

# 17TH ANNUAL REPORT 2003 - 2004

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**WEIZMANN**  
LIMITED

**BOARD OF DIRECTORS**

Dr. P. D. Ojha  
**Chairman**

Shri D. G. Siraj  
**Vice Chairman**

Shri J.M. Gandhi  
Shri N.V. Siraj  
Shri H.V. Siraj

Shri Chetan D. Mehra  
**Managing Director**

Shri Amit D. Buch  
**Company Secretary**

**BANKERS**

State Bank of Mysore  
Union Bank of India  
Punjab & Sind Bank  
The Federal Bank Ltd.  
UCO Bank  
State Bank of Travancore  
The South Indian Bank Ltd.  
The Malad Sahakari Bank Ltd.

**AUDITORS**

M/s U.B. Sura & Co.  
M/s. Shyam C. Agrawal & Co.  
Chartered Accountants

**REGISTERED OFFICE**

Empire House, 214, Dr. D.N. Road,  
Ent. A.K. Nayak Marg,  
Mumbai - 400 001.

**PROCESS HOUSE**

Vatva Road, Narol, Ahmedabad

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**17<sup>th</sup> ANNUAL GENERAL MEETING**

Friday the 17th December 2004  
at 12.00 Noon at Jade Garden Auditorium,  
3rd Floor, Nehru Center, Dr. Annie Besant Road,  
Worli, Mumbai - 400 018.

**REGISTRAR AND SHARE TRANSFER AGENTS**

Bigshare Services Pvt. Ltd.  
E-2/3 Ansa Industrial Estate,  
Saki Vihar Road,  
Saki Naka, Andheri (E),  
Mumbai - 400 071.  
Tel. No. 28470652 Fax No. 28475207

As a measure of economy copies of the Annual Report will not be distributed at the Annual General Meeting.  
Shareholders are requested to kindly bring their copies to the Meeting.



## 17th Annual Report 2003-2004

## DIRECTORS' REPORT

## TO THE MEMBERS OF WEIZMANN LIMITED

The Directors are pleased to present this Seventeenth Annual Report and the Audited Statement of Accounts for the year ended March 31, 2004.

## 1. FINANCIAL RESULTS

Particulars	(Rs. in lacs)	
	2003-2004	2002-2003
Total Income	6503.47	8131.41
Profit Before Depreciation & Tax	764.43	865.20
Less : Depreciation	477.31	491.97
Profit Before Tax	287.12	373.23
Less : Income Tax	15.11	31.67
Less : Deferred Tax	(20.98)	143.57
Profit After Tax	292.99	197.98
Add/(Less) : Prior period adjustments	1.11	-
Available surplus	294.10	197.98
Add : Balance Carried over from Balance Sheet	8.85	106.10
	<u>302.95</u>	<u>304.08</u>

## Director's Recommendation for Appropriation :

Transfer to General Reserve	-	-
Transfer to Debenture Redemption Reserve	-	78.19
Transfer to Capital Redemption Reserve	-	72.16
Interim Dividend on Preference Shares @ 13 %	-	0.95
Proposed Dividend on Preference shares @ 13 % (2002-2003 : 13 %)	58.50	63.27
Proposed Dividend on Equity Shares @ 5 % (2002 - 2003 : 5 %)	64.31	64.31
Dividend Tax	15.73	16.35
Surplus Carried to Balance Sheet	164.41	8.85
	<u>302.95</u>	<u>304.08</u>

## 2. DIVIDEND

Your Directors have recommended a dividend @ 5 % (Rs.0.50 per share) on equity shares and @ 13 % on preference shares. The dividend, together with the tax on distributed profit, will absorb a sum of Rs.138.54 Lacs and will be paid to those shareholders whose names stand registered in the books of the Company as on the book closure date.

## 3. PERFORMANCE

During the year the Total Income of the Company was Rs.6503.47 Lacs as compared to Rs.8131.41 Lacs in the previous year. The Profit before Depreciation and Tax was Rs. 764.43 Lacs as compared to Rs.865.20 Lacs achieved in the previous year. The Profit after Tax registered was Rs. 292.99 Lacs (Previous year Rs.197.98 Lacs).

During 2003-04 the Company registered a growth of 9% in the textile business turnover (2003-04 - Rs.4564.52 Lacs, 2002-03 - Rs.4188.16 Lacs) as compared to 8% in the previous year.

On the renewable energy front, the Company continued its efforts in harnessing the natural resources. The Company had acquired additional wind mills during the year under review and the income from wind power generation increased by 21% as compared to that in the previous year (2003-04 - Rs.299.64 Lacs, 2002-03 - Rs.246.68 Lacs).

## 4. FUTURE PROSPECTS

As Company's core activities of textile exports and generation of power from renewable energy sources continued to be one of the focused areas of the government, it is expected that the Company would register steady growth in its chosen fields. In the recently announced foreign trade policy the government is going to classify the export houses based on the performance in the current year plus the previous three years and accordingly star rating would be allotted.

