain profitability.

The Company's long-term objective is to successfully execute its contracts with Cement Units to further its growth.

Internal Control Systems

The Company is following a proper and adequate system of internal controls in respect of all its activities including safeguarding and protecting its assets against loss from unauthorised use or disposition. Further all transactions entered into by the Company are duly authorised, recorded and reported correctly.

An extensive program of audit, reviews by Management and established policies, guidelines and procedures, supplements the internal control system. The system are designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

Human Resources

During the year, labour / employees relations continued to be cordial.

Conclusion

In sum, the Company has reported improved performance during the financial year as compared to previous financial year, and is striving hard to improve upon all the aspects to post a good performance, and also confident of delivering improved value for the shareholders in the years to follow.



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Report on Corporate Governance

Company's Philosophy on Corporate Governance

Company's philosophy on corporate governance envisages the attainment of high level of transparency and accountability, in the functioning of the Company and the conduct of its business internally and externally, including its interaction with employees, workers, shareholders, creditors, contractors, customers, institutional and other term lenders and places due emphasis on regulatory compliance.

Board of Directors

The present strength of the Board of Directors is five. Mr M L Tiwari, Mr Devendra Sharma, Mr Ajay Doshi and Mr Ashok Doshi are Non-executive Promoter Directors. Mr A B Aradhye is a Non-executive Independent Director.

The Company does not have any Chairman or Executive Director.

The non-executive / independent directors are accomplished professionals in corporate management, taxation, finance, legal and other academic fields.

None of the directors hold directorships in more than the permissible number of companies under the applicable provisions. Similarly, none of the directors on the board's committees hold membership of more than ten committees of boards, nor is any director a chairman of more than five committees of boards.

Name of Director	Category	No of Board meeting attended	Attended last AGM on 28.09.02
M L Tiwari	Promoter Non-executive	4	Yes
A B Aradhye	Independent Non-executive	Nil	No
Devendra Sharma	Promoter Non-executive	4	Yes
Ajay Doshi	Promoter Non-executive	1	Yes
Ashok Doshi	Promoter Non-executive	4	Yes

Board Meetings

The Board of Directors met four times during the year with a clearly defined agenda for each meeting. The gap between two board meetings did not exceed four months. The dates on which the six board meetings were held are as follows:

Date of Board Meeting	Held at	No. of Directors Present
30.04.2002	Udaipur	03
25.07.2002	Udaipur	04
30.10.2002	Udaipur	03
31.01.2003	Udaipur	03

Availability of information to the members of the board

Key information is being provided to the Board at regular intervals.

Board annually reviews the Company's performance, operating plans, long-term plans, business initiatives and other related matters.

Audit Committee

The Audit Committee of the Board was constituted on 30th April 2002, so as to be in compliance with the provisions of the Clause 49 of the Listing Agreements with the Stock Exchanges. The members of the Audit Committee are:

Mr M L Tiwari, chairman of the Committee

Mr A B Aradhye, member

Mr Devendra Sharma, member

The members of the committee are non-executive directors.

Mr Karan Mal Murdia, finance manager and compliance officer is the Secretary of the Committee.

Mr M L Tiwari, chairman of the Committee and Mr Devendra Sharma, member of the Committee attended all the Committee Meetings during the year. Mr A B Aradhye, member of the Committee had attended two Committee Meetings during the year.



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At the annual general meeting held on 28th September 2002, the Chairman of the Audit Committee, Mr M L Tiwari was present.

The audit committee has adequate powers and detailed terms of reference to play an effective role as required under the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreements with the Stock Exchanges.

During the year the committee had four times and discussed the necessary matters delegated to it by the Board of Directors.

Date of Committee Meeting	Held at	No. of Directors Present
10.06.2002	Udaipur	03
24.07.2002	Udaipur	02
24.10.2002	Udaipur	03
30.01.2003	Udaipur	02

Shareholders Grievance Committee

Mr Ashok Doshi, who is a non-executive director, is the chairman of the Committee. The other members of the Committee are Mr. Devendra Sharma and Mr Ajay Doshi. The Committee has responsibility to look after dematerialization, transfer, transmission, consolidation, issue of duplicate shares certificates, etc., relating to the shares of the Company and matters relating to investor grievances. The committee has excellent co-ordination with the Share Transfer Agents and effects all the share transfer process within the statutory time limits. A report on the share transfer activities is periodically placed before the Board.

