

EIGHTEENTH ANNUAL REPORT**REGISTERED OFFICE**

New No. 10, Old No.34
Arunachalam Road,
Saligramam,
Chennai 600 093.
Ph: 23766975

Factories

B-48, SIDCO Industrial Estate
Maraimalai Nagar,
Kancheepuram Dist.
Ph:04114 - 252316

A-1-A,MMDA Industrial Complex
Maraimalai Nagar,
Kancheepuram Dist.
Ph: 04114-254076

Bankers

1. The Lakshmi Vilas Bank Ltd.
Cathedral Road,
Chennai 600 083.

2. Indian Overseas Bank
Maraimalai Nagar,
Kancheepuram Dist.

3. ICICI Bank Ltd.
Nungambakkam
Chennai.

VIRGO POLYMER (I) LTD**Board of Directors**

Managing Director
Sri A.Rammdass

Directors

Bishwanath Agarwal
Ramawtar Ram Sisaria
Chandraprakash Ram Sisaria
R.Lalitha

Audit Committee

Mr.B.N.Agarwal
Mr.Sumit Agarwal
Mr.A.Rammdass

Auditor

M/s.Venkat And Rangaa
Chennai.

Executives

General Manager - Finance
Mr.Sumit Agarwal

General Manager - Marketing
Mr.R.Chakravarthy

General Manager - Production
Mr.P.Joginder Singh

CONTENTS

1. Notice to Shareholders
2. Report of the Directors
3. Report of the Auditors
4. Balance Sheet
5. Profit and Loss Account
6. Schedules
7. Cash Flow Statement
8. Balance Sheet Abstract and General Business Profile
9. Annexure to Director's Report

NOTICE

Notice is hereby given that the 'Eighteenth' Annual General Meeting of the company will be held as specified below:

DAY : TUESDAY
DATE : 30TH SEPTEMBER 2003
TIME : 04.30 P.M
VENUE : A-1-A, INDUSTRIAL COMPLEX,
MARAIMALAINAGAR,
KANCHEEPURAM DIST - 603 209.
TAMIL NADU.

To transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the audited Balance Sheet as at March 31, 2003, the Profit and Loss Account for the year ended March 31, 2003 and Auditor's Report thereon.
2. To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution.

RESOLVED that pursuant to section 224 of the Companies Act 1956, M/s. Venkat & Ranga, Chartered Accountants, Chennai the retiring auditors of the company be and are hereby re-appointed as Auditors of the company to hold office from the conclusions of this meeting until the conclusion of the next Annual General Meeting on a remuneration as may be fixed by the Board of Directors.

SPECIAL BUSINESS:

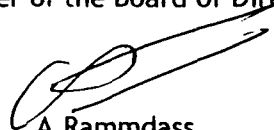
3. To pass with or without modifications the following resolutions as special resolution
 - a. Resolved that the equity shares of the company be and is hereby delisted from Ahmedabad, Hyderabad and Coimbatore Stock Exchange.
 - b. Resolved that the Board of Directors of the company be and is hereby authorized to take all necessary steps for getting the equity shares of the company de listed from the Ahmedabad, Hyderabad and Coimbatore Stock Exchange.
 - c. Resolved to demat the share certificate of the company and to enter into an agreement with NSDL/CDSL for depository system.

- d. Resolved to appoint M/s. CAMEO CORPORATE SERVICES Ltd as registrars and assign them the task of transferring all shares to demat form and maintain the register.

Registered Office:

By Order of the Board of Directors.

New No.10, Old No.34,
Arunachalam Road,
Saligramam,
Chennai - 600 093.



A. Rammdass,
Managing Director.

Dt 05/09/03

NOTE:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF BISELF. A PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED MUST BE RETURNED SO AS TO REACH THE REGISTERED OFFIC OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF COMMENCEMENT OF THE AFORESAID MEETING
- b) Members/Proxies are requested to bring their copy of the Annual Report and Accounts to the Meeting.
- c) Member /Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
- d) Members are requested to quote their Folio Number in all their correspondence.
- e) Once the appointment of registrars is finalized &announced, Shareholders are advised to inform the registrars the particulars of share holding quoting their folio numbers, share certificate nos and no. Of shares held and take their instructions for demating.

DIRECTORS REPORT

The Directors hereby present their 18 Annual Report with the Audited Accounts of the company for the year ended 31st March 2003

DIVIDEND

Since the company has wiped off the losses due to a differed tax liability this year only & to build up reserves your company is not recommending payment of dividend for the financial year ended 31.03.03

PERFORMANCE

	(Rs in lakhs)
Total sales for the year	3354.07
Other income	331.08
Expenses	3428.51
PB Int & Dep	256.64
Int & Financial Charges	80.02
Dep.	60.74
Profit Before Tax	115.88

The increase in cost of raw materials both imported and indigenous could not be adjusted immediately in sales price. Further power cost was revised upward twice during the year pushing up the manufacturing expenses. Since the margin is coming down, we plan to increase the volume. Towards this we have improved the production from 3715 MT/annum to 4700 MT/annum. Average production/month is now increased to 375 MT, from 240 MT.