The Company would be shortly making an application for the star export house certificate. As part of privileges for a star export house the government has extended a number of facilities including 100 % retention of foreign exchange in EEEFC account, enhancement in normal repatriation period from 180 days to 350 days, additional duty credit entitlement on incremental growth etc.

With government implementing the provisions of Electricity Act, 2003 in a phased manner and having already stipulated their commitment to generate power from renewable energy sources as a prescribed percentage of total power consumption in each state the business of generation of green power from renewable energy sources by the Company would get good boost.

## 5. SUBSIDIARY COMPANIES

The Statement pursuant to Section 212 of the Companies Act, 1956 containing details of the Company's subsidiaries, viz. Weizmann Forex Ltd., Weizmann International Ltd., Batot Hydro Power Ltd, Baledh Energy Projects Ltd, Almi Hydro Electric Projects Ltd and Joiner Hydro Electric Projects Ltd is attached.

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Accounting Standard 21 prescribed by The Institute of Chartered Accountants of India form part of the Annual Report and Accounts.

In terms of the approval granted by the Central Government under Section 212(B) of the Companies Act, 1956, a copy of the Balance sheet, Profit and Loss Account, Directors' Report and Auditors' Report of the subsidiary companies and other documents required to be attached under Section 212(1) of the Companies Act, 1956 have not been attached with the Balance Sheet of the Company. The Company will make available these documents / details upon request by any member of the Company interested in obtaining the same.

## 6. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. P. D. Ojha retires by rotation and, being eligible, offers himself for re-appointment.

## 7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgement 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 at 31<sup>st</sup> March, 2004 and of the profit of the Company for the year ended on that date;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities; and
- that the Directors have prepared the annual accounts on a going concern basis.

## 8. PARTICULARS OF THE EMPLOYEES

The Company does not have any employee whose particulars are required to be given under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended up to date.

## 9. DISCLOSURE OF PARTICULARS

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, research & development, technology absorption, foreign exchange earnings and outgo are given in Annexure 'I' forming part of this report.

## 10. VOLUNTARY DELISTING FROM STOCK EXCHANGES

In view of the new Delisting Guidelines issued by SEBI effective from February, 2003, the Company has proposed to obtain fresh approval from shareholders for voluntary delisting of its equity shares from Vadodra Stock Exchange Ltd., The Delhi Stock Exchange Association Ltd., Cochin Stock Exchange Ltd. and Madras Stock Exchange Ltd. as no equity shares of the Company have been traded on these Exchanges during last three financial years. The equity

shares of your Company will however continue to be listed on The Stock Exchange, Mumbai and National Stock Exchange of India Ltd.

The Company's Equity shares have been delisted from The Stock Exchange, Ahmedabad with effect from 18<sup>th</sup> August 2004.

**1. EXTENTION FOR HOLDING ANNUAL GENERAL MEETING**

The Company could not hold its Annual General Meeting before 30<sup>th</sup> September 2004 due to water logging in the office from the heavy rains during monsoon and its adverse effect on computer systems at the office which temporarily affected the normal day-to-day functioning of the Company and consequent compilation of accounts. Your Company obtained permission from the concerned office of the Registrar of Companies for holding this Annual General Meeting in compliance with the provisions of the Companies Act, 1956.

**2. AUDITORS**

Messrs. U.B. Sura & Co. Chartered Accountants and Messrs. Shyam C. Agrawal & Co., Chartered Accountants, Statutory Auditors of the Company retire as Auditors at the forthcoming Annual General Meeting and have given their consent for re-appointment. The members will be required to appoint Auditors for the current year and fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has obtained a written certificate from the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made would be in conformity with the limits specified in the said section.

**3. AUDITORS' REPORT**

The observations of the Auditors in their report, read with notes annexed to the accounts, are self-explanatory.

**14. CORPORATE GOVERNANCE**

Your Company has complied with Corporate Governance requirement as per the Clause 49 of the Listing Agreement. A report on Corporate Governance is annexed as Annexure 'II' forming part of this report.

**15. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchanges is annexed as Annexure 'III' forming part of this report.

**16. ACKNOWLEDGEMENT**

Your Directors express their grateful appreciation for the assistance and co-operation received from Government Authorities, Bankers, Lending Institutions, Suppliers and Customers during the year under review. Your Directors place on record their appreciation for the committed services of the executives and staff of the Company.