Other relevant details are given under shareholders information.

During the year the Committee met 19 times and discussed the necessary matters delegated to it by the Board of Directors. Mr Ashok Doshi, chairman of the Committee and Mr Devendra Sharma, member of the Committee attended all the Committee Meetings during the year. Mr Ajay Doshi, member of the Committee had attended one Committee Meeting during the year.

Remuneration Committee

The Company does not have any remuneration committee.

Agreements with Directors

The Company does not have any agreement with directors of the Company.

Details of remuneration paid / payable to the Directors during 2002-2003

No sitting fee is payable to directors for attending any meetings of the Board or Committee thereof.

Remuneration paid to directors during the year Nil.

Brief resume of Directors seeking re-appointment at the ensuing AGM

Name of Director	Mr Ashok Doshi	Mr M L Tiwari
Age	53 years	58 years
Qualification	Bachelor of Science	Bachelor of Medicine and Science (MBBS)
Date of appointment	01st October 1996	10th November 1987
Expertise	Vast experience in the field of marketing and management besides exp. in mining	Vast experience in the field of transportation, mining beside corporate management
Other Directorship (excluding Pvt. companies) as on 31.03.03	One	Nil
Chairman/Member of the Committee as on 31.03.03	Four Committee membership and one committee Chairmanship	One Committee membership and one committee Chairmanship

Details of last Annual General Meetings

Year, location and time, where last three AGMs held:

Year	Type	Place	Date	Time
1999-00	19th AGM	Regd. office	29.09.00	4:15 p.m.
2000-01	20th AGM	Regd. office	05.09.01	4:15 p.m.
2001-02	21th AGM	Regd. office	28.09.02	4:15 p.m.

Means of Communication

Quarterly / half-yearly un-audited and yearly audited results are published in English and Regional local language newspapers as required under the listing agreement. The Management discussion and analysis is a part of the annual report. All the financial



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and other vital information are promptly communicated to the stock exchange on which Company's shares are listed.

Statutory Compliance

The Company ensures compliance of various statutory requirements. The Compliance Certificates are placed before the Board and recorded on quarterly basis.

Statutory Registers

All the Statutory Registers that are required to be maintained, particularly Register of Charges, Register of Contracts, Register of Directors', Register of Director's Shareholding, Register of Loans and Investments etc., are maintained and continuously updated and are noted by the board / committee at its meetings periodically.

Other Matters

The materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the directors of the management, their subsidiaries or relatives, key managerial personnel, etc., are disclosed in Notes to the Accounts. The Company has not defaulted on any statutory tax or levy.

Other relevant information and details are disclosed under the heading Shareholders' Information.

Compliance Certificate

The Certificate regarding compliance of conditions of Clause 49 of the listing agreement from the Auditors of the Company is annexed hereto.

Certificate on Corporate Governance

To the Members,
M/s Rajdarshan Industries Limited
Udaipur

We have examined the compliance of conditions of Corporate Governance by M/s Rajdarshan Industries Limited, for the year ended 31st March 2003, as stipulated in Clause 49 of the listing agreement with Stock Exchanges (hereinafter referred to as "the agreement").

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the condition of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement 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 clause 49 of the listing agreement in all material aspects.

As required by the guidance note issued by the Institute of the Chartered Accountants of India, we

have to state while the shareholders grievance committee has not maintained records to show the investor grievances pending for a period of one month against the Company, but the Board of Directors of the Company on quarterly basis take on record the details provided by the Registrars and Transfer Agents of the Company, and the Registrars have certified that as on 31st March 2003 there were no cases of Investor Grievances remaining unattended / pending for more than 30 days, excluding cases of disputes or legal impediments.

We further state that such compliance is neither as assurances 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 YOGESH & ASSOCIATES
Chartered Accountants

(YOGESH C POKHARNA)
Proprietor

Place : Udaipur
Dated : 11th June 2003