INSURANCE

Your company's assets have been adequately covered under insurance for various normal risks.

DIRECTORS

All the Directors holding office are not due for retirement by rotation.

AUDITORS

M/S. Venkat & Ranga, auditors of the company, at this Annual General Meeting and are eligible for re-appointment.

PERSONNEL

The relationship between the management and the employees continue to be cordial.

FIXED DEPOSITS

Your company has not accepted any Fixed Deposits during the year.

TECHNOLOGY UPGRADATION

Your company has taken several steps to improve the production capacity by adding technically advanced machineries to improve both the quality & quantity of the production. Continuous steps are being taken to maintain international standards in the product, which eventually translated itself into more volumes. The company is now concentrating on high quality fabrics using Sulzer Looms to meet the specifications of Overseas Market and to improve its EXPORTS. Your company has completed an expansion programme for increasing the production capacity by 1000 mts/p.a

ENERGY TECHNOLOGY & FOREIGN EXCHANGE

Information in accordance with provision of Section 217(1) (a) of the Companies Act, 1956, read with companies (Disclosure of particulars in report of Board of Directors) rules, 1988 regarding conversion of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure I and II forming part of this report.

GENERAL

As regards the observation of the Auditors on provision for excise duty on stock of finished goods and customs duty on stock of raw materials, these have not been provided for in line with the practice adopted so far. As mentioned in the Notes to the Accounts, these have no impact on the profit for the year.

CORPORATE GOVERNANCE

Your company's philosophy is to achieve total Quality Standards in all its products by which it can improve its market share to increase its profitability and provide the Share Holders value for their investment. Your Company is taking all

efforts to comply with the code of Corporate Governance as enumerated in clause 19 of the listing agreement.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Amendment Act 2000 with respect to Director Responsibility Statement, it is hereby confirmed.

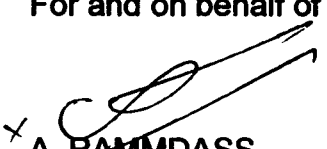
1. That in the presentation of the annual accounts for the financial year ended 31st March 2003, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were responsible prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review.
3. That 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 and for preventing and detecting fraud and other irregularities.
4. That the directors had prepared the accounts for the financial year ended 31st March 2003 on a going concern basis.

ACKNOWLEDGEMENTS:

The directors take this opportunity to express their grateful appreciation for the excellent assistance and cooperation received from Government Authorities, Financial Institutions Bankers and other agencies.

Your directors wish to thank the Executives, Staffs and Workers of the Company for their devoted service in the success of the company.

For and on behalf of the Board of Directors.


A. RAMMDASS
MANAGING DIRECTOR.
CHENNAI.

05/09/2003

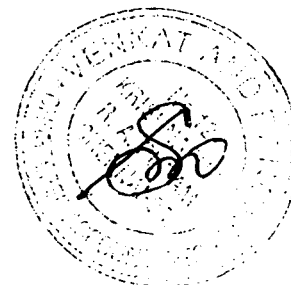
AUDITORS REPORT**TO THE SHAREHOLDERS OF M/S.VIRGO POLYMER
INDIA LIMITED**

We have audited the attached Balance Sheet of M/S. Virgo Polymare India (P) Limited as at 31st March 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto. 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 standards generally Accepted in India. Those Standards require that we plan and perform the Audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes Assessment of the accounting principles used and significant estimates made by 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 Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on that matters specified in paragraphs 4 and 5 of the said order.

1. Further to our comments in the Annexure referred to in paragraph 1 above we state that:
 - a. 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.
 - b. In our opinion, the company has kept proper books of accounts as required by law so far, as appears from our examination of the books.
 - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.



- d. In our opinion, the Profit and Loss Account and Balance Sheet are in compliance with the Accounting Standards as referred to in Section 211(3C) of the Companies Act, 1956 *except non provision of gratuity which is accounted on cash basis (refer policy no. 1(f) of the notes on accounts).*
- e. On the basis of written representations received from the directors as on 31st March 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2002 from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956 subject to *note no 1(f) regarding non provision of liability for gratuity and note no 17 regarding non compliance of provision under section 205A of the Companies Act 1956.*, in the manner so required and give a true and fair view:

- i. In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2003.

And

- ii. In so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date.

Place: Chennai.
Date : 01.09.2003.

For Venkat & Rangaa
Chartered Accountants


(S.Mohan Raajan)
Partner.