For and on behalf of the Board

Place : Mumbai

Date : 25th October, 2004

DR.P. D. DJHA  
CHAIRMAN

**ANNEXURE 'I' TO DIRECTORS' REPORT  
DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:**

POWER AND FUEL CONSUMPTION :		Year Ended 31-03-2004	Year Ended 31-03-2003
1. Electricity			
(a)	Purchased Units	1940985	2011145
	Total Amount	Rs. 89.27 Lacs	Rs. 92.91 Lacs
	Rate / Unit	Rs. 4.60	Rs. 4.62
b.)	(i) Own Generation Units	25603	50038
	Total Amount	Rs. 2.48 Lacs	Rs. 4.52 Lacs
	(ii) Through Steam (turbine/generator)	NIL	NIL
2. Coal		NIL	NIL
3. Furnace Oil		NIL	NIL
4. Other / Internal Generation			
a) Lignite (kgs.)		6161500	6407300
b) Fire Wood (kgs.)		1569999	1518130
c) Lignite kgs / Mtr.		0.43	0.37
e) Fire Wood kgs / Mtr.		0.11	0.09

**CONSUMPTION PER UNIT OF PRODUCTION :**

	Standards (if any)	Current Year	Previous Year
Fabrics (per mtr)	-	-	-
Electricity (KWH)	-	0.14	0.12
Diesel Oil	Nil	0.02	0.03
Coal (specify quality)	Nil	NIL	NIL
Others	Nil	NIL	NIL
		Year Ended 31-03-2004	Year Ended 31-03-2003
Foreign Exchange : Earnings (Rs. in Lacs)		3856.88	3691.97
Outgo (Rs. in Lacs)		107.93	120.20



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ANNEXURE 'II' TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance Code

WEIZMANN LIMITED believes that good corporate governance is necessary to achieve long-term corporate goals and to enhance shareholders value. The philosophy of your Company on Corporate Governance envisages attainment of high level of transparency in all its operations, make disclosures to the highest possible level without compromising in any way in compliance with laws and regulations.

Your Company continues to follow procedures and practices in conformity with the code of corporate governance as per the listing agreement.

2. Board of Directors

The Company is being managed by the Board of Directors ('the Board'). The Board consists of six directors as on 31<sup>st</sup> March 2004. Since the Company has a Non Executive Chairman, the Board meets the stipulated requirement of at least one third of the Board comprising of Independent Directors.

The composition of the Board of Directors (as on 31/3/2004):

Name of Directors	Category of Directorship	Number of other Directorship	Number of Committee membership in all companies	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
Dr. P. D. Ojha Chairman	Non-Ex. & I	4	2	6	6	Yes
Shri D. G. Siraj Vice Chairman	Non-Ex.	19	3	6	6	Yes
Shri J. M. Gandhi	Non-Ex. & I	8	2	6	4	Yes
Shri N. V. Siraj	Non-Ex. & I	3	1	6	6	Yes
Shri H. V. Siraj	Non-Ex. & I	4	1	6	5	No
Shri C. D. Mehra Managing Director	Executive	21	1	6	6	Yes

\* N. Ex. - Non Executive, I- Independent

The Board meetings were held on 28/4/2003, 22/08/2003, 29/08/2003, 30/09/2003, 28/11/2003 and 27/2/2004. A sitting fee of Rs.2,000/- per meeting is paid to Directors (except Managing Director) for attending board meeting. The last Annual General Meeting (AGM) was held on 30/09/2003. Except the Managing Director and Vice Chairman, the other Directors are liable to retire by rotation.

3. Audit Committee

The Audit Committee headed by Dr. P.D. Ojha is working according to the terms of reference under Section 292 A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements which, inter alia includes overseeing financial reporting processes, reviewing with the management the financial statements, accounting policies and practices, adequacy of internal control system, adequacy of internal audit function and discussion with internal auditors on any significant findings, financial risks and management policies. During the year ended 31<sup>st</sup> March 2004, three Audit Committee meetings were held on 22/08/2003, 28/11/2003 and 27/02/2004.

The composition of the Audit Committee and the attendance of the members in the meetings are as under:

Name of Director	Category*	Profession	No. of meetings held	No. of Meetings attended
Dr. P. D. Ojha, Chairman	Non-Ex. & Independent	Professional	3	3
Shri D. G. Siraj	Non-Executive	Industrialist	3	3
Shri J. M. Gandhi	Non-Ex. & Independent	Industrialist	3	2

\* N. Ex. - Non- Executive, I- Independent.

Note: No sitting fee is paid to members for attending Audit Committee meeting.

4. Remuneration Committee

The Company has one Executive Director on the Board, whose appointment and remuneration is fixed by the Board of Directors and in terms of the resolution passed by the members.

In view of above, the Company does not have a Remuneration Committee. The Board of Directors determines the remuneration of the Executive Director.

5. Investors' Grievance Committee

The Company has constituted Investors Grievance Committee in accordance with the requirements of Clause 49 of the Listing Agreements. The said committee looks into redressing investors' complaints pertaining to transfer/transmission of shares, non- receipt of dividend/ annual report of the Company. During the year, the Committee met two times on 22/8/2003 and 28/11/2003

The composition of the Committee and number of meetings attended by the members during the year are as under:

Name of Director	No. of meetings	
	held	attended
Dr. P. D. Ojha, Chairman	2	2
Shri D. G. Siraj	2	2
Shri J. M. Gandhi	2	1

Number of shareholders complaints received during the year was 104. Number of complaints not solved to the satisfaction of shareholders was 2. Number of pending complaints as on 31/03/2004 was 2. Mr. Amit D. Buch - Company Secretary is the Compliance Officer of the Company.

6. Sub- Committee of Board of Directors

Composition:

Shri. D.G. Siraj, Chairman

Shri. N. V. Siraj

Shri. C. D. Mehra

Shri. H. V. Siraj

The sub-committee normally deals with the following matters:

- Transfer / Transmission / Transposition of shares, issue of duplicate share certificate, consolidation of shares / subdivision of shares
- Review of Dematerialization of shares.
- Normal day to day matters & all other matters as prescribed and delegated to the sub-committee by the Board of Directors from time to time. The minutes of the sub-committee meetings are noted and ratified at every ensuing meeting of the Board of Directors of the Company.

The sub-committee meeting is normally held twice a month. 28 sub-committee meetings were held during the financial year ended 31<sup>st</sup> March 2004.

7. General Body Meetings

Details of the last three Annual General Meetings (AGMs)

Date & Year	Time	Location where AGM held in the last 3 years.
30/9/2003, 2002-2003	12.00 noon	Jade Garden Auditorium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018
30/9/2002, 2001-2002	11.30 a.m	-do-
29/9/2001, 2000-2001	11.30 a.m.	-do-

Whether resolution was put through a Postal Ballot last year: Yes

Weizmann Ltd. conducted voting through a Postal Ballot in respect of the resolutions passed for Corporate Guarantees by the Company in favour of various Banks/ Financial Institutions on behalf of M/s Weizmann Homes Ltd. and for investments in body corporates under Section 372A of the Companies Act, 1956.

The notice of Postal Ballot dated 22nd August 2003 along with the relevant explanatory statement and Postal Ballot forms were sent to all the shareholders and the shareholders had returned the duly completed Postal Ballot forms to the Company not later than the last date.

Shri. V.P. Kamath – Independent Ex- Banker (Retired General Manager- IFC) was the scrutiniser.

The Company received response from shareholders holding 92,55,828 equity shares (71.97%) favouring the resolution and Nil response against the resolution.

The results of the poll were declared at the last Annual General Meeting (AGM) held on 30/9/2003. All special resolutions moved at the last AGM were passed unanimously on a show of hands by the shareholders present at the meeting.

It is proposed to confirm giving of Corporate Guarantees under Section 372 A of the Companies Act, 1956 to Banks/ Financial Institutions for Weizmann Homes Ltd, Weizmann Forex Ltd, Batot Hydro Power Ltd. and Greenweiz Projects Ltd by means of a Postal Ballot, the results of which will be declared at the ensuing Annual General Meeting.

**8. Disclosures**

Related party transactions as required to be complied under Accounting Standard 18 (AS-18) are furnished under serial no 23 of the Notes to Accounts attached to the annual accounts of 31/3/2004.

There has neither been any non compliance of any legal provision of applicable laws nor any penalty, stricture imposed by the Stock Exchange or SEBI or any other authorities on any matters related to Capital Market during last three years.

**9. Means of Communication**

Half yearly report sent to each household : No  
of Shareholders

Quarterly results usually published in : Free Press Journal,  
Financial Express  
English (daily)

Any website where displayed : Navshakti, Tarun  
Bharat  
Marathi (daily)  
[www.sebidifir.nic.in](http://www.sebidifir.nic.in)  
[www.bseindia.com](http://www.bseindia.com)

Whether any advertisement also displayed official news releases and presentations made to institutions or investors / analysts : No presentation made

Whether management discussions and analysis forms part of Annual Report : Yes

Whether shareholders information section forms part of Annual Report : Yes

**10. General Shareholder Information**

a) 17<sup>th</sup> Annual General Meeting- Day, Date, Time and Venue

Day	Date	Time	Venue
Friday	17/12/2004	12.00 noon	Jade Garden Auditorium Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

b) Financial Calendar

Financial Year	: 1/04/2004 to 31/03/2005
Adoption of Quarterly Results for the quarter ending June, 2004	: 31 <sup>st</sup> July, 2004
September, 2004	: last week of October 2004
December, 2004	: last week of January 2005
March, 2005	: last week of April, 2005
Book Closure Date	: 14/12/2004 to 17/12/2004 (Both days inclusive)

Dividend Payment : On or after  
22/12/2004

c) Listing on Stock Exchanges : Mumbai, NSE,  
Delhi,  
Vadodara, Cochin  
and Madras

d) Stock Exchange Codes :

The Stock Exchange, Mumbai : 523011  
National Stock Exchange of India : WEIZMANIND  
ISIN NO. : INE080A01014

e) Market Price Data/Performance:

Month	BSE		SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April, 2003	8.00	5.50	3222	2904
May, 2003	6.00	4.90	3200	2934
June, 2003	7.00	4.45	3633	3170
July, 2003	8.45	5.30	3835	3534
August, 2003	9.50	5.55	4277	3722
September, 2003	8.10	4.10	4473	4087
October, 2003	5.95	3.76	4951	4432
November, 2003	6.10	4.15	5135	4736
December, 2003	12.80	5.12	5920	5082
January, 2004	10.45	5.15	6250	5567
February, 2004	7.18	4.75	6082	5550
March, 2004	6.00	4.10	5951	5324

MONTH	NSE		NSE SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April, 2003	8.75	5.30	1016.95	924.30
May, 2003	6.25	5.15	1006.80	936.00
June, 2003	6.45	5.45	1134.15	1010.65
July, 2003	7.65	6.30	1185.85	1109.20
August, 2003	8.75	6.50	1356.55	1171.05
September, 2003	9.25	6.65	1417.35	1302.90
October, 2003	5.45	5.45	1569.45	1420.85
November, 2003	6.00	4.65	1618.70	1522.30
December, 2003	11.20	5.50	1879.75	1645.80
January, 2004	9.40	6.60	1982.15	1770.50
February, 2004	6.65	5.60	1920.10	1765.80
March, 2004	6.15	4.85	1885.25	1685.00

f) Registrar & Transfer Agents : Bigshare Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (E), Mumbai- 400 072

g) Share Transfer System :

With a view to expediate the process of share transfer, the Board of Directors has delegated the powers of share transfers to the Sub-Committee of Board of Directors. Shares lodged in physical form with the Company/ Registrar & Share Transfer Agent are transferred expeditiously. The confirmation in respect of the request for dematerialisation of shares is sent to the respective depositories i.e. NSDL and CDSL.



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**h) Dematerialisation of Shares and Liquidity of Shares:**

The Shares of the Company are permitted for trading in dematerialisation form only. The Company's shares are available for trading in the depository system for both NSDL and CDSL. 8960281 Equity Shares representing 69.67 % of the share capital of the Company stands dematerialised as on 31<sup>st</sup> March, 2004. Security Code No. with NSDL and CDSL is - ISIN INE 080A01014. The Shares of the Company are included under B2 category at the Stock Exchange, Mumbai. The shares are also traded at National Stock Exchange of India Ltd.

**i) Shareholding Pattern as on 31<sup>st</sup> March 2004 :**

Sr. No	Category	No. of Shares	Percentage of Shareholding
A	<b>Promoters Holding</b> Indian Promoters	8342882	64.86
B	<b>Non Promoter Holding</b>		
1	Mutual Funds & UTI	Nil	Nil
2	Banks, Financial Institutions Insurance Companies (Central/ State Govt. Institutions/ Non Government Institutions)	200	0.01
3	Fils	Nil	Nil
C	<b>Others</b>		
1	Private Corporate Bodies	90719	0.70
2	Indian Public	4174051	32.46
3	NRIs/OCBs	247338	1.92
4	Any other (Demat transit)	5896	0.05
	<b>TOTAL</b>	<b>12861086</b>	<b>100.00</b>

**j) Distribution of Shareholding as on 31<sup>st</sup> March 2004 :**

Range (In Rs)	Total Holders	Total Holdings in Rs.
1-5000	12298	1,67,75,190
5001-10000	956	62,91,120
10001-20000	250	40,45,700
20001-30000	67	16,96,770
30001-40000	19	6,55,790
40001-50000	11	5,10,590
50001-100000	17	10,79,920
100001-999999999	29	9,75,55,790
	<b>13687</b>	<b>12,86,10,860</b>

**k) Outstanding GDR's / ADR's / Warrants or any Convertible instruments, conversion date and Likely impact on equity** - Not Applicable

**l) Plant Location** - Vatva Road, Narol, Ahmedabad Gujarat

**m) Address For Correspondence** - Regd. Office  
Empire House,  
214, Dr. D.N.Road,  
Ent. A.K. Nayak Marg, Fort,  
Mumbai - 400 001.  
Registrar & Share Transfer Agent  
Bigshare Services Pvt. Ltd.,  
E-2/3, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri ( East),  
Mumbai - 400 072.

**Auditor's Certificate on Corporate Governance**

To The Members of  
Weizmann Limited,  
Mumbai.

We have examined the compliance conditions of Corporate Governance by Weizmann Limited, for the year ended March 31, 2004, as stipulated in clause 49 of listing Agreement of the said Company with stock exchanges, with relevant records and documents maintained by the company and furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of the corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the company that generally there were no investor's grievances pending for more than 30 days.

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

For U.B.Sura & Co.  
Chartered Accountants

For Shyam C. Agrawal & Co.  
Chartered Accountants

U.B.Sura  
(Proprietor)  
Membership no : 32026

Shyam C. Agrawal  
(Proprietor)  
Membership no : 31774

Place : Mumbai  
Dated : 25-10-2004

**ANNEXURE 'III' TO DIRECTORS' REPORT**

**MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

**BUSINESS REVIEW**

Your Company continues to focus on its core activities of Textile processing and Exports and Generation of power from Renewable Energy sources primarily wind and small hydel projects.

The textile processing house of your Company at Ahmedabad continues to operate at 100% capacity.

During the year the Company's textile products were exported to various countries in E.U., West Africa, East Africa and South Africa.

Apart from textilia products, the Company also entered exports of forest produce worth over Rs.2.00 crores to European Countries.

During 2003-04 the Company registered a growth of 9% in the textile business turnover as compared to 8% in the previous year.

On the renewable energy front, the Company continues its efforts in harnessing the natural resources. As we all know power is important and critical in the infrastructure development of the country and there has been continued power shortage in our country. The high levels of pollution having adverse effect on the ecology and our life have also forced a number of developed countries to focus on development of generation of power from alternate sources of energy.

Though India a late starter with respect to wind farm development, has already attained the fifth position in the world. Presently out of total installed capacity of 39435 MW, India contributes about 2500 MW and there is large scope for installing additional capacities considering the untapped potential available in this field.

Your Company acquired additional wind mills during the year and the result of which was seen in income from wind power generation, increasing by 21% as compared to the previous year.

You may be aware with the enactment of Electricity Act, 2003 and the same being brought into force from 10.06.2003 there is total freedom for power generating companies and no licensing is called for. However a number of provisions in the Act are still in the implementation stage and the total benefits of the enactment would be seen / felt over a period of next two / three years.

There is a specific commitment to generate power from renewable energy sources under the aforesaid Act and the Power Ministry in Central Government in their draft National Electricity Policy issued on 30.06.2004 has reiterated an urgent need to promote the generation of electricity from Non-Conventional Energy Sources. Further the policy states that since the Non-Conventional Energy technologies are under development and it would take time to compete in terms of time, the State Electricity Regulatory Commissions may provide for price differentiation for promoting renewable technologies.

Further as stipulated in the Electricity Act, 2003 the State Electricity Regulatory Commissions are required to determine the percentage of total consumption of electricity in the area of distribution licensees to be sourced from renewable energy sources.

In nutshell, provisions have been made for all round encouragement for power generation from Non-Conventional Energy Sources. However the success shall depend on speedier implementation of the policies by the relevant agencies.

With respect to small hydel projects, as you are aware, these are projects with long gestation period of about four / five years and the benefits thereof would be obtained only over a long period. The small hydel projects under development in the states of Karnataka and Himachal Pradesh are at different stages. The Company has focused on Himachal Pradesh for hydel projects development on account of reasonable perennial availability of water from both rainfall and snow melting.

The projects are being developed by acquiring sites allocated to Special Purpose Companies.

A detailed segment-wise financial information is provided in Note no. 25 of Schedule Q to the Accounts.

**OUTLOOK, OPPORTUNITIES AND THREATS**

The growth of the Indian economy in 2003-04 is pegged at around 7% as against 4.3% in the previous year.

The highlights of the growth was driven by all round agricultural growth, revival of traditional manufacturing sectors, growth in exports and soft interest rates scenario,

etc. However the Company being in specialized sectors of exports to predominantly African countries and in the renewable energy sector it is insulated to a large extent from the happenings in the general economy. No doubt the impact thereof is felt in cost of production of textiles and in finance cost.

Fortunately, the policies of the new Government continue to be reform oriented in view of the fact that the present Government were the initiators of liberalisation more than a decade back.

With Government encouraging exports as well as power generation from renewable energy sector, your Company has ample opportunities for a steady growth. However threats in the form of stiff competition from neighbouring countries like Pakistan and China offering extended credit of more than one year can have its adverse effect on the export business of the Company. The Company expects to tide over these difficulties on account of brand equity created by the company over the last decade.

On the renewable energy sector, with respect to the existing wind farms the Company has decided to sell power to Electricity Board and since utilities in Andhra Pradesh and Tamil Nadu are one of the well managed utilities, there is no apprehension of the realization of the proceeds in a timely manner. However not only the Government but also the State Electricity Regulatory Commission are pronouncing change in rules on an annual basis at the time of review of Tariff Order or even in between the year causing concerns in smooth operations of the wind farms and further there has been inordinate delays in the pronouncement of policies / clarifications. However the thrust areas the Company has chosen is also dear to the Government, such minor set backs of change in policies and rules midway are expected to be ironed out over a short period of time.

**RISKS AND CONCERNS**

With respect to export business you are aware that the Government has not continued any provisions for tax free status for export profits under Income Tax.

The deduction of export profits available U/s. 80HHC of the Income Tax Act has passed into history from A.Y. 2005-06 on account of non pronouncement of extension of dates in the Finance Bill passed by the Parliament. Consequently the company will not be benefited and their entire profits will now be subject to tax.

With respect to power generation from renewable energy sources, the frequent review of the policies and inordinate delay in granting the various permissions required by the relevant Government authorities are the only concerns. Other than the above the vagaries of nature is an inherent risk in the business of power generation from renewable energy sources.

The Management Discussions and Analysis explaining the objectives of the Company, the opportunities and concern, the outlook for the future, the risks and concerns have to be read with the meaning of relevant applicable laws and regulations. The actual physical performance may differ materially from those explained hereinabove.

**INTERNAL CONTROL SYSTEM**

The Company has a proper and adequate internal control system commensurate with its size and operations to ensure that all its assets are safeguarded and protected against losses.

The internal control system and its adequacy thereof is constantly reviewed by the Audit Committee.

**FINANCIAL PERFORMANCE OF THE COMPANY**

The textile business of the Company recorded an increase in turnover of about 9% during 2003-04 as compared to the previous financial year.

The income from wind power generation also increased by about 21% primarily on account of acquisition of additional wind mills during 2003-04

The profits after tax by the Company recorded an increase of about 48 % as compared to the previous year.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

The nature of business in which the company is engaged in does not call for large manpower resources.

The Company is adequately staffed by experienced and qualified personnel. The Company keeps a close vigil on manpower rationalization ensuring optimum level of availability of resources matching the requirements.

The Company continues to be benefited from the cordial relationship with all its employees at all levels.





**AUDITORS' REPORT**

**TO THE MEMBERS OF WEIZMANN LIMITED**

1. We have audited the attached Balance Sheet of WEIZMANN LIMITED as at March 31, 2004 and also the Profit and Loss Account of the company 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.

2. 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 about whether the financial statements are free of material misstatement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above:

i. We have obtained all the information and explanation, which to the best of our knowledge and belief, were necessary for the purpose of our audit;

ii. In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as it appears from our examination of those books.

iii. The Balance Sheet and the statement of Profit and Loss Account are in agreement with the books of accounts as submitted to us;

iv. In our opinion, and to the best of our information the Balance Sheet and Profit & Loss Account comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956.

v. Based on the representations made by the Directors, of the company, none of the Directors are disqualified as on March 31, 2004 from being appointed as a Director under section 274 (1) (g) of the Companies Act, 1956.

vi. In our opinion, and to the best of our information and according to the explanations submitted to us, the said accounts read together with the notes thereon gives information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-

a. In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2004 and

b. In the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.

c. In the case of the Cash flow statement of the cash flows for the year ended on that date.

For U. B. Sura & Co.,  
Chartered Accountants  
U.B.Sura  
Proprietor  
Membership No: 32026  
Place : Mumbai  
Dated: 25-10-2004

For Shyam C.Agrawal & Co.,  
Chartered Accountants  
Shyam C.Agrawal  
Proprietor  
Membership No: 31774

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of the Auditors' Report of even date to the Shareholders of WEIZMANN LIMITED on the accounts for the year ended on March 31, 2004)

- (i) (a) In our opinion the Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets, according to the practice of the company, are physically verified by the management at the reasonable intervals in the phased verification programme which is in our opinion, reasonable, having regard to the size of the company and the nature of its business. We are informed that no material discrepancies have been noticed on such verification.
- (c) The company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
- (ii) (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) The procedures of physical verification of inventories followed by the management, in our opinion, are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, we are of the opinion that the company is maintaining proper records of its inventory. According to the information and explanations provided to us discrepancies which were noticed on physical verification of the stocks as compared to the book records have been properly dealt with in the books of accounts.
- (iii) In respect of unsecured loans, granted or taken by the company to or from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The company has taken loans from four parties, the maximum amount involved during the year was Rs.1246.31 Lacs and the year-end balance of such loans taken is Rs.130.54 Lacs. The company has granted loans to eleven parties, the maximum amount involved during the year was Rs.1767.08 Lacs and the year-end balance of such loans granted is Rs.1790.10 Lacs.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the company.
- (c) The repayment and recovery of principal amounts and interest during the year have generally been regular as per the stipulations.

- (d) There is no overdue amount of such loans taken from or granted to or from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, the internal control procedures commensurate with the size of the company and the nature of its business are though generally adequate with regard to purchase of inventory, fixed assets and sale of goods, need further strengthening.
- (v) In respect of the transactions that need to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
- (a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register have been so entered.
- (b) According to the information and explanations provided to us, where each of such transactions (excluding loans reported under paragraph (ii) above) in excess of the value of Rs.5 lacs in respect of any such parties during the year have been made at prices which are generally reasonable having regard to the prevalent market prices at the relevant time where such market prices are available.
- (vi) The company has not accepted deposits from the public as envisaged in the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) The company has an in-house internal audit system, commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the company in respect of the Textile Processing activities and Wind power generation pursuant to the rules made by the Central Government for the maintenance of Cost records under section 200 (1) (d) of the Companies Act, 1956. In our opinion the company has maintained prescribed cost records in respect of the said activities. We have however not made the detailed examination of the said records.
- (ix) (a) As per the records produced before us, except in the following cases, the company was regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

Nature	Amount (Rs in Lacs)	Period of delay
Income Tax TDS	7.49	29 to 305 days

- (b) On the basis of the books and records and according to the information and explanations given to us, the following disputed amounts in respect of income tax, sales tax, customs duty, wealth tax, excise duty and cess have not been deposited with the appropriate authorities

Nature of Dues	Amount	Forum where dispute is pending
IT Assessment Dues A.Y. 2001-02	Rs 10.74 Lacs	Appeal Pending before CIT(A)
Electricity Duty	Rs 12.70 Lacs	CEIG

- (x) The company has neither accumulated losses as at the end of the financial year nor has it incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) As per the records produced before us the company has not defaulted in repayment of dues to financial institutions, banks and debenture holders, however it has deferred the repayment of dues to certain financial institutions and corporate debenture holders on due dates pending receipt of approval of proposal for reduction in interest rates and/or restructuring, the approvals whereof have been received subsequent to the year end.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In respect of shares, securities, debentures and other investments dealt with or traded by the company, proper records have generally been maintained in respect of transactions and contracts and timely entries have generally been made therein. The investments have been held by the company in its own name.
- (xv) As per the information furnished to us, the company has given guarantees for loans taken by others from banks and financial institutions. In our opinion the terms and conditions whereof, in our opinion, is not prejudicial to the interests of the company.
- (xvi) The company has not taken any term loan during the year. Accordingly, the provisions of clause 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) The company has not raised any additional capital during the year under review. Accordingly, the provisions of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xix) As per the records produced before us the company has created securities in respect of privately placed debentures in accordance with the provisions of the Companies Act 1956.
- (xx) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For U. B. Sura & Co.,  
Chartered Accountants  
U.B.Sura  
Proprietor  
Membership No: 32026  
Place : Mumbai  
Dated: 25-10-2004

For Shyam C.Agrawal & Co.,  
Chartered Accountants  
Shyam C.Agrawal  
Proprietor  
Membership No: 31774

**WEIZMANN**  
**LIMITED**
**BALANCE SHEET AS AT 31ST MARCH, 2004**

	SCHEDULE	Rs. In Lacs	
		As At 31/03/2004	As At 31/03/2003
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A	1736.11	1736.11
Reserves & Surplus	B	5527.81	5455.02
<b>LOAN FUNDS</b>			
Secured Loans	C	6081.22	7088.89
Unsecured Loans	D	795.05	777.15
Deferred Tax Liability [Net]		1008.40	1029.37
<b>TOTAL</b>		<b>15148.59</b>	<b>16086.54</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	E	10490.47	11479.98
Less : Depreciation		2852.81	3647.14
Lease Terminal Adjustment		(29.84)	(44.82)
<b>Net Block</b>		<b>7607.82</b>	<b>7788.02</b>
Capital Work in Progress including Advances		304.31	264.29
<b>Net Fixed Assets</b>		<b>7912.13</b>	<b>8052.31</b>
<b>INVESTMENTS</b>	F	3819.75	2638.13
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Current Assets	G	3919.98	5232.18
Loan & Advances	H	4068.62	4122.21
<b>Total - (a)</b>		<b>7988.60</b>	<b>9354.39</b>
<b>LESS :CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	I	4415.40	3782.38
Provisions	J	156.49	175.91
<b>Total - (b)</b>		<b>4571.89</b>	<b>3958.29</b>
<b>NET CURRENT ASSETS (a) - (b)</b>		<b>3416.71</b>	<b>5396.10</b>
<b>TOTAL</b>		<b>15148.59</b>	<b>16086.54</b>
<b>Notes To Accounts</b>	Q		

As per our report of even date attached

For U.B.Sura &amp; Co

Chartered Accountants

For Shyam C. Agrawal &amp; Co

Chartered Accountants

For and on behalf of the Board

P.D.Ojha - Chairman

D. G. Siraj - Vice Chairman

C. D. Mehra - Managing Director

Amit D Buch - Company Secretary

U.B.Sura

(Proprietor)

Membership no : 32026

Place : Mumbai

Dated : 25-10-2004

Shyam C. Agrawal

(Proprietor)

Membership no : 31774